

CITY OF WALTHAM, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2008



Moody Street Falls

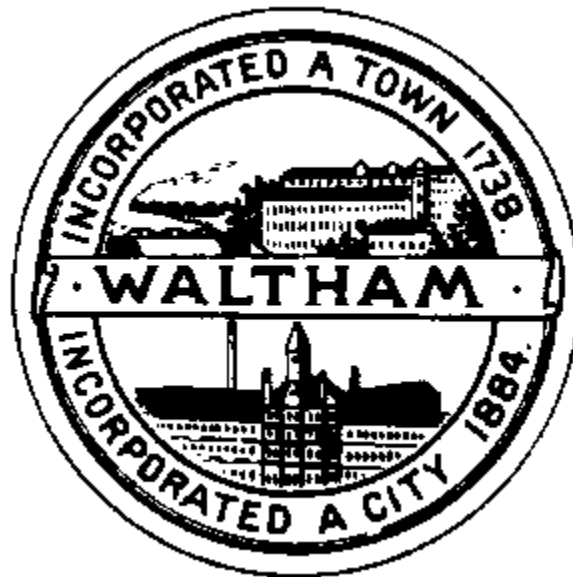


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CITY OF WALTHAM, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2008



Prepared by:

City Auditor's Office

CITY OF WALTHAM, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2008

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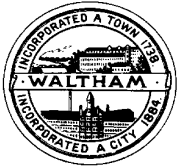
Introductory Section



Francis Cabot Lowell Mill

Introductory Section

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City Auditor
Dennis P. Quinn

CITY OF WALTHAM

Commonwealth of Massachusetts

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(781) 314-3220
Email: dquinn@city.waltham.ma.us

Letter of Transmittal

December 16, 2008

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, 2008 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, 2008, 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, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2008 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the City

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

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

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

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

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

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

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

The City manages its risk through a combination of self-insured programs and premium based coverage with commercial insurance carriers. Health care and workers compensation are 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 University and Brandeis University.

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

The City maintains a strong industrial and commercial tax base. In FY2008, the combined assessed value of these properties represented 30.6% of the total City value. The residential values demonstrate the desirability of the City. The City's proximity to Boston and major highways, its quality of life, and dedication to public education underlies the community's popular reputation.

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

At the State level the economic outlook for the Commonwealth has diminished. It is anticipated that state aid will decrease and be level funded at best, in the following years. This will leave the City in a position of having to rely primarily on property taxes to cover the increasing cost of providing services.

The City is currently managing approximately \$94.2 million in long and short term debt. This indebtedness consists of \$63.3 million of general obligation bonds; of which \$11.7 million is self-supporting through enterprise fund revenues and \$19.2 million of bond anticipation notes that were permanently funded in September, 2008, which mostly relate to the last two schools of the City's estimated \$180 million school construction project. Under the school building assistance program, the City is eligible for a state grant representing 90% reimbursement of approved costs incurred in the building of the eight new school facilities. Under the State's revised financing method the City received three lump sum payments totaling \$98.9 million for the first six schools - \$24.7 million in FY2005, \$44.4 million in FY2006 and \$29.8 million in FY2007. The City has issued bonds to provide for the remainder of the cost. Under a new financing method, for the last two schools, the State will reimburse 90% of approved costs on an as incurred basis. In fiscal year 2008, the City received \$24.6 million. The City is expected to borrow the remainder of the cost.

The City has authorized and unissued debt for the new school facilities, water/sewer infrastructure improvements, departmental equipment, land acquisition/development and other various projects totaling \$44.3 million as of June 30, 2008. The authorized and unissued debt includes \$13 million to complete the school projects.

The City of Waltham contributes to the Waltham Contributory Retirement System (the System), a cost sharing, defined benefit pension plan administered by the Waltham Contributory Retirement Board (Board). Each year, an independent actuary engaged by the Board calculates the amount of the annual contribution that the City of Waltham must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As required by law, the City of Waltham fully funds each year's annual required contribution to the pension plan as determined by the actuary. The System has succeeded in funding 51% of the present value of the projected benefits earned by employees. The remaining unfunded amount is being systematically funded over 20 years as part of the annual required contribution as calculated by the actuary.

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. This was the fourth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

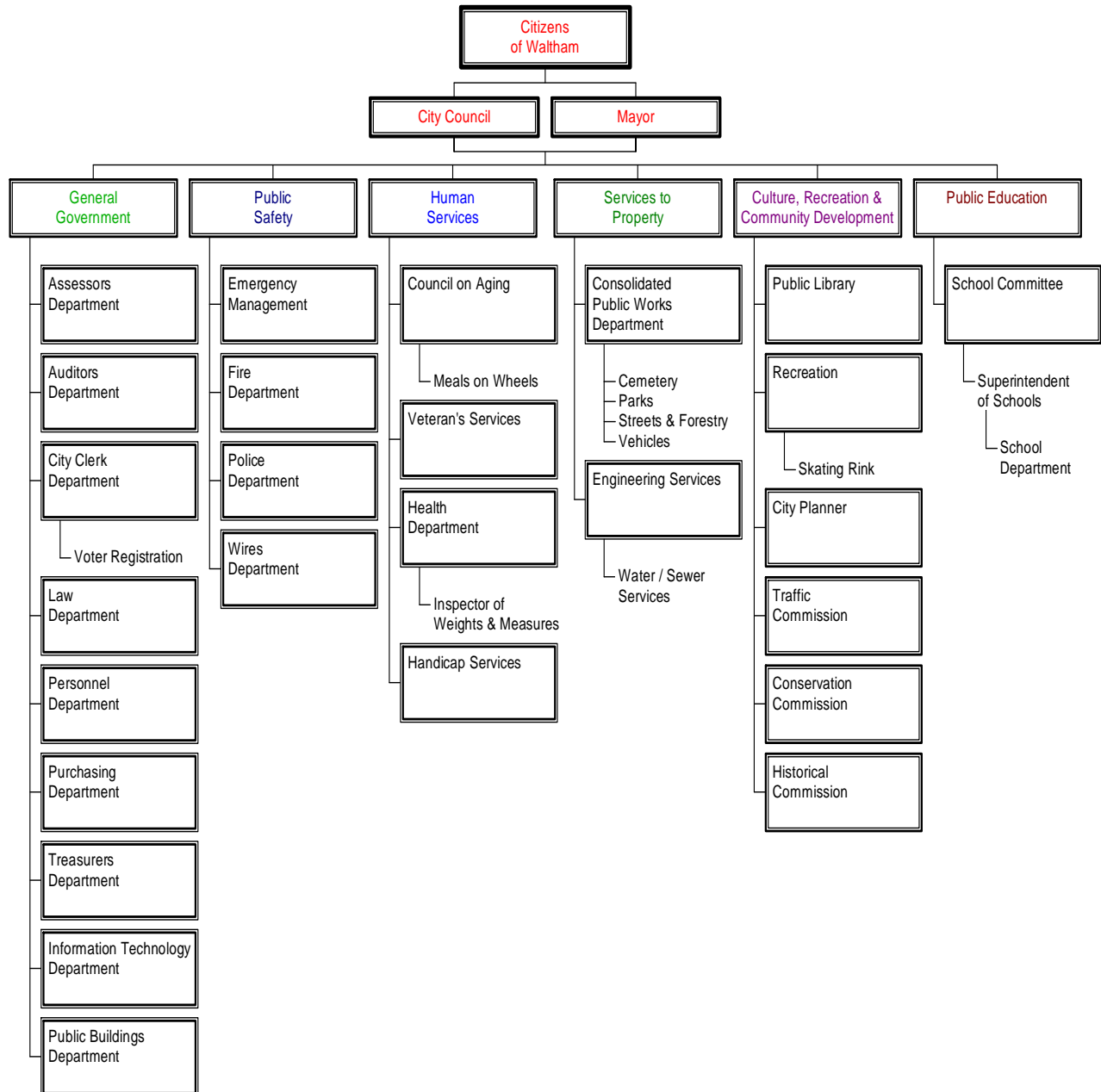
Respectfully submitted,

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

Dennis P. Quinn
City Auditor

City of Waltham, Massachusetts

Organizational Chart



Principal City Officials

Elected Officials

Mayor

Jeannette A. McCarthy

City Council

Councilors-at-Large

Paul J. Brasco, Council Vice President

Sarafina Collura

David H. Marcou Jr.

Kathleen B. McMenimen

Patrick J. O'Brien

Thomas M. Stanley

Ward Councilors

Robert S. Kelly

Edmund P. Tarallo

George A. Darcy III

Thomas J. Curtin, Council President

Gary J. Marchese

Robert J. Waddick

Joseph M. Giordano Jr.

Stephen F. Rourke

Robert G. Logan

School Committee

Jeannette A. McCarthy, Mayor, Chairperson

Susanne M. McIvor, Vice Chairperson

Robert Cincotta

Margaret Donnelly

Michael O'Halloran

Stephen Rando

Harold Walker

Principal Executive Officers

City Auditor

Dennis P. Quinn

City Treasurer/Collector

Thomas J. Magno

City Clerk

Rosario C. Malone

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Waltham
Massachusetts

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

Financial Section



Mount Feake Cemetery

Financial Section

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waltham, Massachusetts, as of and for the fiscal year ended June 30, 2008 (except for the Waltham Contributory Retirement System which is as of and for the year ended December 31, 2007), which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Waltham, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waltham, Massachusetts, as of June 30, 2008 (except for the Waltham Contributory Retirement System which is as of December 31, 2007), and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

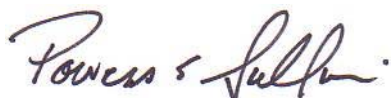
In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2008, on our consideration of the City of Waltham, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Management's discussion and analysis, located on the following pages, and schedule of revenues, expenditures and changes in fund balance – general fund – budgetary basis, OPEB schedule of funding progress, and OPEB actuarial assumptions and methods, located after the notes to the basic financial statements, are not a required

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

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

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

December 16, 2008

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, 2008. 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 \$246.4 million (net assets).
- Of this amount, 21% or \$50.8 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 \$28.2 million, a decrease of \$4 million in comparison with the prior year. Total fund balance represents 16% of total general fund expenditures.
- The City's total debt (short-term and long-term combined) increased by \$17.1 million during the current fiscal year. This was the net effect of \$15.1 million in principal payments on long-term debt and the issuance of \$32.2 million in debt for school construction, building renovations, land acquisition and development, machinery and equipment, and infrastructure improvements.
- The City implemented GASB Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This resulted in the recognition of post-employment benefits obligation of \$16.7 million.
- The City continues to receive construction assistance from the Commonwealth of Massachusetts related to its on-going school construction project. \$24.6 million of such assistance was received in fiscal 2008.

Overview of the Financial Statements

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

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

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

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

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

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

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City of Waltham's assets exceeded liabilities by \$246.4 million at the close of Fiscal 2008, an increase of \$4.8 million from the prior year.

Net assets of \$187.5 million (76%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the government's net assets, \$8.2 million (4%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$50.8 million (21%) may be used to meet the government's ongoing obligations to citizens and creditors.

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

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

Governmental Activities

The City of Waltham's assets exceeded liabilities for governmental activities by \$214.1 million at the close of Fiscal 2008.

	Fiscal 2008	Fiscal 2007
Assets:		
Current assets.....	\$ 85,101,600	\$ 87,566,728
Noncurrent assets (excluding capital).....	2,745,897	2,824,007
Capital assets.....	241,862,467	202,208,815
Total assets.....	329,709,964	292,599,550
Liabilities:		
Current liabilities (excluding debt).....	14,987,703	12,835,697
Noncurrent liabilities (excluding debt).....	18,189,841	1,407,310
Current debt.....	5,763,638	12,280,000
Noncurrent debt.....	76,710,020	52,840,000
Total liabilities.....	115,651,202	79,363,007
Net Assets:		
Capital assets net of related debt.....	171,905,810	151,715,584
Restricted.....	8,155,442	6,772,208
Unrestricted.....	33,997,510	54,748,751
Total net assets.....	\$ 214,058,762	\$ 213,236,543
Program revenues:		
Charges for services.....	\$ 13,392,432	\$ 12,053,236
Operating grants and contributions.....	36,507,186	36,115,750
Capital grants and contributions.....	24,884,028	6,498,738
General Revenues:		
Real estate and personal property taxes.....	117,203,576	114,706,884
Motor vehicle and other excise taxes.....	8,763,021	8,207,220
Community preservation tax.....	2,215,987	2,126,162
Nonrestricted grants.....	8,152,388	7,693,618
Unrestricted investment income.....	2,265,352	3,359,616
Other revenues.....	818,344	979,534
Total revenues.....	214,202,314	191,740,758
Expenses:		
General Government.....	17,111,938	12,917,933
Public Safety.....	60,061,318	51,474,647
Education.....	84,688,023	80,401,032
Public Works.....	26,752,145	20,579,714
Cemetery.....	1,595,509	1,126,336
Community development.....	7,668,865	6,759,496
Human Services.....	4,899,408	3,470,880
Culture and recreation.....	8,006,526	6,204,482
Interest.....	2,596,363	2,709,385
Total expenses.....	213,380,095	185,643,905
Increase in net assets before transfers.....	822,219	6,096,853
Transfers.....	-	(59,052)
Change in net assets.....	\$ 822,219	\$ 6,037,801

The governmental expenses totaled \$213.4 million of which \$74.8 million (35%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$139.4 million, primarily coming from property taxes, motor vehicle excise, non-restricted state aid and investment income.

The governmental net assets increased by \$822,000 during the current fiscal year. This was primarily due to the receipt of \$24.9 million in grants to fund school, highway and community preservation capital projects. These funds were offset by the recognition of a \$16.4 million other post-employment benefit plan (OPEB) liability, the planned use of \$4 million in reserves to fund current operations, and depreciation expense exceeding debt principal payments raised on the tax rate by \$3.8 million.

Business-type Activities

For the City's business-type activities, assets exceeded liabilities by \$32.4 million at the close of Fiscal 2008.

	Fiscal 2008	Fiscal 2007
Assets:		
Current assets.....	\$ 20,992,428	\$ 17,632,178
Capital assets.....	23,966,753	23,623,106
Total assets.....	44,959,181	41,255,284
Liabilities:		
Current liabilities (excluding debt).....	492,186	428,138
Noncurrent liabilities (excluding debt).....	387,354	170,383
Current debt.....	1,090,885	2,834,487
Noncurrent debt.....	10,628,886	9,398,082
Total liabilities.....	12,599,311	12,831,090
Net Assets:		
Capital assets net of related debt.....	15,605,526	13,954,222
Unrestricted.....	16,754,344	14,469,972
Total net assets.....	\$ 32,359,870	\$ 28,424,194
Program revenues:		
Charges for services.....	\$ 29,016,703	\$ 24,565,960
Capital grants and contributions.....	-	270,000
General Revenues:		
Unrestricted investment income.....	73,764	73,489
Total revenues.....	29,090,467	24,909,449
Expenses:		
Water.....	10,077,596	10,217,450
Sewer.....	14,657,691	13,777,149
Veterans Memorial Rink.....	419,504	347,630
Total expenses.....	25,154,791	24,342,229
Increase in net assets before transfers.....	3,935,676	567,220
Transfers.....	-	59,052
Change in net assets.....	\$ 3,935,676	\$ 626,272

Business-type net assets of \$15.6 million (48%) represent the investment in capital assets while \$16.8 million (52%) is unrestricted. The City's business-type activities net assets increased by \$3.9 million in the current fiscal year.

The sewer department experienced an increase of \$1.7 million in net assets. Revenues and expenses increased by 19% and 6%, respectively, which resulted in the change in net assets when compared with the prior year. The increase in revenues was primarily due to rate increases.

The water department experienced an increase of \$2.3 million in net assets. Revenues increased by 18% and cost of services and administration decreased by 1%, which resulted in the change in net assets when compared with the prior year. The increase in revenues was primarily due to rate increases.

The Veterans Memorial Rink experienced a decrease of \$68,000 which was primarily due to an unfavorable budget-to-actual variance for charges for services.

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 \$62.2 million. This is comprised of \$28.2 million for the general fund, \$7.6 million for the stabilization fund, \$3.7 million for the City capital projects fund, \$3.2 million in the school capital projects fund, and \$19.4 million in the nonmajor governmental funds. Cumulatively there was an increase of \$7.1 million in fund balances from the prior year.

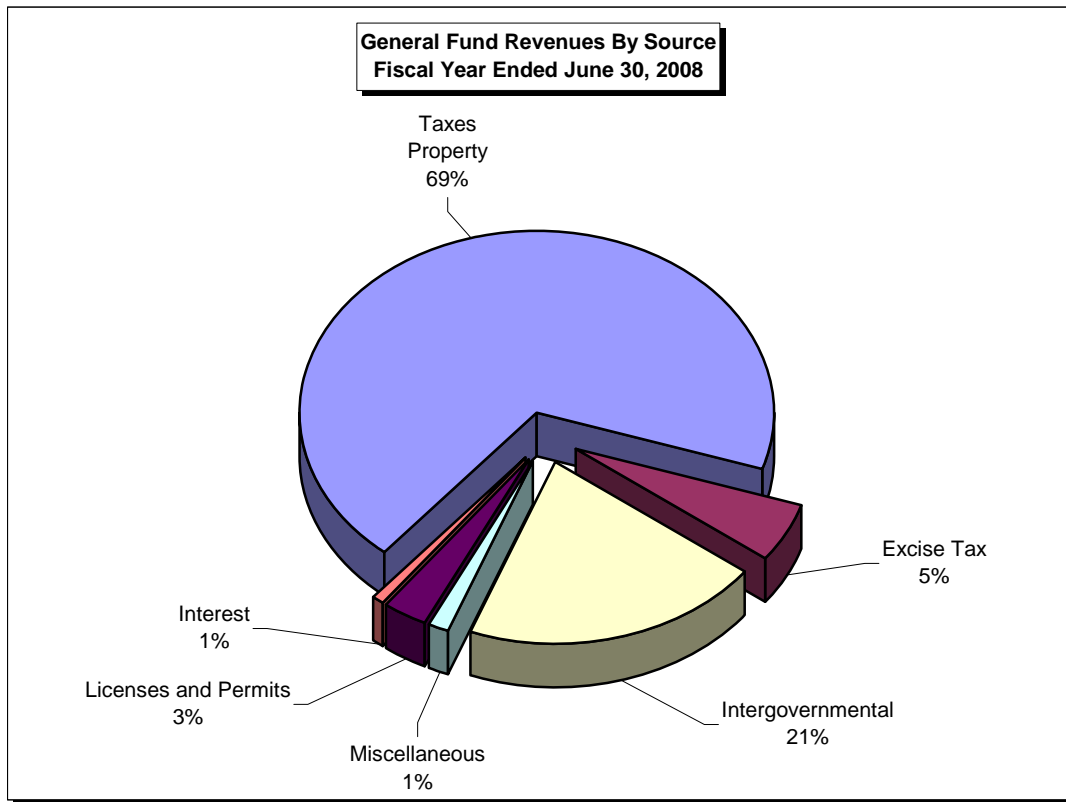
The general fund is the chief operating fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$17.3 million, while total fund balance was \$28.2 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and the total fund balance to total fund expenditures. Unreserved fund balance represents 10% of the total general fund expenditures, while total fund balance represents 16% of that same amount. Fund balance reserved for encumbrances and continuing appropriations totaled \$10.9 million.

The stabilization fund is a special revenue fund used to account for the accumulation of resources to be used for general and/or capital purposes upon approval of City Council. The fund balance decreased by \$1.3 million in fiscal 2008, which was due to the net effect of transfers to the general fund and investment income.

The city capital projects fund is a capital project fund used to account for smaller non-school related capital acquisition and construction projects. These projects are funded through the issuance of long-term bonds and notes and other available funds. The fund balance increased by \$323,000 in fiscal 2008, which was due to the net effect of bond proceeds and expenditures.

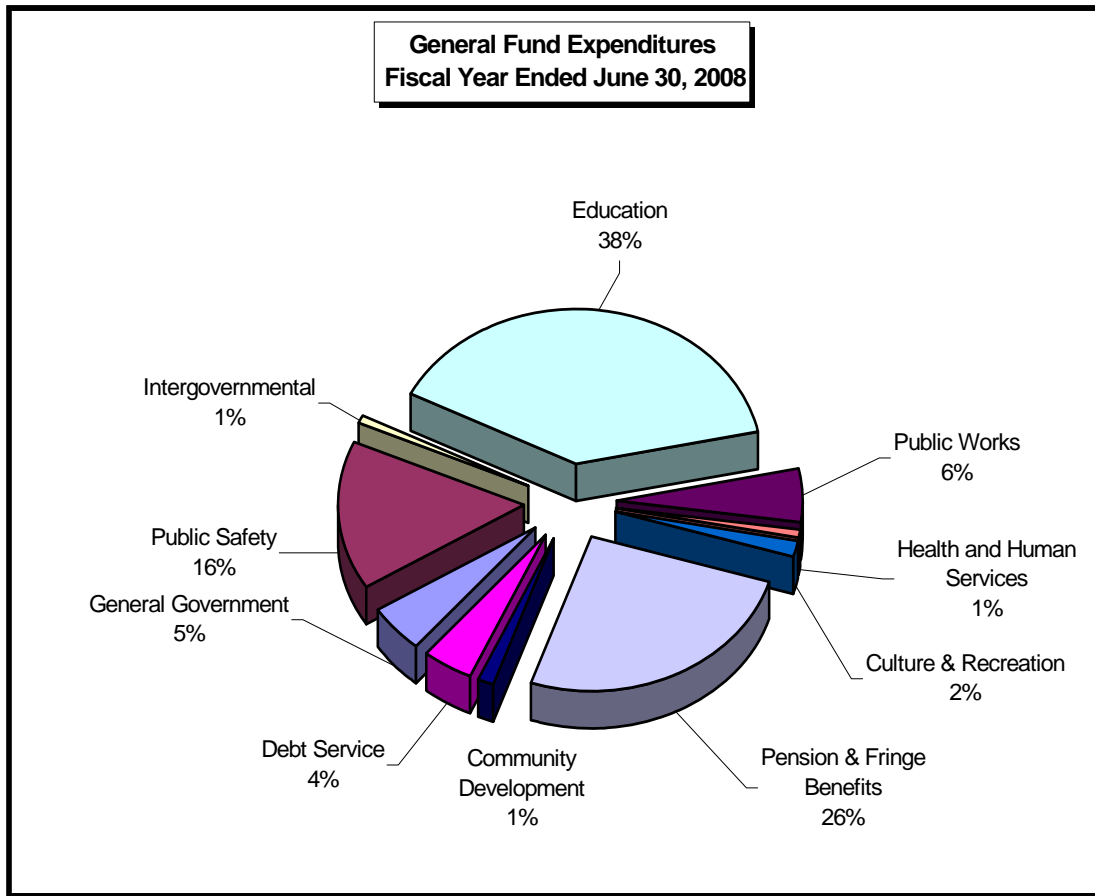
The school capital projects fund is used to account for the City's ongoing major school construction project. The fund balance increased by \$7.8 million in fiscal 2008, which was due to the receipt of school construction assistance and bond proceeds.

General Fund Revenues



- Tax revenue continues to be the most significant revenue source for the City, comprising 69% of total general fund revenue. Tax revenue increased in accordance with the provisions of the Massachusetts law, which limits such increase to 2 1/2% over the preceding year plus an allowance for new growth.
- Intergovernmental revenue represents 21% of total revenues. This includes state aid as well as approximately \$12.7 million in on-behalf payments made by the State to the Massachusetts Teachers' Retirement Board for teachers' pension benefits.
- Excise tax revenue continued to be a strong source of revenue. Motor vehicle revenue represents 5% of the total general fund revenues.
- License and permit revenue reflects strong home renovation and building activity in the City.

General Fund Expenditures



- Education continues to represent the largest category of general fund expenditures, equaling 38% in FY08. 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 FY08 were 4% 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 26% of total general fund expenditures in FY08, 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, 2008 is \$10.5 million as compared to \$14.7 million as of June 30, 2007. The City remains committed to conservative budgets, tight management controls, and to maintaining reserves.

The City's general fund balance decreased by \$4 million from the prior fiscal year, which was due to the planned use of reserves to balance the operating budget, snow and ice deficit and investment income revenue coming in less than anticipated.

General Fund Budgetary Highlights

The increase from the original budget to the final amended budget totaled \$7.7 million (4% of initial budget). The majority of the supplemental appropriations are attributable to increases in police salaries, dispatch salaries, fire salaries, education salaries, public works salaries, snow and ice removal, employee benefits and debt principal and interest.

The City continues to strive to achieve a balance between the need for municipal services with the costs of providing these services. Overall, the City under expended its budget by 1.8% while at the same time actual revenues exceeded estimates by .2%.

Capital Asset and Debt Administration

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

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to \$265.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities, roads, highways, bridges and water and sewer infrastructure. The total increase in the City's investment in capital assets for the current year was \$40 million.

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

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

Debt Administration. The City maintains a Moody's bond rating of Aa1 and Standard & Poor's rating of AA+. The City continues to maintain strong market access for both note and bond sales. Outstanding long-term debt of the general government, as of June 30, 2008, totaled \$82.5 million of which \$51 million is related to school projects, \$18.7 million for land design and acquisition, \$4 million for building renovations and \$8.8 million for other CIP related projects.

During fiscal 2008, the City issued \$29.6 million in governmental long-term bonds, which was related to school construction projects, land development and acquisition, street construction and other miscellaneous asset acquisitions.

At year end, the sewer and water enterprise funds have \$8.1 million and \$3.6 million, respectively, of outstanding long-term debt, which are fully supported by rates and do not rely on a general fund subsidy.

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

Requests for Information

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

Basic Financial Statements

STATEMENT OF NET ASSETS

JUNE 30, 2008

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents..... \$	72,352,547	\$ 9,969,107	\$ 82,321,654
Investments.....	1,086,880	-	1,086,880
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,752,238	-	1,752,238
Tax liens.....	773,910	200,871	974,781
Motor vehicle and other excise taxes.....	602,650	-	602,650
Water fees.....	-	4,405,894	4,405,894
Sewer fees.....	-	6,208,259	6,208,259
Departmental and other.....	1,262,720	-	1,262,720
Special assessments.....	73,536	-	73,536
Intergovernmental.....	7,197,119	208,297	7,405,416
Total current assets.....	85,101,600	20,992,428	106,094,028
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Real estate tax deferrals.....	313,658	-	313,658
Special assessments.....	454,051	-	454,051
Loans.....	1,978,188	-	1,978,188
Capital assets, nondepreciable.....	57,306,958	38,550	57,345,508
Capital assets, net of accumulated depreciation.....	184,555,509	23,928,203	208,483,712
Total noncurrent assets.....	244,608,364	23,966,753	268,575,117
TOTAL ASSETS.....	329,709,964	44,959,181	374,669,145
LIABILITIES			
CURRENT:			
Warrants payable.....	7,549,464	258,647	7,808,111
Health claims payable.....	3,581,000	-	3,581,000
Tax refunds payable.....	516,000	-	516,000
Accrued interest.....	674,978	70,932	745,910
Other liabilities.....	-	36,441	36,441
Customer deposits payable.....	600	-	600
Compensated absences.....	2,283,295	126,166	2,409,461
Workers' compensation.....	313,000	-	313,000
Unamortized premium on bonds and notes payable.....	69,366	-	69,366
Bonds and notes payable.....	5,763,638	1,090,885	6,854,523
Total current liabilities.....	20,751,341	1,583,071	22,334,412
NONCURRENT:			
Compensated absences.....	945,622	163,022	1,108,644
Workers' compensation.....	278,000	-	278,000
Unamortized premium on bonds and notes payable.....	531,352	-	531,352
Other post-employment benefits obligation.....	16,434,867	224,332	16,659,199
Bonds and notes payable.....	76,710,020	10,628,886	87,338,906
Total noncurrent liabilities.....	94,899,861	11,016,240	105,916,101
TOTAL LIABILITIES.....	115,651,202	12,599,311	128,250,513
NET ASSETS			
Invested in capital assets, net of related debt.....	171,905,810	15,605,526	187,511,336
Restricted for:			
Loans.....	1,978,188	-	1,978,188
Permanent funds:			
Expendable.....	433,742	-	433,742
Nonexpendable.....	1,719,969	-	1,719,969
Gifts and grants.....	4,023,543	-	4,023,543
Unrestricted.....	33,997,510	16,754,344	50,751,854
TOTAL NET ASSETS..... \$	214,058,762	32,359,870	246,418,632

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2008

		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.....	\$ 19,817,268	\$ (2,705,330)	\$ 5,544,479	\$ 6,312,631	\$ -	\$ (7,960,158)
Public safety.....	58,917,841	1,143,477	2,728,799	3,016,192	-	(53,172,850)
Education.....	84,494,049	193,974	1,122,257	25,074,525	20,406,948	(37,890,319)
Public works.....	25,991,341	760,804	1,700,354	430,324	3,161,236	(20,699,427)
Cemetery.....	1,518,132	77,377	463,608	-	-	(1,054,524)
Community development.....	7,535,582	133,283	773,217	1,260,312	-	(5,502,053)
Community preservation.....	-	-	-	-	1,315,844	1,315,844
Health and human services.....	4,735,654	163,754	344,732	311,435	-	(4,079,487)
Culture and recreation.....	7,773,865	232,661	714,986	101,767	-	(6,957,112)
Interest.....	2,596,363	-	-	-	-	(2,596,363)
Total Governmental Activities..	213,380,095	-	13,392,432	36,507,186	24,884,028	(138,596,449)
<i>Business-Type Activities:</i>						
Sewer.....	14,657,691	-	16,311,578	-	-	1,653,887
Water.....	10,077,596	-	12,353,427	-	-	2,275,831
Veterans Memorial Rink.....	419,504	-	351,698	-	-	(67,806)
Total Business-Type Activities.	25,154,791	-	29,016,703	-	-	3,861,912
Total Primary Government.....	\$ 238,534,886	\$ -	\$ 42,409,135	\$ 36,507,186	\$ 24,884,028	\$ (134,734,537)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (Continued)

FISCAL YEAR ENDED JUNE 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net assets:			
Net (expense) revenue from previous page.....	\$ (138,596,449)	\$ 3,861,912	\$ (134,734,537)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	117,203,576	-	117,203,576
Tax liens.....	358,871	-	358,871
Motor vehicle and other excise taxes.....	6,585,465	-	6,585,465
Hotel/motel tax.....	2,177,556	-	2,177,556
Community preservation tax.....	2,215,987	-	2,215,987
Penalties and interest on taxes.....	449,873	-	449,873
Payments in lieu of taxes.....	9,600	-	9,600
Grants and contributions not restricted to specific programs.....	8,152,388	-	8,152,388
Unrestricted investment income.....	2,265,352	73,764	2,339,116
Total general revenues.....	139,418,668	73,764	139,492,432
Change in net assets.....	822,219	3,935,676	4,757,895
<i>Net Assets:</i>			
Beginning of year.....	213,236,543	28,424,194	241,660,737
End of year.....	\$ <u>214,058,762</u>	\$ <u>32,359,870</u>	\$ <u>246,418,632</u>

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2008

	General	Stabilization	City Capital Projects	School Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents.....	\$ 29,335,411	\$ 7,630,428	\$ 4,092,266	\$ 7,674,550	\$ 19,381,216	\$ 68,113,871
Investments.....	-	-	-	-	1,086,880	1,086,880
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	1,752,238	-	-	-	-	1,752,238
Real estate tax deferrals.....	313,658	-	-	-	-	313,658
Tax liens.....	773,910	-	-	-	-	773,910
Motor vehicle and other excise taxes.....	602,650	-	-	-	-	602,650
Departmental and other.....	28,405	-	-	-	372,366	400,771
Special assessments.....	527,587	-	-	-	-	527,587
Intergovernmental.....	595,615	-	-	1,350,903	5,250,601	7,197,119
Loans.....	-	-	-	-	1,978,188	1,978,188
Due from other funds.....	863,301	-	-	-	-	863,301
TOTAL ASSETS.....	\$ 34,792,775	\$ 7,630,428	\$ 4,092,266	\$ 9,025,453	\$ 28,069,251	\$ 83,610,173
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Warrants payable.....	\$ 1,981,260	\$ -	\$ 371,006	\$ 4,488,079	\$ 489,023	\$ 7,329,368
Tax refunds payable.....	516,000	-	-	-	-	516,000
Liabilities due depositors.....	-	-	-	-	600	600
Deferred revenues.....	4,090,711	-	-	1,350,903	7,298,614	12,740,228
Due to other funds.....	-	-	-	-	863,301	863,301
TOTAL LIABILITIES.....	6,587,971	-	371,006	5,838,982	8,651,538	21,449,497
FUND BALANCES:						
Reserved for:						
Encumbrances and continuing appropriations..	10,889,750	-	-	-	-	10,889,750
Perpetual permanent funds.....	-	-	-	-	1,719,969	1,719,969
Unreserved:						
Undesignated, reported in:						
General fund.....	17,315,054	-	-	-	-	17,315,054
Special revenue funds.....	-	7,630,428	-	-	17,344,687	24,975,115
Capital projects funds.....	-	-	3,721,260	3,186,471	-	6,907,731
Permanent funds.....	-	-	-	-	353,057	353,057
TOTAL FUND BALANCES.....	28,204,804	7,630,428	3,721,260	3,186,471	19,417,713	62,160,676
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 34,792,775	\$ 7,630,428	\$ 4,092,266	\$ 9,025,453	\$ 28,069,251	\$ 83,610,173

See notes to basic financial statements.

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

JUNE 30, 2008

Total governmental fund balances.....	\$ 62,160,676
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	241,862,467
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....	12,740,228
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.....	1,299,529
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(674,978)
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.....	(82,473,658)
Workers' compensation.....	(591,000)
Compensated absences.....	(3,228,917)
Other post-employment benefits obligation.....	<u>(16,434,867)</u>
Net effect of reporting long-term liabilities.....	(102,728,442)
In the statement of activities, material premiums are amortized over the lives of the bonds and notes payable.....	<u>(600,718)</u>
Net assets of governmental activities.....	\$ <u>214,058,762</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2008

	General	Stabilization	City Capital Projects	School Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Real estate and personal property taxes, net of tax refunds.....	\$ 116,937,707	\$ -	\$ -	\$ -	\$ -	\$ 116,937,707
Tax liens.....	249,893	-	-	-	-	249,893
Motor vehicle and other excise taxes.....	6,826,127	-	-	-	-	6,826,127
Community preservation tax.....	-	-	-	-	2,215,987	2,215,987
Hotel/motel tax.....	2,177,556	-	-	-	-	2,177,556
Charges for services.....	-	-	-	-	436,355	436,355
Penalties and interest on taxes.....	449,873	-	-	-	-	449,873
Fees and rentals.....	536,719	-	-	-	-	536,719
Payments in lieu of taxes.....	9,600	-	-	-	-	9,600
Licenses and permits.....	4,946,886	-	-	-	-	4,946,886
Fines and forfeitures.....	585,032	-	-	-	-	585,032
Intergovernmental.....	35,030,532	-	-	24,587,115	10,854,950	70,472,597
Departmental and other.....	836,914	-	-	-	1,470,802	2,307,716
Special assessments.....	106,883	-	-	-	-	106,883
Contributions.....	-	-	-	-	260,074	260,074
Investment income.....	1,563,912	375,396	-	-	39,851	1,979,159
Miscellaneous.....	-	-	-	-	3,075,317	3,075,317
TOTAL REVENUES.....	170,257,634	375,396	-	24,587,115	18,353,336	213,573,481
EXPENDITURES:						
Current:						
General government.....	8,719,942	-	2,399,456	-	86,955	11,206,353
Public safety.....	27,568,787	-	1,151,630	-	2,609,071	31,329,488
Education.....	68,644,128	-	-	36,720,838	6,599,972	111,964,938
Public works.....	9,888,561	-	3,282,659	-	1,609,324	14,780,544
Cemetery.....	16,580	-	77,260	-	67,622	161,462
Community development.....	2,137,888	-	921,451	-	3,048,978	6,108,317
Health and human services.....	1,481,636	-	43,161	-	87,476	1,612,273
Culture and recreation.....	2,896,852	-	1,462,161	-	153,782	4,512,795
Pension benefits.....	12,081,677	-	-	-	-	12,081,677
Employee benefits.....	33,074,839	-	-	-	-	33,074,839
State and county charges.....	1,438,294	-	-	-	-	1,438,294
Debt service:						
Principal.....	5,270,000	-	-	-	-	5,270,000
Interest.....	2,638,497	-	-	-	-	2,638,497
TOTAL EXPENDITURES.....	175,857,681	-	9,337,778	36,720,838	14,263,180	236,179,477
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(5,600,047)	375,396	(9,337,778)	(12,133,723)	4,090,156	(22,605,996)
OTHER FINANCING SOURCES (USES):						
Issuance of bonds and notes.....	-	-	9,660,900	19,972,758	-	29,633,658
Premium from issuance of bonds and notes.....	37,364	-	-	-	-	37,364
Transfers in.....	1,751,102	-	-	-	152,288	1,903,390
Transfers out.....	(152,288)	(1,668,664)	-	-	(82,438)	(1,903,390)
TOTAL OTHER FINANCING SOURCES (USES).....	1,636,178	(1,668,664)	9,660,900	19,972,758	69,850	29,671,022
NET CHANGE IN FUND BALANCES.....	(3,963,869)	(1,293,268)	323,122	7,839,035	4,160,006	7,065,026
FUND BALANCES AT BEGINNING OF YEAR.....	32,168,673	8,923,696	3,398,138	(4,652,564)	15,257,707	55,095,650
FUND BALANCES AT END OF YEAR.....	\$ 28,204,804	\$ 7,630,428	\$ 3,721,260	\$ 3,186,471	\$ 19,417,713	\$ 62,160,676

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, 2008

Net change in fund balances - total governmental funds.....	\$	7,065,026
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay.....	48,735,911	
Depreciation expense.....	<u>(9,082,259)</u>	
Net effect of reporting capital assets.....		39,653,652

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.....

(3,724,461)

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Proceeds from bonds and notes.....	(29,633,658)	
Debt service principal payments.....	5,270,000	
Amortization of premium from issuance of bonds and notes payable.....	<u>72,239</u>	
Net effect of reporting long-term debt.....		(24,291,419)

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

Net change in compensated absences accrual.....	(139,900)	
Net change in workers' compensation.....	134,000	
Net change in accrued interest on long-term debt.....	(67,469)	
Net change in post-employment benefits liability.....	<u>(16,434,867)</u>	
Net effect of recording long-term liabilities and amortizing deferred losses.....		(16,508,236)

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

The net activity of internal service funds is reported with Governmental Activities.....		<u>(1,372,343)</u>
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Change in net assets of governmental activities.....	\$	<u>822,219</u>
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See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2008

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Veterans Memorial Rink	Total	
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 4,214,796	\$ 5,754,311	\$ -	\$ 9,969,107	\$ 4,238,676
Receivables, net of allowance for uncollectibles:					
Water and sewer liens.....	116,546	84,325	-	200,871	-
Water fees.....	-	4,405,894	-	4,405,894	-
Sewer fees.....	6,208,259	-	-	6,208,259	-
Departmental and other.....	-	-	-	-	861,949
Intergovernmental.....	208,297	-	-	208,297	-
Due from other funds.....	-	8,210	-	8,210	-
Total current assets.....	<u>10,747,898</u>	<u>10,252,740</u>	<u>-</u>	<u>21,000,638</u>	<u>5,100,625</u>
NONCURRENT:					
Capital assets, nondepreciable.....	38,550	-	-	38,550	-
Capital assets, net of accumulated depreciation..	<u>15,190,087</u>	<u>8,650,729</u>	<u>87,387</u>	<u>23,928,203</u>	<u>-</u>
Total noncurrent assets.....	<u>15,228,637</u>	<u>8,650,729</u>	<u>87,387</u>	<u>23,966,753</u>	<u>-</u>
TOTAL ASSETS.....	<u>25,976,535</u>	<u>18,903,469</u>	<u>87,387</u>	<u>44,967,391</u>	<u>5,100,625</u>
LIABILITIES					
CURRENT:					
Warrants payable.....	178,447	69,279	10,921	258,647	220,096
Health claims payable.....	-	-	-	-	3,581,000
Accrued interest.....	56,665	14,267	-	70,932	-
Other liabilities.....	36,441	-	-	36,441	-
Compensated absences.....	41,893	84,273	-	126,166	-
Due to other funds.....	-	-	8,210	8,210	-
Bonds and notes payable.....	<u>705,885</u>	<u>385,000</u>	<u>-</u>	<u>1,090,885</u>	<u>-</u>
Total current liabilities.....	<u>1,019,331</u>	<u>552,819</u>	<u>19,131</u>	<u>1,591,281</u>	<u>3,801,096</u>
NONCURRENT:					
Compensated absences.....	79,444	83,578	-	163,022	-
Other post-employment benefits obligation.....	60,848	128,623	34,861	224,332	-
Bonds and notes payable.....	<u>7,439,786</u>	<u>3,189,100</u>	<u>-</u>	<u>10,628,886</u>	<u>-</u>
Total noncurrent liabilities.....	<u>7,580,078</u>	<u>3,401,301</u>	<u>34,861</u>	<u>11,016,240</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>8,599,409</u>	<u>3,954,120</u>	<u>53,992</u>	<u>12,607,521</u>	<u>3,801,096</u>
NET ASSETS					
Invested in capital assets, net of related debt.....	9,082,534	6,435,604	87,387	15,605,526	-
Unrestricted.....	<u>8,294,592</u>	<u>8,513,745</u>	<u>(53,992)</u>	<u>16,754,344</u>	<u>1,299,529</u>
TOTAL NET ASSETS.....	<u>\$ 17,377,126</u>	<u>\$ 14,949,349</u>	<u>\$ 33,395</u>	<u>\$ 32,359,870</u>	<u>\$ 1,299,529</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Veterans Memorial Rink	Total	
OPERATING REVENUES:					
Employee contributions	\$ -	\$ -	\$ -	\$ -	\$ 4,068,732
Employer contributions	-	-	-	-	30,085,000
Charges for services	16,311,578	12,353,427	351,698	29,016,703	-
TOTAL OPERATING REVENUES	16,311,578	12,353,427	351,698	29,016,703	34,153,732
OPERATING EXPENSES:					
Cost of services and administration	1,912,110	1,943,236	108,370	3,963,716	-
MWRA Assessment.....	10,567,428	6,457,586	-	17,025,014	-
Depreciation.....	900,786	483,779	12,401	1,396,966	-
Employee benefits	978,217	1,111,509	298,733	2,388,459	35,810,637
TOTAL OPERATING EXPENSES	14,358,541	9,996,110	419,504	24,774,155	35,810,637
OPERATING INCOME (LOSS).....	1,953,037	2,357,317	(67,806)	4,242,548	(1,656,905)
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	49,055	24,709	-	73,764	284,562
Interest expense.....	(299,150)	(81,486)	-	(380,636)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(250,095)	(56,777)	-	(306,872)	284,562
CHANGE IN NET ASSETS.....	1,702,942	2,300,540	(67,806)	3,935,676	(1,372,343)
NET ASSETS AT BEGINNING OF YEAR.....	15,674,184	12,648,809	101,201	28,424,194	2,671,872
NET ASSETS AT END OF YEAR.....	\$ 17,377,126	\$ 14,949,349	\$ 33,395	\$ 32,359,870	\$ 1,299,529

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2008

	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.....	\$ 14,983,370	\$ 11,414,213	\$ 351,698	\$ 26,749,281	\$ -
Receipts from interfund services provided.....	-	-	-	-	34,153,732
Payments to vendors.....	(11,868,920)	(7,329,269)	(13,896)	(19,212,085)	-
Payments to employees.....	(469,459)	(1,153,505)	(85,050)	(1,708,014)	-
Payments for interfund services used.....	(917,369)	(982,886)	(263,872)	(2,164,127)	(35,589,898)
NET CASH FROM OPERATING ACTIVITIES.....	1,727,622	1,948,553	(11,120)	3,665,055	(1,436,166)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Advances from other funds.....	-	-	8,210	8,210	-
Advances to other funds.....	-	(8,210)	-	(8,210)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	-	(8,210)	8,210	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Issuance of bonds and notes.....	725,346	1,874,100	-	2,599,446	-
Acquisition and construction of capital assets.....	(811,165)	(929,447)	-	(1,740,612)	-
Principal payments on bonds and notes.....	(1,459,487)	(1,375,000)	-	(2,834,487)	-
Interest expense.....	(308,102)	(84,479)	-	(392,581)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,853,408)	(514,826)	-	(2,368,234)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income.....	49,055	24,709	-	73,764	284,562
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(76,731)	1,450,226	(2,910)	1,370,585	(1,151,604)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	4,291,527	4,304,085	2,910	8,598,522	5,390,280
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 4,214,796	\$ 5,754,311	\$ -	\$ 9,969,107	\$ 4,238,676
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:					
Operating income (loss).....	\$ 1,953,037	\$ 2,357,317	\$ (67,806)	\$ 4,242,548	\$ (1,656,905)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation.....	900,786	483,779	12,401	1,396,966	-
Changes in assets and liabilities:					
Water and sewer liens.....	(34,519)	(29,766)	-	(64,285)	-
Water fees.....	-	(909,448)	-	(909,448)	-
Sewer fees.....	(1,293,689)	-	-	(1,293,689)	-
Departmental and other.....	-	-	-	-	(468,357)
Warrants payable.....	152,645	(59,414)	9,424	102,655	220,096
Health claims payable.....	-	-	-	-	469,000
Other liabilities.....	(19,766)	-	-	(19,766)	-
Accrued compensated absences.....	8,280	(22,538)	-	(14,258)	-
Other post-employment benefits obligation.....	60,848	128,623	34,861	224,332	-
Total adjustments.....	(225,415)	(408,764)	56,686	(577,493)	220,739
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,727,622	\$ 1,948,553	\$ (11,120)	\$ 3,665,055	\$ (1,436,166)

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2008

	Pension Trust Fund (as of December 31, 2007)	Private Purpose Trust Funds	Agency Fund
ASSETS			
Cash and cash equivalents.....	\$ 10,831,040	\$ 3,772,095	\$ 730,883
Investments:			
Government agencies.....	-	221,314	-
Government sponsored enterprises.....	-	1,109,770	-
Corporate bonds.....	-	27,683	-
Bond mutual funds.....	32,040,110	-	-
Equity securities.....	30,705,225	-	-
Equity mutual funds.....	56,408,899	-	-
Pooled real estate funds.....	23,460,020	-	-
Pooled alternative investments.....	15,450,869	-	-
Interest and dividends.....	43,689	-	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	97,307	-	-
TOTAL ASSETS	<u>169,037,159</u>	<u>5,130,862</u>	<u>730,883</u>
LIABILITIES			
Warrants payable.....	278,016	-	5,654
Liabilities due depositors.....	-	-	725,229
TOTAL LIABILITIES	<u>278,016</u>	<u>-</u>	<u>730,883</u>
NET ASSETS			
Held in trust for pension benefits and other purposes.....	<u>\$ 168,759,143</u>	<u>\$ 5,130,862</u>	<u>\$ -</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2008

	Pension Trust Fund (as of December 31, 2007)	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer.....	\$ 12,695,230	\$ -
Employee.....	4,308,749	-
Private donations.....	-	27,294
	<u>17,003,979</u>	<u>27,294</u>
Total contributions.....		
	17,003,979	27,294
Net investment income (loss):		
Net change in fair value of investments.....	13,254,936	-
Interest.....	335,272	227,486
Dividends.....	2,223,856	-
	<u>15,814,064</u>	<u>227,486</u>
Total investment income (loss).....		
	15,814,064	227,486
Less: investment expense.....	(1,338,460)	-
	<u>14,475,604</u>	<u>227,486</u>
Net investment income (loss).....		
	14,475,604	227,486
Intergovernmental.....	750,785	-
	<u>302,146</u>	<u>-</u>
Transfers from other systems.....		
	302,146	-
TOTAL ADDITIONS.....	<u>32,532,514</u>	<u>254,780</u>
DEDUCTIONS:		
Administration.....	345,280	-
Transfers to other systems.....	636,654	-
Retirement benefits and refunds.....	18,337,365	-
Educational scholarships.....	-	97,936
Housing subsidies.....	-	384,799
	<u>19,319,299</u>	<u>482,735</u>
TOTAL DEDUCTIONS.....		
	19,319,299	482,735
CHANGE IN NET ASSETS.....	13,213,215	(227,955)
NET ASSETS AT BEGINNING OF YEAR.....	155,545,928	5,358,817
NET ASSETS AT END OF YEAR.....	<u>\$ 168,759,143</u>	<u>\$ 5,130,862</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. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

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

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

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

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

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

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

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

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

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

The following major proprietary funds are reported:

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

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

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

Additionally, the following proprietary fund type is reported:

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

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

The following fiduciary fund types are reported:

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

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

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

Government-Wide and Fund Financial Statements

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

E. Accounts Receivable

Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

Motor Vehicle Excise

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

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

Water and Sewer User Fees

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

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

Departmental and Other

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

Special Assessments

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

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

Intergovernmental

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

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

Loans

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

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

F. Inventories***Government-Wide and Fund Financial Statements***

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

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

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

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

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

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

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

Governmental Fund Financial Statements

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

H. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

I. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

J. Deferred Revenue

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

K. Net Assets and Fund Equity

Government-Wide Financial Statements (Net Assets)

Net assets reported as "invested in capital assets, net of related debt" includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future reimbursements from the state's school building program is not considered to be capital related debt.

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

Net assets have been "restricted for" the following:

"Loans" represents community development outstanding loans receivable balances.

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

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

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

Fund Financial Statements (Fund Balances)

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

Fund balances have been “reserved for” the following:

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

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

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

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

Governmental Fund Financial Statements

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

M. Investment Income

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

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

N. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

O. Fund Deficits

The following funds had deficit fund balances at June 30, 2008. These deficits will be funded by grants, departmental revenues, bond proceeds and available fund balances.

<u>Fund Name</u>	<u>Amount</u>
Public law fund.....	\$ (316,508)
School state grants.....	(9,349)
Vocational school reserve.....	(12,870)
Community development.....	(40,455)
Police detail.....	(251,125)
Fire detail.....	<u>(12,070)</u>
Total.....	\$ <u><u>(642,377)</u></u>

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

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

R. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

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

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

Custodial Credit Risk – Deposits

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

At fiscal year-end, the carrying amount of deposits totaled \$84,504,731 and the bank balance totaled \$86,304,547. Of the bank balance, \$723,005 was covered by Federal Depository Insurance, \$7,694,100 was covered by the Depositors Insurance Fund, \$57,372,278, was collateralized and \$20,515,164 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2007, the System's carrying amount of deposits totaled \$16,761 and the bank balance totaled \$16,878. All of the bank balance was covered by Federal Depository Insurance. The System's investment policy does not address custodial credit risk.

Investments - City

As of June 30, 2008, the City had the following investments:

		<u>Maturity</u>		
Investment Type	<u>Fair Value</u>	<u>Under 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>
<u>Debt Securities:</u>				
Government Agencies.....	\$ 398,343	\$ -	\$ 200,015	\$ 198,328
Government Sponsored Enterprises.....	1,997,477	704,250	1,191,789	101,438
Corporate Bonds.....	<u>49,827</u>	<u>-</u>	<u>49,827</u>	<u>-</u>
Total Debt Securities.....	2,445,647	\$ <u><u>704,250</u></u>	\$ <u><u>1,441,631</u></u>	\$ <u><u>299,766</u></u>
<u>Other Investments:</u>				
Money Market Mutual Funds.....	2,181,662			
Mutual Funds.....	<u>138,239</u>			
Total Investments.....	\$ <u>4,765,548</u>			

Investments – Retirement System

As of December 31, 2007, the System had the following investments:

		<u>Maturity</u>
<u>Investment Type</u>	<u>Fair Value</u>	<u>6-10 Years</u>
<u>Debt Securities:</u>		
Bond Mutual Funds.....	\$ 32,040,110	\$ <u>32,040,110</u>
<u>Other Investments:</u>		
Equity Securities.....	30,705,225	
Equity Mutual Funds.....	56,408,899	
Money Market Mutual Funds.....	10,814,279	
Pooled Real Estate Funds.....	23,460,020	
Pooled Alternative Investments.....	<u>15,450,869</u>	
Total Investments.....	\$ 168,879,402	

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 \$2,445,647 in debt securities are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the counterparty. The City's investment policy does not address custodial credit risk.

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

Interest Rate Risk

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

Credit Risk

The City's investment policy limits investments in debt securities to government agencies and government sponsored enterprises, with the exception of the trust funds which are not limited, as means of limiting credit risk. As of June 30, 2008, the City had the following quality ratings for its investments:

	<u>Investment Type</u>			
	<u>Government Agencies</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>	<u>Total</u>
Fair Value.....	\$ 398,343	\$ 1,997,477	\$ 49,827	\$ 2,445,647
<u>Quality Ratings:</u>				
AAA.....	\$ 398,343	\$ 1,997,477	\$ -	\$ 2,395,820
A.....	-	-	49,827	49,827
Total.....	\$ 398,343	\$ 1,997,477	\$ 49,827	\$ 2,445,647

The System's investment policy does not limit investments in debt securities as means of limiting credit risk. As of December 31, 2007, the System had the following quality ratings for its investments:

	<u>Investment Type</u>
	<u>Bond Mutual Funds</u>
Fair Value.....	\$ 32,040,110
<u>Quality Ratings:</u>	
AA.....	\$ 24,799,110
B.....	7,241,000
Total.....	\$ 32,040,110

Concentration of Credit Risk

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

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

NOTE 3 – RECEIVABLES

At June 30, 2008, 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.....	\$ 1,752,238	\$ -	\$ 1,752,238
Real estate tax deferrals.....	313,658	-	313,658
Tax liens.....	773,910	-	773,910
Motor vehicle and other excise taxes.....	1,462,050	(859,400)	602,650
Departmental and other.....	400,771	-	400,771
Special assessments.....	527,587	-	527,587
Intergovernmental.....	7,197,119	-	7,197,119
Loans.....	1,978,188	-	1,978,188
Total.....	\$ 14,405,521	\$ (859,400)	\$ 13,546,121

At June 30, 2008, 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.....	\$ 200,871	\$ -	\$ 200,871
Water fees.....	4,405,894	-	4,405,894
Sewer fees.....	6,208,259	-	6,208,259
Intergovernmental.....	208,297	-	208,297
Total.....	\$ 11,023,321	\$ -	\$ 11,023,321

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:

Receivable type:	General Fund	School Capital Projects	Other Governmental Funds	Total
Real estate and personal property taxes.....	\$ 1,248,889	\$ -	\$ -	\$ 1,248,889
Real estate tax deferrals.....	313,658	-	-	313,658
Tax liens.....	773,910	-	-	773,910
Motor vehicle and other excise taxes.....	602,650	-	-	602,650
Departmental and other.....	28,402	-	113,662	142,064
Police details.....	-	-	248,383	248,383
Fire details.....	-	-	10,320	10,320
Special assessments.....	527,587	-	-	527,587
Intergovernmental.....	595,615	1,350,903	4,948,061	6,894,579
Loans.....	-	-	1,978,188	1,978,188
Total.....	\$ 4,090,711	\$ 1,350,903	\$ 7,298,614	\$ 12,740,228

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 12,439,786	\$ 1,987,571	\$ -	\$ 14,427,357
Construction in progress.....	7,806,000	35,208,744	(135,143)	42,879,601
Total capital assets not being depreciated.....	20,245,786	37,196,315	(135,143)	57,306,958
<u>Capital assets being depreciated:</u>				
Land improvements.....	14,349,909	423,150	-	14,773,059
Buildings and improvements.....	179,932,724	4,517,039	-	184,449,763
Equipment.....	19,545,431	1,821,784	(787,058)	20,580,157
Infrastructure.....	40,095,963	4,635,745	(1,101,981)	43,629,727
Library books.....	1,376,236	277,021	(245,000)	1,408,257
Total capital assets being depreciated.....	255,300,263	11,674,739	(2,134,039)	264,840,963
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(3,454,640)	(707,197)	-	(4,161,837)
Buildings and improvements.....	(38,128,588)	(4,902,390)	-	(43,030,978)
Equipment.....	(13,765,042)	(1,605,023)	787,058	(14,583,007)
Infrastructure.....	(16,857,560)	(1,785,540)	1,101,981	(17,541,119)
Library books.....	(1,131,404)	(82,109)	245,000	(968,513)
Total accumulated depreciation.....	(73,337,234)	(9,082,259)	2,134,039	(80,285,454)
Total capital assets being depreciated, net.....	181,963,029	2,592,480	-	184,555,509
Total governmental activities capital assets.....	\$ 202,208,815	\$ 39,788,795	\$ (135,143)	\$ 241,862,467

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 38,550	\$ -	\$ -	\$ 38,550
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	1,606,812	-	-	1,606,812
Equipment.....	698,966	324,529	(93,000)	930,495
Infrastructure.....	31,058,153	486,636	-	31,544,789
Total capital assets being depreciated.....	33,363,931	811,165	(93,000)	34,082,096
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(1,104,086)	(38,227)	-	(1,142,313)
Equipment.....	(582,454)	(79,995)	93,000	(569,449)
Infrastructure.....	(16,397,685)	(782,564)	-	(17,180,248)
Total accumulated depreciation.....	(18,084,225)	(900,786)	93,000	(18,892,011)
Total capital assets being depreciated, net.....	15,279,706	(89,621)	-	15,190,085
Total sewer activities capital assets.....	\$ 15,318,256	\$ (89,621)	\$ -	\$ 15,228,635
	Beginning Balance	Increases	Decreases	Ending Balance
Water Activities:				
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	\$ 1,104,422	\$ -	\$ -	\$ 1,104,422
Equipment.....	993,532	158,347	-	1,151,879
Infrastructure.....	17,193,524	771,100	-	17,964,624
Total capital assets being depreciated.....	19,291,478	929,447	-	20,220,925
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(814,509)	(27,613)	-	(842,122)
Equipment.....	(922,825)	(20,843)	-	(943,668)
Infrastructure.....	(9,349,081)	(435,323)	-	(9,784,404)
Total accumulated depreciation.....	(11,086,416)	(483,779)	-	(11,570,194)
Total water activities capital assets.....	\$ 8,205,062	\$ 445,668	\$ -	\$ 8,650,731

	Beginning Balance	Increases	Decreases	Ending Balance
Veterans Memorial Rink Activities:				
<u>Capital assets being depreciated:</u>				
Equipment.....	\$ 113,789	\$ -	\$ -	\$ 113,789
<u>Less accumulated depreciation for:</u>				
Equipment.....	(14,001)	(12,401)	-	(26,402)
Total Veterans Memorial Rink activities capital assets.....	\$ 99,788	\$ (12,401)	\$ -	\$ 87,387

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

Governmental Activities:

General government.....	\$ 558,832
Public safety.....	709,652
Education.....	4,748,109
Public works.....	1,802,548
Cemetery.....	10,801
Community development.....	495,940
Health and human services.....	34,354
Culture and recreation.....	722,023

Total depreciation expense - governmental activities..... \$ 9,082,259

Business-Type Activities:

Sewer.....	\$ 900,786
Water.....	483,779
Veterans Memorial Rink.....	12,401

Total depreciation expense - business-type activities..... \$ 1,396,966

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2008, is as follows:

Due to/from other funds

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental fund.....	\$ 863,301
Water Enterprise	Veteran's Memorial Rink Enterprise.....	8,210
	Total.....	\$ 871,511

As of June 30, 2008, the City has interfund receivables and payables totaling \$871,511. The purpose of these balances is to cover short-term cash needs that will be funded by future grant and bond proceeds.

Interfund transfers

Transfers Out:	Transfers In:		
	General Fund	Nonmajor Governmental Funds	Total
General Fund.....	\$ -	\$ 152,288	\$ 152,288 (1)
Stabilization Fund.....	1,668,664	-	1,668,664 (2)
Nonmajor Governmental Funds.....	82,438	-	82,438 (3)
Total.....	\$ 1,751,102	\$ 152,288	\$ 1,903,390

(1) Represents budgeted transfers from the general fund to the nonmajor school revenue reserve.

(2) Represents budgeted transfers from the stabilization fund to the general fund.

(3) Represents budgeted transfers to the general fund from library state aid.

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.

At fiscal year end, the City had outstanding governmental and business-type BANS totaling \$16.7 million and \$2.5 million, respectively. The BANS were permanently funded on September 18, 2008, the maturity date of the BANS. This transaction meets the criteria for the BANS to be treated as long-term debt.

Details related to the short-term debt activity for the fiscal year ended June 30, 2008, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2007	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2008
<i>Governmental Funds</i>							
BAN	Equipment.....	3.70	03/20/08	\$ 1,670,000	\$ -	\$ 1,670,000	\$ -
BAN	Infrastructure.....	3.70	03/20/08	340,000	-	340,000	-
BAN	School Construction...	3.70	03/20/08	5,000,000	-	5,000,000	-
Total.....				<u>\$ 7,010,000</u>	<u>\$ -</u>	<u>\$ 7,010,000</u>	<u>\$ -</u>
<i>Sewer Enterprise Fund</i>							
BAN	Infrastructure.....	3.70	03/20/08	<u>\$ 635,000</u>	<u>\$ -</u>	<u>\$ 635,000</u>	<u>\$ -</u>
<i>Water Enterprise Fund</i>							
BAN	Infrastructure.....	3.70	03/20/08	<u>\$ 880,000</u>	<u>\$ -</u>	<u>\$ 880,000</u>	<u>\$ -</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".

Details related to the outstanding indebtedness at June 30, 2008, and the debt service requirements are as follows:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2007	Issued	Redeemed	Outstanding at June 30, 2008
Building renovations.....	2.00-5.00	\$ 4,065,000	\$ 640,000	\$ 675,000	\$ 4,030,000
School construction.....	2.00-5.00	33,055,000	19,972,758	2,000,000	51,027,758
Land development.....	2.00-5.00	7,585,000	1,560,000	865,000	8,280,000
Land acquisition.....	2.00-5.00	9,180,000	1,800,000	610,000	10,370,000
City equipment.....	2.00-5.00	1,260,000	3,017,000	420,000	3,857,000
City technology.....	2.00-5.00	610,000	90,000	190,000	510,000
Signals and communications.....	2.00-5.00	1,085,000	442,000	175,000	1,352,000
Design/engineering.....	2.00-5.00	565,000	-	190,000	375,000
Pond preservation.....	2.00-4.00	255,000	-	40,000	215,000
Sidewalk improvements.....	3.10-4.25	400,000	200,000	100,000	500,000
Streets.....	3.00-5.00	50,000	1,620,000	5,000	1,665,000
Drainage.....	3.00-5.00	-	291,900	-	291,900
Total Governmental bonds payable.....		<u>\$ 58,110,000</u>	<u>\$ 29,633,658</u>	<u>\$ 5,270,000</u>	<u>\$ 82,473,658</u>

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

Fiscal Year	Principal	Interest	Total
2009.....	\$ 5,763,638	\$ 2,741,145	\$ 8,504,783
2010.....	7,197,934	2,723,732	9,921,666
2011.....	6,772,769	2,481,350	9,254,119
2012.....	6,269,956	2,243,737	8,513,693
2013.....	5,897,993	2,016,698	7,914,691
2014.....	4,859,532	1,812,371	6,671,903
2015.....	4,325,457	1,639,156	5,964,613
2016.....	4,264,552	1,473,798	5,738,350
2017.....	4,258,552	1,304,706	5,563,258
2018.....	4,237,554	1,147,095	5,384,649
2019.....	4,196,708	989,992	5,186,700
2020.....	3,956,919	832,390	4,789,309
2021.....	3,756,919	681,780	4,438,699
2022.....	3,681,919	543,137	4,225,056
2023.....	3,036,919	417,396	3,454,315
2024.....	2,923,378	310,362	3,233,740
2025.....	2,913,378	205,599	3,118,977
2026.....	1,903,378	104,292	2,007,670
2027.....	1,198,378	54,543	1,252,921
2028.....	913,231	24,675	937,906
2029.....	144,595	3,073	147,668
Totals.....	\$ <u>82,473,658</u>	\$ <u>23,751,027</u>	\$ <u>106,224,685</u>

Bonds and Notes Payable Schedule – Sewer Enterprise Fund

Project	Interest Rate (%)	Outstanding at June 30, 2007	Issued	Redeemed	Outstanding at June 30, 2008
Sewer projects.....	2.00-5.00	\$ 5,180,000	\$ -	\$ 480,000	\$ 4,700,000
Sewer improvements.....	4.00	690,000	30,000	175,000	545,000
Sewer equipment.....	2.00-5.00	40,000	655,000	40,000	655,000
Sewer surface drains.....	4.00	90,000	-	30,000	60,000
Sewer MWPAT.....	2.00	2,285,158	-	99,487	2,185,671
Total Sewer Enterprise bonds payable.....		\$ <u>8,285,158</u>	\$ <u>685,000</u>	\$ <u>824,487</u>	\$ <u>8,145,671</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>
2009.....	\$ 705,885	\$ 265,765	\$ 971,650
2010.....	744,525	251,127	995,652
2011.....	711,707	225,226	936,933
2012.....	523,933	201,004	724,937
2013.....	526,205	183,386	709,591
2014.....	518,522	165,473	683,995
2015.....	395,886	148,313	544,199
2016.....	398,298	133,758	532,056
2017.....	395,758	118,264	514,022
2018.....	403,269	104,089	507,358
2019.....	405,830	90,468	496,298
2020.....	348,442	77,834	426,276
2021.....	351,108	66,501	417,609
2022.....	358,827	55,022	413,849
2023.....	361,601	43,388	404,989
2024.....	369,432	31,598	401,030
2025.....	382,319	19,450	401,769
2026.....	87,854	8,243	96,097
2027.....	153,270	1,676	154,946
2028.....	1,500	95	1,595
2029.....	1,500	32	1,532
Totals.....	\$ <u>8,145,671</u>	\$ <u>2,190,712</u>	\$ <u>10,336,383</u>

Bonds and Notes Payable Schedule – Water Enterprise Fund

<u>Project</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2007</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2008</u>
Water mains.....	4.10-5.00	\$ 95,000	\$ 294,100	\$ 95,000	\$ 294,100
Water improvements.....	4.00	530,000	1,580,000	150,000	1,960,000
Water equipment.....	2.00-5.00	10,000	-	10,000	-
Water tower.....	2.00-4.00	280,000	-	40,000	240,000
Water projects.....	3.00-5.00	<u>1,280,000</u>	<u>-</u>	<u>200,000</u>	<u>1,080,000</u>
Total Water Enterprise bonds payable.....		\$ <u>2,195,000</u>	\$ <u>1,874,100</u>	\$ <u>495,000</u>	\$ <u>3,574,100</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>
2009.....	\$ 385,000	\$ 97,427	\$ 482,427
2010.....	509,100	115,332	624,432
2011.....	445,000	97,139	542,139
2012.....	355,000	80,847	435,847
2013.....	350,000	67,975	417,975
2014.....	215,000	57,974	272,974
2015.....	150,000	50,974	200,974
2016.....	110,000	45,311	155,311
2017.....	110,000	40,942	150,942
2018.....	85,000	37,599	122,599
2019.....	85,000	34,199	119,199
2020.....	85,000	30,161	115,161
2021.....	85,000	26,336	111,336
2022.....	85,000	22,936	107,936
2023.....	85,000	19,536	104,536
2024.....	85,000	16,136	101,136
2025.....	80,000	12,836	92,836
2026.....	80,000	9,586	89,586
2027.....	80,000	6,286	86,286
2028.....	80,000	2,956	82,956
2029.....	30,000	638	30,638
Totals.....	\$ <u>3,574,100</u>	\$ <u>873,126</u>	\$ <u>4,447,226</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, 2008, the City had the following authorized and unissued debt:

<u>Purpose</u>	<u>Amount</u>
School design/construction.....	\$ 30,887,817
Water improvements.....	2,960,000
Sewer improvements.....	11,130,976
Streets, water, and sewer.....	408,009
Street construction.....	201,991
City yard structures.....	500,000
Departmental equipment.....	60,000
Planning.....	1,500,000
Land acquisition and development.....	416,000
Technology.....	305,000
Recreational facility.....	825,000
Solid waste disposal facility.....	535,000
Total.....	\$ <u>49,729,793</u>

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2008, 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.....	\$ 58,110,000	\$ 29,633,658	\$ (5,270,000)	\$ 82,473,658	\$ 5,763,638
Workers' compensation.....	725,000	86,000	(220,000)	591,000	313,000
Compensated absences.....	3,089,017	2,326,607	(2,186,707)	3,228,917	2,283,295
Unamortized premium.....	672,957	-	(72,239)	600,718	69,366
Other post-employment benefits obligation.....	-	16,434,867	-	16,434,867	-
Total governmental activity long-term liabilities.....	<u>\$ 62,596,974</u>	<u>\$ 48,481,132</u>	<u>\$ (7,748,946)</u>	<u>\$ 103,329,160</u>	<u>\$ 8,429,299</u>
Business-Type Activities:					
Long-term bonds and notes.....	\$ 10,480,158	\$ 2,559,100	\$ (1,319,487)	\$ 11,719,771	\$ 1,090,885
Compensated absences.....	303,446	118,805	(133,063)	289,188	126,166
Other post-employment benefits obligation.....	-	224,332	-	224,332	-
Total business-type activity long-term liabilities.....	<u>\$ 10,783,604</u>	<u>\$ 2,902,237</u>	<u>\$ (1,452,550)</u>	<u>\$ 12,233,291</u>	<u>\$ 1,217,051</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, 2008, the amount of the

liability for health insurance claims totaled \$3,581,000. This liability is the best estimate based on available information. Changes in the reported liability since July 1, 2006, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End	Due Within One Year
Fiscal Year 2007.....	\$ 2,857,000	\$ 31,375,000	\$ (31,120,000)	\$ 3,112,000	\$ 3,112,000
Fiscal Year 2008.....	3,112,000	36,279,000	(35,810,000)	3,581,000	3,581,000

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, 2008, the amount of the liability for workers' compensation claims totaled \$591,000. Changes in the reported liability since July 1, 2006, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End	Due Within One Year
Fiscal Year 2007.....	\$ 1,093,000	\$ (78,000)	\$ (290,000)	\$ 725,000	\$ 220,000
Fiscal Year 2008.....	725,000	236,000	(370,000)	591,000	313,000

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 \$12,672,000 for the fiscal year ended June 30, 2008, 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, 2007, the System's membership consists of the following:

Active members.....	920
Inactive members.....	140
Retirees and beneficiaries currently receiving benefits.....	<u>779</u>
Total.....	<u><u>1,839</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, 2008, 2007, and 2006 were \$12,413,000, \$11,408,000, and \$10,986,000, respectively, which equaled its required contribution for each fiscal year. At June 30, 2008, 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, 2008, was 19 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 2008 totaled approximately \$60,300.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Fiscal year 2008 is the initial year that the City has implemented GASB Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45). As allowed by GASB 45, the City has established the net OPEB obligation at zero at the beginning of the transition year and has applied the measurement and recognition requirements of GASB 45 on a prospective basis.

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

Funding Policy – Contribution requirements are also negotiated between the City and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The City contributes 90 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 10 percent of their premium costs. For fiscal year 2008, the City contributed \$12.3 million to the plan, and member contributions totaled \$1.4 million.

Annual OPEB Cost and Net OPEB Obligation – The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation are summarized in the following table:

Normal cost.....	\$ 11,817,155
Amortization of unfunded actuarial accrued liability.....	<u>17,121,113</u>
Annual OPEB cost (expense).....	28,938,268
Contributions made.....	<u>(12,279,069)</u>
Increase in net OPEB obligation.....	16,659,199
Net OPEB obligation--beginning of year.....	<u>-</u>
Net OPEB obligation--end of year.....	<u>\$ 16,659,199</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2008 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2008	\$ 28,938,268	42%	\$ 16,659,199

Funded Status and Funding Progress – As of July 1, 2006, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$517 million, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$81,699,545, and the ratio of the UAAL to the covered payroll was 633 percent.

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

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

In the July 1, 2006, actuarial valuation, actuarial liabilities were determined using the projected unit credit cost method. The actuarial assumptions included a 4% investment return assumption, which is based on the expected yield on the assets of the City, calculated based on the funded level of the plan at the valuation date, and an annual medical/drug cost trend rate of 9% initially, graded to 5% over 8 years and included a 4% inflation assumption. The UAAL is being amortized over a 30 year period, with amortization payments increasing at 4.5% per year. The remaining amortization period at June 30, 2008 is 28 years.

NOTE 11 – COMMITMENTS

The City's school construction project includes two new middle schools and six elementary schools. The two middle schools and four of the six elementary schools have been completed at a cost of \$132.3 million of which \$98.9 million was reimbursed through a state grant. The remaining two elementary schools have contractual commitments totaling approximately \$49 million and approximately \$39.5 million has been spent on these projects at June 30, 2008.

The City has various other commitments totaling approximately \$17.9 million for projects related to street/water/sewer infrastructure, building renovations, equipment and land development. Approximately \$16 million has been spent on these projects at June 30, 2008.

NOTE 12 – CONTINGENCIES

The City participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2008, 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, 2008, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2008.

NOTE 13 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2008, the following GASB pronouncements were implemented:

- The GASB issued Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The basic financial statements and disclosures were impacted by this GASB.
- The GASB issued Statement #50, Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27. This standard did not impact the basic financial statements.
- The GASB issued Statement #52, Land and Other Real Estate Held as Investments by Endowments, which is required to be implemented in fiscal year 2009. The standards in this statement require all investments in land and real estate in permanent and similar funds to be reported at fair value. Management elected to implement this standard early and this standard did not impact the basic financial statements.
- The GASB issued Statement #53, Accounting and Financial Reporting for Derivative Instruments, which is required to be implemented in fiscal year 2010. The standards in this statement require governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. Management elected to implement this standard early and this standard did not impact the basic financial statements.

Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

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

FISCAL YEAR ENDED JUNE 30, 2008

	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.....	\$ 116,650,000	\$ 116,834,000	\$ 117,510,315	\$ -	\$ 676,315
Tax liens.....	-	-	249,893	-	249,893
Motor vehicle and other excise taxes.....	6,585,650	6,585,650	6,826,127	-	240,477
Hotel/motel tax.....	2,180,000	2,180,000	2,177,556	-	(2,444)
Penalties and interest on taxes.....	494,500	494,500	449,873	-	(44,627)
Fees and rentals.....	550,550	550,550	536,719	-	(13,831)
Payments in lieu of taxes.....	36,000	36,000	9,600	-	(26,400)
Licenses and permits.....	4,780,000	4,780,000	4,946,886	-	166,886
Fines and forfeitures.....	598,500	598,500	585,032	-	(13,468)
Intergovernmental.....	22,173,705	22,173,705	22,358,231	-	184,526
Departmental and other.....	830,700	830,700	836,914	-	6,214
Special assessments.....	130,700	130,700	106,883	-	(23,817)
Investment income.....	2,582,000	2,582,000	1,563,912	-	(1,018,088)
 TOTAL REVENUES.....	 157,592,305	 157,776,305	 158,157,941	 -	 381,636
EXPENDITURES:					
Current:					
General government					
City Council					
Salaries.....	255,069	255,069	255,069	-	-
Expenses.....	66,500	66,500	62,249	97	4,154
Equipment and unusual.....	25,588	25,588	-	10,588	15,000
Capital Improvement.....	982	982	-	982	-
Total.....	348,139	348,139	317,318	11,667	19,154
 Mayor's Office					
Salaries.....	266,617	272,617	237,496	1,500	33,621
Expenses.....	32,660	32,660	29,716	13	2,931
Equipment and unusual.....	401,828	407,828	186,403	219,325	2,100
Capital Improvement.....	160,964	160,964	130,863	30,101	-
Total.....	862,069	874,069	584,478	250,939	38,652
 Emergency Reserve	 1,600,000	 -	 -	 -	 -
 Director of Finance					
Salaries.....	565,337	582,137	581,121	1,016	-
Expenses.....	10,315	10,315	9,725	184	406
Equipment and unusual.....	5,920	5,920	-	5,920	-
Capital Improvement.....	804	804	-	804	-
Total.....	582,376	599,176	590,846	7,924	406
 Treasurer and Collector					
Salaries.....	730,464	752,514	740,819	7,500	4,195
Expenses.....	278,704	278,704	251,616	10,515	16,573
Equipment and unusual.....	-	-	-	-	-
Capital Improvement.....	29,564	29,564	26,587	2,977	-
Total.....	1,038,732	1,060,782	1,019,022	20,992	20,768

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Assessments					
Salaries.....	399,057	411,057	406,824	4,200	33
Expenses.....	38,526	38,526	30,938	307	7,281
Capital Improvement.....	83,367	83,367	39,267	44,100	-
Total.....	520,950	532,950	477,029	48,607	7,314
Purchasing Services					
Salaries.....	199,298	205,298	203,230	2,000	68
Expenses.....	10,872	10,872	10,786	86	-
Miscellaneous.....	304,971	304,971	259,094	45,000	877
Total.....	515,141	521,141	473,110	47,086	945
Administration of Trust Funds					
Salaries.....	4,000	4,000	3,600	-	400
Expenses.....	17,000	17,000	15,153	-	1,847
Total.....	21,000	21,000	18,753	-	2,247
Law Department					
Salaries.....	729,952	752,152	666,953	7,000	78,199
Expenses.....	75,783	75,783	57,823	2,071	15,889
Equipment and unusual.....	111,579	118,579	21,709	96,870	-
Capital Improvement.....	25,770	25,770	3,566	22,204	-
Total.....	943,084	972,284	750,051	128,145	94,088
Building General Support					
Salaries.....	217,832	224,282	222,129	2,153	-
Expenses.....	3,200	3,200	3,071	-	129
Capital Improvement.....	2,500	2,500	-	2,500	-
Total.....	223,532	229,982	225,200	4,653	129
Public Buildings Maintenance					
Salaries/Wages.....	817,847	845,947	800,661	31,700	13,586
Expenses.....	382,459	382,459	331,008	51,397	54
Equipment and unusual.....	55,133	60,133	50,182	8,241	1,710
Capital Improvement.....	133,729	133,729	66,246	67,483	-
Total.....	1,389,168	1,422,268	1,248,097	158,821	15,350
Public Building Utilities					
Expenses.....	724,374	974,374	974,374	-	-
Central Telephone Service					
Salaries.....	27,707	27,707	25,536	-	2,171
Expenses.....	195,271	195,271	180,264	8,489	6,518
Total.....	222,978	222,978	205,800	8,489	8,689
Personnel					
Salaries.....	325,880	333,380	302,310	3,000	28,070
Expenses.....	6,490	6,490	5,956	5	529
Equipment and unusual.....	58,225	62,600	56,310	6,290	-
Total.....	390,595	402,470	364,576	9,295	28,599
Work Study					
Expenses.....	10,000	10,000	2,850	383	6,767

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
City Clerk					
Salaries.....	299,149	308,149	305,107	3,042	-
Expenses.....	29,237	29,237	20,653	8,584	-
Capital Improvement.....	2,423	2,423	1,349	1,074	-
Total.....	330,809	339,809	327,109	12,700	-
Management Information Systems					
Salaries/Wages.....	854,610	880,110	867,472	9,000	3,638
Expenses.....	334,034	334,034	290,529	35,785	7,720
Equipment and unusual.....	13,616	13,616	1,646	11,970	-
Capital Improvement.....	104,055	104,055	4,795	99,260	-
Total.....	1,306,315	1,331,815	1,164,442	156,015	11,358
Voter Registration					
Salaries.....	185,577	190,977	188,251	2,000	726
Expenses.....	110,240	110,240	101,941	922	7,377
Total.....	295,817	301,217	290,192	2,922	8,103
Total General Government.....	11,325,079	10,164,454	9,033,247	868,638	262,569
Public safety					
Police					
Salaries.....	12,184,498	12,499,498	11,567,728	235,000	696,770
Police General Support					
Expenses.....	165,880	180,880	145,345	26,056	9,479
Equipment and unusual.....	83,640	83,640	58,639	23,747	1,254
Miscellaneous.....	19,095	19,095	11,363	3,149	4,583
Capital Improvement.....	28,397	28,397	17,502	10,895	-
Total.....	297,012	312,012	232,849	63,847	15,316
Police Community Services					
Expenses.....	12,330	12,330	12,330	-	-
Equipment and unusual.....	38,285	38,285	37,121	-	1,164
Miscellaneous.....	37,941	37,941	28,199	1,980	7,762
Total.....	88,556	88,556	77,650	1,980	8,926
Police Criminal Patrol and Apprehension					
Expenses.....	75,475	75,475	58,431	5,560	11,484
Equipment and unusual.....	61,459	61,459	56,602	2,016	2,841
Miscellaneous.....	102,937	102,937	93,616	8,000	1,321
Total.....	239,871	239,871	208,649	15,576	15,646
Police Investigation and Prosecution					
Expenses.....	17,480	17,480	8,124	1,575	7,781
Equipment and unusual.....	9,411	9,411	8,233	-	1,178
Miscellaneous.....	16,500	16,500	16,329	-	171
Total.....	43,391	43,391	32,686	1,575	9,130

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Dispatch					
Wages.....	1,565,880	1,752,880	1,392,154	35,000	325,726
Expenses.....	22,645	22,645	16,618	90	5,937
Equipment and unusual.....	850	850	-	-	850
Miscellaneous.....	15,750	15,750	14,142	-	1,608
Total.....	1,605,125	1,792,125	1,422,914	35,090	334,121
Fire					
Salaries/ Wages.....	12,429,757	12,749,557	11,917,622	725,000	106,935
Fire General Support					
Expenses.....	41,350	101,350	99,766	1,584	-
Equipment and unusual.....	8,000	8,000	-	8,000	-
Miscellaneous.....	775	775	775	-	-
Total.....	50,125	110,125	100,541	9,584	-
Fire Prevention and Investigation					
Expenses.....	10,027	10,027	6,314	640	3,073
Miscellaneous.....	3,875	3,875	3,875	-	-
Total.....	13,902	13,902	10,189	640	3,073
Fire Fighting and Training					
Expenses.....	174,615	174,615	155,472	10,472	8,671
Equipment and unusual.....	89,664	89,664	77,520	9,628	2,516
Miscellaneous.....	149,800	149,800	139,799	9,554	447
Total.....	414,079	414,079	372,791	29,654	11,634
Fire Building and Grounds					
Expenses.....	14,250	14,250	10,803	1,494	1,953
Equipment and unusual.....	5,895	5,895	423	5,472	-
Total.....	20,145	20,145	11,226	6,966	1,953
Emergency Management					
Salaries.....	63,012	64,362	63,867	450	45
Expenses.....	18,525	18,525	12,670	4,598	1,257
Equipment and unusual.....	15,900	15,900	7,860	8,040	-
Miscellaneous.....	7,000	7,000	3,600	3,400	-
Total.....	104,437	105,787	87,997	16,488	1,302
Wires General Support and Inspection					
Salaries.....	284,983	293,683	279,939	5,000	8,744
Expenses.....	62,675	62,675	41,982	5,473	15,220
Total.....	347,658	356,358	321,921	10,473	23,964
Wire Electricians					
Salaries.....	221,679	228,129	213,082	10,000	5,047
Expenses.....	45,939	45,939	31,161	1,400	13,378
Total.....	267,618	274,068	244,243	11,400	18,425

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
Wire Signal Installation and Maintenance					
Salaries.....	124,015	127,015	113,773	7,500	5,742
Expenses.....	261,922	261,922	172,496	53,899	35,527
Equipment and unusual.....	17,000	17,000	13,500	-	3,500
Total.....	402,937	405,937	299,769	61,399	44,769
Wires Street Lighting	-				
Expenses.....	434,340	595,240	512,891	81,461	888
Inspection Weight and Measures					
Salaries.....	69,704	71,804	71,099	705	-
Expenses.....	1,850	1,850	1,748	-	102
Total.....	71,554	73,654	72,847	705	102
Licensing					
Salaries.....	12,600	12,600	12,600	-	-
Expenses.....	4,180	4,180	2,899	-	1,281
Total.....	16,780	16,780	15,499	-	1,281
Animal Control					
Salaries.....	64,086	66,036	65,209	650	177
Expenses.....	1,400	1,400	845	-	555
Equipment and unusual.....	10,206	10,206	3,418	1,706	5,082
Total.....	75,692	77,642	69,472	2,356	5,814
Total Public Safety.....	29,107,477	30,188,727	27,579,484	1,309,194	1,300,049
Education					
Salaries.....	44,590,488	45,790,488	41,862,796	3,432,592	495,100
Expenses.....	14,553,172	14,600,172	14,095,031	503,235	1,906
Capital Improvement.....	38,157	38,157	14,000	24,157	-
Total Education.....	59,181,817	60,428,817	55,971,827	3,959,984	497,006
Public Works					
Consolidated Public Works Administration					
Expenses.....	4,050	4,050	3,670	380	-
Equipment and unusual.....	470,024	470,024	66,593	398,551	4,880
Capital Improvement.....	7,425	7,425	208	7,217	-
Total.....	481,499	481,499	70,471	406,148	4,880
Consolidated Public Works					
Salaries.....	4,135,708	4,348,208	3,756,470	165,000	426,738
Street Cleaning					
Expenses.....	4,941	4,941	4,941	-	-
Highway Maintenance and Repair					
Expenses.....	108,385	108,385	54,506	37,439	16,440
Equipment and unusual.....	183,551	183,551	91,831	71,298	20,422
Capital Improvement.....	77,194	77,194	-	77,194	-
Total.....	369,130	369,130	146,337	185,931	36,862

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Snow and Ice Removal					
Expenses.....	433,650	2,133,650	1,973,830	150,000	9,820
Trees and Shrubs					
Expenses.....	35,377	35,377	25,136	3,296	6,945
Collection and Disposal of Rubbish					
Equipment and unusual.....	5,473,974	5,543,974	4,742,867	670,103	131,004
Public Vehicles					
Expenses.....	4,648	4,648	1,447	-	3,201
Public Vehicles Maintenance and Repair					
Expenses.....	302,936	332,936	325,542	7,394	-
Public Vehicles Gasoline and Oil					
Expenses.....	456,242	462,242	439,912	5,543	16,787
Equipment and unusual.....	2,000	2,000	2,000	-	-
Total.....	458,242	464,242	441,912	5,543	16,787
Parks					
Expenses.....	77,757	77,757	71,258	6,260	239
Total Public Works.....	11,777,862	13,796,362	11,560,211	1,599,675	636,476
Community Development					
Office of the City Planner					
Salaries.....	268,231	367,281	204,123	3,000	160,158
Expenses.....	2,000	2,000	2,000	-	-
Equipment and unusual.....	77,250	77,250	6,930	70,320	-
Capital Improvement.....	70,882	195,882	11,063	184,819	-
Total.....	418,363	642,413	224,116	258,139	160,158
Housing Office					
Salaries.....	206,276	295,130	206,626	3,000	85,504
Expenses.....	2,050	2,050	2,050	-	-
Capital Improvement.....	-	-	-	-	-
Total.....	208,326	297,180	208,676	3,000	85,504
Board of Survey and Planning					
Salaries.....	20,500	20,500	12,600	-	7,900
Expenses.....	5,183	5,183	3,759	-	1,424
Total.....	25,683	25,683	16,359	-	9,324
Zoning Board of Appeals					
Salaries.....	24,300	24,300	17,900	1,500	4,900
Expenses.....	28,331	28,331	17,299	674	10,358
Equipment and unusual.....	171	171	-	171	-
Total.....	52,802	52,802	35,199	2,345	15,258

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Traffic Commission					
Salaries.....	332,100	341,850	302,733	9,600	29,517
Expenses.....	73,780	73,780	43,328	5,895	24,557
Capital Improvement.....	34,713	34,713	27,020	7,693	-
Total.....	440,593	450,343	373,081	23,188	54,074
Conservation Commission					
Salaries.....	65,121	66,546	62,361	500	3,685
Expenses.....	4,825	4,825	2,400	63	2,362
Equipment and unusual.....	2,000	2,000	-	2,000	-
Capital Improvement.....	85,915	85,915	-	85,915	-
Total.....	157,861	159,286	64,761	88,478	6,047
Historical Commission					
Salaries.....	30,500	30,500	29,300	-	1,200
Expenses.....	8,593	8,593	6,400	375	1,818
Equipment and unusual.....	27,230	27,230	11,890	15,340	-
Total.....	66,323	66,323	47,590	15,715	3,018
Paine Estate Functions					
Salaries.....	85,283	87,908	79,641	1,500	6,767
Expenses.....	54,232	54,232	46,268	1,163	6,801
Equipment and unusual.....	-	-	-	-	-
Total.....	139,515	142,140	125,909	2,663	13,568
Building Code Enforcement					
Salaries.....	445,550	468,900	464,118	4,700	82
Expenses.....	10,050	10,050	9,332	250	468
Total.....	455,600	478,950	473,450	4,950	550
Engineering Design and Surveying					
Salaries.....	485,110	500,110	436,329	15,000	48,781
Expenses.....	8,550	8,550	7,752	-	798
Equipment and unusual.....	74,559	74,559	59,200	14,738	621
Capital Improvement.....	8,222	358,486	228,220	130,266	-
Total.....	576,441	941,705	731,501	160,004	50,200
Total Community Development.....	2,541,507	3,256,825	2,300,642	558,482	397,701
Health and Human Services					
Office of Public Health					
Salaries.....	217,194	223,944	206,754	2,500	14,690
Expenses.....	36,849	36,849	35,312	14	1,523
Equipment and unusual.....	10,200	10,200	10,060	-	140
Total.....	264,243	270,993	252,126	2,514	16,353
Health Inspections					
Salaries.....	415,244	427,844	413,841	4,500	9,503
Expenses.....	6,500	6,500	6,326	-	174
Total.....	421,744	434,344	420,167	4,500	9,677

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Veterans Benefits and Services					
Salaries.....	138,843	143,043	140,915	1,500	628
Expenses.....	212,182	212,182	171,893	-	40,289
Total.....	351,025	355,225	312,808	1,500	40,917
Council on Aging					
Salaries.....	268,680	312,520	285,305	6,100	21,115
Expenses.....	8,810	8,810	8,350	460	-
Equipment and unusual.....	-	-	-	-	-
Total.....	277,490	321,330	293,655	6,560	21,115
Meals on Wheels					
Salaries.....	51,790	53,440	52,826	600	14
Expenses.....	156,417	156,417	137,233	12,012	7,172
Equipment and unusual.....	-	4,717	4,577	-	140
Total.....	208,207	214,574	194,636	12,612	7,326
Celebration of Holidays					
Expenses.....	21,100	21,100	11,000	10,000	100
Handicap Services					
Salaries.....	7,000	7,000	5,800	-	1,200
Expenses.....	200	200	-	-	200
Equipment and unusual.....	-	-	-	-	-
Capital Improvement.....	55,000	55,000	-	55,000	-
Total.....	62,200	62,200	5,800	55,000	1,400
Total Health and Human Services.....	1,606,009	1,679,766	1,490,192	92,686	96,888
Culture and Recreation					
Library					
Salaries/Wages.....	1,701,906	1,760,406	1,723,221	23,000	14,185
Library General Support					
Expenses.....	257,240	339,678	333,995	5,656	27
Equipment and unusual.....	58,820	58,820	57,356	1,464	-
Capital Improvement.....	9,312	9,312	9,295	17	-
Total.....	325,372	407,810	400,646	7,137	27
Parks and Recreation General Support					
Salaries.....	358,790	369,290	364,227	4,000	1,063
Expenses.....	21,130	21,130	14,040	519	6,571
Equipment and unusual.....	8,276	8,276	-	6,269	2,007
Capital Improvement.....	66,492	136,492	50,500	85,992	-
Total.....	454,688	535,188	428,767	96,780	9,641
Playgrounds and Pools					
Salaries.....	40,168	40,168	30,704	-	9,464
Expenses.....	110,850	110,850	72,944	15,889	22,017
Equipment and unusual.....	10,000	10,000	7,021	-	2,979
Total.....	161,018	161,018	110,669	15,889	34,460

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Day Camps					
Salaries.....	55,844	55,844	47,482	-	8,362
Expenses.....	14,557	14,557	9,629	1,571	3,357
Total.....	70,401	70,401	57,111	1,571	11,719
Support of Recreation Activities					
Expenses.....	92,000	92,000	73,890	9,000	9,110
Recreation Activities					
Expenses.....	162,517	162,517	67,835	94,682	-
Total Culture and Recreation	2,967,902	3,189,340	2,862,139	248,059	79,142
Cemetery					
MT Feake, Grove Hill and Commission					
Salaries.....	3,300	3,300	3,300	-	-
Expenses.....	17,084	17,084	13,280	796	3,008
Total Cemetery	20,384	20,384	16,580	796	3,008
Pension benefits					
Contributory Retirement.....	12,631,677	12,631,677	12,412,792	218,885	-
Non-Contributory Retirement.....	84,950	84,950	60,340	24,610	-
Total.....	12,716,627	12,716,627	12,473,132	243,495	-
Employee benefits					
Worker's Compensation.....	386,686	611,686	599,121	12,565	-
Optional Medicare Extension.....	1,100,000	1,100,000	1,100,000	-	-
Hospital and Medical Insurance.....	29,961,924	31,671,924	31,505,744	166,180	-
Group Life Insurance - City.....	98,325	98,325	92,809	-	5,516
Social Security.....	25,000	25,000	25,000	-	-
Unemployment Compensation.....	21,770	21,770	2,495	13,109	6,166
Total.....	31,593,705	33,528,705	33,325,169	191,854	11,682
State and county charges.....	1,453,768	1,453,768	1,438,294	-	15,474
Debt service:					
Principal.....	5,270,000	6,070,000	5,270,000	800,000	-
Interest.....	3,070,620	3,655,384	2,638,497	1,016,887	-
TOTAL EXPENDITURES.....	172,632,757	180,149,159	165,959,414	10,889,750	3,299,995
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(15,040,452)	(22,372,854)	(7,801,473)	(10,889,750)	3,681,631
OTHER FINANCING SOURCES (USES):					
Premium from issuance of bonds.....	-	-	37,364	-	37,364
Transfers in.....	1,989,483	3,740,585	3,740,585	-	-
Transfers out.....	-	(152,288)	(152,288)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	1,989,483	3,588,297	3,625,661	-	37,364
NET CHANGE IN FUND BALANCE.....	(13,050,969)	(18,784,557)	(4,175,812)	(10,889,750)	3,718,995
BUDGETARY FUND BALANCE, Beginning of year.....	32,393,272	32,393,272	32,393,272	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 19,342,303	\$ 13,608,715	\$ 28,217,460	\$ (10,889,750)	\$ 3,718,995

(concluded)

See notes to required supplementary information.

Other Post-Employment Benefit Plan Schedules

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

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

**Other Post-Employment Benefit Plan
Schedule of Funding Progress**

June 30, 2008

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

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

See notes to required supplementary information.

**Other Post-Employment Benefit Plan
Actuarial Methods and Assumptions**

Actuarial Methods:

Valuation date.....	July 1, 2006
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Amortization payments increasing at 4.5%, closed
Remaining amortization period.....	30 years as of July 1, 2006

Actuarial Assumptions:

Investment rate of return.....	4.0%, pay-as-you-go
Medical/drug cost trend rate.....	9.0% graded to 5.0% over 8 years
Inflation assumption.....	4.0%

Plan Membership:

Current retirees, beneficiaries, and dependents....	1,193
Current active members.....	<u>1,254</u>
Total.....	<u><u>2,447</u></u>

See notes to required supplementary information.

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

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

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

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

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. These carry forwards are included as part of the subsequent fiscal year's original budget.

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The initial fiscal year 2008 approved budget authorized approximately \$162.1 million in appropriations and other amounts to be raised. Also approved were carry forwards totaling \$10.5 million. During fiscal year 2008, the Council also approved supplemental appropriations totaling approximately \$7.7 million (4% of initial budget). Approximately 92% of the supplemental appropriations are attributable to increases in police salaries, dispatch salaries, fire salaries, education salaries, public works salaries, snow and ice removal, employee benefits and debt principal and interest.

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

2. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2008, is presented below:

Net change in fund balance - budgetary basis.....	\$ (4,175,812)
<u>Basis of accounting differences:</u>	
Net change in revenues in recording 60 day receipts.....	(56,608)
Net change in revenues in recording tax refunds payable.....	(516,000)
Increase in revenues due to on-behalf payments.....	12,672,301
Net difference in recognition of expenditures.....	784,551
Increase in expenditures due to on-behalf payments.....	<u>(12,672,301)</u>
Net change in fund balance - GAAP basis.....	\$ <u><u>(3,963,869)</u></u>

NOTE B – OTHER POST-RETIREMENT BENEFITS

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

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

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets. Since this is the City’s initial year of implementation of GASB Statement 45, information for prior years is not available.

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

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

Combining Statements

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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.

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.

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2008

	Special Revenue Funds				
	Other Special Revenue	Highway Projects	Public Law Fund	City State Grants	School State Grants
ASSETS					
Cash and cash equivalents.....	\$ 1,023,337	\$ -	\$ -	\$ 281,522	\$ 1,177
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	635	-	-	-	-
Intergovernmental.....	-	2,725,760	-	-	-
Loans.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 1,023,972	\$ 2,725,760	\$ -	\$ 281,522	\$ 1,177
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 7,666	\$ -	\$ 27,700	\$ 67,549	\$ 10,526
Liabilities due depositors.....	-	-	-	-	-
Deferred revenues.....	635	2,423,220	-	-	-
Due to other funds.....	-	302,540	288,808	-	-
TOTAL LIABILITIES.....	8,301	2,725,760	316,508	67,549	10,526
FUND BALANCES:					
Reserved for:					
Perpetual permanent funds.....	-	-	-	-	-
Unreserved:					
Undesignated, reported in:					
Special revenue funds.....	1,015,671	-	(316,508)	213,973	(9,349)
Permanent funds.....	-	-	-	-	-
TOTAL FUND BALANCES.....	1,015,671	-	(316,508)	213,973	(9,349)
TOTAL LIABILITIES AND FUND BALANCES...	\$ 1,023,972	\$ 2,725,760	\$ -	\$ 281,522	\$ 1,177

Special Revenue Funds							
Insurance Recovery	Gifts	Sale of Lots/Graves	Revenue Reserve	School Lunch	Parking Meters	UDAG Nova Biomedical	Vocational School Reserve
\$ 13,752	\$ 855,787	\$ 937,305	\$ 407,739	\$ 576,558	\$ 1,035,753	\$ 544,727	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>13,752</u>	<u>855,787</u>	<u>937,305</u>	<u>407,739</u>	<u>576,558</u>	<u>1,035,753</u>	<u>544,727</u>	<u>-</u>
\$ -	\$ 3,626	\$ -	\$ 10,705	\$ 33,814	\$ 15,523	\$ 1,189	\$ 267
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	12,603
-	3,626	-	10,705	33,814	15,523	1,189	12,870
-	-	-	-	-	-	-	-
13,752	852,161	937,305	397,034	542,744	1,020,230	543,538	(12,870)
-	-	-	-	-	-	-	-
<u>13,752</u>	<u>852,161</u>	<u>937,305</u>	<u>397,034</u>	<u>542,744</u>	<u>1,020,230</u>	<u>543,538</u>	<u>(12,870)</u>
\$ <u>13,752</u>	\$ <u>855,787</u>	\$ <u>937,305</u>	\$ <u>407,739</u>	\$ <u>576,558</u>	\$ <u>1,035,753</u>	\$ <u>544,727</u>	\$ <u>-</u>

(Continued)

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2008

	Special Revenue Funds			
	Community Development	Public Safety Trust Funds	Traffic Impact Fund	Police Detail
ASSETS				
Cash and cash equivalents.....	\$ -	\$ 473,765	\$ 2,455,457	\$ -
Investments.....	-	-	-	-
Receivables, net of uncollectibles:				
Departmental and other.....	-	-	-	248,383
Intergovernmental.....	1,217,883	-	-	-
Loans.....	1,978,188	-	-	-
TOTAL ASSETS.....	\$ 3,196,071	\$ 473,765	\$ 2,455,457	\$ 248,383
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Warrants payable.....	\$ 2,600	\$ -	\$ 235,300	\$ 40,223
Liabilities due depositors.....	-	-	-	-
Deferred revenues.....	3,196,071	-	-	248,383
Due to other funds.....	37,855	-	-	210,902
TOTAL LIABILITIES.....	3,236,526	-	235,300	499,508
FUND BALANCES:				
Reserved for:				
Perpetual permanent funds.....	-	-	-	-
Unreserved:				
Undesignated, reported in:				
Special revenue funds.....	(40,455)	473,765	2,220,157	(251,125)
Permanent funds.....	-	-	-	-
TOTAL FUND BALANCES.....	(40,455)	473,765	2,220,157	(251,125)
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 3,196,071	\$ 473,765	\$ 2,455,457	\$ 248,383

Special Revenue Funds			Permanent Funds				Total Governmental Funds	
Fire Detail	Community Preservation	Subtotal	Paine Estate	Cemetery Perpetual Care	Other Permanent Funds	Subtotal		
\$ -	\$ 9,757,280	\$ 18,364,159	\$ 3,001	\$ 116,308	\$ 897,748	\$ 1,017,057	\$ 19,381,216	
-	-	-	-	-	1,086,880	1,086,880	1,086,880	
		-						
10,320	32,343	291,681	-	-	80,685	80,685	372,366	
-	1,306,958	5,250,601	-	-	-	-	5,250,601	
-	-	1,978,188	-	-	-	-	1,978,188	
<u>\$ 10,320</u>	<u>\$ 11,096,581</u>	<u>\$ 25,884,629</u>	<u>\$ 3,001</u>	<u>\$ 116,308</u>	<u>\$ 2,065,313</u>	<u>\$ 2,184,622</u>	<u>\$ 28,069,251</u>	
\$ 1,477	\$ 547	\$ 458,712	\$ 2,401	\$ 2,200	\$ 25,710	\$ 30,311	\$ 489,023	
-	-	-	600	-	-	600	600	
10,320	1,339,300	7,217,929	-	-	80,685	80,685	7,298,614	
10,593	-	863,301	-	-	-	-	863,301	
<u>22,390</u>	<u>1,339,847</u>	<u>8,539,942</u>	<u>3,001</u>	<u>2,200</u>	<u>106,395</u>	<u>111,596</u>	<u>8,651,538</u>	
-	-	-	-	-	1,719,969	1,719,969	1,719,969	
(12,070)	9,756,734	17,344,687	-	-	-	-	17,344,687	
-	-	-	-	114,108	238,949	353,057	353,057	
<u>(12,070)</u>	<u>9,756,734</u>	<u>17,344,687</u>	<u>-</u>	<u>114,108</u>	<u>1,958,918</u>	<u>2,073,026</u>	<u>19,417,713</u>	
<u>\$ 10,320</u>	<u>\$ 11,096,581</u>	<u>\$ 25,884,629</u>	<u>\$ 3,001</u>	<u>\$ 116,308</u>	<u>\$ 2,065,313</u>	<u>\$ 2,184,622</u>	<u>\$ 28,069,251</u>	

(Concluded)

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

FISCAL YEAR ENDED JUNE 30, 2008

	Special Revenue Funds				
	Other Special Revenue	Highway Projects	Public Law Fund	City State Grants	School State Grants
REVENUES:					
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -
Community preservation tax.....	-	-	-	-	-
Intergovernmental.....	87,367	1,570,325	2,381,018	524,212	310,072
Departmental and other.....	246,265	-	-	-	-
Contributions.....	-	-	-	-	-
Investment income.....	-	-	-	-	-
Miscellaneous.....	-	-	-	-	-
TOTAL REVENUES.....	333,632	1,570,325	2,381,018	524,212	310,072
EXPENDITURES:					
Current:					
General government.....	1,142	-	-	15,832	-
Public safety.....	1,790	-	-	362,722	-
Education.....	-	-	2,716,364	-	316,551
Public works.....	-	1,609,324	-	-	-
Cemetery.....	-	-	-	-	-
Community development.....	13,454	-	-	158,330	-
Human services.....	-	-	-	64,697	-
Culture and recreation.....	137,583	-	-	-	-
TOTAL EXPENDITURES.....	153,969	1,609,324	2,716,364	601,581	316,551
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	179,663	(38,999)	(335,346)	(77,369)	(6,479)
OTHER FINANCING SOURCES (USES):					
Transfers in.....	-	-	-	-	-
Transfers out.....	(82,438)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)...	(82,438)	-	-	-	-
NET CHANGE IN FUND BALANCES.....	97,225	(38,999)	(335,346)	(77,369)	(6,479)
FUND BALANCES AT BEGINNING OF YEAR.....	918,446	38,999	18,838	291,342	(2,870)
FUND BALANCES AT END OF YEAR.....	\$ 1,015,671	\$ -	\$ (316,508)	\$ 213,973	\$ (9,349)

Special Revenue Funds							
Insurance Recovery	Gifts	Sale of Lots/Graves	Revenue Reserve	School Lunch	Parking Meters	UDAG Nova Biomedical	Vocational School Reserve
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 436,355	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	1,613,740	756,924	-	-	-
-	-	84,300	-	873,328	-	-	-
-	260,074	-	-	-	-	-	-
-	-	-	-	871	-	-	-
72,144	-	-	-	-	-	15,400	52,266
72,144	260,074	84,300	1,613,740	1,631,123	436,355	15,400	52,266
69,981	-	-	-	-	-	-	-
4,718	3,456	-	-	-	-	-	-
-	-	-	2,009,766	1,517,731	-	-	39,560
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	192,158	-	-	-	362,282	195,722	-
-	22,779	-	-	-	-	-	-
-	16,199	-	-	-	-	-	-
74,699	234,592	-	2,009,766	1,517,731	362,282	195,722	39,560
(2,555)	25,482	84,300	(396,026)	113,392	74,073	(180,322)	12,706
-	-	-	152,288	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	152,288	-	-	-	-
(2,555)	25,482	84,300	(243,738)	113,392	74,073	(180,322)	12,706
16,307	826,679	853,005	640,772	429,352	946,157	723,860	(25,576)
\$ 13,752	\$ 852,161	\$ 937,305	\$ 397,034	\$ 542,744	\$ 1,020,230	\$ 543,538	\$ (12,870)

(Continued)

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2008

	Special Revenue Funds			
	Community Development	Public Safety Trust Funds	Traffic Impact Fund	Police Detail
REVENUES:				
Charges for services.....	\$ -	\$ -	\$ -	\$ -
Community preservation tax.....	-	-	-	-
Intergovernmental.....	1,716,441	-	-	-
Departmental and other.....	-	158,004	-	-
Contributions.....	-	-	-	-
Investment income.....	280	-	21,184	-
Miscellaneous.....	116,135	-	640,343	1,997,542
TOTAL REVENUES.....	1,832,856	158,004	661,527	1,997,542
EXPENDITURES:				
Current:				
General government.....	-	-	-	-
Public safety.....	-	82,789	-	1,981,043
Education.....	-	-	-	-
Public works.....	-	-	-	-
Cemetery.....	-	-	-	-
Community development.....	1,756,126	-	278,278	-
Human services.....	-	-	-	-
Culture and recreation.....	-	-	-	-
TOTAL EXPENDITURES.....	1,756,126	82,789	278,278	1,981,043
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	76,730	75,215	383,249	16,499
OTHER FINANCING SOURCES (USES):				
Transfers in.....	-	-	-	-
Transfers out.....	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	-
NET CHANGE IN FUND BALANCES.....	76,730	75,215	383,249	16,499
FUND BALANCES AT BEGINNING OF YEAR.....	(117,185)	398,550	1,836,908	(267,624)
FUND BALANCES AT END OF YEAR.....	\$ (40,455)	\$ 473,765	\$ 2,220,157	\$ (251,125)

Special Revenue Funds			Permanent Funds			Total Governmental Funds
Fire Detail	Community Preservation	Subtotal	Cemetery Perpetual Care	Other Permanent Funds	Subtotal	
\$ -	\$ -	\$ 436,355	\$ -	\$ -	\$ -	\$ 436,355
-	2,215,987	2,215,987	-	-	-	2,215,987
-	1,894,851	10,854,950	-	-	-	10,854,950
-	-	1,361,897	86,715	22,190	108,905	1,470,802
-	-	260,074	-	-	-	260,074
-	-	22,335	-	17,516	17,516	39,851
181,487	-	3,075,317	-	-	-	3,075,317
181,487	4,110,838	18,226,915	86,715	39,706	126,421	18,353,336
-	-	86,955	-	-	-	86,955
172,553	-	2,609,071	-	-	-	2,609,071
-	-	6,599,972	-	-	-	6,599,972
-	-	1,609,324	-	-	-	1,609,324
-	-	-	67,622	-	67,622	67,622
-	90,854	3,047,204	-	1,774	1,774	3,048,978
-	-	87,476	-	-	-	87,476
-	-	153,782	-	-	-	153,782
172,553	90,854	14,193,784	67,622	1,774	69,396	14,263,180
8,934	4,019,984	4,033,131	19,093	37,932	57,025	4,090,156
-	-	152,288	-	-	-	152,288
-	-	(82,438)	-	-	-	(82,438)
-	-	69,850	-	-	-	69,850
8,934	4,019,984	4,102,981	19,093	37,932	57,025	4,160,006
(21,004)	5,736,750	13,241,706	95,015	1,920,986	2,016,001	15,257,707
\$ (12,070)	\$ 9,756,734	\$ 17,344,687	\$ 114,108	\$ 1,958,918	\$ 2,073,026	\$ 19,417,713

(Concluded)

Private Purpose Trust Funds

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

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

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

JUNE 30, 2008

	Private Purpose Trust Funds		
	Scholarship Trust Funds	Housing Trust Funds	Total
ASSETS			
Cash and cash equivalents.....	\$ 1,217,356	\$ 2,554,739	\$ 3,772,095
Government agencies.....	221,314	-	221,314
Government sponsored enterprises.....	1,109,770	-	1,109,770
Corporate bonds.....	27,683	-	27,683
TOTAL ASSETS.....	2,576,123	2,554,739	5,130,862
NET ASSETS			
Held in trust for other purposes.....	\$ <u>2,576,123</u>	\$ <u>2,554,739</u>	\$ <u>5,130,862</u>

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

FISCAL YEAR ENDED JUNE 30, 2008

	Private Purpose Trust Funds		
	Scholarship Trust Funds	Housing Trust Funds	Total
<u>ADDITIONS:</u>			
Contributions:			
Private donations.....	\$ 27,294	\$ -	\$ 27,294
Net investment income (loss):			
Interest.....	133,046	94,440	227,486
TOTAL ADDITIONS.....	160,340	94,440	254,780
<u>DEDUCTIONS:</u>			
Educational scholarships.....	97,936	-	97,936
Housing subsidies.....	-	384,799	384,799
TOTAL DEDUCTIONS.....	97,936	384,799	482,735
CHANGE IN NET ASSETS.....	62,404	(290,359)	(227,955)
NET ASSETS AT BEGINNING OF YEAR.....	2,513,719	2,845,098	5,358,817
NET ASSETS AT END OF YEAR.....	\$ 2,576,123	\$ 2,554,739	\$ 5,130,862

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, 2008

	Beginning of Year	Additions	Deletions	End of Year
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 735,303	\$ 911,545	\$ (915,965)	\$ 730,883
TOTAL ASSETS.....	<u>\$ 735,303</u>	<u>\$ 911,545</u>	<u>\$ (915,965)</u>	<u>\$ 730,883</u>
LIABILITIES				
Warrants payable.....	\$ 42,793	\$ 5,654	\$ (42,793)	\$ 5,654
Liabilities due depositors.....	<u>692,510</u>	<u>905,891</u>	<u>(873,172)</u>	<u>725,229</u>
TOTAL LIABILITIES.....	<u>\$ 735,303</u>	<u>\$ 911,545</u>	<u>\$ (915,965)</u>	<u>\$ 730,883</u>

Statistical Section



Waltham Common

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 Seven Fiscal Years

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Governmental activities							
Invested in capital assets, net of related debt.....	\$ 25,019,462	\$ 60,722,841	\$ 82,314,542	\$ 124,736,372	\$ 152,292,512	\$ 151,715,584	\$ 171,905,810
Restricted.....	5,119,144	7,967,649	7,615,103	8,662,081	6,684,687	6,772,208	8,155,442
Unrestricted.....	<u>54,994,371</u>	<u>57,411,609</u>	<u>50,684,886</u>	<u>44,046,989</u>	<u>48,221,543</u>	<u>54,748,751</u>	<u>33,997,510</u>
Total governmental activities net assets.....	<u>\$ 85,132,977</u>	<u>\$ 126,102,099</u>	<u>\$ 140,614,531</u>	<u>\$ 177,445,442</u>	<u>\$ 207,198,742</u>	<u>\$ 213,236,543</u>	<u>\$ 214,058,762</u>
Business-type activities							
Invested in capital assets, net of related debt.....	12,193,808	12,894,413	13,804,798	13,963,633	18,461,108	13,954,222	15,605,526
Unrestricted.....	<u>9,473,742</u>	<u>13,406,944</u>	<u>13,514,487</u>	<u>13,806,301</u>	<u>9,336,814</u>	<u>14,469,972</u>	<u>16,754,344</u>
Total business-type activities net assets.....	<u>\$ 21,667,550</u>	<u>\$ 26,301,357</u>	<u>\$ 27,319,285</u>	<u>\$ 27,769,934</u>	<u>\$ 27,797,922</u>	<u>\$ 28,424,194</u>	<u>\$ 32,359,870</u>
Primary government							
Invested in capital assets, net of related debt.....	37,213,270	73,617,254	96,119,340	138,700,005	170,753,620	165,669,806	187,511,336
Restricted.....	5,119,144	7,967,649	7,615,103	8,662,081	6,684,687	6,772,208	8,155,442
Unrestricted.....	<u>64,468,113</u>	<u>70,818,553</u>	<u>64,199,373</u>	<u>57,853,290</u>	<u>57,558,357</u>	<u>69,218,723</u>	<u>50,751,854</u>
Total primary government net assets.....	<u>\$ 106,800,527</u>	<u>\$ 152,403,456</u>	<u>\$ 167,933,816</u>	<u>\$ 205,215,376</u>	<u>\$ 234,996,664</u>	<u>\$ 241,660,737</u>	<u>\$ 246,418,632</u>

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental activities:							
General government.....	\$ 14,021,793	\$ 12,355,882	\$ 12,444,145	\$ 13,320,809	\$ 14,520,021	\$ 12,917,933	\$ 17,111,938
Public safety.....	41,090,289	40,660,657	41,995,107	44,049,354	50,909,121	51,474,647	60,061,318
Education.....	59,523,029	75,392,346	82,632,614	68,347,498	73,919,709	80,401,032	84,688,023
Public works.....	14,616,755	14,178,064	12,568,134	16,152,974	18,652,115	20,579,714	26,752,145
Cemetery.....	738,516	838,174	824,429	1,578,889	1,474,821	1,126,336	1,595,509
Community development.....	4,552,851	5,861,444	4,862,504	4,540,088	5,476,630	6,759,496	7,668,865
Health and human services.....	2,915,583	2,798,609	1,992,123	3,046,334	3,292,245	3,470,880	4,899,408
Culture and recreation.....	4,131,335	3,371,350	5,903,371	7,718,497	5,877,982	6,204,482	8,006,526
Claims and judgments.....	2,693	63,976	-	-	-	-	-
Interest.....	869,406	1,618,856	2,211,900	2,884,943	3,236,060	2,709,385	2,596,363
Total government activities expenses.....	142,462,250	157,139,358	165,434,327	161,639,386	177,358,704	185,643,905	213,380,095
Business-type activities:							
Sewer.....	10,461,985	11,265,096	11,691,185	11,790,299	11,965,061	13,777,149	14,657,691
Water.....	7,355,065	7,153,861	7,868,940	8,550,968	9,393,920	10,217,450	10,077,596
Veterans Memorial Rink.....	-	-	-	-	333,078	347,630	419,504
Total business-type activities expenses.....	17,817,050	18,418,957	19,560,125	20,341,267	21,692,059	24,342,229	25,154,791
Total primary government expenses.....	\$ 160,279,300	\$ 175,558,315	\$ 184,994,452	\$ 181,980,653	\$ 199,050,763	\$ 209,986,134	\$ 238,534,886
Program Revenues							
Governmental activities:							
General government charges for services.....	\$ 911,840	\$ 896,662	\$ 3,384,744	\$ 4,275,144	\$ 5,853,560	\$ 4,887,671	\$ 5,544,479
Public Safety charges for services.....	4,359,428	4,786,769	2,136,268	2,276,575	2,775,278	2,647,054	2,728,799
Education charges for services.....	1,338,875	1,443,669	2,348,013	1,139,884	986,328	1,127,686	1,122,257
Public works charges for services.....	73,402	156,285	162,640	260,631	905,996	1,236,178	1,700,354
Other charges for services.....	829,464	975,761	1,380,304	1,916,080	1,918,592	2,154,647	2,296,543
Operating grants and contributions.....	13,559,705	28,492,174	30,593,121	32,857,733	34,232,895	36,115,750	36,507,186
Capital grants and contributions.....	1,539,564	27,971,905	19,770,608	31,578,071	10,409,121	6,498,738	24,884,028
Total government activities program revenues.....	22,612,278	64,723,225	59,775,698	74,304,118	57,081,770	54,667,724	74,783,646
Business-type activities:							
Sewer and water charges for services.....	20,895,152	20,332,731	-	-	-	-	-
Sewer charges for services.....	-	-	11,485,059	11,850,305	11,953,817	13,764,259	16,311,578
Water charges for services.....	-	-	9,072,704	8,880,173	9,313,013	10,456,605	12,353,427
Veterans Memorial Rink charges for services.....	-	-	-	-	277,761	345,096	351,698
Water capital grants and contributions.....	-	-	-	-	-	270,000	-
Total business-type activities program revenues.....	20,895,152	20,332,731	20,557,763	20,730,478	21,544,591	24,835,960	29,016,703
Total primary government program revenues.....	\$ 43,507,430	\$ 85,055,956	\$ 80,333,461	\$ 95,034,596	\$ 78,626,361	\$ 79,503,684	\$ 103,800,349
Net (Expense)/Revenue							
Governmental activities.....	\$ (119,849,972)	\$ (92,416,133)	\$ (105,658,629)	\$ (87,335,268)	\$ (120,276,934)	\$ (130,976,181)	\$ (138,596,449)
Business-type activities.....	3,078,102	1,913,774	(19,560,125)	(20,341,267)	(147,468)	493,731	3,861,912
Total primary government net expense.....	\$ (116,771,870)	\$ (90,502,359)	\$ (125,218,754)	\$ (107,676,535)	\$ (120,424,402)	\$ (130,482,450)	\$ (134,734,537)
General Revenues and other Changes in Net Assets							
Governmental activities:							
Real estate and personal property taxes, net of tax refunds payable.....	\$ 95,184,809	\$ 100,133,375	\$ 105,990,642	\$ 108,567,617	\$ 111,785,303	\$ 114,706,884	\$ 117,203,576
Tax liens.....	598,125	345,338	446,657	443,667	183,072	496,762	358,871
Motor vehicle and other excise taxes.....	7,489,695	6,145,014	5,821,144	6,414,380	6,405,194	6,223,714	6,585,465
Hotel/motel tax.....	1,343,130	1,413,824	1,494,529	1,577,119	1,791,211	1,983,506	2,177,556
Community preservation tax.....	-	-	-	-	1,835,071	2,126,162	2,215,987
Penalties and interest on taxes.....	767,868	586,956	511,752	457,007	404,635	449,572	449,873
Payments in lieu of taxes.....	255,976	82,257	43,113	45,000	95,301	33,200	9,600
Grants and contributions not restricted to specific programs.....	12,635,472	4,941,207	4,891,647	4,934,967	5,592,015	7,693,618	8,152,388
Unrestricted investment income.....	1,849,779	1,282,315	971,577	1,726,423	2,846,099	3,359,616	2,265,352
Miscellaneous.....	2,587,768	-	-	-	-	-	-
Transfers.....	(92,500)	(138,416)	-	-	(100,000)	(59,052)	-
Total governmental activities.....	122,620,122	114,791,870	120,171,061	124,166,180	130,837,901	137,013,982	139,418,668
Business-type activities:							
Unrestricted investment income.....	13,439	40,495	20,290	61,438	75,456	73,489	73,764
Transfers.....	92,500	138,416	-	-	100,000	59,052	-
Total business-type activities.....	105,939	178,911	20,290	61,438	175,456	132,541	73,764
Total primary government.....	\$ 122,726,061	\$ 114,970,781	\$ 120,191,351	\$ 124,227,618	\$ 131,013,357	\$ 137,146,523	\$ 139,492,432
Changes in Net Assets							
Governmental activities.....	\$ 2,770,150	\$ 22,375,737	\$ 14,512,432	\$ 36,830,912	\$ 10,560,967	\$ 6,037,801	\$ 822,219
Business-type activities.....	3,184,041	2,092,685	(19,539,835)	(20,279,829)	27,988	626,272	3,935,676
Total primary government.....	\$ 5,954,191	\$ 24,468,422	\$ (5,027,403)	\$ 16,551,083	\$ 10,588,955	\$ 6,664,073	\$ 4,757,895

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved.....	\$ 5,954,701	\$ 6,318,895	\$ 9,158,131	\$ 12,251,925	\$ 11,452,472	\$ 8,578,650	\$ 11,538,490	\$ 13,343,295	\$ 10,491,290	\$ 10,889,750
Unreserved.....	<u>16,679,561</u>	<u>22,311,030</u>	<u>26,137,384</u>	<u>22,818,750</u>	<u>22,078,742</u>	<u>20,981,827</u>	<u>18,059,088</u>	<u>18,951,797</u>	<u>21,677,383</u>	<u>17,315,054</u>
Total general fund.....	<u>\$ 22,634,262</u>	<u>\$ 28,629,925</u>	<u>\$ 35,295,515</u>	<u>\$ 35,070,675</u>	<u>\$ 33,531,214</u>	<u>\$ 29,560,477</u>	<u>\$ 29,597,578</u>	<u>\$ 32,295,092</u>	<u>\$ 32,168,673</u>	<u>\$ 28,204,804</u>
All Other Governmental Funds										
Reserved.....	\$ 852,926	\$ 11,979	\$ 59,546	\$ 1,694,401	\$ 1,667,463	\$ 1,506,344	\$ 1,529,871	\$ 1,664,119	\$ 1,697,219	\$ 1,719,969
Unreserved, reported in:										
Special revenue funds.....	6,141,661	9,784,625	15,108,508	10,912,444	13,929,864	19,805,905	17,596,831	18,455,420	22,165,402	24,975,115
Capital projects funds.....	808,769	(821,469)	(4,653,295)	(30,791,122)	(47,319,847)	(57,961,099)	(58,937,147)	(38,767,997)	(1,254,426)	6,907,731
Permanent funds.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>571,381</u>	<u>823,330</u>	<u>352,555</u>	<u>291,743</u>	<u>320,541</u>	<u>318,782</u>	<u>353,057</u>
Total all other governmental funds.....	<u>\$ 7,803,356</u>	<u>\$ 8,975,135</u>	<u>\$ 10,514,759</u>	<u>\$ (17,612,896)</u>	<u>\$ (30,899,190)</u>	<u>\$ (36,296,295)</u>	<u>\$ (39,518,702)</u>	<u>\$ (18,327,917)</u>	<u>\$ 22,926,977</u>	<u>\$ 33,955,872</u>

Fiscal years 1999 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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 76,630,085	\$ 83,065,177	\$ 89,616,993	\$ 95,023,169	\$ 100,332,563	\$ 106,199,284	\$ 108,293,615	\$ 111,573,036	\$ 114,743,267	\$ 116,937,707
Tax liens.....	-	-	-	598,125	316,588	577,972	568,874	388,786	271,339	249,893
Motor vehicle and other excise taxes.....	4,678,087	5,260,286	5,634,915	7,451,112	7,387,227	6,163,156	6,524,925	6,360,950	5,989,376	6,826,127
Community preservation tax.....	-	-	-	-	-	-	-	1,797,283	2,126,162	2,215,987
Hotel/motel tax.....	-	-	-	-	-	1,494,529	1,577,119	1,791,211	1,983,506	2,177,556
Charges for services.....	-	-	-	4,527,541	4,481,348	406,699	362,048	350,460	342,937	436,355
Penalties and interest on taxes.....	-	-	-	767,868	586,956	511,752	457,007	404,635	449,572	449,873
Fees and rentals.....	-	-	-	-	-	370,277	428,481	405,660	501,438	536,719
Payment in lieu of taxes.....	-	-	-	255,976	82,257	43,113	45,000	95,301	33,200	9,600
Licenses and permits.....	-	-	-	2,365,092	2,727,429	2,834,822	3,299,548	3,535,083	4,355,487	4,946,886
Fines and forfeitures.....	-	-	-	562,872	528,875	522,345	522,629	482,128	544,149	585,032
Intergovernmental.....	25,716,499	26,041,595	30,737,955	27,858,215	27,944,662	34,350,305	59,213,246	84,495,059	72,937,451	70,472,597
Departmental and other.....	14,794,609	13,845,418	15,507,424	-	-	2,434,584	2,715,559	4,073,952	2,157,758	2,307,716
Special assessments.....	-	-	-	-	-	151,837	191,038	121,514	118,998	106,883
Contributions.....	-	-	-	868,234	179,929	759,407	333,040	539,784	155,691	260,074
Investment income.....	1,683,731	1,894,698	2,767,360	1,946,079	1,170,914	871,766	1,501,818	2,497,639	2,921,715	1,979,159
Miscellaneous.....	907,663	965,778	1,376,482	1,500,020	2,648,918	1,277,946	1,440,595	2,006,458	2,448,795	3,075,317
Total Revenue.....	124,410,674	131,072,952	145,641,129	143,724,303	148,387,666	158,969,794	187,474,542	220,918,939	212,080,841	213,573,481
Expenditures:										
General government.....	14,597,465	10,530,816	11,322,779	11,361,053	10,259,888	9,350,364	8,586,286	8,447,755	8,414,315	8,806,897
Public safety.....	23,217,348	23,793,589	24,338,056	26,429,319	27,344,357	26,051,354	26,888,370	28,279,739	30,092,856	30,177,858
Education.....	43,095,514	46,216,041	48,662,367	51,471,674	53,211,630	62,357,832	66,497,101	68,856,050	73,644,435	75,244,100
Public works.....	10,167,716	7,420,348	7,594,632	7,016,257	8,915,726	9,905,785	10,148,914	11,852,728	10,298,692	11,497,885
Cemetery.....	543,990	570,967	602,069	644,773	620,341	611,240	575,804	91,379	94,670	84,202
Community development.....	2,760,870	3,307,479	2,477,866	5,507,712	5,423,132	4,459,788	3,438,692	4,490,448	3,452,090	5,186,866
Health and human services.....	1,091,207	1,042,386	1,045,645	1,548,259	1,565,382	1,333,886	1,446,547	1,525,335	1,571,631	1,569,112
Culture and recreation.....	2,494,179	2,662,239	2,637,838	3,521,925	3,878,939	3,557,754	3,446,171	2,896,147	2,856,531	3,050,634
Pension benefits.....	7,229,323	7,724,580	8,049,554	8,458,400	9,050,567	8,656,467	9,665,038	10,116,370	10,556,442	12,081,677
Employee benefits.....	12,600,000	14,400,000	16,035,000	20,932,586	22,768,151	26,159,701	25,304,094	26,429,630	28,246,033	33,074,839
Claims and judgments.....	-	-	-	2,693	63,977	-	-	-	-	-
State and county charges.....	1,704,308	1,752,135	1,650,269	1,679,366	1,589,676	1,449,923	1,362,478	1,325,343	1,419,642	1,438,294
Capital outlay.....	2,427,425	2,108,574	14,448,040	26,169,476	34,134,291	35,364,211	46,214,191	14,582,399	10,815,801	46,058,616
Debt service.....	-	-	-	-	-	-	-	-	-	-
Principal.....	2,975,000	1,965,000	1,690,000	2,140,000	1,730,000	3,865,000	4,120,000	25,055,000	5,520,000	5,270,000
Interest.....	545,246	411,356	321,800	787,692	1,047,839	2,468,187	3,254,358	3,432,451	3,000,128	2,638,497
Total Expenditures.....	125,449,591	123,905,510	140,875,915	167,671,185	181,603,896	195,591,492	210,948,044	207,380,774	189,983,266	236,179,477
Excess of revenues over (under) expenditures.....	(1,038,917)	7,167,442	4,765,214	(23,946,882)	(33,216,230)	(36,621,698)	(23,473,502)	13,538,165	22,097,575	(22,605,996)
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	-	-	3,440,000	-	17,140,000	25,635,000	19,885,000	-	18,470,000	29,633,658
Premium from issuance of bonds and notes.....	-	-	-	-	1,360,141	980,374	403,197	-	619,952	37,364
Sale of capital assets.....	-	-	-	308,000	28,750	-	-	-	-	-
Transfers in.....	4,564,421	1,226,715	6,997,781	6,406,687	4,727,086	4,145,419	2,604,231	152,288	1,700,597	1,903,390
Transfers out.....	(4,564,421)	(1,226,715)	(6,997,781)	(6,499,187)	(4,765,502)	(4,145,419)	(2,604,231)	(82,438)	(1,759,649)	(1,903,390)
Total other financing sources (uses).....	-	-	3,440,000	215,500	18,390,475	26,615,374	20,288,197	69,850	19,030,900	29,671,022
Net change in fund balance.....	\$ (1,038,917)	\$ 7,167,442	\$ 8,205,214	\$ (23,731,382)	\$ (14,825,755)	\$ (10,006,324)	\$ (3,185,305)	\$ 13,608,015	\$ 41,128,475	\$ 7,065,026
Debt service as a percentage of noncapital expenditures....	2.86%	1.95%	1.59%	2.07%	1.88%	3.86%	4.61%	4.47% (a)	4.76%	4.22%

Notes:

- Fiscal years 1999 through 2001 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.

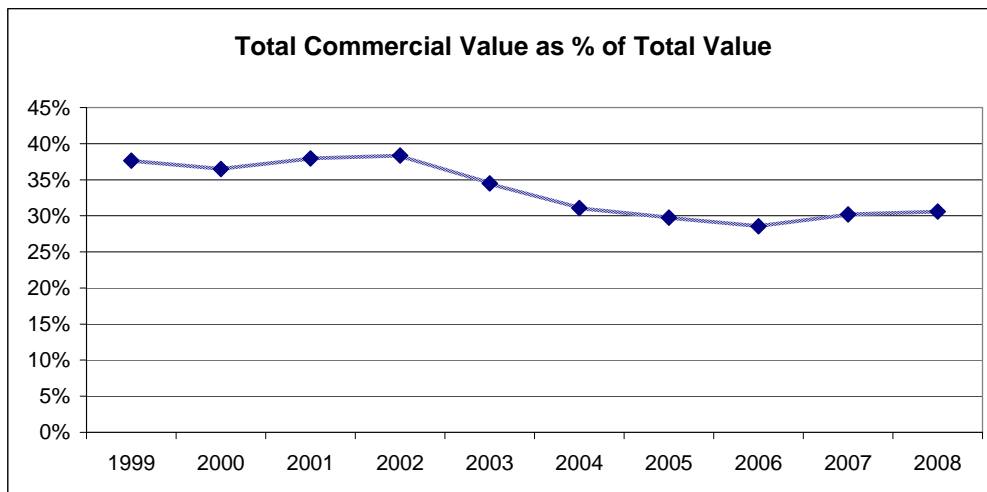
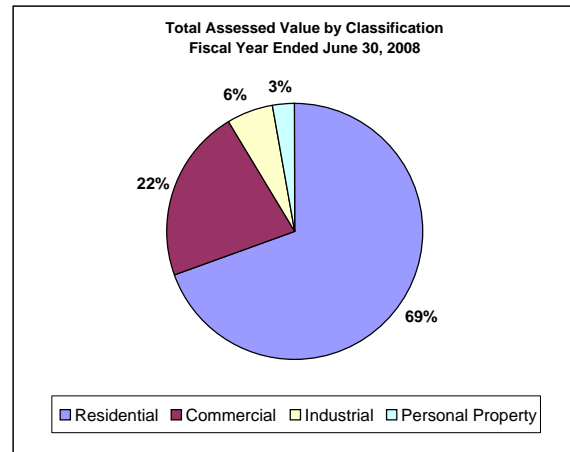
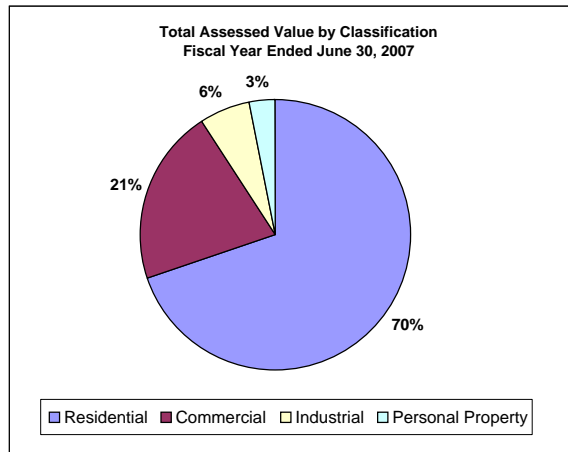
- In fiscal year 2004, the on-behalf payments by the Commonwealth for teachers pension benefits were reported for the first time.

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

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

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

Fiscal Year	Assessed and Actual Values and Tax Rates								Total City Value
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate	
1999	\$2,780,183,200	\$12.74	\$1,116,144,900	\$400,403,800	\$160,046,900	\$ 1,676,595,600	\$28.60	\$18.71	\$4,456,778,800
2000 (1)	\$3,241,556,800	\$11.71	\$1,308,881,600	\$395,665,600	\$158,036,200	\$ 1,862,583,400	\$27.53	\$17.48	\$5,104,140,200
2001	\$3,703,170,200	\$11.10	\$1,643,470,100	\$436,956,200	\$186,047,200	\$ 2,266,473,500	\$24.46	\$16.17	\$5,969,643,700
2002	\$4,240,407,600	\$10.47	\$1,934,142,400	\$465,370,900	\$236,955,700	\$ 2,636,469,000	\$22.60	\$15.12	\$6,876,876,600
2003 (1)	\$4,925,898,587	\$9.67	\$1,895,463,068	\$466,912,733	\$233,376,400	\$ 2,595,752,201	\$23.65	\$14.49	\$7,521,650,788
2004	\$5,429,509,969	\$9.21	\$1,666,556,449	\$503,907,238	\$275,467,674	\$ 2,445,931,361	\$26.31	\$14.52	\$7,875,441,330
2005	\$5,487,525,201	\$9.89	\$1,550,274,117	\$487,910,338	\$285,014,010	\$ 2,323,198,465	\$27.87	\$15.24	\$7,810,723,666
2006 (1)	\$5,943,352,380	\$10.33	\$1,592,360,048	\$500,429,864	\$280,132,600	\$ 2,372,922,512	\$25.77	\$14.74	\$8,316,274,892
2007	\$6,313,415,259	\$9.97	\$1,904,693,049	\$556,350,782	\$268,794,020	\$ 2,729,837,851	\$22.97	\$13.89	\$9,043,253,110
2008	\$6,252,981,375	\$10.55	\$1,976,938,538	\$522,963,697	\$256,840,580	\$ 2,756,742,815	\$23.21	\$14.42	\$9,009,724,190



(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.

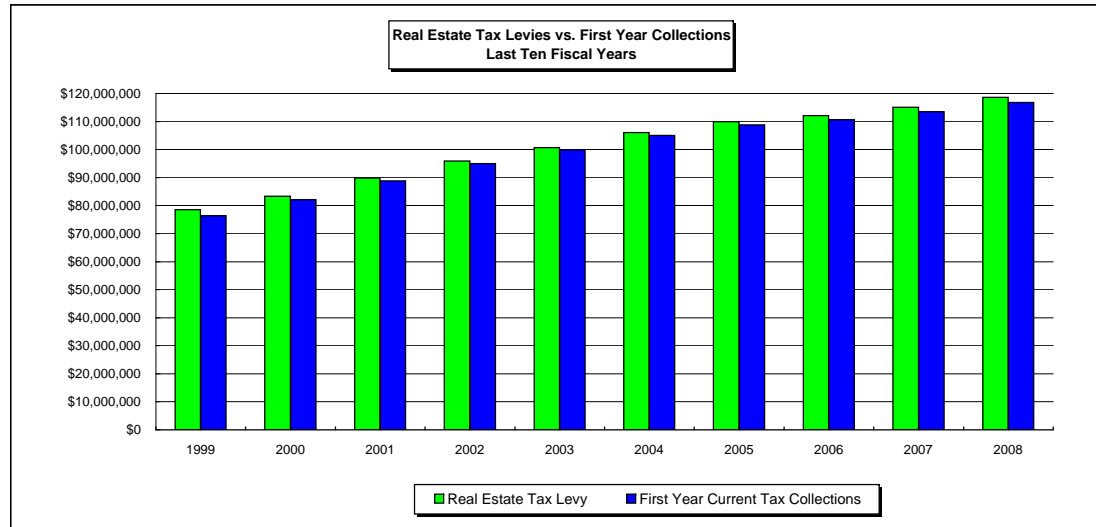
**City of Waltham, Massachusetts
Principal Taxpayers
Current Year and Nine Years Ago**

Name	Nature of Business	2008			1999		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
BCCC Property LLC	Office	\$167,278,500	1	1.86%	-	-	-
Windsor Village	Apartments	\$76,556,020	2	0.85%	\$49,151,200	5	1.21%
Boston Properties LLC	Office	\$75,957,410	3	0.84%	-	-	-
Astra	Office	\$74,810,120	4	0.83%	-	-	-
MMS Lot & MMS Winter St LLC	Office	\$67,440,500	5	0.75%	-	-	-
NSTAR	Utility	\$67,292,490	6	0.75%	-	-	-
Gardencrest Apartments	Apartments	\$66,676,500	7	0.74%	\$41,423,500	7	1.02%
ASN-Massachusetts Holdings Inc.	Apartments	\$64,579,500	8	0.72%	-	-	-
PD Winter Street Trust	Office	\$63,873,000	9	0.71%	-	-	-
Longview Place, LLC. Hope Ave.	Office	\$61,112,000	10	0.68%	-	-	-
Bay Colony	Office Building	-	-	-	\$119,644,400	1	2.96%
Polaroid	Manufacturing	-	-	-	\$72,478,900	2	1.79%
Reservoir Place	Office Building	-	-	-	\$71,359,200	3	1.76%
404 Wyman St.	Office Building	-	-	-	\$57,273,600	4	1.42%
The Realty Assoc Fund III	Office Building	-	-	-	\$46,834,200	6	1.16%
The Realty Assoc Fund II	Office Building	-	-	-	\$37,843,900	8	0.94%
Brandeis University	Office Building	-	-	-	\$37,799,900	9	0.93%
Boston Edison	Utility	-	-	-	\$37,453,800	10	0.93%
	Totals	<u>\$785,576,040</u>		<u>8.73%</u>	<u>\$571,262,600</u>		<u>14.12%</u>

Source: Assessor's Department, City of Waltham

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

Fiscal Year		(2) Total Tax Levy	Less Abatements & Exemptions	(2) Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Tax to Net Tax Levy
1999		\$ 79,142,812	\$ 566,126	\$ 78,576,686	99.28%	\$ 76,374,778	97.20%	\$ 2,403,400	\$ 78,778,178	100.26%	\$ (201,492)	-0.26%
2000	(1)	\$ 83,572,834	\$ 262,577	\$ 83,310,257	99.69%	\$ 82,061,607	98.50%	\$ 2,022,729	\$ 84,084,336	100.93%	\$ (774,079)	-0.93%
2001		\$ 90,354,249	\$ 458,871	\$ 89,895,378	99.49%	\$ 88,868,671	98.86%	\$ 928,217	\$ 89,796,888	99.89%	\$ 98,490	0.11%
2002		\$ 97,132,870	\$ 1,192,539	\$ 95,940,331	98.77%	\$ 95,010,950	99.03%	\$ 961,410	\$ 95,972,360	100.03%	\$ (32,029)	-0.03%
2003	(1)	\$ 101,680,103	\$ 946,821	\$ 100,733,282	99.07%	\$ 99,955,013	99.23%	\$ 1,182,257	\$ 101,137,270	100.40%	\$ (403,988)	-0.40%
2004		\$ 106,597,742	\$ 579,050	\$ 106,018,692	99.46%	\$ 105,093,822	99.13%	\$ 1,435,171	\$ 106,528,993	100.48%	\$ (510,301)	-0.48%
2005		\$ 110,522,720	\$ 526,233	\$ 109,996,487	99.52%	\$ 108,786,615	98.90%	\$ 802,867	\$ 109,589,482	99.63%	\$ 407,005	0.37%
2006	(1)	\$ 112,831,612	\$ 729,197	\$ 112,102,415	99.35%	\$ 110,628,939	98.69%	\$ 339,428	\$ 110,968,367	98.99%	\$ 1,134,048	1.01%
2007		\$ 115,760,050	\$ 650,404	\$ 115,109,646	99.44%	\$ 113,547,290	98.64%	\$ 1,190,823	\$ 114,738,113	99.68%	\$ 371,533	0.32%
2008		\$ 119,538,305	\$ 918,871	\$ 118,619,434	99.23%	\$ 116,826,578	98.49%	\$ -	\$ 116,826,578	98.49%	\$ 1,792,856	1.51%



(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
1999	57,878	\$1,525,895,592	\$4,202,403,400	\$9,270,000	\$0	\$160	0.61%	0.22%
2000	59,226	\$1,561,434,264	\$5,461,431,800	\$7,305,000	\$0	\$123	0.47%	0.13%
2001	59,226	\$1,561,434,264	\$5,461,431,800	\$9,055,000	\$0	\$153	0.58%	0.17%
2002	59,226	\$1,561,434,264	\$7,455,289,200	\$6,915,000	\$0	\$117	0.44%	0.09%
2003	59,226	\$1,561,434,264	\$7,455,289,200	\$22,325,000	\$0	\$377	1.43%	0.30%
2004	59,226	\$1,561,434,264	\$8,289,720,700	\$44,095,000	\$0	\$745	2.82%	0.53%
2005	59,226	\$1,561,434,264	\$8,289,720,700	\$59,860,000	\$0	\$1,011	3.83%	0.72%
2006	59,226	\$1,561,434,264	\$9,255,808,700	\$45,160,000	\$0	\$763	2.89%	0.49%
2007	59,226	\$1,561,434,264	\$9,264,421,800	\$58,110,000	\$0	\$981	3.72%	0.63%
2008	59,226	\$1,561,434,264	\$9,925,223,800	\$82,473,658	\$0	\$1,393	5.28%	0.83%

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
1999	\$3,424,702	\$0	\$12,694,702	\$219	0.83%	0.30%
2000	\$2,754,979	\$0	\$10,059,979	\$170	0.64%	0.18%
2001	\$5,779,914	\$0	\$14,834,914	\$250	0.95%	0.27%
2002	\$6,426,304	\$0	\$13,341,304	\$225	0.85%	0.18%
2003	\$5,688,547	\$0	\$28,013,547	\$473	1.79%	0.38%
2004	\$6,166,873	\$0	\$50,261,873	\$849	3.22%	0.61%
2005	\$5,474,582	\$0	\$65,334,582	\$1,103	4.18%	0.79%
2006	\$4,322,291	\$0	\$49,482,291	\$835	3.17%	0.53%
2007	\$10,717,569	\$0	\$68,827,569	\$1,162	4.41%	0.74%
2008	\$11,719,771	\$0	\$94,193,429	\$1,590	6.03%	0.95%

(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, 2008

<u>City of Waltham, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes and user charges			
MWRA Water.....	\$ 1,894,069,000	3.855%	\$ 73,016,360
MWRA Sewer.....	3,718,957	2.886%	107,329
MBTA.....	4,817,079,758	0.800%	<u>38,536,638</u>
Subtotal, overlapping debt.....			111,660,327
City direct debt.....			<u>82,473,658</u>
Total direct and overlapping debt.....			<u><u>\$ 194,133,985</u></u>

Source: Official Statement for Sale of Bonds

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Equalized Valuation.....	\$ 4,202,403,400	\$ 5,461,431,800	\$ 5,461,431,800	\$ 7,455,289,200	\$ 7,455,289,200	\$ 8,289,720,700	\$ 8,289,720,700	\$ 9,255,808,700	\$ 9,264,421,800	\$ 9,925,223,800
Debt Limit -5% of Equalized Valuation.....	210,120,170	273,071,590	273,071,590	372,764,460	372,764,460	414,486,035	414,486,035	462,790,435	463,221,090	496,261,190
Less:										
Outstanding debt applicable to limit.....	10,528,958	8,273,601	11,847,901	10,883,656	25,924,265	28,196,873	43,309,582	47,902,291	66,632,569	94,193,429
Authorized and unissued debt.....	7,899,500	60,120,000	166,900,000	168,815,000	165,423,545	161,298,545	139,279,402	84,412,854	75,443,551	49,729,793
Legal debt margin.....	<u>\$ 191,691,712</u>	<u>\$ 204,677,989</u>	<u>\$ 94,323,689</u>	<u>\$ 193,065,804</u>	<u>\$ 181,416,650</u>	<u>\$ 224,990,617</u>	<u>\$ 231,897,051</u>	<u>\$ 330,475,290</u>	<u>\$ 321,144,970</u>	<u>\$ 352,337,968</u>
Total debt applicable to the limit as a percentage of debt limit.....	8.77%	25.05%	65.46%	48.21%	51.33%	45.72%	44.05%	28.59%	30.67%	29.00%

Source: City Auditor's Office, City of Waltham

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

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
1999	57,878	1,525,895,592	\$26,364	31.6	5,404	2.6%
2000	59,226	1,561,434,264	\$26,364	34.2	5,187	2.1%
2001	59,226	1,561,434,264	\$26,364	34.2	5,197	3.2%
2002	59,226	1,561,434,264	\$26,364	34.2	4,975	4.9%
2003	59,226	1,561,434,264	\$26,364	34.2	5,068	5.3%
2004	59,226	1,561,434,264	\$26,364	34.2	4,825	4.5%
2005	59,226	1,561,434,264	\$26,364	34.2	4,669	4.2%
2006	59,226	1,561,434,264	\$26,364	34.2	4,718	3.9%
2007	59,226	1,561,434,264	\$26,364	34.2	4,836	4.2%
2008	59,226	1,561,434,264	\$26,364	34.2	4,725	5.2%

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

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

Employer	Nature of Business	2008			1999		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Brandeis University	Higher Education	1,512	1	4.23%	1,456	6	2.29%
Tufts Health Plan	Health Care	1,500	2	4.20%	1,500	5	2.36%
Bentley University	Higher Education	800	3	2.24%	698	9	1.10%
Bank of America	Financial Services	660	4	1.85%	-	-	-
Keyspan	Utility	650	5	1.82%	-	-	-
AM-FM Cleaning Corporation	Janitorial Contracting	600	6	1.68%	-	-	-
Nova Biomedical Corporation	BioTech Research	600	7	1.68%	-	-	-
Raytheon	Electronics	587	8	1.64%	3,500	1	5.50%
Verizon	Communications	520	9	1.46%	-	-	-
Parexel International Corporation	R&D Consultant	500	10	1.40%	-	-	-
Parametric Technology Corporation	Computer Systems	-	-	-	2,700	2	4.24%
Polaroid Corporation	Camera Manufacturer	-	-	-	2,659	3	4.18%
Bank Boston	Financial Services	-	-	-	1,700	4	2.67%
Deaconess Waltham Hospital	Health Care	-	-	-	1,200	7	1.89%
Arkwright - Mutal Insurance	Insurance	-	-	-	1,000	8	1.57%
IBM Corporation	Computers	-	-	-	600	10	0.94%
		<u>7,929</u>		<u>22.20%</u>	<u>17,013</u>		<u>26.74%</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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Function:										
General government.....	116	120	124	127	123	123	122	110	107	107
Public safety.....	367	382	383	380	384	367	377	374	369	370
Education.....	n/a	879	895	903	880	871	872	869	913	913
Consolidated public works.....	64	64	65	67	64	58	58	72	71	71
Community development.....	13	14	13	15	27	25	26	31	28	30
Health and human services.....	16	16	15	17	17	18	20	20	20	20
Culture and recreation.....	30	31	31	32	32	29	29	23	25	26
Water/sewer.....	38	38	39	39	36	33	31	33	32	32
Total	<u>644</u>	<u>1,544</u>	<u>1,565</u>	<u>1,580</u>	<u>1,563</u>	<u>1,524</u>	<u>1,535</u>	<u>1,532</u>	<u>1,565</u>	<u>1,569</u>

Source: City records.

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

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Cash flow (millions).....	315	330	350	375	400	440	460	480	500	520
Accounts payable invoices processed.....	29,102	29,771	30,440	31,109	31,778	36,640	37,000	37,000	37,000	36,000
Payroll checks processed.....	57,899	59,230	60,561	61,892	63,223	72,885	73,000	73,000	73,000	72,000
Police										
Arrests.....	1,413	1,518	1,567	1,334	1,175	1,058	1,074	1,193	1,137	1,194
Traffic citations.....	13,874	14,434	16,040	14,439	10,803	12,297	15,406	16,496	14,569	13,914
Parking violations.....	n/a	n/a	n/a	6,671	4,531	4,652	5,311	5,170	5,181	4,939
Service calls.....	36,505	36,795	34,632	44,394	40,837	42,079	38,563	35,119	34,494	34,694
Major investigations.....	1,097	1,000	997	709	1,092	1,470	1,542	1,607	1,721	1,826
Fire										
Inspections - schools/nursing homes/hospitals.....	240	240	240	240	240	223	220	200	100	100
Inspections - commercial/industrial.....	749	714	749	714	749	254	270	260	525	520
Emergency responses - box alarms.....	1,090	1,033	1,090	1,033	1,090	1,125	1,082	1,150	1,200	1,200
Emergency responses - still alarms.....	3,500	3,905	3,500	3,905	3,500	5,723	5,588	5,800	5,650	5,500
Emergency responses - false alarms.....	195	123	195	123	195	203	200	150	160	170
Water										
Consumption in gallons (billions/year).....	3.2	3.2	2.9	3.2	2.9	2.9	2.7	3	3	3
Leak detection (miles).....	n/a	n/a	n/a	n/a	160	155	155	160	151	151
Service repairs.....	n/a	n/a	n/a	n/a	165	158	208	183	225	173
Sewer										
Service repairs.....	n/a	n/a	n/a	n/a	n/a	23	25	30	45	40
Stoppages - mains.....	n/a	n/a	n/a	n/a	n/a	118	98	18	150	150
Stoppages - services.....	n/a	n/a	n/a	n/a	n/a	232	290	41	275	270
Health and Human Services										
Permits - public health.....	902	875	925	924	925	822	797	771	760	746
Senior citizen programs.....	62	70	70	10	10	15	26	26	26	26
Senior citizen programs - participants.....	5,000	5,230	2,000	2,400	2,000	2,350	2,400	2,400	2,500	2,170
Recreation activities.....	124	130	156	163	159	165	166	170	230	230
Recreation activities - participants.....	22,200	22,200	22,500	22,700	16,406	17,085	17,080	17,125	15,050	13,000
Veterans cases.....	550	550	550	550	550	570	640	750	850	950
Cemetery burials.....	246	208	251	246	251	208	230	230	215	200
Libraries										
Items circulated.....	475,000	560,323	551,660	553,950	591,727	642,884	641,497	645,000	640,000	615,000
Registered borrowers.....	34,000	38,000	34,000	30,000	28,640	29,963	31,744	32,500	32,500	31,000

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Number of Buildings.....	58	58	58	58	59	60	59	59	59	59
Police										
Number of Stations.....	3	3	3	3	3	3	3	3	3	3
Fire										
Number of Stations.....	6	6	6	6	6	6	6	6	6	6
Education										
Number of elementary schools.....	8	8	8	8	8	7	7	7	7	6
Number of middle schools.....	2	2	2	2	2	2	2	2	2	2
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Water mains (miles).....	-	-	-	-	-	-	159	159	159	159
Fire hydrants.....	-	-	-	-	-	-	1,176	1,176	1,176	1,176
Sanitary sewers (miles).....	-	-	-	-	-	-	160	160	160	160
Storm sewers (miles).....	-	-	-	-	-	-	121	121	121	121
Culture and Recreation										
Parks and playgrounds.....	13	13	13	13	13	13	13	13	13	13
Fields (baseball).....	11	11	11	11	11	11	11	11	11	11
Fields (softball).....	5	5	5	5	5	5	7	7	7	7
Fields (soccer/multi-purpose).....	4	4	4	4	4	4	8	8	8	8
Wading pools/spray parks.....	3	3	3	3	4	4	5	5	5	5
Basketball courts.....	18	18	18	18	18	18	18	18	18	18
Tennis courts.....	9	9	9	9	9	9	9	9	9	9

Source: Various City Departments