

CITY OF WALTHAM, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2006



Nathaniel Banks

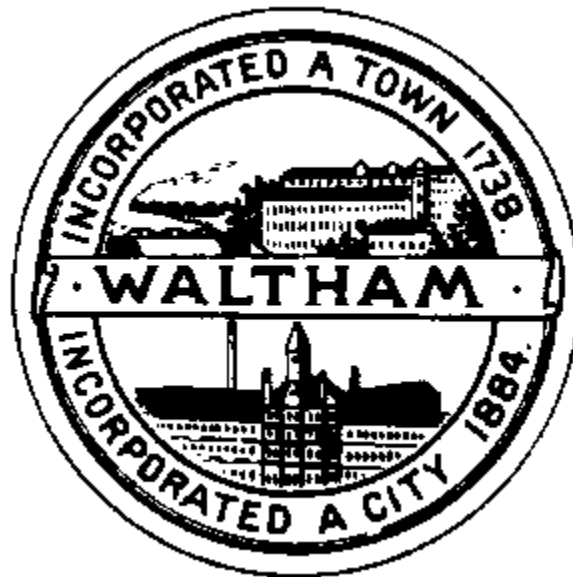


City Hall, Spring

CITY OF WALTHAM, MASSACHUSETTS

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For the Fiscal Year Ended June 30, 2006



Prepared by:

City Auditor's Office

CITY OF WALTHAM, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2006

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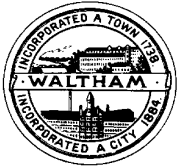
Introductory Section



Mount Feake Cemetery

Introductory Section

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City Auditor
Dennis P. Quinn

CITY OF WALTHAM

Commonwealth of Massachusetts

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

Letter of Transmittal

October 13, 2006

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, 2006 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, 2006, are fairly presented in conformity with GAAP.

The City of Waltham's financial statements have been audited by Powers & Sullivan, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2006, 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 principals 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, 2006 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 Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement that analysis and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City

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

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

The City Council annually elects its own President who presides at 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 members.

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

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

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

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

Under recent legislation, the City Council on the recommendation of the Mayor may transfer within the last 2 months of fiscal year 2006 any amount appropriated for the use of any department to the appropriation for any other department, provided that no such transfer may be made from any appropriation for a school department, regional school district, or municipal light department.

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

Factors Affecting Economic Condition

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

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

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

The City maintains a strong industrial and commercial tax base. In FY06, the combined assessed value of these properties represented (29%) of the total City value. Residential values have continued to increase and residential sales remain strong. 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 maintains the community's popular reputation.

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

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

The City is currently managing approximately \$93.3 million in long and short-term debt. This indebtedness consists of approximately \$49.5 million of general obligation bonds, of which \$4.3 million is self-supporting through enterprise fund revenues, and \$43.8 million of bond anticipation notes related to the City's ongoing school construction project, which is expected to result in a total cost of \$157 million. Under its school building assistance program, the Commonwealth is committed under a capital grant program to reimburse the City 90% of approved costs incurred in the building of the new school facilities. Recently, the Commonwealth of Massachusetts enacted legislation that has changed the funding method of these school capital grants. Under the old method, the City would bond the entire project and the Commonwealth would provide annual cash grants for the principal and interest expenditures over the term of the bonds. The new method will provide the City with an up-front cash grant equal to 90% of approved costs, leaving the City to borrow the remaining cost of the project. During fiscal 2006, the City received \$44.4 million of school construction assistance which was used to pay down the short-term debt.

The City has authorized and unissued debt for new school facilities and expansion, water and sewer improvements, departmental equipment, land acquisition and other various projects totaling \$46.1 million as of June 30, 2006. The authorized and unissued debt includes \$28.8 million to complete the school projects.

The City of Waltham contributes to the Waltham Contributory Retirement System (the System), a cost sharing, defined benefit pension plan administered by the Waltham Contributory Retirement Board. Each year, an independent actuary engaged by the pension plan 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 a requirement by law, the City of Waltham fully funds each year's annual required contribution to the pension plan as determined by the actuary. The System has succeeded in funding 55% of the present value of the projected benefits earned by employees. The remaining unfunded amount is being systematically funded over 22 years as part of the annual required contribution calculated by the actuary.

The City of Waltham also provides post retirement health care benefits for certain retirees and their dependents. There were approximately 1,200 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP does not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. For Fiscal 2008 the City will have to conduct an actuarial valuation to determine this unfunded liability and begin to recognize the annual cost of reducing this liability in addition to the current year benefits.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2005. This was the second consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

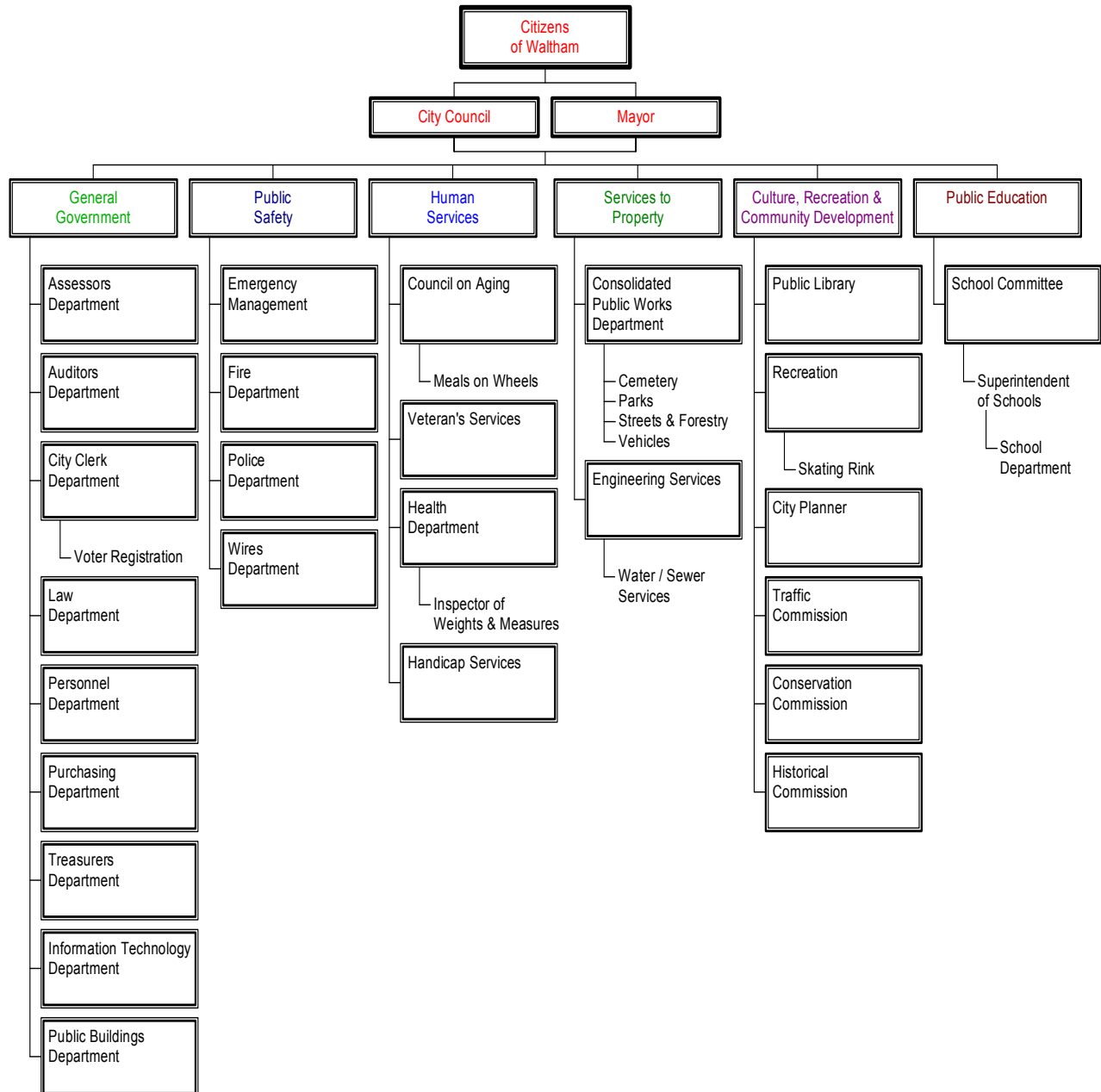
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dennis P. Quinn". The signature is fluid and cursive, with a large initial "D" and a stylized "Q".

Dennis P. Quinn
City Auditor

City of Waltham, Massachusetts

Organizational Chart



Principal City Officials

Elected Officials

Mayor

Jeannette A. McCarthy

City Council

Councilors-at-Large

Paul J. Brasco

Sarafina Collura

David H. Marcou Jr.

Kathleen B. McMenimen

Patrick J. O'Brien

Thomas M. Stanley

Ward Councilors

Robert S. Kelly,

Edmund P. Tarallo, President

George A. Darcy III

Thomas J. Curtin, Vice-President

Gary J. Marchese

Kenneth B. Doucette

Joseph M. Giordano Jr.

Stephen F. Rourke

Robert G. Logan

School Committee

Jeannette A. McCarthy, Mayor, Chairman

Robert Cincotta, Vice Chairman

Susan R. Burstein

Susanne M. McIvor

Michael O'Halloran

Stephen Rando

Harold Walker

Principal Executive Offices

City Auditor

City Treasurer/Collector

City Clerk

Dennis P. Quinn

Thomas J. Magno

Rosario C. Malone

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Waltham
Massachusetts

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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.



Carla E. Perry

President

Jeffrey R. Enos

Executive Director

Financial Section



Robert Treat Paine Estate

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, 2006 (except for the Waltham Contributory Retirement System which is as of and for the year ended December 31, 2005), 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 *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, 2006 (except for the Waltham Contributory Retirement System which is as of December 31, 2005), 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.

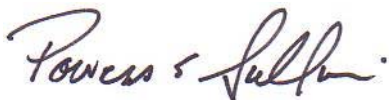
As described in Note 4, the City has reported for the first time infrastructure assets of the governmental funds acquired prior to June 30, 2002, as required by GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, as amended and interpreted, as of June 30, 2006.

In accordance with Government Auditing Standards, we have also issued our report dated October 13, 2006, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Management's discussion and analysis, located on the following pages, and schedule of revenues, expenditures and changes in fund balance – general fund – budgetary basis, located after the notes to the basic financial statements, are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

A handwritten signature in dark ink, reading "Powers & Sullivan". The signature is written in a cursive, flowing style.

October 13, 2006

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, 2006. 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 \$234.9 million (net assets).
- Of this amount, 24% or \$57.6 million (unrestricted net assets) may be used to meet the government's on-going obligations to citizens and creditors.
- At the close of the current fiscal year, the City's general fund reported an ending fund balance of \$32.3 million, an increase of \$2.7 million in comparison with the prior year. Total fund balance represents 20% of total general fund expenditures.
- The City's total debt (short-term and long-term combined) decreased by \$33.8 million during the current fiscal year. This was the net effect of \$26.3 million in principal payments on long-term debt, a \$17.9 million pay down of school construction and land acquisition short-term debt and the issuance of \$10.4 million in debt for building renovations, land acquisition and development, machinery and equipment, and infrastructure improvements.
- The Commonwealth of Massachusetts has committed to provide construction assistance in the form of a capital grant equal to 90% of approved cost related to the City's on-going school construction project through its school building assistance program. During fiscal 2006, the City received \$44.4 million of school construction assistance which was used to pay down \$32.4 million of debt. The remaining \$12 million was used to reduce the future amount of long-term debt that will be needed to permanently finance the school construction projects.
- On November 8, 2005, the City adopted the Community Preservation Act, a statewide enabling legislation to allow cities and towns to exercise control over local planning decisions. The Community Preservation Act provides new funding sources which can be used to address three core community concerns; acquisition and preservation of open space, creation and support of affordable housing, acquisition and preservation of historic buildings and landscapes. As of June 30, 2006, the Community Preservation fund balance was \$3.6 million.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, cemetery, community development, health and human services, culture and recreation, interest and state and county charges. 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 \$234.9 million at the close of Fiscal 2006 an increase of \$10.6 million from the prior year.

Net assets of \$170.8 million (73%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the government's net assets, \$6.5 million (3%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$57.6 million (24%) may be used to meet the government's ongoing obligations to citizens and creditors.

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

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

Governmental Activities

The City of Waltham's assets exceeded liabilities for governmental activities by \$207 million at the close of Fiscal 2006.

	Fiscal 2006	Fiscal 2005
Assets:		
Current assets.....	\$ 107,755,487	\$ 124,638,667
Noncurrent assets (excluding capital).....	2,144,941	24,086,656
Capital assets.....	198,330,006	168,613,986
Total assets.....	308,230,434	317,339,309
Liabilities:		
Current liabilities (excluding debt).....	10,324,458	16,563,161
Noncurrent liabilities (excluding debt).....	1,757,234	1,774,849
Current debt.....	49,310,000	86,750,857
Noncurrent debt.....	39,640,000	34,805,000
Total liabilities.....	101,031,692	139,893,867
Net Assets:		
Capital assets net of related debt.....	152,292,512	124,736,372
Restricted.....	6,684,687	8,662,081
Unrestricted.....	48,221,543	44,046,989
Total net assets.....	\$ 207,198,742	\$ 177,445,442
Program revenues:		
Charges for services.....	\$ 12,439,754	\$ 9,754,624
Operating grants and contributions.....	34,232,895	32,857,733
Capital grants and contributions.....	10,409,121	31,578,071
General Revenues:		
Real estate and personal property taxes.....	111,785,303	108,567,617
Motor vehicle and other excise taxes.....	8,196,405	7,991,499
Community preservation tax.....	1,835,071	-
Nonrestricted grants.....	5,592,015	4,934,967
Unrestricted investment income.....	2,846,099	1,726,423
Other revenues.....	683,008	945,674
Total revenues.....	188,019,671	198,356,608
Expenses:		
General Government.....	16,511,230	15,061,423
Public Safety.....	49,871,283	42,926,840
Education.....	73,821,679	68,167,817
Public Works.....	18,185,793	16,041,942
Cemetery.....	1,386,401	1,498,385
Community development.....	5,444,036	4,464,880
Human Services.....	3,187,759	2,930,029
Culture and recreation.....	5,714,463	7,442,352
Interest.....	3,236,060	2,884,943
Total expenses.....	177,358,704	161,418,611
Increase in net assets before transfers.....	10,660,967	36,937,997
Transfers.....	(100,000)	-
Change in net assets.....	\$ 10,560,967	\$ 36,937,997

The governmental expenses totaled \$177.3 million of which \$56.9 million (32%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$130.9 million, primarily coming from property taxes, motor vehicle excise, non-restricted state aid and investment income.

The governmental net assets increased by \$10.6 million during the current fiscal year. This was primarily due to the recognition of \$8 million of grant revenue from the Massachusetts School Building Authority and a \$1.5 million settlement fee for asbestos contamination and the recognition of \$1.8 million of State Community Preservation match revenue.

Business-type Activities

For the City's business-type activities, assets exceeded liabilities by \$27.8 million at the close of Fiscal 2006.

	Fiscal 2006	Fiscal 2005
Assets:		
Current assets.....	\$ 11,112,365	\$ 14,186,546
Capital assets.....	22,783,399	19,438,215
Total assets.....	33,895,764	33,624,761
Liabilities:		
Current liabilities (excluding debt).....	1,751,736	360,189
Noncurrent liabilities (excluding debt).....	23,815	20,056
Current debt.....	1,212,291	1,267,291
Noncurrent debt.....	3,110,000	4,207,291
Total liabilities.....	6,097,842	5,854,827
Net Assets:		
Capital assets net of related debt.....	18,461,108	13,963,633
Unrestricted.....	9,336,814	13,806,301
Total net assets.....	\$ 27,797,922	\$ 27,769,934
Program revenues:		
Charges for services.....	\$ 21,544,591	\$ 20,730,478
General Revenues:		
Unrestricted investment income.....	75,456	61,438
Total revenues.....	21,620,047	20,791,916
Expenses:		
Water.....	9,393,920	8,550,968
Sewer.....	11,965,061	11,790,299
Veterans Memorial Rink.....	333,078	-
Total expenses.....	21,692,059	20,341,267
Increase in net assets before transfers.....	(72,012)	450,649
Transfers.....	100,000	-
Change in net assets.....	\$ 27,988	\$ 450,649

Business-type net assets of \$18.5 million (66%) represent the investment in capital assets while \$9.3 million (34%) is unrestricted. The City's business-type activities net assets increased by \$28,000 in the current fiscal year.

The sewer department operations net assets increased \$48,000. Revenues and cost of services and administration increased by 1% and 1.5%, respectively which resulted in a decrease in the change in net assets when compared with the prior year.

The water department experienced a decrease of (\$64,000) in net assets. Revenues increased by 5% while cost of services increased 10%.

The Veterans Memorial Rink experienced an increase of \$45,000 which was in line with anticipated operating results.

Financial Analysis of the Government's Funds

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

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

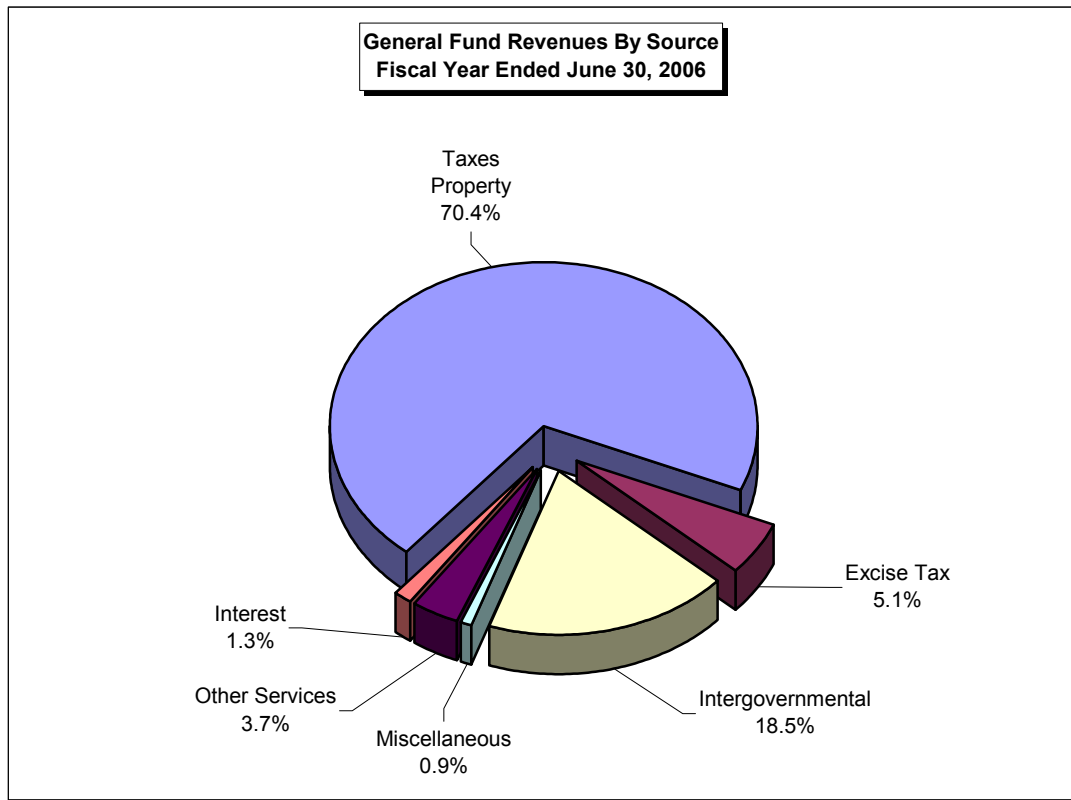
As of the end of the current fiscal year, governmental funds reported combined ending fund balance of \$13.9 million. This is comprised of \$32.3 million for the general fund, \$9.9 million for the stabilization fund, a deficit in the school capital projects fund of (\$32.8 million) and \$4.6 million in the nonmajor governmental funds. Cumulatively there was an increase of \$23.9 million in fund balances from the prior year.

The general fund is the chief operating fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$18.9 million, while total fund balance was \$32.3. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and the total fund balance to total fund expenditures. Unreserved fund balance represents 12% of the total general fund expenditures, while total fund balance represents 20% of that same amount. Reservation of fund balance for encumbrances and continuing appropriations totaled \$13.3 million.

The stabilization fund is a special revenue fund used to account for the accumulation of resources to be used for general and/or capital purposes upon approval of City Council. The fund decreased by \$1.3 million in fiscal 2006, primarily due to transfers to the general fund.

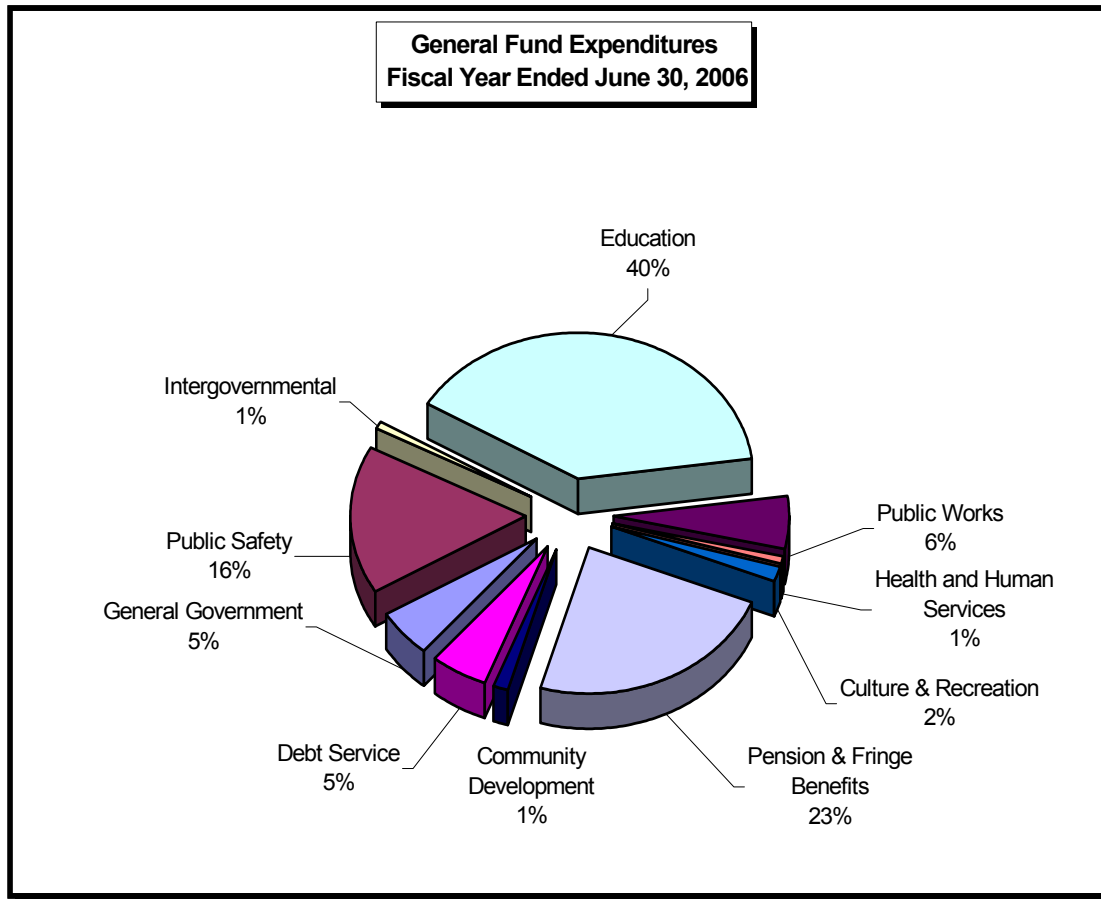
The school capital projects fund is used to account for the City's ongoing major school construction project. The fund balance is in a deficit position (\$32.8 million) because short-term notes have not yet been borrowed long-term or funded by State grants. Permanent long-term borrowing is anticipated to occur after the Commonwealth reimburses the City for 90% of approved costs.

General Fund Revenues



- Tax revenue continues to be the most significant revenue source for the City, comprising approximately 70% of total general fund revenue. Tax revenue increased in accordance with the provisions of the Massachusetts law, which limits such increase to 2 ½ % over the preceding year plus an allowance for new growth.
- Intergovernmental revenue represents 19% of total revenues. This includes state aid as well as approximately \$11 million in on-behalf payments made by the State to the Massachusetts Teachers' Retirement Board for teachers' pension benefits.
- Motor vehicle revenue continued to be a strong source of revenue. Motor vehicle revenue represents approximately 5% of the total general fund revenues.
- License and permit revenue reflects strong home renovation and building activity in the City.

General Fund Expenditures



- Education continues to represent the largest category of general fund expenditures, approximating 40% in FY06. The City is committed to providing a high-quality education through its public schools.
- Public Safety and Public Works represent a combined 22% of general fund expenditures. This reflects the City's commitment to providing a safe, secure environment and essential public services.
- Debt service costs in FY06 were 5% of total general fund expenditures, reflecting principal and interest payments associated with building design, renovation and construction, land acquisition and development, equipment, and technology.
- Employee benefits were 23% of total general fund expenditures in FY06, reflecting high health insurance costs experienced throughout the State and the region.

The City's general fund undesignated fund balance that is available for appropriation is certified as "free cash" by the Massachusetts Department of Revenue's Bureau of Accounts. Waltham's certified "free cash" as of June 30, 2006 is \$13.4 million as compared to \$14.5 million as of June 30, 2005. The City remains committed to conservative budgets, tight management controls, and to maintaining reserves.

The City's general fund balance increased by \$2.7 million from the prior fiscal year. This was due largely to a settlement of \$1.5 million for asbestos contamination and better than anticipated collections of real estate, personal property and motor vehicle taxes; investment income and hotel taxes.

General Fund Budgetary Highlights

The increase from the original budget to the final amended budget totaled \$5 million (3%). This was due primarily to increases in funding for police salaries, snow and ice removal, collection and disposal of rubbish, and debt principal and interest which accounted for 81% of the increase.

The City continues to strive to achieve a balance between the need for municipal services with the costs of providing these services. Over all, the City under expended its budget by 0.7% while at the same time actual revenues exceeded estimates by 1.4%.

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, 2006, amounts to \$221.1 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 \$33.1 million.

Major capital asset events during the current fiscal year included land acquisition, school construction and street resurfacing. Other capital asset additions included land improvements and the acquisition of machinery and equipment.

The \$4.6 million in additions to enterprise fund capital assets are primarily attributable to sewer 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, 2006, totaled \$45.2 million of which \$16.6 million is related to school projects, \$17.3 million for land design and acquisition, \$4.9 million for building renovations and \$6.4 million for other CIP related projects.

The Commonwealth of Massachusetts is obligated to provide school construction assistance for approved school projects through a grant program administered by the Massachusetts School Building Authority (MSBA). The assistance is paid to support construction costs and reduce the total debt service of the City. At June 30, 2006 the City has recorded a receivable from the MSBA of \$31.5 million, which is equal to 90% of approved construction costs incurred by the City to date. During fiscal 2006, the City received \$44.4 million of school construction assistance which was used to pay down \$32.4 million of debt. The remaining \$12 million was used to reduce the future amount of long-term debt that will be needed to permanently finance the school construction projects.

During fiscal 2006, the City issued \$10.4 million in governmental long-term bonds, the majority of which was to fund land acquisition, building renovations and school construction projects.

The City has \$43.8 million outstanding at year-end in short-term notes due on November 15, 2006, with an interest rate of 4.5% per annum.

The City issued long-term bonds of \$115,000 for sewer construction projects in fiscal 2006. At year end, the sewer and water enterprise funds have \$2.7 million and \$1.6 million, respectively, of outstanding long-term debt, which is fully supported by rates and does not rely on a general fund subsidy.

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

Requests for Information

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

Basic Financial Statements

STATEMENT OF NET ASSETS

JUNE 30, 2006

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 66,666,951	\$ 3,704,529	\$ 70,371,480
Investments.....	1,614,646	-	1,614,646
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,554,556	-	1,554,556
Tax liens.....	439,509	159,590	599,099
Motor vehicle and other excise taxes.....	608,973	-	608,973
Water fees.....	-	3,049,261	3,049,261
Sewer fees.....	-	4,181,504	4,181,504
Departmental and other.....	433,606	-	433,606
Special assessments.....	3,609	-	3,609
Intergovernmental.....	34,625,380	17,481	34,642,861
Loans.....	1,808,257	-	1,808,257
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Real estate tax deferrals.....	280,664	-	280,664
Intergovernmental.....	1,178,016	-	1,178,016
Special assessments.....	686,261	-	686,261
Capital assets, non depreciable.....	64,868,956	1,267,739	66,136,695
Capital assets, net of accumulated depreciation.....	133,461,050	21,515,660	154,976,710
TOTAL ASSETS.....	308,230,434	33,895,764	342,126,198
LIABILITIES			
CURRENT:			
Warrants payable.....	2,593,845	1,365,547	3,959,392
Health claims payable.....	2,857,000	-	2,857,000
Tax refunds payable.....	177,000	-	177,000
Accrued interest.....	1,819,288	39,882	1,859,170
Other liabilities.....	-	69,301	69,301
Customer deposits payable.....	600	-	600
Compensated absences.....	2,106,789	277,006	2,383,795
Workers' compensation.....	186,000	-	186,000
Unamortized premium on bonds and notes payable.....	258,183	-	258,183
Bonds and notes payable.....	49,310,000	1,212,291	50,522,291
NONCURRENT:			
Compensated absences.....	907,234	23,815	931,049
Workers' compensation.....	850,000	-	850,000
Unamortized premium on bonds and notes payable.....	325,753	-	325,753
Bonds and notes payable.....	39,640,000	3,110,000	42,750,000
TOTAL LIABILITIES.....	101,031,692	6,097,842	107,129,534
NET ASSETS			
Invested in capital assets, net of related debt.....	152,292,512	18,461,108	170,753,620
Restricted for:			
Loans.....	1,808,257	-	1,808,257
Permanent funds:			
Expendable.....	398,346	-	398,346
Nonexpendable.....	1,664,119	-	1,664,119
Other purposes.....	2,813,965	-	2,813,965
Unrestricted.....	48,221,543	9,336,814	57,558,357
TOTAL NET ASSETS.....	\$ 207,198,742	\$ 27,797,922	\$ 234,996,664

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2006

			Program Revenues				
Functions/Programs	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue	
Primary Government:							
<i>Governmental Activities:</i>							
General government.....	\$ 16,511,230	\$ (1,991,209)	\$ 5,853,560	\$ 6,078,142	\$ -	\$ (4,579,528)	
Public safety.....	49,871,283	1,037,838	2,775,278	2,781,347	-	(44,314,658)	
Education.....	73,821,679	98,030	986,328	23,021,141	7,906,499	(41,907,711)	
Public works.....	18,185,793	466,322	905,996	2,517	689,316	(16,587,964)	
Cemetery.....	1,386,401	88,420	538,596	-	-	(847,805)	
Community development.....	5,444,036	32,594	509,762	1,669,351	-	(3,264,923)	
Community preservation.....	-	-	-	-	1,813,306	1,813,306	
Health and human services.....	3,187,759	104,486	298,746	252,655	-	(2,636,358)	
Culture and recreation.....	5,714,463	163,519	571,488	332,676	-	(4,810,299)	
Interest.....	3,236,060	-	-	95,066	-	(3,140,994)	
Total Governmental Activities..	177,358,704	-	12,439,754	34,232,895	10,409,121	(120,276,934)	
<i>Business-Type Activities:</i>							
Sewer.....	11,965,061	-	11,953,817	-	-	(11,244)	
Water.....	9,393,920	-	9,313,013	-	-	(80,907)	
Veterans Memorial Rink.....	333,078	-	277,761	-	-	(55,317)	
Total Business-Type Activities..	21,692,059	-	21,544,591	-	-	(147,468)	
Total Primary Government.....	\$ 199,050,763	\$ -	\$ 33,984,345	\$ 34,232,895	\$ 10,409,121	\$ (120,424,402)	

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (Continued)

FISCAL YEAR ENDED JUNE 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net assets:			
Net (expense) revenue from previous page.....	\$ (120,276,934)	\$ (147,468)	\$ (120,424,402)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	111,785,303	-	111,785,303
Tax liens.....	183,072	-	183,072
Motor vehicle and other excise taxes.....	6,405,194	-	6,405,194
Hotel/motel tax.....	1,791,211	-	1,791,211
Community preservation tax.....	1,835,071	-	1,835,071
Penalties and interest on taxes.....	404,635	-	404,635
Payments in lieu of taxes.....	95,301	-	95,301
Grants and contributions not restricted to specific programs.....	5,592,015	-	5,592,015
Unrestricted investment income.....	2,846,099	75,456	2,921,555
<i>Transfers, net</i>	(100,000)	100,000	-
Total general revenues and transfers.....	130,837,901	175,456	131,013,357
Change in net assets.....	10,560,967	27,988	10,588,955
<i>Net Assets:</i>			
Beginning of year, as restated for infrastructure capital assets.....	196,637,775	27,769,934	224,407,709
End of year.....	\$ 207,198,742	\$ 27,797,922	\$ 234,996,664

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2006

	General	Stabilization	School Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 29,041,148	\$ 9,861,250	\$ 11,385,386	\$ 9,565,851	\$ 59,853,635
Investments.....	-	-	-	1,614,646	1,614,646
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	1,554,556	-	-	-	1,554,556
Real estate tax deferrals.....	280,664	-	-	-	280,664
Tax liens.....	439,509	-	-	-	439,509
Motor vehicle and other excise taxes.....	608,973	-	-	-	608,973
Departmental and other.....	20,829	-	-	412,777	433,606
Special assessments.....	689,870	-	-	-	689,870
Intergovernmental.....	-	-	31,527,120	4,276,276	35,803,396
Loans.....	-	-	-	1,808,257	1,808,257
Due from other funds.....	6,232,646	-	-	-	6,232,646
TOTAL ASSETS.....	\$ 38,868,195	\$ 9,861,250	\$ 42,912,506	\$ 17,677,807	\$ 109,319,758
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 1,851,897	\$ -	\$ 408,609	\$ 333,339	\$ 2,593,845
Tax refunds payable.....	177,000	-	-	-	177,000
Accrued interest on short-term debt.....	1,231,594	-	-	-	1,231,594
Liabilities due depositors.....	-	-	-	600	600
Unamortized premium on bonds and notes payable..	220,373	-	-	-	220,373
Deferred revenues.....	3,092,239	-	31,527,120	6,487,166	41,106,525
Due to other funds.....	-	-	-	6,232,646	6,232,646
Notes payable.....	-	-	43,790,000	-	43,790,000
TOTAL LIABILITIES.....	6,573,103	-	75,725,729	13,053,751	95,352,583
FUND BALANCES:					
Reserved for:					
Encumbrances and continuing appropriations.....	13,343,295	-	-	-	13,343,295
Perpetual permanent funds.....	-	-	-	1,664,119	1,664,119
Unreserved:					
Undesignated, reported in:					
General fund.....	18,951,797	-	-	-	18,951,797
Special revenue funds.....	-	9,861,250	-	8,594,170	18,455,420
Capital projects funds.....	-	-	(32,813,223)	(5,954,774)	(38,767,997)
Permanent funds.....	-	-	-	320,541	320,541
TOTAL FUND BALANCES.....	32,295,092	9,861,250	(32,813,223)	4,624,056	13,967,175
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 38,868,195	\$ 9,861,250	\$ 42,912,506	\$ 17,677,807	\$ 109,319,758

See notes to basic financial statements.

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

JUNE 30, 2006

Total governmental fund balances.....	\$ 13,967,175
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	198,330,006
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....	41,106,525
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.....	3,956,316
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(587,694)
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.....	(45,160,000)
Workers' compensation.....	(1,036,000)
Compensated absences.....	(3,014,023)
Net effect of reporting long-term liabilities.....	(49,210,023)
In the statement of activities, material premiums are amortized over the lives of the bonds and notes payable.....	(363,563)
Net assets of governmental activities.....	<u>\$ 207,198,742</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2006

	General	Stabilization	School Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 111,573,036	\$ -	\$ -	\$ -	\$ 111,573,036
Tax liens.....	388,786	-	-	-	388,786
Motor vehicle and other excise taxes.....	6,360,950	-	-	-	6,360,950
Community preservation tax.....	-	-	-	1,797,283	1,797,283
Hotel/motel tax.....	1,791,211	-	-	-	1,791,211
Charges for services.....	15,420	-	-	335,040	350,460
Penalties and interest on taxes.....	404,635	-	-	-	404,635
Fees and rentals.....	405,660	-	-	-	405,660
Payments in lieu of taxes.....	95,301	-	-	-	95,301
Licenses and permits.....	3,535,083	-	-	-	3,535,083
Fines and forfeitures.....	482,128	-	-	-	482,128
Intergovernmental.....	29,512,140	-	44,396,549	10,586,370	84,495,059
Departmental and other.....	2,371,503	-	-	1,702,449	4,073,952
Special assessments.....	121,514	-	-	-	121,514
Contributions.....	-	-	-	539,784	539,784
Investment income.....	2,060,197	417,095	-	20,347	2,497,639
Miscellaneous.....	-	-	-	2,006,458	2,006,458
TOTAL REVENUES.....	159,117,564	417,095	44,396,549	16,987,731	220,918,939
EXPENDITURES:					
Current:					
General government.....	8,433,529	-	-	1,093,164	9,526,693
Public safety.....	25,776,711	-	-	3,064,533	28,841,244
Education.....	62,159,508	-	10,564,442	6,696,542	79,420,492
Public works.....	9,187,564	-	-	3,744,412	12,931,976
Cemetery.....	16,629	-	-	74,930	91,559
Community development.....	2,247,950	-	-	3,211,744	5,459,694
Health and human services.....	1,422,584	-	-	102,979	1,525,563
Culture and recreation.....	2,725,469	-	-	499,290	3,224,759
Pension benefits.....	10,116,370	-	-	-	10,116,370
Employee benefits.....	26,429,630	-	-	-	26,429,630
State and county charges.....	1,325,343	-	-	-	1,325,343
Debt service:					
Principal.....	5,055,000	-	20,000,000	-	25,055,000
Interest.....	3,432,451	-	-	-	3,432,451
TOTAL EXPENDITURES.....	158,328,738	-	30,564,442	18,487,594	207,380,774
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	788,826	417,095	13,832,107	(1,499,863)	13,538,165
OTHER FINANCING SOURCES (USES):					
Issuance of bonds and notes.....	-	-	10,355,000	-	10,355,000
Premium from issuance of bonds and notes.....	95,134	-	-	-	95,134
Transfers in.....	1,813,554	-	-	-	1,813,554
Transfers out.....	-	(1,763,639)	-	(149,915)	(1,913,554)
TOTAL OTHER FINANCING SOURCES (USES)...	1,908,688	(1,763,639)	10,355,000	(149,915)	10,350,134
NET CHANGE IN FUND BALANCES.....	2,697,514	(1,346,544)	24,187,107	(1,649,778)	23,888,299
FUND BALANCES AT BEGINNING OF YEAR.....	29,597,578	11,207,794	(57,000,330)	6,273,834	(9,921,124)
FUND BALANCES AT END OF YEAR.....	\$ 32,295,092	\$ 9,861,250	\$ (32,813,223)	\$ 4,624,056	\$ 13,967,175

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2006

Net change in fund balances - total governmental funds.....	\$ 23,888,299
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay.....	17,364,053
Depreciation expense.....	<u>(6,839,366)</u>
Net effect of reporting capital assets.....	10,524,687
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.....	(1,000)
<p>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.....</p>	
	(36,973,160)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any 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.</p>	
Proceeds from bonds and notes.....	(10,355,000)
Debt service principal payments.....	25,055,000
Amortization of premium from issuance of bonds and notes payable.....	<u>39,634</u>
Net effect of reporting long-term debt.....	14,739,634
<p>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.</p>	
Net change in compensated absences accrual.....	(96,650)
Net change in workers' compensation.....	57,000
Net change in accrued interest on long-term debt.....	<u>61,623</u>
Net effect of recording long-term liabilities and amortizing deferred losses.....	21,973
<p>Internal service funds are used by management to account for health insurance and workers' compensation activities.</p>	
The net activity of internal service funds is reported with Governmental Activities.....	<u>(1,639,466)</u>
Change in net assets of governmental activities.....	\$ <u><u>10,560,967</u></u>

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2006

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Veterans Memorial Rink	Total	
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 641,920	\$ 3,062,609	\$ -	\$ 3,704,529	\$ 6,813,316
Receivables, net of allowance for uncollectibles:					
Water and sewer liens.....	92,584	67,006	-	159,590	-
Water fees.....	-	3,049,261	-	3,049,261	-
Sewer fees.....	4,181,504	-	-	4,181,504	-
Intergovernmental.....	-	17,481	-	17,481	-
Due from other funds.....	-	41,823	-	41,823	-
	<u>4,916,008</u>	<u>6,238,180</u>	<u>-</u>	<u>11,154,188</u>	<u>6,813,316</u>
NONCURRENT:					
Capital assets, non depreciable.....	1,267,739	-	-	1,267,739	-
Capital assets, net of accumulated depreciation.....	<u>13,738,413</u>	<u>7,688,575</u>	<u>88,672</u>	<u>21,515,660</u>	<u>-</u>
	<u>15,006,152</u>	<u>7,688,575</u>	<u>88,672</u>	<u>22,783,399</u>	<u>-</u>
TOTAL ASSETS.....	<u>19,922,160</u>	<u>13,926,755</u>	<u>88,672</u>	<u>33,937,587</u>	<u>6,813,316</u>
LIABILITIES					
CURRENT:					
Warrants payable.....	1,337,762	25,619	2,166	1,365,547	-
Health claims payable.....	-	-	-	-	2,857,000
Accrued interest.....	22,663	17,219	-	39,882	-
Other liabilities.....	69,301	-	-	69,301	-
Compensated absences.....	110,465	166,541	-	277,006	-
Due to other funds.....	-	-	41,823	41,823	-
Bonds and notes payable.....	<u>842,291</u>	<u>370,000</u>	<u>-</u>	<u>1,212,291</u>	<u>-</u>
	<u>2,382,482</u>	<u>579,379</u>	<u>43,989</u>	<u>3,005,850</u>	<u>2,857,000</u>
NONCURRENT:					
Compensated absences.....	6,288	17,527	-	23,815	-
Bonds and notes payable.....	<u>1,900,000</u>	<u>1,210,000</u>	<u>-</u>	<u>3,110,000</u>	<u>-</u>
	<u>1,906,288</u>	<u>1,227,527</u>	<u>-</u>	<u>3,133,815</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>4,288,770</u>	<u>1,806,906</u>	<u>43,989</u>	<u>6,139,665</u>	<u>2,857,000</u>
NET ASSETS					
Invested in capital assets, net of related debt.....	12,263,861	6,108,575	88,672	18,461,108	-
Unrestricted.....	<u>3,369,529</u>	<u>6,011,274</u>	<u>(43,989)</u>	<u>9,336,814</u>	<u>3,956,316</u>
TOTAL NET ASSETS.....	<u>\$ 15,633,390</u>	<u>\$ 12,119,849</u>	<u>\$ 44,683</u>	<u>\$ 27,797,922</u>	<u>\$ 3,956,316</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2006

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Veterans Memorial Rink	Total	
OPERATING REVENUES:					
Employee contributions	\$ -	\$ -	\$ -	\$ -	\$ 3,725,432
Employer contributions	-	-	-	-	22,270,000
Charges for services	11,953,817	9,313,013	277,761	21,544,591	-
TOTAL OPERATING REVENUES	11,953,817	9,313,013	277,761	21,544,591	25,995,432
OPERATING EXPENSES:					
Cost of services and administration	1,198,713	2,009,287	145,432	3,353,432	-
MWRA Assessment.....	9,430,738	5,925,490	-	15,356,228	-
Depreciation.....	791,652	445,769	4,667	1,242,088	-
Employee benefits	446,687	939,022	182,979	1,568,688	27,983,358
TOTAL OPERATING EXPENSES	11,867,790	9,319,568	333,078	21,520,436	27,983,358
OPERATING INCOME (LOSS).....	86,027	(6,555)	(55,317)	24,155	(1,987,926)
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	58,790	16,666	-	75,456	348,460
Interest expense.....	(97,271)	(74,352)	-	(171,623)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(38,481)	(57,686)	-	(96,167)	348,460
INCOME (LOSS) BEFORE OPERATING TRANSFERS.....	47,546	(64,241)	(55,317)	(72,012)	(1,639,466)
OPERATING TRANSFERS:					
Transfers in.....	-	-	100,000	100,000	-
CHANGE IN NET ASSETS.....	47,546	(64,241)	44,683	27,988	(1,639,466)
NET ASSETS AT BEGINNING OF YEAR.....	15,585,844	12,184,090	-	27,769,934	5,595,782
NET ASSETS AT END OF YEAR.....	\$ 15,633,390	\$ 12,119,849	\$ 44,683	\$ 27,797,922	\$ 3,956,316

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2006

	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.....	\$ 11,823,517	\$ 9,145,839	\$ 277,761	\$ 21,247,117	\$ -
Receipts from interfund services provided.....	-	-	-	-	25,995,432
Payments to vendors.....	(8,610,590)	(6,391,395)	(83,355)	(15,085,340)	-
Payments to employees.....	(653,582)	(1,507,748)	(59,911)	(2,221,241)	-
Payments for interfund services used.....	(446,687)	(939,022)	(182,979)	(1,568,688)	(28,529,358)
NET CASH FROM OPERATING ACTIVITIES.....	2,112,658	307,674	(48,484)	2,371,848	(2,533,926)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in.....	-	-	100,000	100,000	-
Advances from other funds.....	-	-	41,823	41,823	-
Advances to other funds.....	-	(41,823)	-	(41,823)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	-	(41,823)	141,823	100,000	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Issuance of bonds and notes.....	115,000	-	-	115,000	-
Acquisition and construction of capital assets.....	(4,417,484)	(76,449)	(93,339)	(4,587,272)	-
Principal payments on bonds and notes.....	(822,291)	(445,000)	-	(1,267,291)	-
Interest expense.....	(100,981)	(78,415)	-	(179,396)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(5,225,756)	(599,864)	(93,339)	(5,918,959)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Sale of investments.....	-	-	-	-	71,216
Investment income.....	58,790	16,666	-	75,456	348,460
NET CASH FROM INVESTING ACTIVITIES.....	58,790	16,666	-	75,456	419,676
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(3,054,308)	(317,347)	-	(3,371,655)	(2,114,250)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	3,696,228	3,379,956	-	7,076,184	8,927,566
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 641,920	\$ 3,062,609	\$ -	\$ 3,704,529	\$ 6,813,316
FROM OPERATING ACTIVITIES:					
Operating income (loss).....	\$ 86,027	\$ (6,555)	\$ (55,317)	\$ 24,155	\$ (1,987,926)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation.....	791,652	445,769	4,667	1,242,088	-
Changes in assets and liabilities:					
Water and sewer liens.....	(30,699)	(20,127)	-	(50,826)	-
Water fees.....	-	(147,047)	-	(147,047)	-
Sewer fees.....	(99,601)	-	-	(99,601)	-
Warrants payable.....	1,319,584	4,664	2,166	1,326,414	-
Health claims payable.....	-	-	-	-	(546,000)
Other liabilities.....	11,881	-	-	11,881	-
Accrued compensated absences.....	33,814	30,970	-	64,784	-
Total adjustments.....	2,026,631	314,229	6,833	2,347,693	(546,000)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 2,112,658	\$ 307,674	\$ (48,484)	\$ 2,371,848	\$ (2,533,926)

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2006

	Pension Trust Fund (as of December 31, 2005)	Private Purpose Trust Funds	Agency Fund
ASSETS			
Cash and cash equivalents.....	\$ 36,941	\$ 2,163,927	\$ 666,573
Investments:			
Government agencies.....	17,097,507	1,180,292	-
Government sponsored enterprises.....	2,170,541	688,072	-
Corporate bonds.....	14,244,605	586,559	-
Bond mutual funds.....	12,136,327	-	-
Equity securities.....	31,499,400	-	-
Equity mutual funds.....	45,055,358	-	-
Pooled real estate funds.....	4,856,701	-	-
Pooled alternative investments.....	13,064,473	-	-
Interest and dividends.....	273,489	-	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	497,340	-	-
TOTAL ASSETS.....	140,932,682	4,618,850	666,573
LIABILITIES			
Warrants payable.....	1,069,968	-	15,223
Liabilities due depositors.....	-	-	651,350
Due to state board of retirement.....	476,808	-	-
TOTAL LIABILITIES.....	1,546,776	-	666,573
NET ASSETS			
Held in trust for pension benefits and other purposes.....	\$ 139,385,906	\$ 4,618,850	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2006

	Pension Trust Fund (as of December 31, 2005)	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer.....	\$ 10,986,000	\$ -
Employee.....	3,935,843	-
Private donations.....	-	387,798
	<u>14,921,843</u>	<u>387,798</u>
Total contributions.....		
	<u>14,921,843</u>	<u>387,798</u>
Net investment income (loss):		
Net change in fair value of investments.....	5,950,601	-
Interest.....	1,205,063	171,809
Dividends.....	2,543,977	-
	<u>9,699,641</u>	<u>171,809</u>
Total investment income (loss).....		
	<u>9,699,641</u>	<u>171,809</u>
Less: investment expense.....	(476,191)	-
	<u>9,223,450</u>	<u>171,809</u>
Net investment income (loss).....		
	<u>9,223,450</u>	<u>171,809</u>
Intergovernmental.....	18,552	-
	<u>374,101</u>	<u>-</u>
Transfers from other systems.....		
	<u>374,101</u>	<u>-</u>
TOTAL ADDITIONS.....	<u>24,537,946</u>	<u>559,607</u>
DEDUCTIONS:		
Administration.....	281,871	-
Transfers to other systems.....	480,946	-
Retirement benefits and refunds.....	17,499,491	-
Educational scholarships.....	-	86,663
Housing subsidies.....	-	100,000
	<u>18,262,308</u>	<u>186,663</u>
TOTAL DEDUCTIONS.....		
	<u>18,262,308</u>	<u>186,663</u>
CHANGE IN NET ASSETS.....	6,275,638	372,944
NET ASSETS AT BEGINNING OF YEAR.....	<u>133,110,268</u>	<u>4,245,906</u>
NET ASSETS AT END OF YEAR.....	<u>\$ 139,385,906</u>	<u>\$ 4,618,850</u>

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. Exceptions are charges between the general fund and proprietary funds. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

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

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

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

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

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

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

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

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

The following major proprietary funds are reported:

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

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

The *Veteran's Memorial Rink enterprise fund* is used to account for the rink activities.

Additionally, the following proprietary fund type is reported:

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

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

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

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

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

Government-Wide and Fund Financial Statements

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

E. Accounts Receivable

Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

Motor Vehicle Excise

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

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

Water and Sewer User Fees

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

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

Departmental and Other

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

Special Assessments

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

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

Intergovernmental

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

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

Loans

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

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

F. Inventories

Government-Wide and Fund Financial Statements

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

G. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, land improvements, buildings and improvements, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

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

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

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

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

Governmental Fund Financial Statements

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

H. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

I. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

J. Deferred Revenue

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

K. Net Assets and Fund Equity*Government-Wide Financial Statements (Net Assets)*

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

Net assets have been “restricted for” the following:

“Loans” represents community development outstanding loans receivable balances.

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

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

“Other purposes” represents restrictions placed on assets from outside parties and primarily represents school federal and state grants whose use is limited to specific grant activities.

Fund Financial Statements (Fund Balances)

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

Fund balances have been “reserved for” the following:

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

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

L. Long-term debt*Government-Wide and Proprietary Fund Financial Statements*

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

Governmental Fund Financial Statements

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

M. Investment Income

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

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

N. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

O. Post Retirement Benefits*Government-Wide and Fund Financial Statements*

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording its share of insurance premiums in the general fund in the fiscal year paid. For the fiscal year ended June 30, 2006, this expenditure totaled approximately \$10,823,000. There were approximately 1,200 participants eligible to receive benefits on June 30, 2006.

The Commonwealth of Massachusetts administers a health insurance plan for all retired teachers of the Commonwealth. The cost of providing that benefit is assessed to each community annually. For the fiscal year ended June 30, 2006 this expense/expenditure amounted to approximately \$8,300. The number of participants covered is not provided by the Commonwealth.

P. Fund Deficits and Appropriation Deficits

The following funds had deficit fund balances at June 30, 2006. These deficits will be funded by grants, departmental revenues, bond proceeds and available fund balance.

<u>Fund Name</u>	<u>Amount</u>
School capital projects.....	\$ 32,813,223
City capital projects.....	5,954,774
Vocational school reserve.....	25,079
Community development.....	81,932
Police detail.....	231,966
Fire detail.....	38,190
Total.....	<u>\$ 39,145,164</u>

Actual expenditures exceeded appropriations for state and county charges. This over-expenditure will be funded through available funds during fiscal year 2007.

Q. Use of Estimates*Government-Wide and Fund Financial Statements*

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions. These assumptions affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

R. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

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

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

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At fiscal year-end, the carrying amount of deposits totaled \$70,997,088 and the bank balance totaled \$74,129,902. Of the bank balance, \$800,000 was covered by Federal Depository Insurance, \$4,134,969 was covered by the Depositors Insurance Fund, \$39,705,742 was collateralized and \$29,489,191 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2005, the System's bank balance totaled \$351,364. All of the bank balance was covered by Federal Depository Insurance. The System does not have a deposit policy for custodial credit risk.

Investments - City

As of June 30, 2006, the City had the following investments:

		Maturity	
	Fair Value	Under 1 Year	1-5 Years
Investment Type			
Debt Securities:			
Government Agencies.....	\$ 1,956,591	\$ 1,654,134	\$ 302,457
Government Sponsored Enterprises.....	1,140,629	891,271	249,358
Corporate Bonds.....	972,349	972,349	-
Total Debt Securities.....	4,069,569	\$ 3,517,754	\$ 551,815
Other Investments:			
Money Market Mutual Funds.....	307,550		
MMDT.....	1,897,342		
Total Investments.....	\$ 6,274,461		

Investments – Retirement System

As of December 31, 2005, the System had the following investments:

		Maturity				
Investment Type	Fair Value	Under 1 Year	1-5 Years	6-10 Years	Over 10 Years	
Debt Securities:						
Government Agencies.....	\$ 17,097,507	\$ 4,327,331	\$ 12,355,205	\$ 414,970	\$ -	
Government Sponsored Enterprises.....	2,170,541	667,374	481,860	105,628	915,679	
Corporate Bonds.....	14,244,605	521,479	4,663,759	4,253,674	4,805,693	
Bond Mutual Funds.....	12,136,327	-	-	12,136,327	-	
Total Debt Securities.....	45,648,980	\$ 5,516,184	\$ 17,500,825	\$ 16,910,599	\$ 5,721,372	
Other Investments:						
Equity Securities.....	31,499,400					
Equity Mutual Funds.....	45,055,358					
Money Market Mutual Funds.....	36,941					
Pooled Real Estate Funds.....	4,856,701					
Pooled Alternative Investments.....	13,064,473					
Total Investments.....	\$ 140,161,853					

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 \$4,069,569 in debt securities are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the counterparty. The City does not have an investment policy for custodial credit risk.

Of the System's investments of \$31,499,400 in equity securities, \$17,097,507 in Government Agencies, \$2,170,541 in Government Sponsored Enterprises, and \$14,244,605 in Corporate Bonds, the System has custodial credit risk exposure of \$65,012,053 because the related securities are uninsured, unregistered and held by the counterparty. The system does not have an investment policy for custodial credit risk.

Interest Rate Risk

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

Credit Risk

The City has not adopted a formal policy related to credit risk. As of June 30, 2006, the City had the following quality ratings for their investments:

	Investment Type			
	<u>Government Agencies</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>	<u>Total</u>
Fair Value.....	\$ <u>1,956,591</u>	\$ <u>1,140,629</u>	\$ <u>972,349</u>	\$ <u>4,069,569</u>
Quality Ratings:				
AAA.....	\$ 1,956,591	\$ 1,140,629	\$ 254,652	\$ 3,351,872
AA.....	-	-	255,820	255,820
Not Rated.....	-	-	461,877	461,877
Total.....	\$ <u>1,956,591</u>	\$ <u>1,140,629</u>	\$ <u>972,349</u>	\$ <u>4,069,569</u>

As of December 31, 2005, the System had the following quality ratings for its investments:

	Investment Type				
	<u>Government Agencies</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>	<u>Bond Mutual Funds</u>	<u>Total</u>
Fair Value.....	\$ <u>17,764,881</u>	\$ <u>1,503,167</u>	\$ <u>14,244,605</u>	\$ <u>12,136,327</u>	\$ <u>45,648,980</u>
Quality Ratings:					
AAA.....	\$ 17,764,881	\$ 1,503,167	\$ 2,751,047	\$ -	\$ 22,019,096
AA.....	-	-	2,019,329	5,345,978	7,365,307
A.....	-	-	3,596,515	-	3,596,515
BBB.....	-	-	3,224,232	-	3,224,232
BB.....	-	-	49,479	6,790,349	6,839,828
B.....	-	-	126,543	-	126,543
CCC.....	-	-	125,250	-	125,250
Not Rated.....	-	-	2,352,209	-	2,352,209
Total.....	\$ <u>17,764,881</u>	\$ <u>1,503,167</u>	\$ <u>14,244,605</u>	\$ <u>12,136,327</u>	\$ <u>45,648,980</u>

Concentration of Credit Risk

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

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

NOTE 3 – RECEIVABLES

At June 30, 2006, 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.....	\$ 1,563,467	\$ (8,911)	\$ 1,554,556
Real estate tax deferrals.....	280,664	-	280,664
Tax liens.....	439,509	-	439,509
Motor vehicle and other excise taxes.....	2,244,416	(1,635,443)	608,973
Departmental and other.....	756,065	(322,459)	433,606
Special assessments.....	689,870	-	689,870
Intergovernmental.....	35,803,396	-	35,803,396
Loans.....	1,808,257	-	1,808,257
Total.....	<u>\$ 43,585,644</u>	<u>\$ (1,966,813)</u>	<u>\$ 41,618,831</u>

At June 30, 2006, 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.....	\$ 159,590	\$ -	\$ 159,590
Water fees.....	3,049,261	-	3,049,261
Sewer fees.....	4,181,504	-	4,181,504
Intergovernmental.....	17,481	-	17,481
Total.....	<u>\$ 7,407,836</u>	<u>\$ -</u>	<u>\$ 7,407,836</u>

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

	General Fund	Other Governmental Funds	Total
<u>Receivable type:</u>			
Real estate and personal property taxes.....	\$ 1,052,394	\$ -	\$ 1,052,394
Real estate tax deferrals.....	280,664	-	280,664
Tax liens.....	439,509	-	439,509
Motor vehicle and other excise taxes.....	608,973	-	608,973
Departmental and other.....	20,829	89,237	110,066
Police details.....	-	248,573	248,573
Fire details.....	-	37,179	37,179
Special assessments.....	689,870	-	689,870
Intergovernmental.....	-	35,831,040	35,831,040
Loans.....	-	1,808,257	1,808,257
Total.....	<u>\$ 3,092,239</u>	<u>\$ 38,014,286</u>	<u>\$ 41,106,525</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 12,351,843	\$ 88,943	\$ (1,000)	\$ 12,439,786
Construction in progress.....	57,318,555	298,737	(5,188,122)	52,429,170
Total capital assets not being depreciated.....	69,670,398	387,680	(5,189,122)	64,868,956
<u>Capital assets being depreciated:</u>				
Land improvements.....	12,635,759	1,479,343	-	14,115,102
Buildings and improvements.....	110,436,952	16,057,867	-	126,494,819
Equipment.....	17,782,909	948,252	-	18,731,161
Infrastructure.....	37,163,928	3,679,033	(1,139,777)	39,703,184
Library books.....	1,324,200	-	-	1,324,200
Total capital assets being depreciated.....	179,343,748	22,164,495	(1,139,777)	200,368,466
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(2,133,536)	(636,752)	-	(2,770,288)
Buildings and improvements.....	(32,380,880)	(2,765,309)	-	(35,146,189)
Equipment.....	(10,278,349)	(1,706,037)	-	(11,984,386)
Infrastructure.....	(15,211,622)	(1,641,428)	1,139,777	(15,713,273)
Library books.....	(1,203,440)	(89,840)	-	(1,293,280)
Total accumulated depreciation.....	(61,207,827)	(6,839,366)	1,139,777	(66,907,416)
Total capital assets being depreciated, net.....	118,135,921	15,325,129	-	133,461,050
Total governmental activities capital assets.....	\$ 187,806,319	\$ 15,712,809	\$ (5,189,122)	\$ 198,330,006

During FY2006, the City recorded infrastructure capital assets having a net book value of approximately \$19.2 million at the beginning of the year and \$20.9 million at the end of the year.

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 38,550	\$ -	\$ -	\$ 38,550
Construction in progress.....	-	1,229,189	-	1,229,189
Total capital assets not being depreciated.....	38,550	1,229,189	-	1,267,739
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	2,963,358	1,998,184	-	4,961,542
Equipment.....	632,432	94,275	(27,741)	698,966
Infrastructure.....	24,203,142	1,095,836	-	25,298,978
Total capital assets being depreciated.....	27,798,932	3,188,295	(27,741)	30,959,486
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(1,073,045)	(97,119)	-	(1,170,164)
Equipment.....	(455,940)	(75,729)	27,741	(503,928)
Infrastructure.....	(14,928,177)	(618,804)	-	(15,546,981)
Total accumulated depreciation.....	(16,457,162)	(791,652)	27,741	(17,221,073)
Total capital assets being depreciated, net.....	11,341,770	2,396,643	-	13,738,413
Total sewer activities capital assets.....	\$ 11,380,320	\$ 3,625,832	\$ -	\$ 15,006,152

	Beginning Balance	Increases	Decreases	Ending Balance
Water Activities:				
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	\$ 5,353,502	\$ 46,696	\$ -	\$ 5,400,198
Equipment.....	990,044	29,753	(64,713)	955,084
Infrastructure.....	11,956,133	-	-	11,956,133
Total capital assets being depreciated.....	18,299,679	76,449	(64,713)	18,311,415
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(2,742,404)	(134,421)	-	(2,876,825)
Equipment.....	(941,897)	(25,286)	64,713	(902,470)
Infrastructure.....	(6,557,483)	(286,062)	-	(6,843,545)
Total accumulated depreciation.....	(10,241,784)	(445,769)	64,713	(10,622,840)
Total water activities capital assets.....	\$ 8,057,895	\$ (369,320)	\$ -	\$ 7,688,575

	Beginning Balance	Increases	Decreases	Ending Balance
Veterans Memorial Rink Activities:				
<u>Capital assets being depreciated:</u>				
Equipment.....	\$ -	\$ 93,339	\$ -	\$ 93,339
<u>Less accumulated depreciation for:</u>				
Equipment.....	-	(4,667)	-	(4,667)
Total Veterans Memorial Rink activities capital assets.....	\$ -	\$ 88,672	\$ -	\$ 88,672

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

Governmental Activities:

General government.....	\$ 645,166
Public safety.....	675,256
Education.....	2,703,494
Public works.....	1,649,933
Cemetery.....	14,480
Community development.....	420,414
Health and human services.....	31,305
Culture and recreation.....	699,318

Total depreciation expense - governmental activities..... \$ 6,839,366

Business-Type Activities:

Sewer.....	\$ 791,652
Water.....	445,769
Veterans Memorial Rink.....	4,667

Total depreciation expense - business-type activities..... \$ 1,242,088

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2006, is as follows:

Due to/from other funds

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental fund	\$ 6,232,646
Water	Veteran's Memorial Rink	41,823
		<u>\$ 6,274,469</u>

Interfund transfers

Transfers Out:	Transfers In:		
	General Fund	Veterans Memorial Rink Enterprise Fund	Total
Stabilization Fund.....	\$ 1,663,639	\$ 100,000	\$ 1,763,639 (1)
Nonmajor Governmental Funds.....	149,915	-	149,915 (2)
Total.....	<u>\$ 1,813,554</u>	<u>\$ 100,000</u>	<u>\$ 1,913,554</u>

(1) Represents budgeted transfers from the stabilization fund to the general fund and the Veteran's Memorial Rink enterprise fund.

(2) Represents budgeted transfers to the general fund from library state aid and recreation receipts.

NOTE 6 – SHORT-TERM FINANCING

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

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

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

Details related to the short-term debt activity for the fiscal year ended June 30, 2006, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2005	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2006
BAN	Land Acquisition.....	3.00	11/15/05	\$ 6,250,000	\$ -	\$ 6,250,000	\$ -
BAN	School Construction.....	3.00	11/15/05	25,445,857	-	25,445,857	-
BAN	School Construction.....	3.25	11/15/05	30,000,000	-	30,000,000	-
BAN	School Construction.....	4.50	11/15/06	-	43,050,000	-	43,050,000
BAN	Land Acquisition.....	4.50	11/15/06	-	740,000	-	740,000
Total.....				<u>\$ 61,695,857</u>	<u>\$ 43,790,000</u>	<u>\$ 61,695,857</u>	<u>\$ 43,790,000</u>

NOTE 7 – LONG-TERM DEBT

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

The Commonwealth enacted new legislation in FY2004 that will provide a grant to the City equal to 90% of the approved school construction costs. The City expects to receive the grant payment timed with the BANS eventual maturity date and use the proceeds to pay-down the BANS. The remaining amount of the BANS is expected to be converted into long-term bonds. Accordingly, the City has recorded a receivable totaling \$31,527,000, which is equal to 90% of eligible costs incurred by the City through June 30, 2006 that have been approved for reimbursement by the Commonwealth.

Details related to the outstanding indebtedness at June 30, 2006, and the debt service requirements are as follows:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2005	Issued	Redeemed	Outstanding at June 30, 2006
Building renovations.....	2.00-5.00	\$ 4,675,000	\$ 1,125,000	\$ 870,000	\$ 4,930,000
Building renovations-school.....	2.00-5.00	37,645,000	-	21,045,000	16,600,000
Land development.....	2.00-5.00	7,870,000	1,255,000	860,000	8,265,000
Land acquisition.....	2.00-5.00	3,750,000	5,510,000	255,000	9,005,000
City equipment.....	2.00-5.00	2,055,000	1,050,000	975,000	2,130,000
Computer hardware/software....	2.00-5.00	1,010,000	-	505,000	505,000
City technology.....	2.00-5.00	635,000	300,000	135,000	800,000
Signals and communications.....	2.00-5.00	1,280,000	150,000	165,000	1,265,000
Design/engineering.....	2.00-5.00	605,000	465,000	205,000	865,000
Pond preservation.....	2.00-4.00	335,000	-	40,000	295,000
Sidewalk improvements.....	3.10-4.25	-	500,000	-	500,000
Total Governmental bonds payable.....		\$ 59,860,000	\$ 10,355,000	\$ 25,055,000	\$ 45,160,000

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007.....	\$ 5,520,000	\$ 1,775,081	\$ 7,295,081
2008.....	4,245,000	1,558,170	5,803,170
2009.....	4,095,000	1,403,331	5,498,331
2010.....	3,965,000	1,255,410	5,220,410
2011.....	3,575,000	1,111,990	4,686,990
2012.....	3,095,000	971,090	4,066,090
2013.....	3,020,000	836,115	3,856,115
2014.....	2,215,000	717,015	2,932,015
2015.....	1,700,000	626,540	2,326,540
2016.....	1,685,000	554,790	2,239,790
2017.....	1,685,000	485,080	2,170,080
2018.....	1,685,000	416,747	2,101,747
2019.....	1,685,000	347,855	2,032,855
2020.....	1,685,000	278,465	1,963,465
2021.....	1,485,000	209,075	1,694,075
2022.....	1,420,000	148,138	1,568,138
2023.....	800,000	99,400	899,400
2024.....	800,000	66,600	866,600
2025.....	800,000	33,600	833,600
Totals.....	\$ <u>45,160,000</u>	\$ <u>12,894,492</u>	\$ <u>58,054,492</u>

Bonds and Notes Payable Schedule – Sewer Enterprise Fund

<u>Project</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2005</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2006</u>
Sewer projects.....	2.00-5.00	\$ 1,480,000	\$ 115,000	\$ 245,000	\$ 1,350,000
Sewer improvements.....	4.00	1,040,000	-	175,000	865,000
Sewer equipment.....	2.00-5.00	145,000	-	55,000	90,000
Sewer MWRA.....	0.00	634,582	-	317,291	317,291
Sewer surface drains.....	4.00	150,000	-	30,000	120,000
Total Sewer Enterprise bonds payable.....		\$ <u>3,449,582</u>	\$ <u>115,000</u>	\$ <u>822,291</u>	\$ <u>2,742,291</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>
2007.....	\$ 842,291	\$ 91,174	\$ 933,465
2008.....	510,000	72,245	582,245
2009.....	380,000	53,219	433,219
2010.....	345,000	39,000	384,000
2011.....	310,000	25,950	335,950
2012.....	120,000	14,350	134,350
2013.....	120,000	9,400	129,400
2014.....	105,000	4,600	109,600
2015.....	10,000	400	10,400
Totals.....	\$ <u>2,742,291</u>	\$ <u>310,338</u>	\$ <u>3,052,629</u>

Bonds and Notes Payable Schedule – Water Enterprise Fund

<u>Project</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2005</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2006</u>
Water mains.....	4.10-5.00	\$ 350,000	\$ -	\$ 160,000	\$ 190,000
Water improvements.....	4.00	830,000	-	150,000	680,000
Water equipment.....	2.00-5.00	90,000	-	40,000	50,000
Water tower.....	2.00-4.00	370,000	-	45,000	325,000
Water projects.....	3.00-5.00	<u>385,000</u>	<u>-</u>	<u>50,000</u>	<u>335,000</u>
Total Water Enterprise bonds payable.....		\$ <u>2,025,000</u>	\$ <u>-</u>	\$ <u>445,000</u>	\$ <u>1,580,000</u>

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>
2007.....	\$ 370,000	\$ 61,935	\$ 431,935
2008.....	335,000	47,465	382,465
2009.....	225,000	34,300	259,300
2010.....	225,000	25,900	250,900
2011.....	165,000	17,500	182,500
2012.....	75,000	10,750	85,750
2013.....	75,000	7,400	82,400
2014.....	75,000	4,400	79,400
2015.....	<u>35,000</u>	<u>1,400</u>	<u>36,400</u>
Totals.....	\$ <u>1,580,000</u>	\$ <u>211,050</u>	\$ <u>1,791,050</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, 2006, the City had the following authorized and unissued debt:

Purpose	Amount
School design/construction.....	\$ 28,809,309
Water improvements.....	4,525,000
Sewer improvements.....	9,358,545
Water mains.....	1,000,000
Street construction.....	390,000
Traffic signals.....	200,000
Planning.....	1,150,000
Outdoor recreational facility.....	180,000
Solid waste disposal facility.....	535,000
Total.....	<u>\$ 46,147,854</u>

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2006, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Long-term bonds and notes.....	\$ 59,860,000	\$ 10,355,000	\$ (25,055,000)	\$ 45,160,000	\$ 5,520,000
Workers' compensation.....	1,093,000	145,000	(202,000)	1,036,000	186,000
Compensated absences.....	2,917,373	2,009,366	(1,912,716)	3,014,023	2,106,789
Unamortized premium.....	403,197	-	(39,634)	363,563	37,810
Total governmental activity long-term liabilities.....	<u>\$ 64,273,570</u>	<u>\$ 12,509,366</u>	<u>\$ (27,209,350)</u>	<u>\$ 49,573,586</u>	<u>\$ 7,850,599</u>
Business-Type Activities:					
Long-term bonds and notes.....	\$ 5,474,582	\$ 115,000	\$ (1,267,291)	\$ 4,322,291	\$ 1,212,291
Compensated absences.....	236,037	280,765	(215,981)	300,821	277,006
Total business-type activity long-term liabilities.....	<u>\$ 5,710,619</u>	<u>\$ 395,765</u>	<u>\$ (1,483,272)</u>	<u>\$ 4,623,112</u>	<u>\$ 1,489,297</u>

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

NOTE 8 – RISK FINANCING

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

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

Health Insurance

Health insurance claims are administered by a third party administrator and are funded on an as needed basis from the City's internal service fund. The estimate of Incurred But Not Reported (IBNR) claims is based on a two month claims paid average. The City purchases individual stop loss insurance for claims in excess of the coverage provided by the City in the amount of \$200,000 per claim. At June 30, 2006, the amount of the liability for health insurance claims totaled \$2,857,000. This liability is the best estimate based on available information. Changes in the reported liability since July 1, 2004, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End
Fiscal Year 2005.....	\$ 3,448,000	\$ (22,729,692)	\$ 22,684,692	\$ 3,403,000
Fiscal Year 2006.....	3,403,000	(29,836,799)	29,290,799	2,857,000

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, 2006, the amount of the liability for workers' compensation claims totaled \$1,036,000. Changes in the reported liability since July 1, 2004, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End
Fiscal Year 2005.....	\$ 1,100,000	\$ (454,321)	\$ 447,321	\$ 1,093,000
Fiscal Year 2006.....	1,093,000	(422,484)	365,484	1,036,000

NOTE 9 – PENSION PLAN

Plan Description - The City contributes to the System, a cost-sharing multiple-employer defined benefit pension plan administered by the Waltham Contributory Retirement Board. Substantially all employees are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the City does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$11,016,000 for the fiscal year ended June 30, 2006, 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, 2005, the System's membership consists of the following:

Active members.....	892
Inactive members.....	109
Retirees and beneficiaries currently receiving benefits.....	<u>793</u>
Total.....	<u><u>1,794</u></u>

Funding Policy - Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The City is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The current and two preceding fiscal years apportionment of the annual pension cost between the two employers required the City to contribute 97% of the total. Chapter 32 of the MGL governs the contributions of plan members and the City.

Annual Pension Cost - The City's contributions to the System for the fiscal years ended June 30, 2006, 2005, and 2004 were \$10,986,000, \$10,186,601, and \$9,198,460, respectively, which equaled its required contribution for each fiscal year. At June 30, 2006, the City did not have a net pension obligation. The required contribution was determined as part of the January 1, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included an 8.0% investment rate of return and projected salary increases of 5.0% per year. The actuarial value of the System's assets was determined using the fair value of the assets. The System's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at January 1, 2006, was 21 years.

Schedule of Funding Progress

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

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

Noncontributory Retirement Allowance – The City pays the entire retirement allowance for certain retirees who are eligible for noncontributory benefits and are not members of the System. The general fund expenditure for fiscal year 2006 totaled approximately \$72,000.

NOTE 10 – COMMITMENTS

The City is in the process of constructing two new middle schools and six new elementary schools. Consequently, the City has entered into contracts totaling approximately \$132.2 million to complete the projects. Approximately \$128.1 million has been spent on these projects at June 30, 2006.

The City has various other commitments totaling approximately \$12.2 million for projects related to downtown revitalization, land acquisition, sewer and other infrastructure improvements. Approximately \$9.8 million has been spent on the projects at June 30, 2006.

NOTE 11 – CONTINGENCIES

The City participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2006, 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, 2006, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2006.

NOTE 12 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2006, the following GASB pronouncements were implemented:

- Statement #42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*.
- Statement #46, *Net Assets Restricted by Legislation, an amendment of GASB Statement No. 34*.
- Statement #47, *Accounting for Termination Benefits*.
- Statement #48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*.

Other Future GASB Pronouncements:

The GASB issued Statement #43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in Fiscal 2007. Since there is no legally established separate trust for the postemployment benefit plan this pronouncement will not impact the basic financial statements.

The GASB issued Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which is required to be implemented in Fiscal 2008. Management believes this pronouncement will require additional disclosure and impact the basic financial statements.

Required Supplementary Information

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

FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 110,072,254	\$ 110,072,254	\$ 110,667,654	\$ -	\$ 595,400
Tax liens.....	-	-	388,786	-	388,786
Motor vehicle and other excise taxes.....	6,898,462	6,898,462	6,360,950	-	(537,512)
Hotel/motel tax.....	1,675,000	1,675,000	1,791,211	-	116,211
Charges for services.....	-	-	15,420	-	15,420
Penalties and interest on taxes.....	457,008	457,008	404,635	-	(52,373)
Fees and rentals.....	417,641	417,641	405,660	-	(11,981)
Payments in lieu of taxes.....	45,000	45,000	95,301	-	50,301
Licenses and permits.....	3,634,738	3,634,738	3,535,083	-	(99,655)
Fines and forfeitures.....	522,629	522,629	482,128	-	(40,501)
Intergovernmental.....	18,664,568	18,664,568	18,496,637	-	(167,931)
Departmental and other.....	746,573	846,573	2,371,503	-	1,524,930
Special assessments.....	282,402	282,402	121,514	-	(160,888)
Investment income.....	1,675,926	1,675,926	2,060,197	-	384,271
 TOTAL REVENUES.....	 145,092,201	 145,192,201	 147,196,679	 -	 2,004,478
EXPENDITURES:					
Current:					
General government					
City Council					
Salaries.....	241,616	241,616	241,037	-	579
Expenses.....	65,460	65,460	59,230	-	6,230
Equipment and unusual.....	23,132	23,132	2,033	10,588	10,511
Capital Improvement.....	16,704	16,704	9,761	6,943	-
Total.....	346,912	346,912	312,061	17,531	17,320
 Mayor's Office					
Salaries.....	253,763	253,763	207,365	-	46,398
Expenses.....	33,550	33,550	29,468	338	3,744
Equipment and unusual.....	437,542	449,042	263,971	184,484	587
Capital Improvement.....	163,827	163,827	1,331	162,496	-
Total.....	888,682	900,182	502,135	347,318	50,729
 Emergency Reserve	 1,176,998	 558,905	 -	 558,905	 -
 Director of Finance					
Salaries.....	566,883	566,883	525,358	-	41,525
Expenses.....	9,248	9,248	8,455	15	778
Equipment and unusual.....	7,000	7,000	-	7,000	-
Capital Improvement.....	20,297	20,297	12,491	7,806	-
Total.....	603,428	603,428	546,304	14,821	42,303
 Treasurer and Collector					
Salaries.....	593,396	593,396	511,708	-	81,688
Expenses.....	250,839	250,839	235,810	14,954	75
Equipment and unusual.....	18,397	18,397	2,917	15,480	-
Capital Improvement.....	26,791	26,791	-	26,791	-
Total.....	889,423	889,423	750,435	57,225	81,763

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Paymaster					
Salaries.....	189,724	189,724	188,419	-	1,305
Assessments					
Salaries.....	425,489	425,489	425,139	-	350
Expenses.....	101,625	101,625	80,263	15,986	5,376
Capital Improvement.....	112,839	112,839	4,416	108,423	-
Total.....	639,953	639,953	509,818	124,409	5,726
Purchasing Services					
Salaries.....	193,146	193,146	193,133	-	13
Expenses.....	10,840	10,840	10,840	-	-
Miscellaneous.....	273,629	273,629	249,188	-	24,441
Capital Improvement.....	9,000	9,000	9,000	-	-
Total.....	486,615	486,615	462,161	-	24,454
Administration of Trust Funds					
Salaries.....	4,000	4,000	3,500	-	500
Expenses.....	19,430	19,430	18,558	-	872
Total.....	23,430	23,430	22,058	-	1,372
Law Department					
Salaries.....	687,185	687,185	677,389	-	9,796
Expenses.....	67,027	78,860	66,822	3,780	8,258
Equipment and unusual.....	251,304	251,304	139,347	102,960	8,997
Capital Improvement.....	89,522	44,761	17,064	27,697	-
Total.....	1,095,038	1,062,110	900,622	134,437	27,051
Building General Support					
Salaries.....	210,643	210,643	206,359	-	4,284
Expenses.....	3,251	3,251	1,766	-	1,485
Capital Improvement.....	20,786	20,786	18,286	2,500	-
Total.....	234,680	234,680	226,411	2,500	5,769
Public Buildings Maintenance					
Salaries.....	815,275	775,275	694,126	60,000	21,149
Wages.....	284,434	364,434	311,369	52,310	755
Equipment and unusual.....	253,248	253,248	158,205	95,043	-
Capital Improvement.....	337,884	337,884	127,136	210,741	7
Total.....	1,690,841	1,730,841	1,290,836	418,094	21,911
Public Building Utilities					
Expenses.....	659,235	847,035	839,806	7,229	-
Central Telephone Service					
Salaries.....	25,750	25,750	24,000	-	1,750
Expenses.....	151,988	165,988	165,988	-	-
Total.....	177,738	191,738	189,988	-	1,750

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Workmen's Compensation					
Salaries.....	6,000	6,000	6,000	-	-
Expenses.....	424,190	440,690	437,405	-	3,285
Total.....	430,190	446,690	443,405	-	3,285
Optional Medicare Extension					
Expenses.....	1,210,000	1,210,000	1,210,000	-	-
Hospital and Medical Insurance					
Expenses.....	25,052,844	25,052,844	24,563,666	485,205	3,973
Group Life Insurance					
Expenses - City.....	79,000	77,228	68,346	7,524	1,358
Social Security					
Expenses.....	250,000	250,000	212,229	37,700	71
Personnel					
Salaries.....	340,362	340,362	298,309	-	42,053
Expenses.....	6,752	6,752	4,000	62	2,690
Equipment and unusual.....	73,153	73,153	38,177	500	34,476
Total.....	420,267	420,267	340,486	562	79,219
Work Study					
Expenses.....	20,737	20,737	4,643	1,389	14,705
Unemployment Compensation					
Expenses.....	20,232	28,732	26,043	2,689	-
City Clerk					
Salaries.....	277,837	277,837	277,701	-	136
Expenses.....	37,751	37,751	36,407	1,344	-
Capital Improvement.....	4,452	4,452	-	4,452	-
Total.....	320,040	320,040	314,108	5,796	136
Management Information Systems					
Salaries.....	799,522	799,522	795,427	-	4,095
Expenses.....	303,026	303,026	290,824	11,407	795
Equipment and unusual.....	62,586	62,586	48,970	13,616	-
Capital Improvement.....	236,214	236,214	130,813	105,401	-
Total.....	1,401,348	1,401,348	1,266,034	130,424	4,890
Voter Registration					
Salaries.....	172,718	172,718	166,946	-	5,772
Expenses.....	112,900	112,900	96,413	3,925	12,562
Total.....	285,618	285,618	263,359	3,925	18,334
Total General Government.....	38,592,973	38,218,480	35,453,373	2,357,683	407,424
Public safety					
Police					
Salaries.....	11,288,089	12,338,089	11,612,056	725,000	1,033

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Police General Support					
Expenses.....	159,570	159,570	124,167	761	34,642
Equipment and unusual.....	87,734	87,734	63,577	19,334	4,823
Miscellaneous.....	22,433	22,433	20,562	1,013	858
Capital Improvement.....	334,204	334,204	241,816	92,388	-
Total.....	603,941	603,941	450,122	113,496	40,323
Police Community Services					
Expenses.....	12,009	12,009	8,899	291	2,819
Equipment and unusual.....	36,019	36,019	24,476	2,521	9,022
Miscellaneous.....	35,994	35,994	32,428	-	3,566
Total.....	84,022	84,022	65,803	2,812	15,407
Police Criminal Patrol and Apprehension					
Expenses.....	72,160	72,160	63,100	1,356	7,704
Equipment and unusual.....	98,534	144,134	130,156	11,065	2,913
Miscellaneous.....	112,884	112,884	101,878	2,862	8,144
Total.....	283,578	329,178	295,134	15,283	18,761
Police Investigation and Prosecution					
Expenses.....	16,090	16,090	13,186	-	2,904
Equipment and unusual.....	6,380	6,380	4,063	1,600	717
Miscellaneous.....	17,160	17,160	16,360	-	800
Total.....	39,630	39,630	33,609	1,600	4,421
Dispatch					
Salaries.....	1,142,557	1,142,557	1,079,946	60,000	2,611
Expenses.....	22,100	22,100	13,649	306	8,145
Equipment and unusual.....	1,050	1,050	-	-	1,050
Miscellaneous.....	16,724	16,724	15,190	-	1,534
Total.....	1,182,431	1,182,431	1,108,785	60,306	13,340
Fire					
Salaries.....	11,104,169	11,104,169	10,532,466	570,078	1,625
Fire General Support					
Expenses.....	61,475	61,475	52,514	5,299	3,662
Equipment and unusual.....	12,386	64,596	55,753	8,843	-
Miscellaneous.....	775	775	775	-	-
Capital Improvement.....	2,074	2,074	2,074	-	-
Total.....	76,710	128,920	111,116	14,142	3,662
Fire Prevention and Investigation					
Expenses.....	9,850	9,850	9,293	58	499
Miscellaneous.....	3,875	3,875	3,875	-	-
Total.....	13,725	13,725	13,168	58	499
Fire Fighting and Training					
Expenses.....	142,644	142,644	135,846	6,798	-
Equipment and unusual.....	129,927	129,927	81,219	48,125	583
Miscellaneous.....	133,800	133,800	127,509	6,288	3
Total.....	406,371	406,371	344,574	61,211	586

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Fire Building and Grounds					
Expenses.....	18,085	18,085	12,246	1,669	4,170
Equipment and unusual.....	8,000	8,000	-	8,000	-
Total.....	26,085	26,085	12,246	9,669	4,170
Emergency Management					
Salaries.....	49,381	49,381	49,243	-	138
Expenses.....	18,596	18,596	18,596	-	-
Equipment and unusual.....	19,914	26,914	19,914	7,000	-
Miscellaneous.....	7,000	7,000	6,825	175	-
Capital Improvement.....	6,941	6,941	6,941	-	-
Total.....	101,832	108,832	101,519	7,175	138
Wires General Support and Inspection					
Salaries.....	276,265	276,265	276,265	-	-
Expenses.....	67,879	67,879	44,834	-	23,045
Capital Improvement.....	26,100	26,100	23,674	2,426	-
Total.....	370,244	370,244	344,773	2,426	23,045
Wire Electricians					
Salaries.....	218,650	218,650	194,868	10,000	13,782
Expenses.....	40,931	40,931	29,210	2,100	9,621
Total.....	259,581	259,581	224,078	12,100	23,403
Wire Signal Installation and Maintenance					
Salaries.....	124,281	124,281	100,069	10,000	14,212
Expenses.....	266,542	251,542	182,105	5,958	63,479
Equipment and unusual.....	3,000	3,000	2,993	-	7
Total.....	393,823	378,823	285,167	15,958	77,698
Wires Street Lighting	-	-	-	-	-
Expenses.....	383,878	398,878	371,295	14,756	12,827
Inspection Weight and Measures					
Salaries.....	67,674	67,674	67,674	-	-
Expenses.....	1,850	1,850	1,254	-	596
Total.....	69,524	69,524	68,928	-	596
Licensing					
Salaries.....	12,600	12,600	12,600	-	-
Expenses.....	4,170	4,170	2,767	-	1,403
Total.....	16,770	16,770	15,367	-	1,403
Animal Control					
Salaries.....	66,777	66,777	56,823	-	9,954
Expenses.....	1,775	1,775	455	400	920
Equipment and unusual.....	8,066	8,066	3,732	-	4,334
Total.....	76,618	76,618	61,010	400	15,208
Total Public Safety.....	26,781,021	27,935,831	26,051,216	1,626,470	258,145

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Education					
Salaries.....	39,552,107	39,552,107	39,552,107	-	-
Expenses.....	15,151,913	15,151,913	11,617,324	3,534,589	-
Capital Improvement.....	49,248	49,248	-	49,248	-
Total Education.....	54,753,268	54,753,268	51,169,431	3,583,837	-
Public Works					
Public Works Administration					
Salaries.....	77,228	102,971	70,344	31,018	1,609
Expenses.....	4,700	4,700	2,968	-	1,732
Equipment and unusual.....	352,453	352,453	-	352,453	-
Capital Improvement.....	16,434	16,434	508	15,926	-
Total.....	450,815	476,558	73,820	399,397	3,341
Street Wages					
Salaries.....	4,060,052	4,053,719	3,595,035	275,000	183,684
Street Cleaning					
Expenses.....	5,400	5,400	4,833	-	567
Highway Maintenance and Repair					
Expenses.....	134,946	159,946	101,648	39,935	18,363
Equipment and unusual.....	130,706	130,706	55,996	74,710	-
Capital Improvement.....	2,770	212,770	37,126	175,644	-
Total.....	268,422	503,422	194,770	290,289	18,363
Snow and Ice Removal					
Expenses.....	441,635	896,635	879,566	3,780	13,289
Trees and Shrubs					
Expenses.....	28,156	28,156	15,002	878	12,276
Collection and Disposal of rubbish					
Equipment and unusual.....	5,289,982	5,759,982	5,131,827	592,557	35,598
Public Vehicles					
Expenses.....	4,000	4,000	2,124	907	969
Public Vehicles Maintenance and Repair					
Expenses.....	338,379	338,379	330,815	7,515	49
Capital Improvement.....	10,700	10,700	9,921	779	-
Total.....	349,079	349,079	340,736	8,294	49
Public Vehicles Gasoline and Oil					
Expenses.....	284,425	384,425	359,020	13,974	11,431
Equipment and unusual.....	2,000	2,000	-	2,000	-
Total.....	286,425	386,425	359,020	15,974	11,431
Total Public Works.....	11,183,966	12,463,376	10,596,733	1,587,076	279,567

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Community Development					
Office of the City Planner					
Salaries.....	243,819	248,819	243,354	-	5,465
Expenses.....	1,861	1,861	1,861	-	-
Equipment and unusual.....	18,600	118,600	10,925	107,675	-
Capital Improvement.....	652,200	730,200	216,591	513,609	-
Total.....	916,480	1,099,480	472,731	621,284	5,465
Housing Office					
Salaries.....	195,762	195,762	178,518	-	17,244
Expenses.....	1,199	1,199	1,199	-	-
Capital Improvement.....	-	-	-	-	-
Total.....	196,961	196,961	179,717	-	17,244
Board of Survey and Planning					
Salaries.....	18,350	19,100	15,600	-	3,500
Expenses.....	4,800	4,800	3,528	-	1,272
Total.....	23,150	23,900	19,128	-	4,772
Zoning Board of Appeals					
Salaries.....	23,000	23,000	14,100	-	8,900
Expenses.....	28,458	28,458	13,683	514	14,261
Total.....	51,458	51,458	27,783	514	23,161
Traffic Commission					
Salaries.....	316,963	331,963	282,214	15,000	34,749
Expenses.....	54,620	54,620	42,456	6,150	6,014
Capital Improvement.....	50,598	50,598	-	50,593	5
Total.....	422,181	437,181	324,670	71,743	40,768
Conservation Commission					
Salaries.....	63,777	63,777	61,477	-	2,300
Expenses.....	4,257	4,257	3,643	-	614
Equipment and unusual.....	2,000	2,000	-	-	2,000
Capital Improvement.....	86,056	86,056	141	85,915	-
Total.....	156,090	156,090	65,261	85,915	4,914
Historical Commission					
Salaries.....	19,500	19,500	18,300	-	1,200
Expenses.....	6,000	6,000	5,399	601	-
Equipment and unusual.....	13,421	13,421	12,132	1,202	87
Total.....	38,921	38,921	35,831	1,803	1,287
Paine Estate Functions					
Salaries.....	79,318	79,318	78,974	-	344
Expenses.....	49,462	49,462	37,992	7,699	3,771
Equipment and unusual.....	-	7,500	-	7,500	-
Total.....	128,780	136,280	116,966	15,199	4,115

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Building Code Enforcement					
Salaries.....	414,506	414,506	412,799	-	1,707
Expenses.....	10,050	15,050	10,388	-	4,662
Total.....	424,556	429,556	423,187	-	6,369
Engineering Design and Surveying					
Salaries.....	473,535	479,535	436,881	20,000	22,654
Expenses.....	11,998	11,998	11,843	-	155
Equipment and unusual.....	201,948	403,577	350,684	52,893	-
Capital Improvement.....	31,295	31,295	22,766	8,529	-
Total.....	718,776	926,405	822,174	81,422	22,809
Total Community Development.....	3,077,353	3,496,232	2,487,448	877,880	130,904
Health and Human Services					
Office of Public Health					
Salaries.....	144,632	144,632	142,766	-	1,866
Expenses.....	3,600	3,600	2,710	-	890
Total.....	148,232	148,232	145,476	-	2,756
Health Inspections					
Salaries.....	395,853	395,853	395,597	-	256
Expenses.....	6,450	6,450	5,184	-	1,266
Total.....	402,303	402,303	400,781	-	1,522
Contagious Disease					
Salaries.....	56,305	56,305	56,305	-	-
Expenses.....	5,900	5,900	5,300	-	600
Equipment and unusual.....	14,628	14,329	1,175	-	13,154
Total.....	76,833	76,534	62,780	-	13,754
Mosquito Control					
Expenses.....	24,807	24,807	24,807	-	-
Veterans Benefits and Services					
Salaries.....	139,157	139,157	139,157	-	-
Expenses.....	131,625	191,625	163,776	-	27,849
Capital Improvement.....	4,416	4,416	4,416	-	-
Total.....	275,198	335,198	307,349	-	27,849
Council on Aging					
Salaries.....	293,771	303,771	285,801	5,000	12,970
Expenses.....	13,740	13,740	13,466	270	4
Capital Improvement.....	4,000	4,000	3,927	-	73
Total.....	311,511	321,511	303,194	5,270	13,047
Meals on Wheels					
Salaries.....	46,487	46,487	46,487	-	-
Expenses.....	127,813	132,813	129,724	3,089	-
Total.....	174,300	179,300	176,211	3,089	-

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Town Clock Expenses.....	1,000	1,000	416	-	584
Celebration of Holidays Expenses.....	27,320	27,320	13,686	10,000	3,634
Handicap Services					
Salaries.....	7,000	7,000	7,000	-	-
Expenses.....	950	950	200	-	750
Capital Improvement.....	55,000	55,000	-	55,000	-
Total.....	62,950	62,950	7,200	55,000	750
Total Health and Human Services.....	1,504,454	1,579,155	1,441,900	73,359	63,896
Culture and Recreation					
Library					
Salaries.....	1,535,267	1,665,267	1,596,359	10,000	58,908
Library General Support					
Expenses.....	247,423	325,739	325,739	-	-
Equipment and unusual.....	58,043	58,043	57,118	925	-
Capital Improvement.....	59,370	59,370	50,058	9,312	-
Total.....	364,836	443,152	432,915	10,237	-
Parks and Recreation General Support					
Salaries.....	347,186	347,186	337,975	-	9,211
Expenses.....	99,158	99,158	74,141	9,621	15,396
Equipment and unusual.....	26,269	26,269	6,747	19,522	-
Capital Improvement.....	100,742	100,742	18,692	82,050	-
Total.....	573,355	573,355	437,555	111,193	24,607
Playgrounds and Pools					
Salaries.....	35,120	35,120	34,742	-	378
Expenses.....	92,974	92,974	47,804	44,764	406
Equipment and unusual.....	10,000	10,000	2,403	-	7,597
Total.....	138,094	138,094	84,949	44,764	8,381
Day Camps					
Salaries.....	48,590	48,590	48,590	-	-
Expenses.....	18,794	18,794	11,048	2,269	5,477
Total.....	67,384	67,384	59,638	2,269	5,477
Support of Recreation Activities					
Expenses.....	87,482	87,482	83,503	3,374	605
Recreation Activities					
Expenses.....	145,950	217,550	99,300	118,250	-
Total Culture and Recreation	2,912,368	3,192,284	2,794,219	300,087	97,978

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Cemetery					
MT Feake, Grove Hill and Commission					
Expenses.....	20,386	20,386	16,629	3,057	700
Pension benefits					
Contributory Retirement.....	10,802,599	10,871,484	10,702,599	168,885	-
Non-Contributory Retirement.....	81,000	81,000	71,629	9,300	71
Total.....	10,883,599	10,952,484	10,774,228	178,185	71
State and county charges.....	1,271,624	1,271,624	1,325,343		(53,719)
Debt service:					
Principal.....	5,065,000	5,865,000	5,055,000	800,000	10,000
Interest.....	4,269,650	5,552,446	3,596,785	1,955,661	-
TOTAL EXPENDITURES.....	160,315,662	165,300,566	150,762,305	13,343,295	1,194,966
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(15,223,461)	(20,108,365)	(3,565,626)	(13,343,295)	3,199,444
<u>OTHER FINANCING SOURCES (USES):</u>					
Premium from issuance of bonds.....	-	-	682,796	-	682,796
Transfers in.....	2,037,022	3,850,576	3,850,576	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	2,037,022	3,850,576	4,533,372	-	682,796
NET CHANGE IN FUND BALANCE.....	(13,186,439)	(16,257,789)	967,746	(13,343,295)	3,882,240
BUDGETARY FUND BALANCE, Beginning of year	33,604,957	33,604,957	33,604,957	-	-
BUDGETARY FUND BALANCE, End of year..... \$	<u>20,418,518</u>	<u>17,347,168</u>	<u>34,572,703</u>	<u>(13,343,295)</u>	<u>3,882,240</u>

(concluded)

See notes to required supplementary information.

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

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

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

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

Under recent legislation, the City Council on the recommendation of the Mayor may transfer within the last 2 months of fiscal years 2005 and 2006 any amount appropriated for the use of any department to the appropriation for any other department, provided that no such transfer may be made from any appropriation for a school department, regional school district, or municipal light department.

The 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 2006 approved budget authorized approximately \$148,831,000 in appropriations and other amounts. Also approved were carry forwards amounts totaling \$11,485,000. During fiscal year 2006, the Council also approved supplemental appropriations totaling approximately \$4,985,000 (3%). Budget amendments were for police salaries, snow and ice removal, collection and disposal of rubbish, and debt principal and interest which accounted for 81% of the increase.

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, 2006, is presented below:

Net change in fund balance - budgetary basis.....	\$	967,746
<u>Basis of accounting differences:</u>		
Net change in revenues in recording 60 day receipts.....		67,382
Net change in revenues in recording tax refunds payable.....		838,000
Net difference in recognition of revenues.....		(19,532)
Increase in revenues due to on-behalf payments.....		11,015,503
Net difference in recognition of expenditures.....		843,918
Increase in expenditures due to on-behalf payments.....		<u>(11,015,503)</u>
Net change in fund balance - GAAP basis.....	\$	<u>2,697,514</u>

3. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2006, actual expenditures exceeded appropriations for state and county charges. This over-expenditure will be funded through available funds during fiscal year 2007.

Combining Statements

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Community Development Fund – This fund is used to account for the community development block grant program.

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

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

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

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

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

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

City Projects – This 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.

Permanent Funds

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

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

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

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

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NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2006

	Special Revenue Funds					
	Other Special Revenue	Highway Projects	Public Law Fund	City State Grants	School State Grants	Insurance Recovery
ASSETS						
Cash and cash equivalents.....	\$ 911,440	\$ -	\$ 373,265	\$ 147,711	\$ 206,452	\$ 9,709
Investments.....	-	-	-	-	-	-
Receivables, net of uncollectibles:						
Departmental and other.....	11,432	-	-	-	-	-
Intergovernmental.....	-	929,568	-	-	-	-
Loans.....	-	-	-	-	-	-
TOTAL ASSETS.....	\$ 922,872	\$ 929,568	\$ 373,265	\$ 147,711	\$ 206,452	\$ 9,709
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Warrants payable.....	\$ 4,838	\$ -	\$ 166,259	\$ 1,812	\$ 3,537	\$ 5,393
Liabilities due depositors.....	-	-	-	-	-	-
Deferred revenues.....	11,432	919,424	-	-	-	-
Due to other funds.....	-	10,144	-	-	-	-
TOTAL LIABILITIES.....	16,270	929,568	166,259	1,812	3,537	5,393
FUND BALANCES:						
Reserved for:						
Perpetual permanent funds.....	-	-	-	-	-	-
Unreserved:						
Undesignated, reported in:						
Special revenue funds.....	906,602	-	207,006	145,899	202,915	4,316
Capital projects funds.....	-	-	-	-	-	-
Permanent funds.....	-	-	-	-	-	-
TOTAL FUND BALANCES.....	906,602	-	207,006	145,899	202,915	4,316
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 922,872	\$ 929,568	\$ 373,265	\$ 147,711	\$ 206,452	\$ 9,709

Special Revenue Funds										
Gifts	Sale of Lots/Graves	Revenue Reserve	School Lunch	Parking Meters	UDAG Nova Biomedical	Vocational School Reserve	Community Development	Public Safety Trust Funds	Traffic Impact Fund	
\$ 815,809	\$ 765,254	\$ 377,659	\$ 238,980	\$ 861,201	\$ 741,342	\$ -	\$ -	\$ 424,707	\$ 1,516,503	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	1,533,402	-	-	
-	-	-	-	-	-	-	1,808,257	-	-	
<u>\$ 815,809</u>	<u>\$ 765,254</u>	<u>\$ 377,659</u>	<u>\$ 238,980</u>	<u>\$ 861,201</u>	<u>\$ 741,342</u>	<u>\$ -</u>	<u>\$ 3,341,659</u>	<u>\$ 424,707</u>	<u>\$ 1,516,503</u>	
\$ 9,896	\$ -	\$ 5,652	\$ 11,295	\$ 5,768	\$ 1,528	\$ -	\$ 71,552	\$ -	\$ -	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	3,341,659	-	-	
-	-	-	-	-	-	25,079	10,380	-	-	
<u>9,896</u>	<u>-</u>	<u>5,652</u>	<u>11,295</u>	<u>5,768</u>	<u>1,528</u>	<u>25,079</u>	<u>3,423,591</u>	<u>-</u>	<u>-</u>	
-	-	-	-	-	-	-	-	-	-	
805,913	765,254	372,007	227,685	855,433	739,814	(25,079)	(81,932)	424,707	1,516,503	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
<u>805,913</u>	<u>765,254</u>	<u>372,007</u>	<u>227,685</u>	<u>855,433</u>	<u>739,814</u>	<u>(25,079)</u>	<u>(81,932)</u>	<u>424,707</u>	<u>1,516,503</u>	
<u>\$ 815,809</u>	<u>\$ 765,254</u>	<u>\$ 377,659</u>	<u>\$ 238,980</u>	<u>\$ 861,201</u>	<u>\$ 741,342</u>	<u>\$ -</u>	<u>\$ 3,341,659</u>	<u>\$ 424,707</u>	<u>\$ 1,516,503</u>	

(Continued)

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2006

	Special Revenue Funds				Capital Projects
	Police Detail	Fire Detail	Community Preservation	Subtotal	City Projects
ASSETS					
Cash and cash equivalents.....	\$ -	\$ -	\$ 1,797,283	\$ 9,187,315	\$ -
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	248,573	37,179	37,788	334,972	-
Intergovernmental.....	-	-	1,813,306	4,276,276	-
Loans.....	-	-	-	1,808,257	-
TOTAL ASSETS.....	\$ 248,573	\$ 37,179	\$ 3,648,377	\$ 15,606,820	\$ -
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 35,232	\$ 2,655	\$ -	\$ 325,417	\$ -
Liabilities due depositors.....	-	-	-	-	-
Deferred revenues.....	248,573	37,179	1,851,094	6,409,361	-
Due to other funds.....	196,734	35,535	-	277,872	5,954,774
TOTAL LIABILITIES.....	480,539	75,369	1,851,094	7,012,650	5,954,774
FUND BALANCES:					
Reserved for:					
Perpetual permanent funds.....	-	-	-	-	-
Unreserved:					
Undesignated, reported in:					
Special revenue funds.....	(231,966)	(38,190)	1,797,283	8,594,170	-
Capital projects funds.....	-	-	-	-	(5,954,774)
Permanent funds.....	-	-	-	-	-
TOTAL FUND BALANCES.....	(231,966)	(38,190)	1,797,283	8,594,170	(5,954,774)
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 248,573	\$ 37,179	\$ 3,648,377	\$ 15,606,820	\$ -

Permanent Funds					Total Governmental Funds
Paine Estate	Cemetery Perpetual Care	Other Permanent Funds	Subtotal		
\$ 600	\$ 100,100	\$ 277,836	\$ 378,536	\$ 9,565,851	
-	-	1,614,646	1,614,646	1,614,646	
-	-	77,805	77,805	412,777	
-	-	-	-	4,276,276	
-	-	-	-	1,808,257	
<u>\$ 600</u>	<u>\$ 100,100</u>	<u>\$ 1,970,287</u>	<u>\$ 2,070,987</u>	<u>\$ 17,677,807</u>	
\$ -	\$ -	\$ 7,922	\$ 7,922	\$ 333,339	
600	-	-	600	600	
-	-	77,805	77,805	6,487,166	
-	-	-	-	6,232,646	
<u>600</u>	<u>-</u>	<u>85,727</u>	<u>86,327</u>	<u>13,053,751</u>	
-	-	1,664,119	1,664,119	1,664,119	
-	-	-	-	8,594,170	
-	-	-	-	(5,954,774)	
-	100,100	220,441	320,541	320,541	
-	100,100	1,884,560	1,984,660	4,624,056	
<u>\$ 600</u>	<u>\$ 100,100</u>	<u>\$ 1,970,287</u>	<u>\$ 2,070,987</u>	<u>\$ 17,677,807</u>	

(Concluded)

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

FISCAL YEAR ENDED JUNE 30, 2006

	Special Revenue Funds					
	Other Special Revenue	Highway Projects	Public Law Fund	City State Grants	School State Grants	Insurance Recovery
REVENUES:						
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Community preservation tax.....	-	-	-	-	-	-
Intergovernmental.....	81,569	2,620,141	2,924,083	421,547	319,245	-
Departmental and other.....	396,636	-	-	-	-	-
Contributions.....	-	-	-	-	-	-
Investment income.....	-	-	-	-	-	-
Miscellaneous.....	-	-	-	-	-	45,836
TOTAL REVENUES.....	478,205	2,620,141	2,924,083	421,547	319,245	45,836
EXPENDITURES:						
Current:						
General government.....	-	-	-	-	-	14,226
Public safety.....	-	-	-	579,656	-	29,461
Education.....	-	-	2,808,844	-	388,763	539
Public works.....	-	2,620,114	-	42,533	-	2,517
Cemetery.....	-	-	-	-	-	-
Community development.....	8,486	-	-	9,731	-	-
Human services.....	-	-	-	8,134	-	-
Culture and recreation.....	-	-	-	59,507	-	-
TOTAL EXPENDITURES.....	8,486	2,620,114	2,808,844	699,561	388,763	46,743
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	469,719	27	115,239	(278,014)	(69,518)	(907)
OTHER FINANCING SOURCES (USES):						
Transfers out.....	(149,915)	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	319,804	27	115,239	(278,014)	(69,518)	(907)
FUND BALANCES AT BEGINNING OF YEAR.....	586,798	(27)	91,767	423,913	272,433	5,223
FUND BALANCES AT END OF YEAR.....	\$ 906,602	\$ -	\$ 207,006	\$ 145,899	\$ 202,915	\$ 4,316

Special Revenue Funds									
Gifts	Sale of Lots/Graves	Revenue Reserve	School Lunch	Parking Meters	UDAG Nova Biomedical	Vocational School Reserve	Community Development	Public Safety Trust Funds	Traffic Impact Fund
\$ -	\$ -	\$ -	\$ -	\$ 335,040	-	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-
-	-	1,947,836	667,466	-	-	-	1,604,483	-	-
-	93,575	-	894,042	-	-	-	-	178,880	-
539,784	-	-	-	-	-	-	-	-	-
-	-	-	1,106	-	-	-	513	-	18,728
-	-	-	-	-	40,295	35,582	177,683	-	104,647
539,784	93,575	1,947,836	1,562,614	335,040	40,295	35,582	1,782,679	178,880	123,375
-	-	-	-	-	-	-	-	-	-
8,438	-	-	-	-	-	-	-	194,103	-
-	-	2,056,546	1,395,208	-	-	46,289	-	-	-
-	-	-	-	-	-	-	-	-	-
-	2,458	-	-	-	-	-	-	-	-
46,809	-	-	-	272,672	78,535	-	1,817,366	-	-
94,617	-	-	-	-	-	-	-	-	-
111,171	-	-	-	-	-	-	-	-	-
261,035	2,458	2,056,546	1,395,208	272,672	78,535	46,289	1,817,366	194,103	-
278,749	91,117	(108,710)	167,406	62,368	(38,240)	(10,707)	(34,687)	(15,223)	123,375
-	-	-	-	-	-	-	-	-	-
278,749	91,117	(108,710)	167,406	62,368	(38,240)	(10,707)	(34,687)	(15,223)	123,375
527,164	674,137	480,717	60,279	793,065	778,054	(14,372)	(47,245)	439,930	1,393,128
\$ 805,913	\$ 765,254	\$ 372,007	\$ 227,685	\$ 855,433	739,814	\$ (25,079)	\$ (81,932)	\$ 424,707	\$ 1,516,503

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2006

	Special Revenue Funds				Capital Projects
	Police Detail	Fire Detail	Community Preservation	Subtotal	City Projects
REVENUES:					
Charges for services.....	\$ -	\$ -	\$ -	\$ 335,040	\$ -
Community preservation tax.....	-	-	1,797,283	1,797,283	-
Intergovernmental.....	-	-	-	10,586,370	-
Departmental and other.....	-	-	-	1,563,133	-
Contributions.....	-	-	-	539,784	-
Investment income.....	-	-	-	20,347	-
Miscellaneous.....	1,446,925	154,290	-	2,005,258	-
TOTAL REVENUES.....	1,446,925	154,290	1,797,283	16,847,215	-
EXPENDITURES:					
Current:					
General government.....	-	-	-	14,226	1,078,938
Public safety.....	1,523,160	168,210	-	2,503,028	561,505
Education.....	-	-	-	6,696,189	-
Public works.....	-	-	-	2,665,164	1,079,248
Cemetery.....	-	-	-	2,458	180
Community development.....	-	-	-	2,233,599	969,246
Human services.....	-	-	-	102,751	228
Culture and recreation.....	-	-	-	170,678	328,612
TOTAL EXPENDITURES.....	1,523,160	168,210	-	14,388,093	4,017,957
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(76,235)	(13,920)	1,797,283	2,459,122	(4,017,957)
OTHER FINANCING SOURCES (USES):					
Transfers out.....	-	-	-	(149,915)	-
NET CHANGE IN FUND BALANCES.....	(76,235)	(13,920)	1,797,283	2,309,207	(4,017,957)
FUND BALANCES AT BEGINNING OF YEAR.....	(155,731)	(24,270)	-	6,284,963	(1,936,817)
FUND BALANCES AT END OF YEAR.....	\$ (231,966)	\$ (38,190)	\$ 1,797,283	\$ 8,594,170	\$ (5,954,774)

Permanent Funds					Total Governmental Funds
Paine Estate	Cemetery Perpetual Care	Other Permanent Funds	Subtotal		
\$ -	\$ -	\$ -	\$ -	\$ 335,040	
-	-	-	-	1,797,283	
-	-	-	-	10,586,370	
-	63,099	76,217	139,316	1,702,449	
-	-	-	-	539,784	
-	-	-	-	20,347	
1,200	-	-	1,200	2,006,458	
1,200	63,099	76,217	140,516	16,987,731	
-	-	-	-	1,093,164	
-	-	-	-	3,064,533	
-	-	353	353	6,696,542	
-	-	-	-	3,744,412	
-	72,292	-	72,292	74,930	
4,780	-	4,119	8,899	3,211,744	
-	-	-	-	102,979	
-	-	-	-	499,290	
4,780	72,292	4,472	81,544	18,487,594	
(3,580)	(9,193)	71,745	58,972	(1,499,863)	
-	-	-	-	(149,915)	
(3,580)	(9,193)	71,745	58,972	(1,649,778)	
3,580	109,293	1,812,815	1,925,688	6,273,834	
\$ -	\$ 100,100	\$ 1,884,560	\$ 1,984,660	\$ 4,624,056	

(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
COMBING STATEMENT OF PRIVATE PURPOSE TRUST FUNDS NET ASSETS

JUNE 30, 2006

	Private Purpose Trust Funds		
	Scholarship Trust Funds	Housing Trust Funds	Total
ASSETS			
Cash and cash equivalents.....	\$ 742	\$ 2,163,185	\$ 2,163,927
Government agencies.....	1,180,292	-	1,180,292
Government sponsored enterprises.....	688,072	-	688,072
Corporate bonds.....	586,559	-	586,559
TOTAL ASSETS.....	2,455,665	2,163,185	4,618,850
NET ASSETS			
Held in trust for other purposes.....	\$ 2,455,665	\$ 2,163,185	\$ 4,618,850

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

FISCAL YEAR ENDED JUNE 30, 2006

	Private Purpose Trust Funds		
	Scholarship Trust Funds	Housing Trust Funds	Total
ADDITIONS:			
Contributions:			
Private donations.....	\$ 387,630	\$ 168	\$ 387,798
Net investment income (loss):			
Interest.....	99,428	72,381	171,809
TOTAL ADDITIONS.....	487,058	72,549	559,607
DEDUCTIONS:			
Educational scholarships.....	86,663	-	86,663
Transfers to other funds.....	-	-	-
TOTAL DEDUCTIONS.....	86,663	100,000	186,663
CHANGE IN NET ASSETS.....	400,395	(27,451)	372,944
NET ASSETS AT BEGINNING OF YEAR.....	2,055,270	2,190,636	4,245,906
NET ASSETS AT END OF YEAR.....	\$ 2,455,665	\$ 2,163,185	\$ 4,618,850

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, 2006

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ <u>382,007</u>	\$ <u>1,042,342</u>	\$ <u>(757,776)</u>	\$ <u>666,573</u>
TOTAL ASSETS.....	\$ <u>382,007</u>	\$ <u>1,042,342</u>	\$ <u>(757,776)</u>	\$ <u>666,573</u>
LIABILITIES				
Warrants payable.....	\$ <u>11,247</u>	\$ <u>15,223</u>	\$ <u>(11,247)</u>	\$ <u>15,223</u>
Liabilities due depositors.....	<u>370,760</u>	<u>1,027,119</u>	<u>(746,529)</u>	<u>651,350</u>
TOTAL LIABILITIES.....	\$ <u>382,007</u>	\$ <u>1,042,342</u>	\$ <u>(757,776)</u>	\$ <u>666,573</u>

Statistical Section



Forest Grove

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 Five Fiscal Years

	Fiscal Year				
	2002	2003	2004	2005	2006
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
Restricted.....	5,119,144	7,967,649	7,615,103	8,662,081	6,684,687
Unrestricted.....	<u>54,994,371</u>	<u>57,411,609</u>	<u>50,684,886</u>	<u>44,046,989</u>	<u>48,221,543</u>
Total governmental activities net assets.....	<u>\$ 85,132,977</u>	<u>\$ 126,102,099</u>	<u>\$ 140,614,531</u>	<u>\$ 177,445,442</u>	<u>\$ 207,198,742</u>
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
Unrestricted.....	<u>9,473,742</u>	<u>13,406,944</u>	<u>13,514,487</u>	<u>13,806,301</u>	<u>9,336,814</u>
Total business-type activities net assets.....	<u>\$ 21,667,550</u>	<u>\$ 26,301,357</u>	<u>\$ 27,319,285</u>	<u>\$ 27,769,934</u>	<u>\$ 27,797,922</u>
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
Restricted.....	5,119,144	7,967,649	7,615,103	8,662,081	6,684,687
Unrestricted.....	<u>64,468,113</u>	<u>70,818,553</u>	<u>64,199,373</u>	<u>57,853,290</u>	<u>57,558,357</u>
Total primary government net assets.....	<u>\$ 106,800,527</u>	<u>\$ 152,403,456</u>	<u>\$ 167,933,816</u>	<u>\$ 205,215,376</u>	<u>\$ 234,996,664</u>

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Expenses					
Governmental activities:					
General government.....	\$ 14,021,793	\$ 12,355,882	\$ 12,444,145	\$ 13,320,809	\$ 14,520,021
Public safety.....	41,090,289	40,660,657	41,995,107	44,049,354	50,909,121
Education.....	59,523,029	75,392,346	82,632,614	68,347,498	73,919,709
Public works.....	14,616,755	14,178,064	12,568,134	16,152,974	18,652,115
Cemetery.....	738,516	838,174	824,429	1,578,889	1,474,821
Community development.....	4,552,851	5,861,444	4,862,504	4,540,088	5,476,630
Health and human services.....	2,915,583	2,798,609	1,992,123	3,046,334	3,292,245
Culture and recreation.....	4,131,335	3,371,350	5,903,371	7,718,497	5,877,982
Claims and judgments.....	2,693	63,976	-	-	-
Interest.....	869,406	1,618,856	2,211,900	2,884,943	3,236,060
Total governmental activities expenses.....	142,462,250	157,139,358	165,434,327	161,639,386	177,358,704
Business-type activities:					
Sewer.....	10,461,985	11,265,096	11,691,185	11,790,299	11,965,061
Water.....	7,355,065	7,153,861	7,868,940	8,550,968	9,393,920
Veterans Memorial Rink.....	-	-	-	-	333,078
Total business-type activities expenses.....	17,817,050	18,418,957	19,560,125	20,341,267	21,692,059
Total primary government expenses.....	\$ 160,279,300	\$ 175,558,315	\$ 184,994,452	\$ 181,980,653	\$ 199,050,763
Program Revenues					
Governmental activities:					
Education charges for services.....	\$ 1,338,875	\$ 1,443,669	\$ 2,348,013	\$ 1,139,884	\$ 986,328
Public Safety charges for services.....	4,359,428	4,786,769	2,136,268	2,276,575	2,775,278
Other charges for services.....	1,814,706	2,028,708	4,927,688	6,451,855	8,678,148
Operating grants and contributions.....	13,559,705	28,492,174	30,593,121	32,857,733	34,232,895
Capital grant and contributions.....	1,539,564	27,971,905	19,770,608	31,578,071	10,409,121
Total governmental activities program revenues.....	22,612,278	64,723,225	59,775,698	74,304,118	57,081,770
Business-type activities:					
Charges for services.....	20,895,152	20,332,731	20,557,763	20,730,478	21,544,591
Total primary government program revenues.....	\$ 43,507,430	\$ 85,055,956	\$ 80,333,461	\$ 95,034,596	\$ 78,626,361
Net (Expense)/Revenue					
Governmental activities.....	\$ (119,849,972)	\$ (92,416,133)	\$ (105,658,629)	\$ (87,335,268)	\$ (120,276,934)
Business-type activities.....	3,078,102	1,913,774	997,638	389,211	(147,468)
Total primary government net expense.....	\$ (116,771,870)	\$ (90,502,359)	\$ (104,660,991)	\$ (86,946,057)	\$ (120,424,402)
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
Tax liens.....	598,125	345,338	446,657	443,667	183,072
Motor vehicle and other excise taxes.....	7,489,695	6,145,014	5,821,144	6,414,380	6,405,194
Hotel/motel tax.....	1,343,130	1,413,824	1,494,529	1,577,119	1,791,211
Community preservation tax.....	-	-	-	-	1,835,071
Penalties and interest on taxes.....	767,868	586,956	511,752	457,007	404,635
Payments in lieu of taxes.....	255,976	82,257	43,113	45,000	95,301
Grants and contributions not restricted to specific programs.....	12,635,472	4,941,207	4,891,647	4,934,967	5,592,015
Unrestricted investment income.....	1,849,779	1,282,315	971,577	1,726,423	2,846,099
Miscellaneous.....	2,587,768	-	-	-	-
Transfers.....	(92,500)	(138,416)	-	-	(100,000)
Total governmental activities.....	122,620,122	114,791,870	120,171,061	124,166,180	130,837,901
Business-type activities:					
Unrestricted investment income.....	13,439	40,495	20,290	61,438	75,456
Transfers.....	92,500	138,416	-	-	100,000
Total business-type activities.....	105,939	178,911	20,290	61,438	175,456
Total primary government.....	\$ 122,726,061	\$ 114,970,781	\$ 120,191,351	\$ 124,227,618	\$ 131,013,357
Changes in Net Assets					
Governmental activities.....	\$ 2,770,150	22,375,737	\$ 14,512,432	\$ 36,830,912	\$ 10,560,967
Business-type activities.....	3,184,041	2,092,685	1,017,928	450,649	27,988
Total primary government.....	\$ 5,954,191	\$ 24,468,422	\$ 15,530,360	\$ 37,281,561	\$ 10,588,955

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved.....	\$ 3,305,410	\$ 5,045,917	\$ 5,954,701	\$ 6,318,895	\$ 9,158,131	\$ 12,251,925	\$ 11,452,472	\$ 8,578,650	\$ 11,538,490	\$ 13,343,295
Unreserved.....	<u>11,601,834</u>	<u>15,570,363</u>	<u>16,679,561</u>	<u>22,311,030</u>	<u>26,137,384</u>	<u>22,818,750</u>	<u>22,078,742</u>	<u>20,981,827</u>	<u>18,059,088</u>	<u>18,951,797</u>
Total general fund.....	<u>\$ 14,907,244</u>	<u>\$ 20,616,280</u>	<u>\$ 22,634,262</u>	<u>\$ 28,629,925</u>	<u>\$ 35,295,515</u>	<u>\$ 35,070,675</u>	<u>\$ 33,531,214</u>	<u>\$ 29,560,477</u>	<u>\$ 29,597,578</u>	<u>\$ 32,295,092</u>
All Other Governmental Funds										
Reserved.....	\$ 2,525,904	\$ 2,674,675	\$ 852,926	\$ 11,979	\$ 59,546	\$ 1,694,401	\$ 1,667,463	\$ 1,506,344	\$ 1,529,871	\$ 1,664,119
Unreserved, reported in:										
Special revenue funds.....	6,659,397	6,163,118	6,141,661	9,784,625	15,108,508	10,912,444	13,929,864	19,805,905	17,596,831	18,455,420
Capital projects funds.....	(1,752,407)	2,022,462	808,769	(821,469)	(4,653,295)	(30,791,122)	(47,319,847)	(57,961,099)	(58,937,147)	(38,767,997)
Permanent funds.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>571,381</u>	<u>823,330</u>	<u>352,555</u>	<u>291,743</u>	<u>320,541</u>
Total all other governmental funds.....	<u>\$ 7,432,894</u>	<u>\$ 10,860,255</u>	<u>\$ 7,803,356</u>	<u>\$ 8,975,135</u>	<u>\$ 10,514,759</u>	<u>\$ (17,612,896)</u>	<u>\$ (30,899,190)</u>	<u>\$ (36,296,295)</u>	<u>\$ (39,518,702)</u>	<u>\$ (18,327,917)</u>

Fiscal years 1997 through 2001 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 70,029,939	\$ 73,719,494	\$ 76,630,085	\$ 83,065,177	\$ 89,616,993	\$ 95,023,169	\$ 100,332,563	\$ 106,199,284	\$ 108,293,615	\$ 111,573,036
Tax liens.....	-	-	-	-	-	598,125	316,588	577,972	568,874	388,786
Motor vehicle and other excise taxes.....	3,851,036	4,494,758	4,678,087	5,260,286	5,634,915	7,451,112	7,387,227	6,163,156	6,524,925	6,360,950
Community preservation tax.....	-	-	-	-	-	-	-	-	-	1,797,283
Hotel/motel tax.....	-	-	-	-	-	-	-	1,494,529	1,577,119	1,791,211
Charges for services.....	-	-	-	-	-	4,527,541	4,481,348	406,699	362,048	350,460
Penalties and interest on taxes.....	-	-	-	-	-	767,868	586,956	511,752	457,007	404,635
Fees and rentals.....	-	-	-	-	-	-	-	370,277	428,481	405,660
Payment in lieu of taxes.....	-	-	-	-	-	255,976	82,257	43,113	45,000	95,301
Licenses and permits.....	-	-	-	-	-	2,365,092	2,727,429	2,834,822	3,299,548	3,535,083
Fines and forfeitures.....	-	-	-	-	-	562,872	528,875	522,345	522,629	482,128
Intergovernmental.....	21,307,109	23,766,477	25,716,499	26,041,595	30,737,955	27,858,215	27,944,662	34,350,305	59,213,246	84,495,059
Departmental and other.....	10,336,952	12,291,455	14,794,609	13,845,418	15,507,424	-	-	2,434,584	2,715,559	4,073,952
Special assessments.....	-	-	-	-	-	-	-	151,837	191,038	121,514
Contributions.....	-	-	-	-	-	868,234	179,929	759,407	333,040	539,784
Investment income.....	1,363,896	1,699,662	1,683,731	1,894,698	2,767,360	1,946,079	1,170,914	871,766	1,501,818	2,497,639
Miscellaneous.....	1,574,816	1,237,273	907,663	965,778	1,376,482	1,500,020	2,648,918	1,277,946	1,440,595	2,006,458
Total Revenue.....	108,463,748	117,209,119	124,410,674	131,072,952	145,641,129	143,724,303	148,387,666	158,969,794	187,474,542	220,918,939
Expenditures:										
General government.....	11,600,891	12,570,567	14,597,465	10,530,816	11,322,779	11,361,053	10,259,888	9,350,364	8,586,286	8,447,755
Public safety.....	19,244,144	20,500,068	23,217,348	23,793,589	24,338,056	26,429,319	27,344,357	26,051,354	26,888,370	28,279,739
Education.....	38,996,735	40,764,805	43,095,514	46,216,041	48,662,367	51,471,674	53,211,630	62,357,832	66,497,101	68,856,050
Public works.....	7,297,081	7,105,118	10,167,716	7,420,348	7,594,632	7,016,257	8,915,726	9,905,785	10,148,914	11,852,728
Cemetery.....	486,267	597,981	543,990	570,967	602,069	644,773	620,341	611,240	575,804	91,379
Community development.....	2,087,411	3,008,894	2,760,870	3,307,479	2,477,866	5,507,712	5,423,132	4,459,788	3,438,692	4,490,448
Health and human services.....	959,697	965,666	1,091,207	1,042,386	1,045,645	1,548,259	1,565,382	1,333,886	1,446,547	1,525,335
Culture and recreation.....	2,183,820	2,332,270	2,494,179	2,662,239	2,637,838	3,521,925	3,878,939	3,557,754	3,446,171	2,896,147
Pension benefits.....	6,788,094	7,003,618	7,229,323	7,724,580	8,049,554	8,458,400	9,050,567	8,656,467	9,665,038	10,116,370
Employee benefits.....	10,450,000	11,200,000	12,600,000	14,400,000	16,035,000	20,932,586	22,768,151	26,159,701	25,304,094	26,429,630
Claims and judgments.....	-	-	-	-	-	2,693	63,977	-	-	-
State and county charges.....	1,641,486	1,628,395	1,704,308	1,752,135	1,650,269	1,679,366	1,589,676	1,449,923	1,362,478	1,325,343
Capital outlay.....	4,553,382	3,283,377	2,427,425	2,108,574	14,448,040	26,169,476	34,134,291	35,364,211	46,214,191	14,582,399
Debt service.....	-	-	-	-	-	-	-	-	-	-
Principal.....	2,510,000	2,830,000	2,975,000	1,965,000	1,690,000	2,140,000	1,730,000	3,865,000	4,120,000	25,055,000
Interest.....	480,675	546,963	545,246	411,356	321,800	787,692	1,047,839	2,468,187	3,254,358	3,432,451
Total Expenditures.....	109,279,683	114,337,722	125,449,591	123,905,510	140,875,915	167,671,185	181,603,896	195,591,492	210,948,044	207,380,774
Excess of revenues over (under) expenditures.....	(815,935)	2,871,397	(1,038,917)	7,167,442	4,765,214	(23,946,882)	(33,216,230)	(36,621,698)	(23,473,502)	13,538,165
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	-	6,265,000	-	-	3,440,000	-	17,140,000	25,635,000	19,885,000	10,355,000
Premium from issuance of bonds and notes.....	-	-	-	-	-	-	1,360,141	980,374	403,197	95,134
Sale of capital assets.....	-	-	-	-	-	308,000	28,750	-	-	-
Transfers in.....	2,391,542	791,263	4,564,421	1,226,715	6,997,781	6,406,687	4,727,086	4,145,419	2,604,231	1,813,554
Transfers out.....	(2,391,542)	(791,263)	(4,564,421)	(1,226,715)	(6,997,781)	(6,499,187)	(4,865,502)	(4,145,419)	(2,604,231)	(1,913,554)
Total other financing sources (uses).....	-	6,265,000	-	-	3,440,000	215,500	18,390,475	26,615,374	20,288,197	10,350,134
Net change in fund balance.....	\$ (815,935)	\$ 9,136,397	\$ (1,038,917)	\$ 7,167,442	\$ 8,205,214	\$ (23,731,382)	\$ (14,825,755)	\$ (10,006,324)	\$ (3,185,305)	\$ 23,888,299
Debt service as a percentage of noncapital expenditures....	2.86%	3.04%	2.86%	1.95%	1.59%	2.07%	1.88%	3.86%	4.61%	4.47% (a)

Notes:

- Fiscal years 1997 through 2001 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.

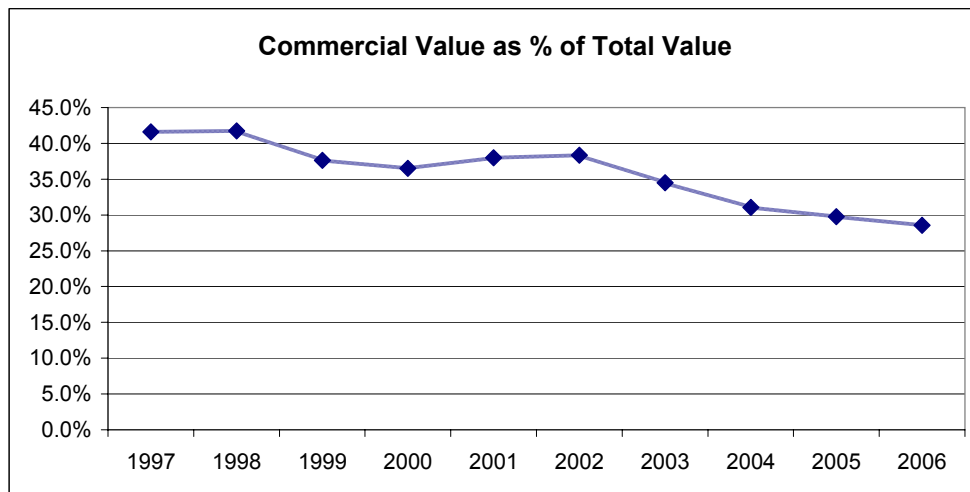
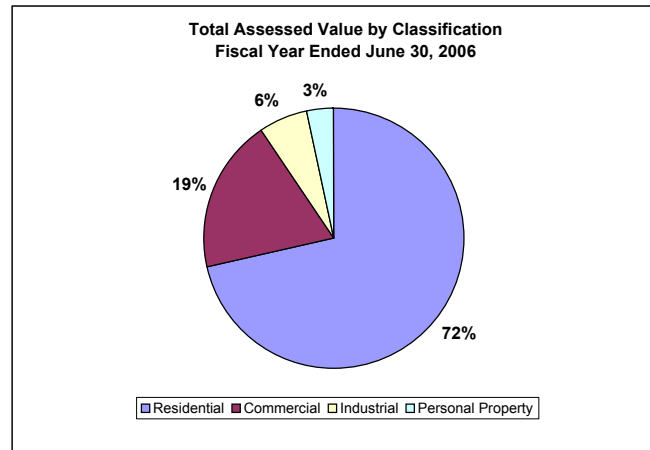
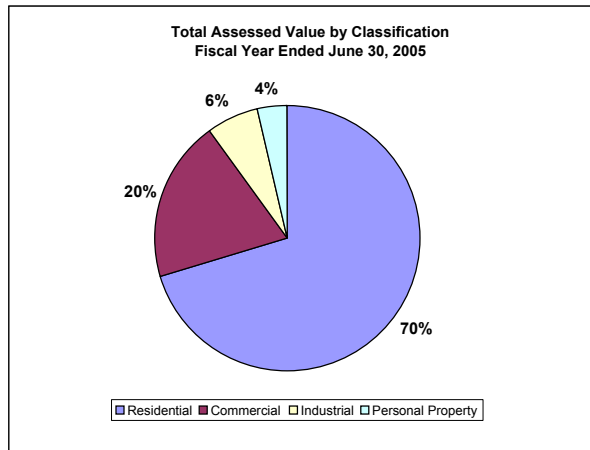
- In fiscal year 2004, the on-behalf payments by the Commonwealth for teachers pension benefits were reported for the first time.

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

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

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

Fiscal Year	Assessed and Actual Values and Tax Rates							
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total City Value
1997	(1) \$2,006,064,300	\$13.76	\$904,644,900	\$359,016,100	\$165,813,500	\$ 1,429,474,500	\$30.68	\$3,435,538,800
1998	\$2,125,797,200	\$13.64	\$973,397,600	\$384,603,400	\$164,079,200	\$ 1,522,080,200	\$30.23	\$3,647,877,400
1999	\$2,780,183,200	\$12.74	\$1,116,144,900	\$400,403,800	\$160,046,900	\$ 1,676,595,600	\$28.60	\$4,456,778,800
2000	(1) \$3,241,556,800	\$11.71	\$1,308,881,600	\$395,665,600	\$158,036,200	\$ 1,862,583,400	\$27.53	\$5,104,140,200
2001	\$3,703,170,200	\$11.10	\$1,643,470,100	\$436,956,200	\$186,047,200	\$ 2,266,473,500	\$24.46	\$5,969,643,700
2002	\$4,240,407,600	\$10.47	\$1,934,142,400	\$465,370,900	\$236,955,700	\$ 2,636,469,000	\$22.60	\$6,876,876,600
2003	(1) \$4,925,898,587	\$9.67	\$1,895,463,068	\$466,912,733	\$233,376,400	\$ 2,595,752,201	\$23.65	\$7,521,650,788
2004	\$5,429,509,969	\$9.21	\$1,666,556,449	\$503,907,238	\$275,467,674	\$ 2,445,931,361	\$26.31	\$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	\$7,810,723,666
2006	\$5,943,352,380	\$71.47	\$1,592,360,048	\$500,429,864	\$280,132,600	\$ 2,372,922,512	\$28.53	\$8,316,274,892



(1) Revaluation year.

Source: Assessor's Department, City of Waltham

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

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

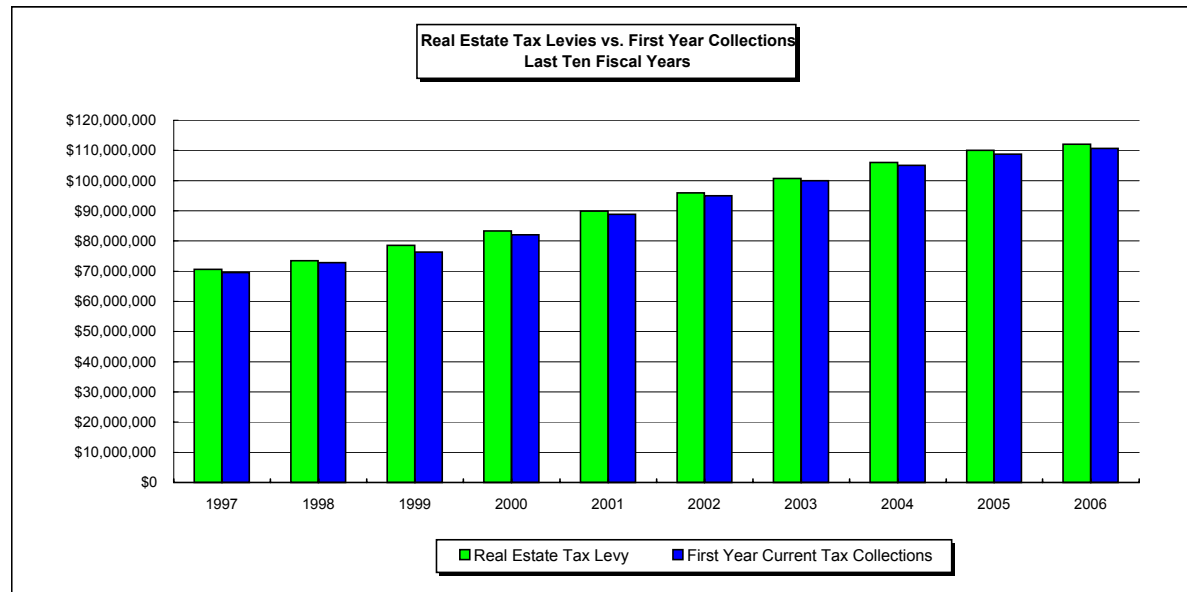
City of Waltham, Massachusetts
Principal Taxpayers
Current Year and Nine Years Ago

Name	Nature of Business	2006			1997		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
SRI Two Realty Trust Bay Colony	Office	\$139,673,280	1	1.68%	-	-	-
Boston Properties	Office	\$129,710,410	2	1.56%	-	-	-
Astra	Office	\$85,245,150	3	1.03%	-	-	-
Windsor Village	Apartments	\$70,538,620	4	0.85%	\$39,745,300	5	1.16%
Gardencrest Apartments	Apartments	\$68,672,300	5	0.83%	\$31,425,300	8	0.91%
ASN-Massachusetts Holdings Inc	Apartments	\$67,636,900	6	0.81%	-	-	-
NSTAR	Utility	\$63,763,690	7	0.77%	-	-	-
MMS Lot & MMS Winter St LLC	Office	\$57,746,130	8	0.69%	-	-	-
Cronin's Landing	Mixed Use	\$54,777,400	9	0.66%	-	-	-
404 Wyman Street Associates	Office	\$53,192,500	10	0.64%	\$49,093,700	4	1.43%
Bay Colony	Office Building	-	-	-	\$103,641,800	1	3.02%
Polaroid	Manufacturing	-	-	-	\$69,431,400	2	2.02%
Reservoir Place	Office Building	-	-	-	\$56,846,800	3	1.65%
Boston Edison	Utility	-	-	-	\$36,178,200	6	1.05%
Prospect Hill Executive Office Park	Office Building	-	-	-	\$35,914,400	7	1.05%
Brandeis University	Office Building	-	-	-	\$29,886,700	9	0.87%
Raytheon	Manufacturing	-	-	-	\$26,495,800	10	0.77%
	Totals	\$790,956,380		9.51%	\$478,659,400		13.93%

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

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

Fiscal Year		(2) Total Tax Levy	Less Abatements & Exemptions	(2) Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
1997	(1)	\$71,459,722	\$815,691	\$70,644,031	98.86%	\$69,541,000	98.44%	\$1,066,218	\$70,607,218	99.95%
1998		\$75,008,358	\$1,510,549	\$73,497,809	97.99%	\$72,803,000	99.05%	\$525,001	\$73,328,001	99.77%
1999		\$79,142,812	\$566,126	\$78,576,686	99.28%	\$76,374,778	97.20%	\$2,403,400	\$78,778,178	100.26%
2000	(1)	\$83,572,834	\$262,577	\$83,310,257	99.69%	\$82,061,607	98.50%	\$2,022,729	\$84,084,336	100.93%
2001		\$90,354,249	\$458,871	\$89,895,378	99.49%	\$88,868,671	98.86%	\$928,217	\$89,796,888	99.89%
2002		\$97,132,870	\$1,192,539	\$95,940,331	98.77%	\$95,010,950	99.03%	\$961,410	\$95,972,360	100.03%
2003	(1)	\$101,680,103	\$946,821	\$100,733,282	99.07%	\$99,955,013	99.23%	\$1,182,257	\$101,137,270	100.40%
2004		\$106,597,742	\$579,050	\$106,018,692	99.46%	\$105,093,822	99.13%	\$1,435,171	\$106,528,993	100.48%
2005		\$110,522,720	\$526,233	\$109,996,487	99.52%	\$108,786,615	98.90%	\$802,867	\$109,589,482	99.63%
2006		\$112,831,612	\$729,197	\$112,102,415	99.35%	\$110,628,939	98.69%	\$0	\$110,628,939	98.69%



(1) Revaluation year.

(2) Includes tax liens.

Source: Assessor's Department City of Waltham

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

Fiscal Year	U. S. Census Population	Personal Income	Equalized Value	Governmental Activities Debt				
				General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Equalized Value
1997	57,878	\$1,518,776,598	\$3,748,643,300	\$8,810,000	\$0	\$152	0.58%	0.24%
1998	57,878	\$1,518,776,598	\$4,202,403,400	\$12,245,000	\$0	\$212	0.81%	0.29%
1999	57,878	\$1,525,895,592	\$4,202,403,400	\$9,270,000	\$0	\$160	0.61%	0.22%
2000	59,226	\$1,561,434,264	\$5,461,431,800	\$7,305,000	\$0	\$123	0.47%	0.13%
2001	59,226	\$1,561,434,264	\$5,461,431,800	\$9,055,000	\$0	\$153	0.58%	0.17%
2002	59,226	\$1,561,434,264	\$7,455,289,200	\$6,915,000	\$0	\$117	0.44%	0.09%
2003	59,226	\$1,561,434,264	\$7,455,289,200	\$22,325,000	\$0	\$377	1.43%	0.30%
2004	59,226	\$1,561,434,264	\$8,289,720,700	\$44,095,000	\$0	\$745	2.82%	0.53%
2005	59,226	\$1,561,434,264	\$8,289,720,700	\$59,860,000	\$0	\$1,011	3.83%	0.72%
2006	59,226	\$1,561,434,264	\$9,255,808,700	\$45,160,000	\$0	\$763	2.89%	0.49%

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
1997	\$1,730,621	\$0	\$10,540,621	\$182	0.69%	0.28%
1998	\$3,748,603	\$0	\$15,993,603	\$276	1.05%	0.38%
1999	\$3,424,702	\$0	\$12,694,702	\$219	0.83%	0.30%
2000	\$2,754,979	\$0	\$10,059,979	\$170	0.64%	0.18%
2001	\$5,779,914	\$0	\$14,834,914	\$250	0.95%	0.27%
2002	\$6,426,304	\$0	\$13,341,304	\$225	0.85%	0.18%
2003	\$5,688,547	\$0	\$28,013,547	\$473	1.79%	0.38%
2004	\$6,166,873	\$0	\$50,261,873	\$849	3.22%	0.61%
2005	\$5,474,582	\$0	\$65,334,582	\$1,103	4.18%	0.79%
2006	\$4,322,291	\$0	\$49,482,291	\$835	3.17%	0.53%

(1) Sewer and Water Funds
Source: Audited Financial Statements, U. S. Census

City of Waltham, Massachusetts
Direct and Overlapping Governmental Activities Debt

As of June 30, 2006

<u>City of Waltham, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
MWRA Water.....	1,836,833,000	3.86%	\$ 70,809,912
MWRA Sewer.....	3,584,248,000	2.89%	103,441,397
MBTA.....	5,142,645,000	0.80%	<u>41,141,160</u>
Subtotal, overlapping debt.....			215,392,469
City direct debt.....			<u>45,160,000</u>
Total direct and overlapping debt.....			\$ <u><u>260,552,469</u></u>

Source: Official Statement for Sale of Bonds.

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Equalized Valuation.....	<u>\$3,748,643,300</u>	<u>\$4,202,403,400</u>	<u>\$4,202,403,400</u>	<u>\$5,461,431,800</u>	<u>\$5,461,431,800</u>	<u>\$7,455,289,200</u>	<u>\$7,455,289,200</u>	<u>\$8,289,720,700</u>	<u>\$8,289,720,700</u>	<u>\$9,255,808,700</u>
Debt Limit -5% of Equalized Valuation.....	187,432,165	210,120,170	210,120,170	273,071,590	273,071,590	372,764,460	372,764,460	414,486,035	414,486,035	462,790,435
Less:										
Outstanding debt applicable to limit.....	9,715,621	13,733,362	10,528,958	8,273,601	11,847,901	10,883,656	25,924,265	28,196,873	43,309,582	47,902,291
Authorized and unissued debt.....	<u>10,050,000</u>	<u>4,980,000</u>	<u>7,899,500</u>	<u>60,120,000</u>	<u>166,900,000</u>	<u>168,815,000</u>	<u>165,423,545</u>	<u>161,298,545</u>	<u>139,279,402</u>	<u>84,412,854</u>
Legal debt margin.....	<u>\$ 167,666,544</u>	<u>\$ 191,406,808</u>	<u>\$ 191,691,712</u>	<u>\$ 204,677,989</u>	<u>\$ 94,323,689</u>	<u>\$ 193,065,804</u>	<u>\$ 181,416,650</u>	<u>\$ 224,990,617</u>	<u>\$ 231,897,051</u>	<u>\$ 330,475,290.00</u>
Total debt applicable to the limit as a percentage of debt limit.....	10.55%	8.91%	8.77%	25.05%	65.46%	48.21%	51.33%	45.72%	44.05%	28.59%

Source: Assessor's Department City of Waltham

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

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
1997	57,878	1,518,776,598	\$26,241	31.6	5,246	2.6%
1998	57,878	1,518,776,598	\$26,241	31.6	5,338	3.1%
1999	57,878	1,525,895,592	\$26,364	31.6	5,404	2.6%
2000	59,226	1,561,434,264	\$26,364	34.2	5,187	2.1%
2001	59,226	1,561,434,264	\$26,364	34.2	5,197	3.2%
2002	59,226	1,561,434,264	\$26,364	34.2	4,975	4.9%
2003	59,226	1,561,434,264	\$26,364	34.2	5,068	5.3%
2004	59,226	1,561,434,264	\$26,364	34.2	4,825	4.5%
2005	59,226	1,561,434,264	\$26,364	34.2	4,669	4.2%
2006	59,226	1,561,434,264	\$26,364	34.2	4,718	3.9%

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

Median age is based on most recent census data

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

Employer	Nature of Business	2006			1997		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Brandeis University	Higher Education	1512	1	4.40%	1456	6	4.25%
Tufts Health Plan	Health Care	1500	2	4.37%	1500	5	4.38%
Bentley College	Higher Education	800	3	2.33%	698	9	2.04%
Bank of America	Financial Services	660	4	1.92%	-	-	-
Keyspan	Utility	650	5	1.89%	-	-	-
AM-FM Cleaning Corporation	Janitorial Contracting	600	6	1.75%	-	-	-
Nova Biomedical Corporation	BioTech Research	600	7	1.75%	-	-	-
Raytheon	Electronics	587	8	1.71%	3500	1	10.23%
Verizon	Communications	520	9	1.51%	-	-	-
Parexel International Corporation	R&D Consultant	500	10	1.46%	-	-	-
Parametric Technology Corporation	Computer Systems	-	-	-	2700	2	7.89%
Polaroid Corporation	Camera Manufacturer	-	-	-	2659	3	7.77%
Bank Boston	Financial Services	-	-	-	1700	4	4.97%
Deaconess Waltham Hospital	Health Care	-	-	-	1200	7	3.51%
Arkwright - Mutal Insurance	Insurance	-	-	-	1000	8	2.92%
IBM Corporation	Computers	-	-	-	600	10	1.75%
		<u>7929</u>		<u>23.09%</u>	<u>17013</u>		<u>49.72%</u>

Source: Massachusetts Department of Employment and Training

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Function:										
General government.....	108	110	116	120	124	127	123	123	122	110
Public safety.....	339	349	367	382	383	380	384	367	377	374
Education.....	n/a	n/a	n/a	879	895	903	880	871	872	869
Public works.....	52	52	53	53	54	56	53	46	47	72
Cemetery.....	10	11	11	11	11	11	11	12	11	-
Community development.....	11	13	13	14	13	15	27	25	26	31
Health and human services.....	15	15	16	16	15	17	17	18	20	20
Culture and recreation.....	29	30	30	31	31	32	32	29	29	23
Water/sewer.....	35	36	38	38	39	39	36	33	31	33
Total	<u>599</u>	<u>616</u>	<u>644</u>	<u>1,544</u>	<u>1,565</u>	<u>1,580</u>	<u>1,563</u>	<u>1,524</u>	<u>1,535</u>	<u>1,532</u>

Source: City records.

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

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Cash flow (millions).....	290	300	315	330	350	375	400	440	460	480
Accounts payable invoices processed.....	28,433	28,767	29,102	29,771	30,440	31,109	31,778	36,640	37,000	37,000
Payroll checks processed.....	56,568	57,233	57,899	59,230	60,561	61,892	63,223	72,885	73,000	73,000
Police										
Arrests.....	1,513	1,400	1,413	1,518	1,567	1,334	1,175	1,058	1,074	1,193
Traffic citations.....	10,836	11,000	13,874	14,434	16,040	14,439	10,803	12,297	15,406	16,496
Parking violations.....	n/a	n/a	n/a	n/a	n/a	6,671	4,531	4,652	5,311	5,170
Service calls.....	27,068	27,000	36,505	36,795	34,632	44,394	40,837	42,079	38,563	35,119
Major investigations.....	788	800	1,097	1,000	997	709	1,092	1,470	1,542	1,607
Fire										
Inspections - schools/nursing homes/hospitals.....	240	240	240	240	240	240	240	223	220	200
Inspections - commercial/industrial.....	714	749	749	714	749	714	749	254	270	260
Emergency responses - box alarms.....	1,033	1,033	1,090	1,033	1,090	1,033	1,090	1,125	1,082	1,150
Emergency responses - still alarms.....	3,905	3,905	3,500	3,905	3,500	3,905	3,500	5,723	5,588	5,800
Emergency responses - false alarms.....	123	123	195	123	195	123	195	203	200	150
Water										
Consumption in gallons (billions/year).....	3.2	2.9	3.2	3.2	2.9	3.2	2.9	2.9	2.7	3
Leak detection (miles).....	n/a	n/a	n/a	n/a	n/a	n/a	160	155	155	160
Service repairs.....	n/a	n/a	n/a	n/a	n/a	n/a	165	158	208	183
Service connections.....	n/a	n/a	n/a	n/a	n/a	n/a	15,000	15,000	15,000	15,000
Sewer										
Service repairs.....	n/a	n/a	n/a	n/a	n/a	n/a	n/a	23	25	30
Stoppages - mains.....	n/a	n/a	n/a	n/a	n/a	n/a	n/a	118	98	18
Stoppages - services.....	n/a	n/a	n/a	n/a	n/a	n/a	n/a	232	290	41
Health and Human Services										
Permits - public health.....	902	911	902	875	925	924	925	822	797	771
Senior citizen programs.....	62	62	62	70	70	10	10	15	26	26
Senior citizen programs - participants.....	5,230	5,230	5,000	5,230	2,000	2,400	2,000	2,350	2,400	2,400
Recreation activities.....	108	112	124	130	156	163	159	165	166	170
Recreation activities - participants.....	23,024	24,000	22,200	22,200	22,500	22,700	16,406	17,085	17,080	17,125
Veterans cases.....	550	550	550	550	550	550	550	570	640	750
Cemetery burials.....	246	255	246	208	251	246	251	208	230	230
Libraries										
Items circulated.....	475,000	530,065	475,000	560,323	551,660	553,950	591,727	642,884	641,497	645,000
Registered borrowers.....	34,000	38,000	34,000	38,000	34,000	30,000	28,640	29,963	31,744	32,500

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

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

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Number of Buildings.....	57	58	58	58	58	58	59	60	59	59
Police										
Number of Stations.....	3	3	3	3	3	3	3	3	3	3
Fire										
Number of Stations.....	6	6	6	6	6	6	6	6	6	6
Education										
Number of elementary schools.....	8	8	8	8	8	8	8	7	7	7
Number of middle schools.....	2	2	2	2	2	2	2	2	2	2
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Water mains (miles).....	-	-	-	-	-	-	-	-	159	159
Fire hydrants.....	-	-	-	-	-	-	-	-	1,176	1,176
Sanitary sewers (miles).....	-	-	-	-	-	-	-	-	160	160
Storm sewers (miles).....	-	-	-	-	-	-	-	-	121	121
Culture and Recreation										
Parks and playgrounds.....	13	13	13	13	13	13	13	13	13	13
Fields (baseball).....	11	11	11	11	11	11	11	11	11	11
Fields (softball).....	5	5	5	5	5	5	5	5	7	7
Fields (soccer/multi-purpose).....	4	4	4	4	4	4	4	4	8	8
Wadding pools/spray parks.....	3	3	3	3	3	3	4	4	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