

# City of Waltham, Massachusetts

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2012



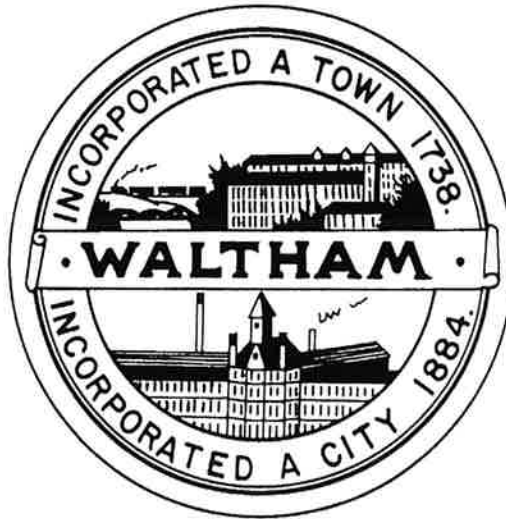
Waltham City Hall



# CITY OF WALTHAM, MASSACHUSETTS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2012



Prepared by:

City Auditor's Office

**CITY OF WALTHAM, MASSACHUSETTS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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**TABLE OF CONTENTS**

|   | <b>Page</b> |
|---|-------------|
| Introductory Section .....  | 1           |
| Letter of Transmittal .....   | 2           |
| Organizational Chart .....  | 7           |
| Principal City Officials .....  | 8           |
| Certificate of Achievement .....  | 9           |
| Financial Section .....   | 10          |
| Independent Auditors' Report .....  | 11          |
| Management's Discussion and Analysis .....  | 13          |
| Basic Financial Statements .....  | 23          |
| Statement of Net Assets .....   | 24          |
| Statement of Activities .....   | 25          |
| Governmental Funds – Balance Sheet .....  | 27          |
| Reconciliation of the Governmental Funds Total Fund Balances to the Statement of Net Assets .....   | 30          |
| Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances .....   | 31          |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities ..... | 33          |
| Proprietary Funds – Statement of Fund Net Assets .....  | 34          |
| Proprietary Funds – Statement of Revenues, Expenses and Changes in Fund Net Assets .....  | 35          |
| Proprietary Funds – Statement of Cash Flows .....   | 36          |
| Fiduciary Funds – Statement of Fiduciary Net Assets .....   | 37          |
| Fiduciary Funds – Statement of Changes in Fiduciary Net Assets .....  | 38          |
| Notes to Basic Financial Statements .....   | 39          |
| Required Supplementary Information .....  | 78          |
| General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....   | 79          |
| Pension Plan Schedules .....  | 93          |
| Schedules of Funding Progress (System) .....  | 93          |
| Schedule of Employer Contributions (System) .....   | 93          |
| City Share of System ARC .....  | 93          |
| Other Postemployment Benefits Schedules .....   | 94          |
| Schedules of Funding Progress .....   | 94          |

|   |     |
|---|-----|
| Notes to Required Supplementary Information .....   | 95  |
| Combining Statements .....  | 96  |
| Nonmajor Governmental Funds .....   | 97  |
| Narrative .....   | 97  |
| Combining Balance Sheet .....   | 99  |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....          | 103 |
| Private Purpose Trust Funds .....   | 108 |
| Narrative .....   | 108 |
| Combining Statement of Fiduciary Net Assets .....   | 109 |
| Combining Statement of Changes in Fiduciary Net Assets .....                              | 110 |
| Agency Funds .....  | 111 |
| Narrative .....   | 111 |
| Statement of Changes in Assets and Liabilities .....                                      | 112 |
| Statistical Section .....   | 114 |
| Table of Contents .....   | 116 |
| Net Assets by Component .....   | 116 |
| Changes in Net Assets .....   | 117 |
| Fund Balances – Governmental Funds .....  | 119 |
| Changes in Fund Balances – Governmental Funds .....                                       | 120 |
| Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates ..... | 121 |
| Principal Taxpayers .....   | 122 |
| Property Tax Levies and Collections .....   | 123 |
| Ratios of Outstanding Debt and General Bonded Debt .....                                  | 124 |
| Direct and Overlapping Governmental Activities Debt .....                                 | 125 |
| Computation of Legal Debt Margin .....  | 126 |
| Principal Employers (excluding City) .....  | 127 |
| Demographic and Economic Statistics .....   | 128 |
| Full-time Equivalent City Employees by Function .....                                     | 129 |
| Operating Indicators by Function/Program .....  | 130 |
| Capital Asset Statistics by Function/Program .....  | 131 |

# *Introductory Section*



**Waltham Riverwalk**



Paul G. Centofanti  
City Auditor

# CITY OF WALTHAM

Commonwealth of Massachusetts

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## Letter of Transmittal

January 18, 2013

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, 2012, 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, 2012, are fairly presented in conformity with GAAP.

The City of Waltham's financial statements have been audited by Sullivan, Rogers & Company, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2012, 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 auditors 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, 2012, are fairly presented in conformity with GAAP. The independent auditors' 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 Reports on Internal Control Over Financial Reporting, Compliance and Federal Award Programs.

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

## **Profile of the City**

Settled in 1630 and incorporated as a Town in 1738, Waltham was chartered as a City in 1884. Located in Middlesex County, 9 miles west of Boston, the City is bordered by the Towns of Belmont, Lexington, Lincoln, Newton, Watertown and Weston. The City encompasses approximately 12.7 square miles and, according to the Division of Local Services, has a population of 60,605.

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

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

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

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

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



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

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

### **Factors Affecting Economic Condition**

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

The City is a mature industrial-residential community with the industrial activity, a good part of which is in the electronics/high-technology field, concentrated along Interstate 95 (Route 128). Retail trade is concentrated in the City's central business district. Several nationally known companies have chosen to locate in the City. In addition to its commercial base, the City is home to both Bentley University and Brandeis University.

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

The City maintains a strong industrial and commercial tax base. In fiscal year 2012, the combined assessed value of these properties represented 33.1% 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 \$106.3 million in long and short-term debt. The long-term indebtedness consists of \$96.8 million of general obligation bonds; of which \$16.6 million is self-supporting through enterprise fund revenues and \$9.5 million of bond anticipation notes are expected to be permanently funded in June 2013. Under the school building assistance program, the City was eligible for a state grant representing 90% reimbursement of approved costs incurred in the building of eight new school facilities. The City received \$124.8 million of such assistance based on reimbursement of eligible construction costs. \$24.7 million was received in FY2005, \$44.4 million in FY2006, \$29.8 million in FY2007, \$24.6 million in FY2008 and the final payment of \$1.3 million was received in FY2010. The City has issued bonds to provide for the remainder of the cost.

The City has authorized and unissued debt for school facilities, water/sewer infrastructure improvements, departmental equipment, land acquisition/development and other various projects totaling \$20.7 million as of June 30, 2012. The authorized and unissued debt includes \$12.3 million for water/sewer infrastructure improvements.

The City of Waltham contributes to the Waltham Contributory Retirement System (the System), a cost sharing, defined benefit pension plan administered by the Waltham Contributory Retirement Board (Board). Each year, an independent actuary engaged by the Board calculates the amount of the annual contribution that the City of Waltham must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As required by law, the City of Waltham fully funds each year's annual required contribution to the pension plan as determined by the actuary. As of January 1, 2011, the latest actuarial valuation date, the System had succeeded in funding 56% of the present value of the projected benefits earned by employees. The remaining unfunded amount is being systematically funded over the remaining 20 years as part of the annual required contribution as calculated by the actuary.

The City of Waltham also provides post-retirement health care benefits for certain retirees and their dependents. There are approximately 1,250 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 effective June 30, 2012. 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, 2011. This was the eighth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

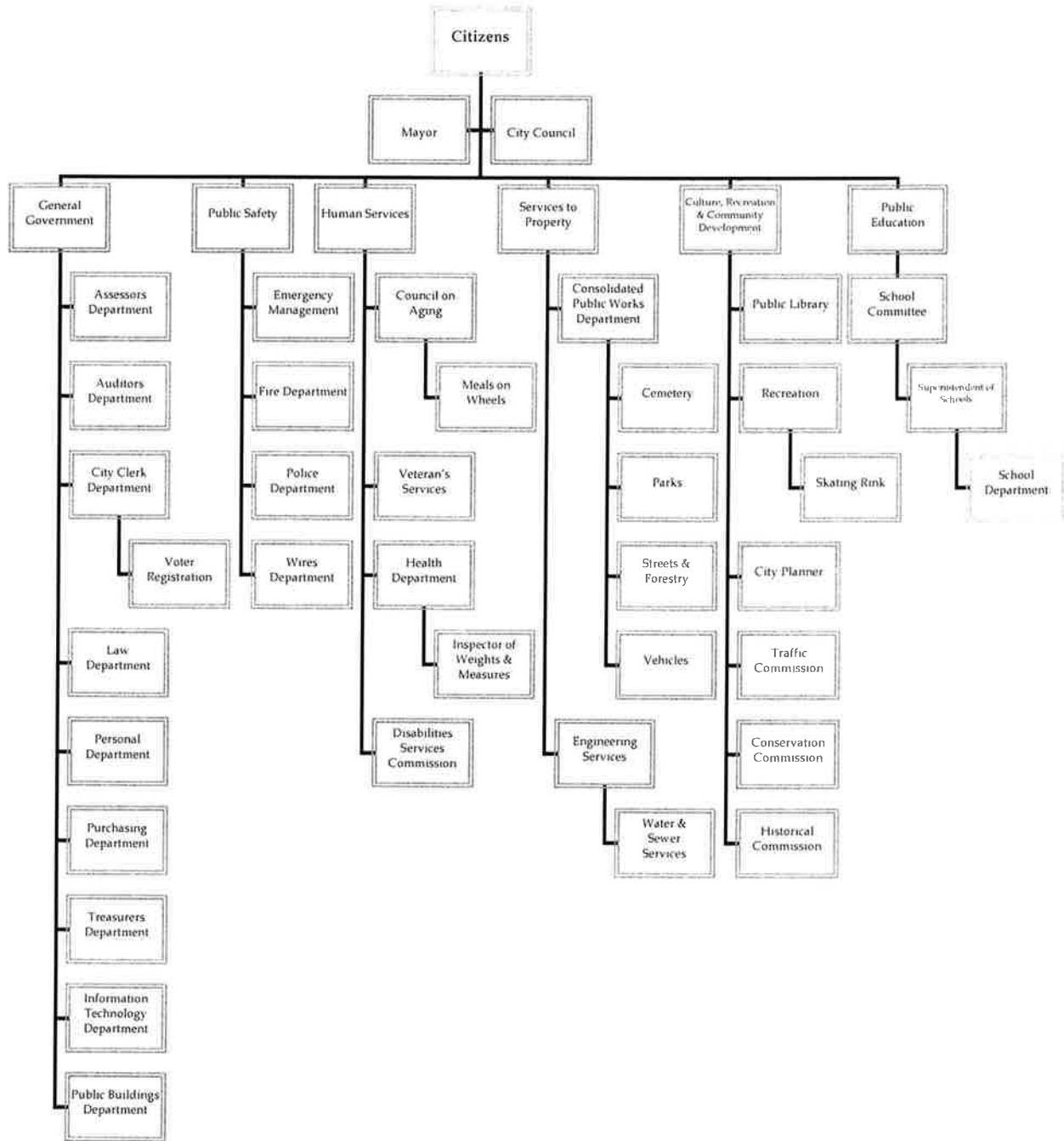
The preparation of this report would not have been possible without the dedication and commitment to excellence of the staff of the Auditing Department. We would like to express our appreciation to the members of all the departments who assisted and contributed to the preparation of this report. We would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

Respectfully submitted,



Paul G. Centofanti  
City Auditor

# City of Waltham, Massachusetts Organizational Chart



## CITY OF WALTHAM, MASSACHUSETTS

### PRINCIPAL CITY OFFICIALS

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#### ELECTED OFFICIALS

Mayor

Jeannette A. McCarthy

City Council

#### Councilors-at-Large

Paul J. Brasco

Joseph Vizard

Diane P. LeBlanc

Kenneth B. Doucette, Council Vice President

Kathleen B. McMenimen

Thomas M. Stanley

#### Ward Councilors

Daniel P. Romard

Edmund P. Tarallo

George A. Darcy III

Thomas J. Curtin

Gary J. Marchese

Robert J. Waddick, Council President

Joseph M. Giordano Jr.

Stephen F. Rourke

Robert G. Logan

#### SCHOOL COMMITTEE

Jeannette A. McCarthy, Mayor, Chairperson

Susan Burstein, Vice Chairperson

Robert Cincotta

Margaret Donnelly

John B. Graceffa

Lisa Limonciello

Edmund Tarallo

#### PRINCIPAL EXECUTIVE OFFICERS

City Auditor

Paul G. Centofanti

City Treasurer/Collector

Thomas J. Magno

City Clerk

Rosario C. Malone

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Waltham  
Massachusetts

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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



*Linda C. Davidson*

President

*Jeffrey R. Emer*

Executive Director

# *Financial Section*



McCable-Warrendale Playground





*Certified Public Accountants*

**SULLIVAN, ROGERS & COMPANY, LLC**

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**Independent Auditors' Report**

To the Honorable City Council and Mayor  
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, 2012 (except for the Waltham Contributory Retirement System, which is as of and for the fiscal year ended December 31, 2011), which collectively comprise the City of Waltham, Massachusetts' 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. The financial statements of the City as of June 30, 2011 were audited by other auditors whose report dated December 27, 2011, expressed an unqualified opinion on those financial statements. As discussed in Note 19 to the financial statements, the City has adjusted certain beginning fund balances and net assets for the correction of an error. The other auditors reported on the financial statements before the adjustment.

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 opinions.

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, 2012 (except for the Waltham Contributory Retirement System, which is as of December 31, 2011), and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully described in Note 19, the City has restated certain beginning fund balances and net assets for the correction of an error. We have audited the adjustments described in Note 19 that were applied to restate the fiscal year 2012 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.



In accordance with Government Auditing Standards, we have also issued our report dated January 18, 2013 on our consideration of the City of Waltham, Massachusetts' internal control over financial reporting and on 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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (located on pages 13 through 22) and general fund budgetary comparison and certain pension and other postemployment benefits information (located on pages 78 through 95) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waltham, Massachusetts' financial statements as a whole. The introductory section, combining statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Sullivan, Kory & Company, LLC*

January 18, 2013

## **Management's Discussion and Analysis**

As management of the City of Waltham, Massachusetts (City), we offer readers of these financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2012.

### *Financial Highlights*

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$200,548,310 (net assets). The City's governmental activities had negative unrestricted net assets totaling (\$35,115,909) and \$16,365,651 in unrestricted net assets for its business-type activities.
- The City's total net assets decreased \$17,577,882.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances totaling \$68,881,913, an increase of \$16,196,810 in comparison with the prior year. Approximately \$29,855,000 represents unassigned fund balance.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$30,818,389, or 15.8 percent of total general fund expenditures and transfers out.
- The City's total bonded debt increased by \$16,574,892 during the fiscal year; \$23,072,193 of new debt was issued.

### *Overview of the Basic Financial Statements*

This discussion and analysis is intended to serve as an introduction to the *basic financial statements*, which consists of the following three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements.

This report also contains required supplementary and other information in addition to the basic financial statements.

#### Government-wide financial statements

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

The **statement of net assets** presents information on all of the City's non-fiduciary 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 of the City 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, earned but unused vacation leave, etc.).

Both of the government-wide financial statements distinguish functions of the City 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*). Governmental activities include general government, public safety, education, public works, health and human services, culture and recreation, community development and debt service (interest). Business-type activities include the sewer, water and Veterans Memorial rink operations.

The government-wide financial statements can be found on pages 24-26 of this report.

#### 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. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into the following categories and are described below:

1. Governmental funds
2. Proprietary funds
3. 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 funds financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable 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 effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 23 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, highway projects (capital project), community development block grant (special revenue), community preservation (special revenue) and city capital projects (capital project) funds, each of which are considered to be major funds. Data from the other 18 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages 99-106 of this report.

The basic governmental funds financial statements can be found on pages 27-33 of this report.

#### **Proprietary funds**

The City maintains two types of proprietary funds.

*Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its sewer, water and Veterans Memorial Rink operations, for which sewer and water are considered to be major funds.

*Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for employee health insurance activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements but are combined into a single, aggregated presentation in the proprietary funds financial statements.

The basic proprietary fund financial statements can be found on pages 34-36 of this report.

### **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 statements because the resources of those funds are not available to support the City's programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The fiduciary funds provide separate information for the City's pension trust fund. Private-purpose trust funds and agency funds are reported and combined into a single, aggregate presentation in the fiduciary fund financial statements under the captions "private purpose trust funds" and "agency funds", respectively. Individual fund data for private-purpose trust funds and agency funds are provided in the form of combining statements on pages 109-110 and page 112 of this report.

The basic fiduciary fund financial statements can be found on pages 37-38 of this report.

### **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. The notes to the financial statements can be found on pages 39-76 of this report.

### **Required Supplementary and Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the budget comparison for the general fund and certain pension and other postemployment benefits information. Such information can be located on pages 78-95 of this report, respectively.

The combining statements previously referred to are presented immediately following the required supplementary information.

### ***Government-Wide Financial Analysis***

The following tables present current and prior year data on the government-wide financial statements.

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$200,548,310 at the close of the fiscal year and are summarized as follows:

|   | <i>Governmental Activities</i> |                | <i>Business-Type Activities</i> |               | <i>Total</i>   |                |
|---|--------------------------------|----------------|---------------------------------|---------------|----------------|----------------|
|   | 2012                           | 2011*          | 2012                            | 2011          | 2012           | 2011*          |
| <b>Assets</b>   |                                |                |                                 |               |                |                |
| Current assets.....                                   | \$ 94,962,852                  | \$ 80,537,173  | \$ 32,137,890                   | \$ 26,968,682 | \$ 127,100,742 | \$ 107,505,855 |
| Noncurrent assets (excluding capital assets).....     | 3,037,724                      | 2,973,932      | -                               | -             | 3,037,724      | 2,973,932      |
| Capital assets (net).....                             | 241,918,015                    | 245,306,794    | 25,278,161                      | 24,284,603    | 267,196,176    | 269,591,397    |
| Total assets.....                                     | 339,918,591                    | 328,817,899    | 57,416,051                      | 51,253,285    | 397,334,642    | 380,071,184    |
| <b>Liabilities</b>                                    |                                |                |                                 |               |                |                |
| Current liabilities (excluding debt).....             | 16,176,125                     | 10,443,268     | 1,185,108                       | 2,183,572     | 17,361,233     | 12,626,840     |
| Noncurrent liabilities (excluding debt).....          | 69,275,937                     | 52,172,318     | 1,439,754                       | 1,133,827     | 70,715,691     | 53,306,145     |
| Current debt.....                                     | 13,480,234                     | 16,079,998     | 6,008,267                       | 5,607,829     | 19,488,501     | 21,687,827     |
| Noncurrent debt.....                                  | 68,530,109                     | 61,438,288     | 20,690,798                      | 12,885,892    | 89,220,907     | 74,324,180     |
| Total liabilities.....                                | 167,462,405                    | 140,133,872    | 29,323,927                      | 21,811,120    | 196,786,332    | 161,944,992    |
| <b>Net Assets</b>                                     |                                |                |                                 |               |                |                |
| Invested in capital assets (net of related debt)..... | 167,006,050                    | 169,551,297    | 11,726,473                      | 12,188,286    | 178,732,523    | 181,739,583    |
| Restricted.....                                       | 40,566,045                     | 30,065,242     | -                               | -             | 40,566,045     | 30,065,242     |
| Unrestricted.....                                     | (35,115,909)                   | (10,932,512)   | 16,365,651                      | 17,253,879    | (18,750,258)   | 6,321,367      |
| Total net assets.....                                 | \$ 172,456,186                 | \$ 188,684,027 | \$ 28,092,124                   | \$ 29,442,165 | \$ 200,548,310 | \$ 218,126,192 |

\* Certain reclassifications have been made to the net asset components.

The largest portion of the City's net assets (\$178,732,523) reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings and improvements, equipment, infrastructure and library books); less any related outstanding debt used to acquire those assets. These capital assets are used 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 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 City's net assets (\$40,566,045) represents resources that are subject to external restrictions on how they may be used.

Unrestricted net assets of \$16,365,651 may be used to support business-type activities. The City has no unrestricted net assets available for the support of governmental activities. Such resources have been consumed with the recognition of other post employment benefits liabilities.

Changes in Net Assets

For the fiscal year ended June 30, 2012, the City's total net assets decreased by \$17,577,882, compared to an increase of \$3,646,366 in the prior fiscal year. These amounts are summarized as follows:

|  | <i>Governmental Activities</i> |                    | <i>Business-Type Activities</i> |                   | <i>Total</i>       |                    |
|--|--------------------------------|--------------------|---------------------------------|-------------------|--------------------|--------------------|
|  | 2012                           | 2011               | 2012                            | 2011              | 2012               | 2011               |
| <b>Revenues</b>  |                                |                    |                                 |                   |                    |                    |
| <i>Program Revenues:</i>   |                                |                    |                                 |                   |                    |                    |
| Charges for services.....  | \$ 10,047,812                  | \$ 14,387,304      | \$ 28,117,363                   | \$ 31,779,596     | \$ 38,165,175      | \$ 46,166,900      |
| Operating grants and contributions.....                              | 33,232,551                     | 37,741,256         | 33,173                          | -                 | 33,265,724         | 37,741,256         |
| Capital grants and contributions.....                                | (2,404,439)                    | 2,213,768          | -                               | 1,370,700         | (2,404,439)        | 3,584,468          |
| <i>General Revenues:</i>   |                                |                    |                                 |                   |                    |                    |
| Real estate and personal property taxes.....                         | 147,941,835                    | 144,687,551        | -                               | -                 | 147,941,835        | 144,687,551        |
| Motor vehicle and other excise taxes.....                            | 6,372,776                      | 6,233,152          | -                               | -                 | 6,372,776          | 6,233,152          |
| Hotel/motel taxes.....   | 3,061,233                      | 2,665,704          | -                               | -                 | 3,061,233          | 2,665,704          |
| Meals tax.....   | 1,128,180                      | 862,461            | -                               | -                 | 1,128,180          | 862,461            |
| Penalties and interest on taxes.....                                 | 518,982                        | 481,134            | -                               | -                 | 518,982            | 481,134            |
| Payments in lieu of taxes.....                                       | 53,905                         | 46,350             | -                               | -                 | 53,905             | 46,350             |
| Community preservation surcharges.....                               | 2,393,595                      | 2,319,559          | -                               | -                 | 2,393,595          | 2,319,559          |
| Grants and contributions not restricted<br>to specific programs..... | 9,147,352                      | 8,357,186          | -                               | -                 | 9,147,352          | 8,357,186          |
| Unrestricted investment income.....                                  | 124,628                        | 277,404            | -                               | 40,938            | 124,628            | 318,342            |
| <b>Total revenues.....</b>   | <b>211,618,410</b>             | <b>220,272,829</b> | <b>28,150,536</b>               | <b>33,191,234</b> | <b>239,768,946</b> | <b>253,464,063</b> |
| <b>Expenses</b>  |                                |                    |                                 |                   |                    |                    |
| General government.....  | 12,839,887                     | 14,963,171         | -                               | -                 | 12,839,887         | 14,963,171         |
| Public safety.....   | 54,892,255                     | 53,696,991         | -                               | -                 | 54,892,255         | 53,696,991         |
| Education.....   | 125,803,368                    | 119,672,618        | -                               | -                 | 125,803,368        | 119,672,618        |
| Public works.....  | 17,620,280                     | 17,255,801         | -                               | -                 | 17,620,280         | 17,255,801         |
| Health and human services.....                                       | 4,043,942                      | 2,505,318          | -                               | -                 | 4,043,942          | 2,505,318          |
| Culture and recreation.....  | 6,019,224                      | 4,955,410          | -                               | -                 | 6,019,224          | 4,955,410          |
| Community development.....   | 3,921,262                      | 5,266,858          | -                               | -                 | 3,921,262          | 5,266,858          |
| Debt service - interest.....   | 2,631,033                      | 2,523,695          | -                               | -                 | 2,631,033          | 2,523,695          |
| Sewer.....   | -                              | -                  | 17,381,941                      | 16,776,463        | 17,381,941         | 16,776,463         |
| Water.....   | -                              | -                  | 11,796,251                      | 11,787,043        | 11,796,251         | 11,787,043         |
| Veterans Memorial Rink.....  | -                              | -                  | 397,385                         | 414,329           | 397,385            | 414,329            |
| <b>Total expenses.....</b>   | <b>227,771,251</b>             | <b>220,839,862</b> | <b>29,575,577</b>               | <b>28,977,835</b> | <b>257,346,828</b> | <b>249,817,697</b> |
| Change in net assets before transfers.....                           | (16,152,841)                   | (567,033)          | (1,425,041)                     | 4,213,399         | (17,577,882)       | 3,646,366          |
| Transfers, net.....  | (75,000)                       | (116,154)          | 75,000                          | 116,154           | -                  | -                  |
| Change in net assets.....  | (16,227,841)                   | (683,187)          | (1,350,041)                     | 4,329,553         | (17,577,882)       | 3,646,366          |
| Net assets - beginning of year (as restated).....                    | 188,684,027                    | 189,367,214        | 29,442,165                      | 25,112,612        | 218,126,192        | 214,479,826        |
| Net assets - end of year.....  | \$ 172,456,186                 | \$ 188,684,027     | \$ 28,092,124                   | \$ 29,442,165     | \$ 200,548,310     | \$ 218,126,192     |

Governmental activities decreased the City's net assets by \$16,227,841. In the prior year, governmental activities decreased the City's net assets by \$683,187. The key elements of this change are as follows:

- The increase of other post-employment benefit (OPEB) obligation of approximately \$6,200,000; a result of the City's updated actuarial valuation dated July 1, 2011. Please see Note 11 (pages 68-70) of this report.
- The decrease in capital grants and contributions of approximately \$4,600,000
- The decrease in the net activity of the internal service fund reported with governmental activities of approximately \$3,500,000.

Business-type activities decreased the City's net assets by \$1,350,041. In the prior year, business-type activities increased the City's net assets by \$4,329,553. The key elements of this change are as follows:

- The decrease in charges for services primarily due to the decrease in unbilled water and sewer accrual
- The decrease in capital grants and contributions due to a prior year receipt of a Massachusetts Water Resources Authority capital grant.

### ***Fund Financial Statement Analysis***

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

#### Governmental funds

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

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$68,881,913, an increase of \$16,196,810 in comparison with the prior year. \$29,855,122 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable - \$2,034,590
- Restricted - \$32,943,146
- Committed - \$3,198,284
- Assigned - \$850,771

The general fund is the primary operating fund of the City. At the end of the current fiscal year, the general fund's unassigned fund balance totaled \$30,818,389, while total fund balance was \$35,003,243. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents 15.8% of total general fund expenditures and transfers out, while total fund balance represents 18.0% of that same amount.

The balance of the City's general fund increased \$3,431,858 during fiscal year 2012. Although the City recognized a budgetary surplus of \$12,521,649 (excluding encumbrances and continuing appropriations), approximately \$8,300,000 of reserves was utilized for spending during fiscal year 2012.

Financial highlights of the City's other major governmental funds are as follows:

The fund balance of the highway projects fund (capital project) decreased \$26 during the current fiscal year. The fund recognized \$852,080 of intergovernmental revenues and incurred \$852,106 of expenditures.

The fund balance of the community development block grant fund (special revenue) increased \$20,165 during the current fiscal year. The fund recognized \$1,206,260 of intergovernmental revenues, \$61,904 of departmental and other revenues and \$34 of investment income. Expenditures incurred totaled \$1,248,033.

The fund balance of the community preservation fund (special revenue) increased \$3,046,918 during the current fiscal year. The fund recognized \$2,386,680 of community preservation surcharges, \$1,261,554 of intergovernmental revenues, \$4,918 of penalties and interest on taxes and \$37,459 of investment income. Expenditures incurred totaled \$643,693.



The fund balance of the city capital projects fund (capital project) increased \$8,023,960 during the current fiscal year. The fund recognized \$11,420,500 of proceeds of bonds and notes and \$80,500 of transfers in. Expenditures incurred totaled \$3,477,040.

### Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the sewer, water and Veterans Memorial Rink enterprise funds at the end of the year amounted to \$7,047,321, \$9,237,060 and \$81,270, respectively. The sewer enterprise fund had a decrease in net assets for the year of \$1,565,204, while the water and Veterans Memorial Rink enterprise funds had an increase of \$138,779 and \$76,384, respectively. Other factors concerning the finances of the fund have already been addressed in the discussion of the City's business-type activities.

### General Fund Budgetary Highlights

The original general fund budget of \$184,265,619 was increased by \$1,352,500 (0.7%) during the fiscal year. The following table summarizes the increase:

| <u>Purpose of Increase</u>                | <u>Amount</u>       | <u>Funding Source</u>                    |
|---|---------------------|--|
| Land acquisition.....                     | \$ 975,000          | Unassigned fund balance                  |
| Building department utility expenses..... | 105,000             | Transfer from the stabilization fund     |
| Recreation department pool expenses.....  | 70,000              | Unassigned fund balance                  |
| Library educational expenses.....         | 55,000              | Transfer from nonmajor governmental fund |
| Banks school conversion.....              | 50,000              | Unassigned fund balance                  |
| Fire overtime expenses.....               | 50,000              | Unassigned fund balance                  |
| Tax lien litigation.....                  | 25,000              | Transfer from nonmajor governmental fund |
| Treasurer postage expenses.....           | 13,000              | Unassigned fund balance                  |
| Various department appraisals.....        | 9,500               | Unassigned fund balance                  |
| Total increase.....                       | <u>\$ 1,352,500</u> |  |

During the year, general fund revenues, other financing sources and other financing uses exceeded budgetary estimates and expenditures, encumbrances and continuing appropriations were less than appropriations, resulting in a positive overall budget to actual variance of approximately \$8,658,000.

### *Capital Asset and Debt Administration*

#### Capital assets

The City's investment in capital assets for its governmental and business type activities at the end of the fiscal year totaled \$267,196,176 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, equipment, infrastructure and library books. The total decrease in the investment in capital assets for the current fiscal year totaled 0.9% (a 1.3% decrease for governmental activities and a 0.4% increase for business-type activities).

Major capital asset events that occurred during the current fiscal year include the following:

- High School Roof Replacement (\$2,213,506)
- Purchase of Moody Street Land (\$945,919)
- Farnum Road/Utility Reconstruction (\$724,707)
- Playground Improvements (\$536,718)
- Police Radio Communications System Equipment (\$381,746)
- South Middle School Gym and Auditorium Renovations (\$337,932)
- Fitch Water Spray Park (\$314,810)
- Fire Station Floor Replacement (\$280,315)
- Library Books (\$262,253)
- Wellington House Renovations (\$214,897)
- Bright School Vault (\$177,053)
- Computer Software and Equipment (\$176,512)
- Winter Street Bridge (\$148,210)
- Hardy Pond Road Utility Improvements (\$146,472)
- Champion Bus (\$123,000)
- Stanley Elementary School Siding Replacement (\$122,806)

The following table summarizes the City's capital assets (net of accumulated depreciation):

|                               | <i>Governmental Activities</i> |                | <i>Business-Type Activities</i> |               | <i>Total</i>   |                |
|-------------------------------|--------------------------------|----------------|---------------------------------|---------------|----------------|----------------|
|                               | 2012                           | 2011           | 2012                            | 2011          | 2012           | 2011           |
| Land.....                     | \$ 19,503,276                  | \$ 18,557,357  | \$ 38,550                       | \$ 38,550     | \$ 19,541,826  | \$ 18,595,907  |
| Land improvements.....        | 10,435,683                     | 10,419,278     | -                               | -             | 10,435,683     | 10,419,278     |
| Buildings.....                | 177,812,673                    | 179,752,119    | 1,984,844                       | 1,622,668     | 179,797,517    | 181,374,787    |
| Machinery and equipment.....  | 6,908,884                      | 7,185,571      | 969,352                         | 1,128,993     | 7,878,236      | 8,314,564      |
| Infrastructure.....           | 26,593,570                     | 26,992,443     | 22,285,415                      | 19,962,738    | 48,878,985     | 46,955,181     |
| Construction in progress..... | -                              | 1,726,266      | -                               | 1,531,654     | -              | 3,257,920      |
| Library books.....            | 663,929                        | 673,760        | -                               | -             | 663,929        | 673,760        |
| Total capital assets.....     | \$ 241,918,015                 | \$ 245,306,794 | \$ 25,278,161                   | \$ 24,284,603 | \$ 267,196,176 | \$ 269,591,397 |

Additional information on the City's capital assets can be found in Note 5 on pages 54-56 of this report.

### Long-Term Debt

At the end of the current fiscal year, total bonded debt and unamortized premiums outstanding was \$99,209,408, which is backed by the full faith and credit of the City, and is summarized as follows:

|   | <i>Governmental Activities</i> |               | <i>Business-Type Activities</i> |               | <i>Total</i>  |               |
|---|--------------------------------|---------------|---------------------------------|---------------|---------------|---------------|
|   | 2012                           | 2011          | 2012                            | 2011          | 2012          | 2011          |
| General obligation bonds.....                       | \$ 76,353,856                  | \$ 68,118,286 | \$ 16,587,306                   | \$ 7,642,000  | \$ 92,941,162 | \$ 75,760,286 |
| MWRA notes.....                                     | -                              | -             | 3,006,106                       | 3,573,318     | 3,006,106     | 3,573,318     |
| MWPAT notes.....                                    | -                              | -             | 3,262,140                       | 3,300,912     | 3,262,140     | 3,300,912     |
| Total bonds and notes and unamortized premiums..... | \$ 76,353,856                  | \$ 68,118,286 | \$ 22,855,552                   | \$ 14,516,230 | \$ 99,209,408 | \$ 82,634,516 |

The City's total bonded debt increased \$16,574,892 (or 20.1%) during the fiscal year. The City issued \$23,072,193 in general obligation bonds and MWPAT notes during the fiscal year.

The City received an AA+ bond rating from Standard & Poor's for the general obligation bonds issued on February 14, 2012.

Additional information on the City's long-term debt can be found in Note 10 on pages 62-68 of this report.

### *Economic Factors and Next Year's Budgets and Rates*

Waltham is one of the primary economic engines of metropolitan Boston. Waltham's \$2.8 billion commercial and industrial tax base makes it one of the most highly valued business centers in the state. Interstate 95 passes through the western part of the City and access to the Massachusetts Turnpike is close-by. Growing industries focused on information technology, communication, education, consulting services and manufacturing have chosen to locate in Waltham. Waltham homeowners consequently enjoy a significant benefit from a relatively high tax contribution from business properties, including tax policies which shift the burden from the residential property.

The Waltham City Council approved the fiscal year 2013 operating budget totaling \$214 million during June 2012. This represents a \$6.3 million increase, or 3% from the fiscal year 2012 approved budget. Included in this budget is \$66.9 million for education, \$29.9 million for public safety, \$30.8 million for the water/sewer/rink enterprise funds, \$49.8 million for employee and retiree health/pension benefits, \$10.7 million for debt service and \$1.0 million towards funding the OPEB liability.

Of the \$214 million fiscal year 2013 operating budget, the revenues budgeted to balance it are property taxes - 70.8%, local receipts - 7.7%, state aid - 7.4% and the enterprise funds user charges - 14.1%. The average owner-occupied single family home has an assessed value of \$374,900. After applying the residential exemption, the annual property tax bill for the average owner-occupied single family home is \$4,013. This represents an increase of \$52 from fiscal year 2012.

### *Requests for Information*

This financial report is designed to provide a general overview of the City's finances for all those with an interest in its 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, 2012

|  | Primary Government         |                             |                |
|--|----------------------------|-----------------------------|----------------|
|  | Governmental<br>Activities | Business-type<br>Activities | Total          |
| <b>ASSETS</b>  |                            |                             |                |
| Current assets:  |                            |                             |                |
| Cash and cash equivalents.....                           | \$ 40,988,407              | \$ 14,713,270               | \$ 55,701,677  |
| Restricted cash and cash equivalents.....                | 43,695,471                 | 13,147,377                  | 56,842,848     |
| Restricted investments.....                              | 1,909,061                  | -                           | 1,909,061      |
| Receivables, net of allowance for uncollectible amounts: |                            |                             |                |
| Real estate and personal property taxes.....             | 2,084,436                  | -                           | 2,084,436      |
| Tax liens.....   | 1,939,054                  | 316,881                     | 2,255,935      |
| Motor vehicle and other excise taxes.....                | 760,211                    | -                           | 760,211        |
| Community preservation surcharges.....                   | 61,022                     | -                           | 61,022         |
| Water.....   | -                          | 1,525,072                   | 1,525,072      |
| Sewer.....   | -                          | 2,435,290                   | 2,435,290      |
| Special assessments.....                                 | 1,911                      | -                           | 1,911          |
| Departmental and other.....                              | 683,923                    | -                           | 683,923        |
| Intergovernmental.....                                   | 2,839,356                  | -                           | 2,839,356      |
| Total current assets.....                                | 94,962,852                 | 32,137,890                  | 127,100,742    |
| Noncurrent assets:                                       |                            |                             |                |
| Receivables, net of allowance for uncollectible amounts: |                            |                             |                |
| Real estate tax deferrals.....                           | 501,509                    | -                           | 501,509        |
| Special assessments.....                                 | 366,458                    | -                           | 366,458        |
| Loans.....   | 2,169,757                  | -                           | 2,169,757      |
| Capital assets not being depreciated.....                | 19,503,276                 | 38,550                      | 19,541,826     |
| Capital assets, net of accumulated depreciation.....     | 222,414,739                | 25,239,611                  | 247,654,350    |
| Total noncurrent assets.....                             | 244,955,739                | 25,278,161                  | 270,233,900    |
| Total assets.....  | 339,918,591                | 57,416,051                  | 397,334,642    |
| <b>LIABILITIES</b>                                       |                            |                             |                |
| Current liabilities:                                     |                            |                             |                |
| Warrants payable.....                                    | 3,299,327                  | 631,983                     | 3,931,310      |
| Accrued payroll.....                                     | 3,880,728                  | 36,642                      | 3,917,370      |
| Tax refunds payable.....                                 | 1,262,507                  | -                           | 1,262,507      |
| Other liabilities.....                                   | 432,923                    | 140,174                     | 573,097        |
| Accrued interest.....                                    | 855,285                    | 151,027                     | 1,006,312      |
| Accrued health claims payable.....                       | 3,496,119                  | -                           | 3,496,119      |
| Workers' compensation claims.....                        | 234,207                    | 96,586                      | 330,793        |
| Compensated absences.....                                | 2,715,029                  | 128,696                     | 2,843,725      |
| Short-term notes payable.....                            | 5,656,487                  | 3,843,513                   | 9,500,000      |
| Long-term bonds and notes payable.....                   | 7,823,747                  | 2,164,754                   | 9,988,501      |
| Total current liabilities.....                           | 29,656,359                 | 7,193,375                   | 36,849,734     |
| Noncurrent liabilities:                                  |                            |                             |                |
| Compensated absences.....                                | 1,077,934                  | 180,417                     | 1,258,351      |
| Net OPEB obligation.....                                 | 68,198,003                 | 1,259,337                   | 69,457,340     |
| Long-term bonds and notes payable.....                   | 68,530,109                 | 20,690,798                  | 89,220,907     |
| Total noncurrent liabilities.....                        | 137,806,046                | 22,130,552                  | 159,936,598    |
| Total liabilities.....                                   | 167,462,405                | 29,323,927                  | 196,786,332    |
| <b>NET ASSETS</b>  |                            |                             |                |
| Invested in capital assets, net of related debt.....     | 167,006,050                | 11,726,473                  | 178,732,523    |
| Restricted for:  |                            |                             |                |
| Employee and postemployment benefits.....                | 2,601,016                  | -                           | 2,601,016      |
| Community development.....                               | 2,096,894                  | -                           | 2,096,894      |
| Community preservation.....                              | 19,582,972                 | -                           | 19,582,972     |
| Permanent funds:   |                            |                             |                |
| Expendable.....  | 262,316                    | -                           | 262,316        |
| Nonexpendable.....                                       | 2,034,590                  | -                           | 2,034,590      |
| Other specific purposes.....                             | 13,988,257                 | -                           | 13,988,257     |
| Unrestricted.....  | (35,115,909)               | 16,365,651                  | (18,750,258)   |
| Total net assets.....                                    | \$ 172,456,186             | \$ 28,092,124               | \$ 200,548,310 |

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

| Functions/Programs                  | Expenses              | Program Revenues        |  |  | Net<br>(Expense)/<br>Revenue |
|-------------------------------------|-----------------------|-------------------------|--|--|------------------------------|
|                                     |                       | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |                              |
| <b>Primary government:</b>          |                       |                         |  |  |                              |
| Governmental activities:            |                       |                         |  |  |                              |
| General government.....             | \$ 12,839,887         | \$ 2,450,923            | \$ 427,352                               | \$ -                                   | \$ (9,961,612)               |
| Public safety.....                  | 54,892,255            | 4,071,301               | 376,492                                  | -                                      | (50,444,462)                 |
| Education.....                      | 125,803,368           | 1,434,279               | 31,250,108                               | -                                      | (93,118,981)                 |
| Public works.....                   | 17,620,280            | 333,956                 | 531,426                                  | (3,046,521)                            | (19,801,419)                 |
| Health and human services.....      | 4,043,942             | 373,984                 | 417,235                                  | -                                      | (3,252,723)                  |
| Culture and recreation.....         | 6,019,224             | 403,447                 | 77,288                                   | -                                      | (5,538,489)                  |
| Community development.....          | 3,921,262             | 979,922                 | 53,565                                   | 642,082                                | (2,245,693)                  |
| Debt service - interest.....        | 2,631,033             | -                       | 99,085                                   | -                                      | (2,531,948)                  |
| Total governmental activities.....  | <u>227,771,251</u>    | <u>10,047,812</u>       | <u>33,232,551</u>                        | <u>(2,404,439)</u>                     | <u>(186,895,327)</u>         |
| Business-type activities:           |                       |                         |  |  |                              |
| Sewer.....                          | 17,381,941            | 15,854,586              | 17,278                                   | -                                      | (1,510,077)                  |
| Water.....                          | 11,796,251            | 11,864,008              | 15,895                                   | -                                      | 83,652                       |
| Veterans Memorial Rink.....         | 397,385               | 398,769                 | -  | -                                      | 1,384                        |
| Total business-type activities..... | <u>29,575,577</u>     | <u>28,117,363</u>       | <u>33,173</u>                            | <u>-</u>                               | <u>(1,425,041)</u>           |
| Total primary government.....       | <u>\$ 257,346,828</u> | <u>\$ 38,165,175</u>    | <u>\$ 33,265,724</u>                     | <u>\$ (2,404,439)</u>                  | <u>\$ (188,320,368)</u>      |

See notes to basic financial statements.

STATEMENT OF ACTIVITIES (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

|  | Primary Government         |                             |                  |
|--|----------------------------|-----------------------------|------------------|
|  | Governmental<br>Activities | Business-type<br>Activities | Total            |
| <b>Changes in net assets:</b>  |                            |                             |                  |
| Net (expense)/revenue (from previous page).....                      | \$ (186,895,327)           | \$ (1,425,041)              | \$ (188,320,368) |
| <i>General revenues:</i>   |                            |                             |                  |
| Real estate and personal property taxes.....                         | 147,941,835                | -                           | 147,941,835      |
| Motor vehicle and other excise taxes.....                            | 6,372,776                  | -                           | 6,372,776        |
| Hotel/motel taxes.....   | 3,061,233                  | -                           | 3,061,233        |
| Meals taxes.....   | 1,128,180                  | -                           | 1,128,180        |
| Penalties and interest on taxes.....                                 | 518,982                    | -                           | 518,982          |
| Payments in lieu of taxes.....                                       | 53,905                     | -                           | 53,905           |
| Community preservation surcharges.....                               | 2,393,595                  | -                           | 2,393,595        |
| Grants and contributions not restricted to<br>specific programs..... | 9,147,352                  | -                           | 9,147,352        |
| Unrestricted investment income.....                                  | 124,628                    | -                           | 124,628          |
| Transfers, net .....   | (75,000)                   | 75,000                      | -                |
| Total general revenues and transfers.....                            | 170,667,486                | 75,000                      | 170,742,486      |
| Change in net assets.....  | (16,227,841)               | (1,350,041)                 | (17,577,882)     |
| Net assets - beginning of year (as restated).....                    | 188,684,027                | 29,442,165                  | 218,126,192      |
| Net assets - end of year.....  | \$ 172,456,186             | \$ 28,092,124               | \$ 200,548,310   |

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2012

| ASSETS   | General              | Highway<br>Projects | Community<br>Development<br>Block Grant | Community<br>Preservation |
|--|----------------------|---------------------|---|---------------------------|
| Cash and cash equivalents.....                           | \$ 40,988,407        | \$ -                | \$ -                                    | \$ -                      |
| Restricted cash and cash equivalents.....                | 22,028               | -                   | -                                       | 18,987,166                |
| Restricted investments.....                              | 113,771              | -                   | -                                       | -                         |
| Receivables, net of allowance for uncollectible amounts: |                      |                     |   |                           |
| Real estate and personal property taxes.....             | 2,084,436            | -                   | -                                       | -                         |
| Real estate tax deferrals.....                           | 501,509              | -                   | -                                       | -                         |
| Tax liens.....   | 1,939,054            | -                   | -                                       | -                         |
| Motor vehicle and other excise taxes.....                | 760,211              | -                   | -                                       | -                         |
| Community preservation surcharges.....                   | -                    | -                   | -                                       | 61,022                    |
| Special assessments.....                                 | 368,370              | -                   | -                                       | -                         |
| Departmental and other.....                              | 392,067              | -                   | -                                       | -                         |
| Intergovernmental.....                                   | 635,668              | 235,147             | -                                       | 642,082                   |
| Loans.....   | -                    | -                   | 2,169,757                               | -                         |
| Due from other funds.....                                | 978,018              | -                   | -                                       | -                         |
| <b>TOTAL ASSETS.....</b>                                 | <b>\$ 48,783,539</b> | <b>\$ 235,147</b>   | <b>\$ 2,169,757</b>                     | <b>\$ 19,690,270</b>      |
| <b>LIABILITIES AND FUND BALANCES</b>                     |                      |                     |   |                           |
| <b>LIABILITIES:</b>                                      |                      |                     |   |                           |
| Warrants payable.....                                    | \$ 2,464,830         | \$ -                | \$ 59,979                               | \$ 104,978                |
| Accrued payroll.....                                     | 3,827,941            | -                   | -                                       | 599                       |
| Tax refunds payable.....                                 | 1,262,507            | -                   | -                                       | -                         |
| Other liabilities.....                                   | 107,262              | -                   | -                                       | 1,721                     |
| Deferred revenue.....                                    | 6,117,756            | -                   | 2,169,757                               | 61,022                    |
| Due to other funds.....                                  | -                    | 235,173             | 12,884                                  | -                         |
| Short-term notes payable.....                            | -                    | -                   | -                                       | -                         |
| <b>TOTAL LIABILITIES.....</b>                            | <b>13,780,296</b>    | <b>235,173</b>      | <b>2,242,620</b>                        | <b>168,320</b>            |
| <b>FUND BALANCES:</b>                                    |                      |                     |   |                           |
| Nonspendable.....  | -                    | -                   | -                                       | -                         |
| Restricted.....  | 135,799              | -                   | -                                       | 19,521,950                |
| Committed.....   | 3,198,284            | -                   | -                                       | -                         |
| Assigned.....  | 850,771              | -                   | -                                       | -                         |
| Unassigned.....  | 30,818,389           | (26)                | (72,863)                                | -                         |
| <b>TOTAL FUND BALANCES.....</b>                          | <b>35,003,243</b>    | <b>(26)</b>         | <b>(72,863)</b>                         | <b>19,521,950</b>         |
| <b>TOTAL LIABILITIES AND FUND BALANCES.....</b>          | <b>\$ 48,783,539</b> | <b>\$ 235,147</b>   | <b>\$ 2,169,757</b>                     | <b>\$ 19,690,270</b>      |

See notes to basic financial statements.



| City<br>Capital<br>Projects | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------------|-----------------------------------|--------------------------------|
| \$ -                        | \$ -                              | \$ 40,988,407                  |
| 4,880,378                   | 13,534,499                        | 37,424,071                     |
| -                           | 1,795,290                         | 1,909,061                      |
| -                           | -                                 | 2,084,436                      |
| -                           | -                                 | 501,509                        |
| -                           | -                                 | 1,939,054                      |
| -                           | -                                 | 760,211                        |
| -                           | -                                 | 61,022                         |
| -                           | -                                 | 368,370                        |
| -                           | 276,820                           | 668,887                        |
| -                           | 1,326,459                         | 2,839,356                      |
| -                           | -                                 | 2,169,757                      |
| -                           | -                                 | 978,018                        |
| <u>\$ 4,880,378</u>         | <u>\$ 16,933,068</u>              | <u>\$ 92,692,159</u>           |

|                     |                      |                      |
|---------------------|----------------------|----------------------|
| \$ 508,316          | \$ 160,065           | \$ 3,298,168         |
| -                   | 52,188               | 3,880,728            |
| -                   | -                    | 1,262,507            |
| -                   | -                    | 108,983              |
| -                   | 276,820              | 8,625,355            |
| -                   | 729,961              | 978,018              |
| <u>4,890,612</u>    | <u>765,875</u>       | <u>5,656,487</u>     |
| <u>5,398,928</u>    | <u>1,984,909</u>     | <u>23,810,246</u>    |
| -                   | 2,034,590            | 2,034,590            |
| -                   | 13,285,397           | 32,943,146           |
| -                   | -                    | 3,198,284            |
| -                   | -                    | 850,771              |
| <u>(518,550)</u>    | <u>(371,828)</u>     | <u>29,855,122</u>    |
| <u>(518,550)</u>    | <u>14,948,159</u>    | <u>68,881,913</u>    |
| <u>\$ 4,880,378</u> | <u>\$ 16,933,068</u> | <u>\$ 92,692,159</u> |

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

JUNE 30, 2012

|   |                       |
|---|-----------------------|
| Total governmental fund balances (page 28).....   | \$ 68,881,913         |
| Capital assets (net of accumulated depreciation) used in governmental activities are not<br>financial resources and, therefore, are not reported in the governmental funds.....   | 241,918,015           |
| Other assets are not available to pay for current period expenditures and,<br>therefore, are deferred in the governmental funds.....  | 8,625,355             |
| In the statement of net assets, interest is accrued on outstanding long-term debt,<br>whereas in the governmental funds interest is not reported until due.....   | (855,285)             |
| Long-term liabilities are not due and payable in the current period and,<br>therefore, are not reported in the governmental funds.  |                       |
| Bonds and notes payable, net of unamortized premiums.....   | (76,353,856)          |
| Workers' compensation claims.....   | (234,207)             |
| Compensated absences.....   | (3,792,963)           |
| Net OPEB obligation.....  | (68,198,003)          |
| Internal service funds are used by management to account for health insurance<br>and workers' compensation activities. The assets and liabilities of the<br>internal service funds are reported as governmental activities in the<br>statement of net assets..... | 2,465,217             |
| Net assets of governmental activities (page 24).....  | \$ <u>172,456,186</u> |

See notes to basic financial statements.

**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|   | General              | Highway<br>Projects | Community<br>Development<br>Block Grant | Community<br>Preservation |
|---|----------------------|---------------------|---|---------------------------|
| <b>REVENUES</b>   |                      |                     |   |                           |
| Real estate and personal property taxes.....                      | \$ 146,798,161       | \$ -                | \$ -                                    | \$ -                      |
| Motor vehicle and other excise taxes.....                         | 6,233,321            | -                   | -                                       | -                         |
| Hotel/motel tax.....  | 3,061,233            | -                   | -                                       | -                         |
| Meals taxes.....  | 1,128,180            | -                   | -                                       | -                         |
| Tax liens.....  | 645,263              | -                   | -                                       | -                         |
| Payments in lieu of taxes.....                                    | 53,905               | -                   | -                                       | -                         |
| Community preservation surcharges.....                            | -                    | -                   | -                                       | 2,386,680                 |
| Charges for services.....   | -                    | -                   | -                                       | -                         |
| Intergovernmental.....  | 33,035,139           | 852,080             | 1,206,260                               | 1,261,554                 |
| Special assessments.....  | 124,392              | -                   | -                                       | -                         |
| Penalties and interest on taxes.....                              | 514,063              | -                   | -                                       | 4,918                     |
| Licenses and permits.....   | 2,546,547            | -                   | -                                       | -                         |
| Fines and forfeitures.....  | 746,024              | -                   | -                                       | -                         |
| Departmental and other.....                                       | 1,326,125            | -                   | 61,904                                  | -                         |
| Contributions.....  | -                    | -                   | -                                       | -                         |
| Investment income.....  | 90,616               | -                   | 34                                      | 37,459                    |
| <b>TOTAL REVENUES.....</b>  | <b>196,302,969</b>   | <b>852,080</b>      | <b>1,268,198</b>                        | <b>3,690,611</b>          |
| <b>EXPENDITURES</b>   |                      |                     |   |                           |
| Current:  |                      |                     |   |                           |
| General government.....   | 7,690,121            | -                   | -                                       | -                         |
| Public safety.....  | 28,640,373           | -                   | -                                       | -                         |
| Education.....  | 65,843,110           | -                   | -                                       | -                         |
| Public works.....   | 10,786,958           | 852,106             | -                                       | -                         |
| Health and human services.....                                    | 1,606,330            | -                   | -                                       | -                         |
| Culture and recreation.....                                       | 3,064,188            | -                   | -                                       | -                         |
| Community development.....  | 665,966              | -                   | 1,248,033                               | 643,693                   |
| Pension benefits.....   | 29,490,180           | -                   | -                                       | -                         |
| Employee benefits.....  | 35,823,260           | -                   | -                                       | -                         |
| State and county charges.....                                     | 1,524,202            | -                   | -                                       | -                         |
| Debt service:   |                      |                     |   |                           |
| Principal.....  | 6,623,638            | -                   | -                                       | -                         |
| Interest.....   | 2,542,952            | -                   | -                                       | -                         |
| <b>TOTAL EXPENDITURES.....</b>                                    | <b>194,301,278</b>   | <b>852,106</b>      | <b>1,248,033</b>                        | <b>643,693</b>            |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES.....</b> | <b>2,001,691</b>     | <b>(26)</b>         | <b>20,165</b>                           | <b>3,046,918</b>          |
| <b>OTHER FINANCING SOURCES (USES)</b>                             |                      |                     |   |                           |
| Transfers in.....   | 171,736              | -                   | -                                       | -                         |
| Issuance of bonds and notes.....                                  | -                    | -                   | -                                       | -                         |
| Premium from issuance of bonds and notes.....                     | 1,413,931            | -                   | -                                       | -                         |
| Transfers out.....  | (155,500)            | -                   | -                                       | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES).....</b>                  | <b>1,430,167</b>     | <b>-</b>            | <b>-</b>                                | <b>-</b>                  |
| <b>NET CHANGE IN FUND BALANCES.....</b>                           | <b>3,431,858</b>     | <b>(26)</b>         | <b>20,165</b>                           | <b>3,046,918</b>          |
| <b>FUND BALANCES AT BEGINNING OF YEAR (AS RESTATED).....</b>      | <b>31,571,385</b>    | <b>-</b>            | <b>(93,028)</b>                         | <b>16,475,032</b>         |
| <b>FUND BALANCES AT END OF YEAR.....</b>                          | <b>\$ 35,003,243</b> | <b>\$ (26)</b>      | <b>\$ (72,863)</b>                      | <b>\$ 19,521,950</b>      |

See notes to basic financial statements.

| City<br>Capital<br>Projects | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------------|-----------------------------------|--------------------------------|
| \$ -                        | \$ -                              | \$ 146,798,161                 |
| -                           | -                                 | 6,233,321                      |
| -                           | -                                 | 3,061,233                      |
| -                           | -                                 | 1,128,180                      |
| -                           | -                                 | 645,263                        |
| -                           | -                                 | 53,905                         |
| -                           | -                                 | 2,386,680                      |
| -                           | 3,244,260                         | 3,244,260                      |
| -                           | 8,270,099                         | 44,625,132                     |
| -                           | -                                 | 124,392                        |
| -                           | -                                 | 518,981                        |
| -                           | -                                 | 2,546,547                      |
| -                           | 99,041                            | 845,065                        |
| -                           | 1,857,313                         | 3,245,342                      |
| -                           | 689,869                           | 689,869                        |
| -                           | 100,007                           | 228,116                        |
| -                           | 14,260,589                        | 216,374,447                    |
| 770,144                     | 261,775                           | 8,722,040                      |
| 562,315                     | 2,815,935                         | 32,018,623                     |
| -                           | 10,469,948                        | 76,313,058                     |
| 1,230,227                   | 20,314                            | 12,889,605                     |
| 176,470                     | 199,368                           | 1,982,168                      |
| 629,353                     | 185,808                           | 3,879,349                      |
| 108,531                     | 679,770                           | 3,345,993                      |
| -                           | -                                 | 29,490,180                     |
| -                           | -                                 | 35,823,260                     |
| -                           | -                                 | 1,524,202                      |
| -                           | -                                 | 6,623,638                      |
| -                           | -                                 | 2,542,952                      |
| 3,477,040                   | 14,632,918                        | 215,155,068                    |
| (3,477,040)                 | (372,329)                         | 1,219,379                      |
| 80,500                      | -                                 | 252,236                        |
| 11,420,500                  | 2,218,000                         | 13,638,500                     |
| -                           | -                                 | 1,413,931                      |
| -                           | (171,736)                         | (327,236)                      |
| 11,501,000                  | 2,046,264                         | 14,977,431                     |
| 8,023,960                   | 1,673,935                         | 16,196,810                     |
| (8,542,510)                 | 13,274,224                        | 52,685,103                     |
| \$ (518,550)                | \$ 14,948,159                     | \$ 68,881,913                  |

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

|  |                        |
|--|------------------------|
| Net change in fund balances - total governmental funds (page 32).....  | \$ 16,196,810          |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.</p>  |                        |
| Capital outlays.....   | 8,475,915              |
| Depreciation.....  | (11,864,694)           |
| <p>Revenues in the statement of activities that do not provide current financial resources are fully deferred in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>  |                        |
|  | (4,855,121)            |
| <p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts represent the related activity of the current period.</p> |                        |
| Bond proceeds.....   | (13,638,500)           |
| Deferred premiums from issuance of bonds and notes.....  | (1,314,846)            |
| Bond maturities.....   | 6,623,638              |
| Amortization of bond premiums.....   | 94,138                 |
| <p>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable.....</p>   |                        |
|  | (182,219)              |
| <p>Some expenses reported in the statement activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:</p>   |                        |
| Workers' compensation.....   | 392,793                |
| Compensated absences.....  | (395,756)              |
| Net OPEB obligation.....   | (17,459,624)           |
| <p>Internal service funds are used by management to account for health insurance. The net activity of the internal service fund is reported with governmental activities.....</p>  |                        |
|  | <u>1,699,625</u>       |
| Changes in net assets of governmental activities (page 26).....  | <u>\$ (16,227,841)</u> |

See notes to basic financial statements.

PROPRIETARY FUNDS  
STATEMENT OF FUND NET ASSETS

JUNE 30, 2012

|  | Business-Type Activities - Enterprise Funds |               |                                       |               | Governmental<br>Activities -<br>Internal<br>Service<br>Funds |
|--|---|---------------|---------------------------------------|---------------|--|
|  | Sewer                                       | Water         | Nonmajor<br>Veterans<br>Memorial Rink | Total         |  |
| <b>ASSETS</b>  |   |               |                                       |               |  |
| Current assets:  |   |               |                                       |               |  |
| Cash and cash equivalents.....                           | \$ 5,803,527                                | \$ 8,664,333  | \$ 245,410                            | \$ 14,713,270 | \$ -   |
| Restricted cash and cash equivalents.....                | 9,214,393                                   | 3,932,540     | 444                                   | 13,147,377    | 6,271,400  |
| Receivables, net of allowance for uncollectible amounts: |   |               |                                       |               |  |
| Utility liens.....                                       | 190,532                                     | 126,349       | -                                     | 316,881       | -  |
| Water.....   | -   | 1,525,072     | -                                     | 1,525,072     | -  |
| Sewer.....   | 2,435,290                                   | -             | -                                     | 2,435,290     | -  |
| Departmental and other.....                              | -   | -             | -                                     | -             | 15,036   |
| Total current assets.....                                | 17,643,742                                  | 14,248,294    | 245,854                               | 32,137,890    | 6,286,436  |
| Noncurrent assets:                                       |   |               |                                       |               |  |
| Capital assets not being depreciated.....                | 38,550                                      | -             | -                                     | 38,550        | -  |
| Capital assets, net of accumulated depreciation.....     | 15,637,251                                  | 9,484,126     | 118,234                               | 25,239,611    | -  |
| Total noncurrent assets.....                             | 15,675,801                                  | 9,484,126     | 118,234                               | 25,278,161    | -  |
| Total assets.....  | 33,319,543                                  | 23,732,420    | 364,088                               | 57,416,051    | 6,286,436  |
| <b>LIABILITIES</b>                                       |   |               |                                       |               |  |
| Current liabilities:                                     |   |               |                                       |               |  |
| Warrants payable.....                                    | 609,930                                     | 19,425        | 2,628                                 | 631,983       | 1,160  |
| Accrued payroll.....                                     | 10,533                                      | 24,003        | 2,106                                 | 36,642        | -  |
| Other liabilities.....                                   | 140,174                                     | -             | -                                     | 140,174       | 323,940  |
| Accrued interest.....                                    | 103,584                                     | 47,443        | -                                     | 151,027       | -  |
| Accrued health claims payable.....                       | -   | -             | -                                     | -             | 3,496,119  |
| Workers' compensation claims.....                        | 30,489                                      | 56,622        | 9,475                                 | 96,586        | -  |
| Compensated absences.....                                | 44,275                                      | 77,296        | 7,125                                 | 128,696       | -  |
| Short-term notes payable.....                            | 1,549,014                                   | 2,294,499     | -                                     | 3,843,513     | -  |
| Long-term bonds and notes payable.....                   | 1,476,996                                   | 662,222       | 25,536                                | 2,164,754     | -  |
| Total current liabilities.....                           | 3,964,995                                   | 3,181,510     | 46,870                                | 7,193,375     | 3,821,219  |
| Noncurrent liabilities:                                  |   |               |                                       |               |  |
| Compensated absences.....                                | 70,577                                      | 101,723       | 8,117                                 | 180,417       | -  |
| Net OPEB obligation.....                                 | 372,466                                     | 752,182       | 134,689                               | 1,259,337     | -  |
| Long-term bonds and notes payable.....                   | 15,242,156                                  | 5,383,802     | 64,840                                | 20,690,798    | -  |
| Total noncurrent liabilities.....                        | 15,685,199                                  | 6,237,707     | 207,646                               | 22,130,552    | -  |
| Total liabilities.....                                   | 19,650,194                                  | 9,419,217     | 254,516                               | 29,323,927    | 3,821,219  |
| <b>FUND NET ASSETS</b>                                   |   |               |                                       |               |  |
| Invested in capital assets, net of related debt.....     | 6,622,028                                   | 5,076,143     | 28,302                                | 11,726,473    | -  |
| Unrestricted.....  | 7,047,321                                   | 9,237,060     | 81,270                                | 16,365,651    | 2,465,217  |
| Total net assets.....                                    | \$ 13,669,349                               | \$ 14,313,203 | \$ 109,572                            | \$ 28,092,124 | \$ 2,465,217   |

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|  | Business-Type Activities - Enterprise Funds |                      |                                       |                      | Governmental<br>Activities -<br>Internal<br>Service<br>Funds |
|--|---|----------------------|---------------------------------------|----------------------|--|
|  | Sewer                                       | Water                | Nonmajor<br>Veterans<br>Memorial Rink | Total                |  |
| <b>OPERATING REVENUES</b>                                      |   |                      |                                       |                      |  |
| Charges for services.....                                      | \$ 15,854,586                               | \$ 11,864,008        | \$ 398,769                            | \$ 28,117,363        | \$ -   |
| Employer contributions.....                                    | -   | -                    | -                                     | -                    | 34,010,000   |
| Employee contributions.....                                    | -   | -                    | -                                     | -                    | 4,246,662  |
| <b>TOTAL OPERATING REVENUES.....</b>                           | <b>15,854,586</b>                           | <b>11,864,008</b>    | <b>398,769</b>                        | <b>28,117,363</b>    | <b>38,256,662</b>  |
| <b>OPERATING EXPENSES</b>                                      |   |                      |                                       |                      |  |
| Cost of service and administration.....                        | 3,089,360                                   | 2,155,917            | 332,212                               | 5,577,489            | -  |
| MWRA assessment.....   | 12,347,461                                  | 7,698,671            | -                                     | 20,046,132           | -  |
| Depreciation.....  | 954,735                                     | 625,514              | 16,430                                | 1,596,679            | -  |
| Employee benefits.....   | 679,880                                     | 1,179,267            | 48,743                                | 1,907,890            | 36,587,974   |
| <b>TOTAL OPERATING EXPENSES.....</b>                           | <b>17,071,436</b>                           | <b>11,659,369</b>    | <b>397,385</b>                        | <b>29,128,190</b>    | <b>36,587,974</b>  |
| <b>OPERATING INCOME (LOSS).....</b>                            | <b>(1,216,850)</b>                          | <b>204,639</b>       | <b>1,384</b>                          | <b>(1,010,827)</b>   | <b>1,668,688</b>   |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                        |   |                      |                                       |                      |  |
| Investment income.....   | 17,278                                      | 15,895               | -                                     | 33,173               | 30,937   |
| Interest expense.....  | (310,505)                                   | (136,882)            | -                                     | (447,387)            | -  |
| <b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>        | <b>(293,227)</b>                            | <b>(120,987)</b>     | <b>-</b>                              | <b>(414,214)</b>     | <b>30,937</b>  |
| <b>INCOME (LOSS) BEFORE TRANSFERS.....</b>                     | <b>(1,510,077)</b>                          | <b>83,652</b>        | <b>1,384</b>                          | <b>(1,425,041)</b>   | <b>1,699,625</b>   |
| <b>TRANSFERS</b>   |   |                      |                                       |                      |  |
| Transfers in.....  | -   | 55,127               | 75,000                                | 130,127              | -  |
| Transfers out.....   | (55,127)                                    | -                    | -                                     | (55,127)             | -  |
| <b>TOTAL TRANSFERS.....</b>                                    | <b>(55,127)</b>                             | <b>55,127</b>        | <b>75,000</b>                         | <b>75,000</b>        | <b>-</b>   |
| <b>CHANGE IN NET ASSETS.....</b>                               | <b>(1,565,204)</b>                          | <b>138,779</b>       | <b>76,384</b>                         | <b>(1,350,041)</b>   | <b>1,699,625</b>   |
| <b>FUND NET ASSETS AT BEGINNING OF YEAR (AS RESTATED).....</b> | <b>15,234,553</b>                           | <b>14,174,424</b>    | <b>33,188</b>                         | <b>29,442,165</b>    | <b>765,592</b>   |
| <b>FUND NET ASSETS AT END OF YEAR.....</b>                     | <b>\$ 13,669,349</b>                        | <b>\$ 14,313,203</b> | <b>\$ 109,572</b>                     | <b>\$ 28,092,124</b> | <b>\$ 2,465,217</b>  |

See notes to basic financial statements.



PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

|  | Business-Type Activities - Enterprise Funds |               |                                       |                | Governmental<br>Activities -<br>Internal<br>Service<br>Funds |
|--|---|---------------|---------------------------------------|----------------|--|
|  | Sewer                                       | Water         | Nonmajor<br>Veterans<br>Memorial Rink | Total          |  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |   |               |                                       |                |  |
| Receipts from customers and users.....   | \$ 18,929,169                               | \$ 14,217,209 | \$ 398,769                            | \$ 33,545,147  | \$ 4,246,662   |
| Receipts from interfund services provided.....   | -   | -             | -                                     | -              | 34,562,463   |
| Payments to vendors.....   | (15,792,593)                                | (10,869,495)  | (335,871)                             | (26,997,959)   | -  |
| Payments to employees.....   | (453,923)                                   | (740,289)     | (70,378)                              | (1,264,590)    | -  |
| Payments for interfund services used.....  | -   | -             | -                                     | -              | (36,250,755)   |
| NET CASH FROM OPERATING ACTIVITIES.....  | 2,682,653                                   | 2,607,425     | (7,480)                               | 5,282,598      | 2,558,370  |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>   |   |               |                                       |                |  |
| Transfers in.....  | -   | 55,127        | 75,000                                | 130,127        | -  |
| Transfers out.....   | (55,127)                                    | -             | -                                     | (55,127)       | -  |
| NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....   | (55,127)                                    | 55,127        | 75,000                                | 75,000         | -  |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>  |   |               |                                       |                |  |
| Proceeds from the issuance of bonds and notes.....   | 8,847,707                                   | 4,344,499     | 85,000                                | 13,277,206     | -  |
| Premium from issuance of bonds and notes.....  | 584,894                                     | 169,393       | 6,144                                 | 760,431        | -  |
| Acquisition and construction of capital assets.....  | (1,462,837)                                 | (1,127,400)   | -                                     | (2,590,237)    | -  |
| Principal payments on bonds and notes.....   | (3,916,016)                                 | (1,811,652)   | (85,000)                              | (5,812,668)    | -  |
| Interest expense.....  | (305,889)                                   | (121,854)     | (768)                                 | (428,511)      | -  |
| NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....  | 3,747,859                                   | 1,452,986     | 5,376                                 | 5,206,221      | -  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |   |               |                                       |                |  |
| Investment income.....   | 17,278                                      | 15,895        | -                                     | 33,173         | 30,937   |
| NET CHANGE IN CASH AND CASH EQUIVALENTS.....   | 6,392,663                                   | 4,131,433     | 72,896                                | 10,596,992     | 2,589,307  |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (AS RESTATED).....  | 8,625,257                                   | 8,465,440     | 172,958                               | 17,263,655     | 3,682,093  |
| CASH AND CASH EQUIVALENTS AT END OF YEAR<br>(Includes \$9,214,393, \$3,932,540 and \$444 reported as restricted in the Sewer,<br>Water and Veterans Memorial Rink Enterprise Funds, respectively)..... | \$ 15,017,920                               | \$ 12,596,873 | \$ 245,854                            | \$ 27,860,647  | \$ 6,271,400   |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH<br/>FROM OPERATING ACTIVITIES</b>   |   |               |                                       |                |  |
| Operating income (loss).....   | \$ (1,216,850)                              | \$ 204,639    | \$ 1,384                              | \$ (1,010,827) | \$ 1,668,688   |
| Adjustments to reconcile operating income (loss) to net<br>cash from operating activities:   |   |               |                                       |                |  |
| Changes in assets and liabilities not requiring current cash flows:  |   |               |                                       |                |  |
| Depreciation.....  | 954,735                                     | 625,514       | 16,430                                | 1,596,679      | -  |
| Net OPEB obligation.....   | 104,651                                     | 162,902       | 15,743                                | 283,296        | -  |
| Changes in assets and liabilities requiring current cash flows:  |   |               |                                       |                |  |
| Utility liens.....   | (61,538)                                    | (44,207)      | -                                     | (105,745)      | -  |
| Water.....   | -   | 2,397,408     | -                                     | 2,397,408      | -  |
| Sewer.....   | 2,892,742                                   | -             | -                                     | 2,892,742      | -  |
| Departmental and other.....  | -   | -             | -                                     | -              | 552,463  |
| Intergovernmental.....   | 243,379                                     | -             | -                                     | 243,379        | -  |
| Warrants payable.....  | (298,634)                                   | (814,261)     | (53,491)                              | (1,166,386)    | 1,160  |
| Accrued payroll.....   | 10,533                                      | 24,003        | 2,106                                 | 36,642         | -  |
| Other liabilities.....   | (56)  | -             | -                                     | (56)           | 323,940  |
| Accrued health claims payable.....   | -   | -             | -                                     | -              | 12,119   |
| Workers' compensation claims.....  | 30,489                                      | 56,622        | 9,475                                 | 96,586         | -  |
| Compensated absences.....  | 23,202                                      | (5,195)       | 873                                   | 18,880         | -  |
| Total adjustments.....   | 3,899,503                                   | 2,402,786     | (8,864)                               | 6,293,425      | 889,682  |
| NET CASH FROM OPERATING ACTIVITIES.....  | \$ 2,682,653                                | \$ 2,607,425  | \$ (7,480)                            | \$ 5,282,598   | \$ 2,558,370   |

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET ASSETS**

JUNE 30, 2012

| ASSETS   | Pension<br>Trust Fund<br>(As of 12/31/11) | Private<br>Purpose<br>Trust Funds | Agency<br>Funds |
|--|---|-----------------------------------|-----------------|
| Cash and cash equivalents.....                             | \$ 5,643,950                              | \$ 770,268                        | \$ 883,094      |
| Investments:   |   |                                   |                 |
| U.S. Treasuries and agencies.....                          | -   | 2,289,553                         | -               |
| Pooled real estate funds.....                              | 9,325,145                                 | -                                 | -               |
| Pooled alternative investments.....                        | 7,085,547                                 | -                                 | -               |
| PRIT funds.....  | 128,216,334                               | -                                 | -               |
| Receivables, net of allowance for uncollectible amounts:   |   |                                   |                 |
| Departmental and other.....                                | 74,373                                    | -                                 | -               |
| Total assets.....  | <u>150,345,349</u>                        | <u>3,059,821</u>                  | <u>883,094</u>  |
| <b>LIABILITIES</b>   |   |                                   |                 |
| Warrants payable.....                                      | 8,005                                     | -                                 | 4,125           |
| Other liabilities.....                                     | -   | -                                 | 5,313           |
| Liabilities due depositors.....                            | -   | -                                 | 873,656         |
| Total liabilities.....                                     | <u>8,005</u>                              | <u>-</u>                          | <u>883,094</u>  |
| <b>NET ASSETS</b>  |   |                                   |                 |
| Held in trust for pension benefits and other purposes..... | <u>\$ 150,337,344</u>                     | <u>\$ 3,059,821</u>               | <u>\$ -</u>     |

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|   | Pension<br>Trust Fund<br>(As of 12/31/11) | Private<br>Purpose<br>Trust Funds |
|---|---|-----------------------------------|
| <b>ADDITIONS</b>  |   |                                   |
| Contributions:  |   |                                   |
| Employer.....   | \$ 14,279,667                             | \$ -                              |
| Plan members.....   | 4,743,500                                 | -                                 |
| Private donations.....  | -   | 34,581                            |
| Total contributions.....  | 19,023,167                                | 34,581                            |
| Net investment income:  |   |                                   |
| Net appreciation/(depreciation) in fair value of investments..... | (2,892,446)                               | -                                 |
| Interest.....   | 1,442                                     | 254,064                           |
| Dividends.....  | 4,742,980                                 | -                                 |
| Total investment income (loss).....                               | 1,851,976                                 | 254,064                           |
| Less investment expense.....                                      | (993,503)                                 | -                                 |
| Net investment income (loss).....                                 | 858,473                                   | 254,064                           |
| Intergovernmental.....  | 682,336                                   | -                                 |
| Transfers from other systems.....                                 | 360,995                                   | -                                 |
| TOTAL ADDITIONS.....  | 20,924,971                                | 288,645                           |
| <b>DEDUCTIONS</b>   |   |                                   |
| Administration.....   | 437,611                                   | -                                 |
| Retirement benefits and refunds.....                              | 21,000,282                                | -                                 |
| Transfers to other systems.....                                   | 649,215                                   | -                                 |
| Scholarships awarded.....   | -   | 111,200                           |
| Housing subsidies.....  | -   | 761,181                           |
| TOTAL DEDUCTIONS.....   | 22,087,108                                | 872,381                           |
| CHANGE IN NET ASSETS.....   | (1,162,137)                               | (583,736)                         |
| NET ASSETS AT BEGINNING OF YEAR.....                              | 151,499,481                               | 3,643,557                         |
| NET ASSETS AT END OF YEAR.....                                    | \$ 150,337,344                            | \$ 3,059,821                      |

See notes to basic financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. General**

The basic financial statements 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 standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

**B. Reporting Entity**

The City of Waltham, Massachusetts (City) is a 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 basic financial statements include all funds, organizations, agencies, boards, commissions and institutions that are not legally separate from the City.

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/or significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the City (primary government) and its component units.

The City has included one entity as a component unit (fiduciary fund) in the reporting entity because of the significance of its operational and financial relationship with the City. 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.

**Fiduciary Fund Component Unit**

The Waltham Contributory Retirement System (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 funds financial statements.

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.

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

The government-wide financial statements (statement of net assets and the statement activities) report information on all 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 primarily supported by user fees.

### 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.

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

#### *D. Measurement Focus, Basis of Accounting and Basis of Presentation*

### Government-Wide and Fund Financial Statements

The government-wide and enterprise fund financial statements apply all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

### 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 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 specific function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a specific function or segment.

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

Except for charges between the general fund and enterprise funds, the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

### Fund Financial Statements

**Governmental funds** 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, and certain compensated absences, 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 the end of the fiscal year. 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 used to account for and report all financial resources not accounted for and reported in another fund.

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

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

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

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

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

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

*Capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

*Permanent funds* are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs and benefit the government or its citizenry.

**Proprietary funds** financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting, whereby 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 City's sewer activities.

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

The following nonmajor proprietary fund is reported:

The *Veterans Memorial Rink enterprise fund* is used to account for the City's 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 funds** financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the government's 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, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefits individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a custodial capacity. Such assets consist of confiscated police property and security deposits. Agency funds do not present the results of operations or have a measurement focus.

#### ***E. Deposits 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. Fair value is based on quotations from a national securities exchange except for pooled funds, for which fair value is based on unit value reported by the funds.

#### Alternative Investments

Alternative investments are recorded at fair value as determined in good faith by the general partners of the venture capital firms after consideration of pertinent information, including current financial position and operating results, price-earnings multiples and available market prices of similar companies' securities, the nature of securities, marketability, restrictions on disposition and other appropriation and do not necessarily represent amounts which might ultimately be realized, since such amounts depend on future circumstances and cannot reasonably be determined until individual securities are liquidated.

#### Real Estate

The fair value of real estate funds is based on independent third-party appraisals. The investment managers of the funds are responsible for the reported value of those investments. However, the structure, risk profile, return potential and marketability of those investments differ from traditional equity and fixed income investments. Determination of the value of these investments involves subjective judgment because the actual market value can be determined only by negotiation between the parties to a sales transaction. As a result, the estimated values may differ significantly from the values that would have been used had a ready market for the real estate existed, and the differences could be material.

#### *F. Accounts Receivable*

#### Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

#### **Real Estate Taxes, Personal Property Taxes and Tax Liens**

Real estate and personal property taxes are levied and based on values assessed on January 1<sup>st</sup> 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 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date.

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.

#### **Motor Vehicle Excise Taxes**

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

#### **Community Preservation Surcharges**

Community preservation surcharges are levied annually at a rate of 2% of residents' real estate tax bills with exemptions for the first \$100,000 of residential property and property owned by qualified persons with low income and seniors with low or moderate income as defined by DOR guidelines. The surcharge is due with the real estate tax on a quarterly basis each August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup>, and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date. Overdue surcharges are included on the tax



liens processed on delinquent real estate taxes. Surcharges are recorded as receivables in the fiscal year of the levy.

#### **Water and Sewer User Charges and Utility Liens**

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. Water and sewer liens are processed in December of every year and are 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.

#### **Departmental and Other**

Departmental and other receivables primarily consist of parking ticket fines and police and fire details and are recorded as receivables in the fiscal year accrued.

#### **Special Assessments**

The costs incurred on completed special projects (e.g., street betterment) that have been assessed to the benefited taxpayers.

#### **Intergovernmental**

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

#### **Loans**

The Department of Planning and Development administers loan programs that provide housing assistance to residents and capital needs for small businesses. Loans are recorded as receivables upon issuance.

#### ***G. Allowance for Uncollectible Amounts***

The allowance for uncollectible amounts is estimated based on historical trends and specific account analysis for the following accounts receivable:

- Personal property taxes
- Motor vehicle and other excise taxes
- Departmental and other

The following types of accounts receivable are secured via the lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible amounts is not reported.

- Real estate taxes and tax liens
- Community preservation surcharges
- Water and sewer user charges and utility liens
- Special assessments

Intergovernmental receivables are considered 100% collectible.

*H. 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.

*I. Restricted Assets*Government-Wide and Fund Financial Statements

Assets are reported as restricted when limitations on their use change the nature of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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

Capital assets, which consist of land, construction in progress, land improvements, buildings and improvements, equipment, infrastructure (e.g., roads, water mains, sewer mains, and similar items) and library books are reported in the applicable governmental or business-type activities column of the government-wide 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. Construction period interest is not 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<br/>Useful<br/>Life<br/>(in years)</u> |
|---------------------------------|---|
| Land improvements.....          | 10-50   |
| Buildings and improvements..... | 5-40  |
| Equipment.....                  | 3-20  |
| Infrastructure.....             | 10-50   |
| Library books.....              | 5   |

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

Governmental Fund Financial Statements

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

***K. Interfund Receivables and Payables***

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

**Government-Wide Financial Statements**

Transactions of a buyer/seller nature between and within governmental 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.

***L. Interfund Transfers***

During the course of its operations, resources are permanently reallocated between and within funds.

**Government-Wide Financial Statements**

Transfers between and within governmental 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.

***M. Deferred Revenue***

Deferred revenue at the 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 financial statements (full accrual).

***N. Net Assets and Fund Balances*****Government-Wide Financial Statements and Proprietary Fund Financial Statements (Net Assets)**

Net assets are reported as restricted when amounts are restricted by outside parties for a specific future use.

Net assets have been "restricted" for the following:

"Employee and postemployment benefits" represents amounts restricted for health insurance and other post-employment benefits.

"Community development" represents amounts restricted for the federal community development block grant program.

“Community preservation” represents amounts restricted for the purpose of acquiring land for conversation, recreational, and affordable housing projects.

“Permanent funds – expendable” represents amounts held in trust for which the expenditures are restricted by various trust agreements.

“Permanent funds – nonexpendable” represents amounts held in trust for which only investment earnings may be expended.

“Other specific purposes” represents other restrictions placed on assets from outside parties.

#### Governmental Funds Financial Statements (Fund Balances)

The following fund balance classifications describe the relative strength of the spending constraints:

*Nonspendable* — represents amounts that cannot be spent either because they are in nonspendable form (i.e., loans receivable) or because they are legally or contractually required to be maintained intact (i.e., principal of permanent fund).

*Restricted* — represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* — represents amounts that can be used only for specific purposes imposed by a formal action (vote) of City Council, which is the highest level of decision-making authority for the City. Committed amounts may be established, modified, or rescinded only through actions approved by City Council.

*Assigned* — represents amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Under the City’s structure, only authorized assignments for non-contractual encumbrances can be made by individual department heads.

*Unassigned* — represents the residual fund balance for the General Fund and the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

Encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

#### *O. Long-term Debt*

#### Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statements of net assets. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

#### Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources when the debt is issued. 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.

*P. 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 by the respective funds.

*Q. Compensated Absences*

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

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 employee retirements and resignations.

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

In addition to providing pension benefits, and as more fully described in Note 11, the City provides health, dental and life insurance coverage for current and future retirees and their spouses.

*S. 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 that 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.

*T. 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 presented 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 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY****A. 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.

Generally, expenditures may not exceed the level of spending (personnel, general, equipment/unusual, capital improvement and special) authorized for an appropriation account. However, the City is statutorily required to pay debt service and certain other obligations, regardless of whether such amounts are appropriated.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2012 approved budget for the general fund authorized \$184,265,619 in appropriations and other amounts to be raised. During fiscal year 2012, supplemental appropriations totaling \$1,352,500 were authorized.

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

**B. Fund Deficits**

At June 30, 2012, the following governmental fund deficits exist:

| <u>Fund</u>                      | <u>Amount</u> | <u>Funding Source</u>            |
|----------------------------------|---------------|----------------------------------|
| City Capital Projects.....       | \$ 518,550    | Issuance of long-term debt       |
| Police and Fire Detail.....      | 368,468       | User charges and available funds |
| CDBG Block Grant.....            | 72,863        | Federal grant                    |
| Vocational School Reserve.....   | 3,360         | User charges and available funds |
| Highway Projects Major Fund..... | 26            | State grant                      |

**NOTE 3 - DEPOSITS AND INVESTMENTS***City (excluding the Pension Trust Fund)*

The municipal finance laws of the Commonwealth authorize the City to invest temporarily idle cash in bank term deposits and certificates of deposits, and treasury and agency obligations of the United States government, with maturities of one year or less; U.S. treasury or agency repurchase agreements with maturities of not more than 90 days; money market accounts; and the state treasurer's investment pool - the Massachusetts Municipal Depository Trust (MMDT).

The MMDT meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee and provides regulatory oversight. The reported value of the pool is the same as the fair value of pool shares.

A cash and investment pool is maintained that is available for use by all funds with unrestricted cash and investments. The deposits and investments of private purpose trust funds and the pension trust fund are held separately from other City funds.

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be recovered. 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.

As of June 30, 2012, \$15,839,930 of the City's bank balance of \$117,431,450 was uninsured, uncollateralized and exposed to custodial credit risk.

Investments Summary

The City's investments at June 30, 2012 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

| Investment Type                | Fair Value   | Investment Maturities (in Years) |              |              |
|--------------------------------|--------------|----------------------------------|--------------|--------------|
|                                |              | Less Than 1                      | 1 - 5        | 6 - 10       |
| <u>Debt Securities:</u>        |              |                                  |              |              |
| U.S. Treasuries.....           | \$ 1,665,352 | \$ 360,363                       | \$ 186,268   | \$ 1,118,721 |
| U.S. Agencies.....             | 1,215,554    | 255,878                          | 959,676      | -            |
| Corporate bonds.....           | 1,107,709    | 329,967                          | 289,629      | 488,113      |
| Money market mutual funds..... | 1,056,553    | 1,056,553                        | -            | -            |
| Repurchase agreements.....     | 210,000      | 210,000                          | -            | -            |
| External investment pools..... | 2,958,461    | 2,958,461                        | -            | -            |
| Total investments.....         | \$ 8,213,629 | \$ 5,171,222                     | \$ 1,435,573 | \$ 1,606,834 |

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The City's investment policy limits 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 City participates in MMDT, which maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 3 months. Although MMDT is not rated, credit ratings associated with the investments of the MMDT Cash Fund were either P1 (approximately 91%) or P2 (approximately 9%).

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk of investments. As of June 30, 2012, the City's investments were exposed to custodial credit risk as follows:

| Investment Type      | Fair Value   | Held by Counterparty's Trust or Agent |
|----------------------|--------------|---------------------------------------|
| U.S. Treasuries..... | \$ 1,665,352 | \$ 1,665,352                          |
| U.S. Agencies.....   | 1,215,554    | 1,215,554                             |
| Corporate bonds..... | 1,107,709    | 1,107,709                             |
| Total.....           | \$ 3,988,615 | \$ 3,988,615                          |

Investments - Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The City's policy is to limit 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, 2012, the credit quality ratings of the City's debt securities are as follows:

| Investment Type                | Fair Value   | Quality Ratings * |            |           |            |            |            |           |              |
|--------------------------------|--------------|-------------------|------------|-----------|------------|------------|------------|-----------|--------------|
|                                |              | AAA               | AA+        | AA-       | A+         | A          | A-         | BBB+      | Unrated      |
| Corporate bonds.....           | \$ 1,107,709 | \$ 108,443        | \$ 101,138 | \$ 31,772 | \$ 213,600 | \$ 179,283 | \$ 423,174 | \$ 50,299 | \$ -         |
| Money market mutual funds..... | 1,056,553    | -                 | -          | -         | -          | -          | -          | -         | 1,056,553    |
| Repurchase agreements.....     | 210,000      | -                 | -          | -         | -          | -          | -          | -         | 210,000      |
| External investment pools..... | 2,958,461    | -                 | -          | -         | -          | -          | -          | -         | 2,958,461    |
| Total.....                     | \$ 5,332,723 | \$ 108,443        | \$ 101,138 | \$ 31,772 | \$ 213,600 | \$ 179,283 | \$ 423,174 | \$ 50,299 | \$ 4,225,014 |

\* Per the rating scale of Standard and Poor's (a national credit rating organization)

Pension Trust Fund (The System)

The System has expanded investment powers, including the ability to invest in equity securities, corporate bonds and other specified investments.



The System participates in the Pension Reserve Investment Trust (PRIT), which meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee and provides regulatory oversight. The reported value of the pool is the same as the fair value of the System's position in pool shares.

### Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the System's deposits may not be recovered. The System does not have a policy for custodial credit risk of deposits. As of December 31, 2011, the System is not exposed to custodial credit risk.

### Investments Summary

The System's investments at December 31, 2011 are presented below. All investments are presented by investment type with debt securities presented by maturity.

| Investment Type                        | Fair Value     | Investment Maturities (in Years)<br>Less Than 1 |
|--|----------------|---|
| <u>Debt Securities:</u>                |                |   |
| Money market mutual funds.....         | \$ 5,642,392   | \$ 5,642,392                                    |
| Debt security mutual funds (PRIT)..... | 28,284,523     | 28,284,523                                      |
| Total debt securities.....             | \$ 33,926,915  | \$ 33,926,915                                   |
| <u>Other Investments:</u>              |                |   |
| Equity mutual funds (PRIT).....        | 73,416,673     |   |
| Real estate investments (PRIT).....    | 11,988,227     |   |
| Real estate investments.....           | 9,325,145      |   |
| Alternative investments (PRIT).....    | 14,526,910     |   |
| Alternative investments.....           | 7,085,547      |   |
| Total other investments.....           | 116,342,502    |   |
| Total investments.....                 | \$ 150,269,417 |   |

### Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The System does not have a policy for interest rate risk of debt securities.

### Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System does not have a policy for custodial credit risk. As of December 31, 2011, \$16,410,692 of the System's investments (real estate and alternative) were exposed to custodial credit risk.

Investments - Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The System does not have a policy for credit risk of debt securities. As of December 31, 2011, the System's debt securities were unrated by a national credit rating organization.

**NOTE 4 - ACCOUNTS RECEIVABLE**

At June 30, 2012, receivables for the individual major governmental funds and nonmajor governmental, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

|   | Gross<br>Amount      | Allowance<br>for<br>Uncollectibles | Net<br>Amount        |
|---|----------------------|------------------------------------|----------------------|
| <u>Receivables:</u>                         |                      |                                    |                      |
| Real estate and personal property taxes.... | \$ 2,084,436         | \$ -                               | \$ 2,084,436         |
| Real estate tax deferrals.....              | 501,509              | -                                  | 501,509              |
| Tax liens.....                              | 1,939,054            | -                                  | 1,939,054            |
| Motor vehicle and other excise taxes.....   | 1,701,430            | (941,219)                          | 760,211              |
| Community preservation surcharges.....      | 61,022               | -                                  | 61,022               |
| Special assessments.....                    | 368,370              | -                                  | 368,370              |
| Departmental and other.....                 | 1,040,782            | (282,487)                          | 758,295              |
| Intergovernmental.....                      | 2,839,356            | -                                  | 2,839,356            |
| Loans.....                                  | 2,169,757            | -                                  | 2,169,757            |
|   | <u>\$ 12,705,716</u> | <u>\$ (1,223,706)</u>              | <u>\$ 11,482,010</u> |

At June 30, 2012, receivables for the water and sewer enterprise fund consist of the following:

|                            | Gross<br>Amount     | Allowance<br>for<br>Uncollectibles | Net<br>Amount       |
|----------------------------|---------------------|------------------------------------|---------------------|
| <u>Receivables:</u>        |                     |                                    |                     |
| Water and sewer liens..... | \$ 316,881          | \$ -                               | \$ 316,881          |
| Water.....                 | 1,525,072           | -                                  | 1,525,072           |
| Sewer.....                 | 2,435,290           | -                                  | 2,435,290           |
|                            | <u>\$ 4,277,243</u> | <u>\$ -</u>                        | <u>\$ 4,277,243</u> |

Governmental funds report deferred revenue in connection with receivables and other assets for revenues that are not considered to be available to liquidate liabilities of the current period. The following identifies the various components of deferred revenue reported in the governmental funds:

|  | General<br>Fund     | Community<br>Development | Community<br>Preservation | Nonmajor<br>Governmental<br>Funds | Total               |
|--|---------------------|--------------------------|---------------------------|-----------------------------------|---------------------|
| <u>Receivable type:</u>                      |                     |                          |                           |                                   |                     |
| Real estate and personal property taxes..... | \$ 1,520,877        | \$ -                     | \$ -                      | \$ -                              | \$ 1,520,877        |
| Real estate tax deferrals.....               | 501,509             | -                        | -                         | -                                 | 501,509             |
| Tax liens.....                               | 1,939,054           | -                        | -                         | -                                 | 1,939,054           |
| Motor vehicle and other excise taxes.....    | 760,211             | -                        | -                         | -                                 | 760,211             |
| Community preservation surcharges.....       | -                   | -                        | 61,022                    | -                                 | 61,022              |
| Special assessments.....                     | 368,370             | -                        | -                         | -                                 | 368,370             |
| Departmental and other.....                  | 392,067             | -                        | -                         | 276,820                           | 668,887             |
| Intergovernmental.....                       | 635,668             | -                        | -                         | -                                 | 635,668             |
| Loans.....                                   | -                   | 2,169,757                | -                         | -                                 | 2,169,757           |
| Total.....                                   | <u>\$ 6,117,756</u> | <u>\$ 2,169,757</u>      | <u>\$ 61,022</u>          | <u>\$ 276,820</u>                 | <u>\$ 8,625,355</u> |

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

|  | Beginning<br>Balance  | Increases             | Decreases             | Ending<br>Balance     |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Governmental Activities:</b>                        |                       |                       |                       |                       |
| <u>Capital assets not being depreciated:</u>           |                       |                       |                       |                       |
| Land.....  | \$ 18,557,357         | \$ 945,919            | \$ -                  | \$ 19,503,276         |
| Construction in progress.....                          | 1,726,266             | -                     | (1,726,266)           | -                     |
| Total capital assets not being depreciated.....        | 20,283,623            | 945,919               | (1,726,266)           | 19,503,276            |
| <u>Capital assets being depreciated:</u>               |                       |                       |                       |                       |
| Land improvements.....                                 | 16,920,252            | 863,746               | -                     | 17,783,998            |
| Buildings and improvements.....                        | 238,668,163           | 3,736,941             | (693,967)             | 241,711,137           |
| Equipment.....   | 24,423,651            | 1,100,164             | (1,174,456)           | 24,349,359            |
| Infrastructure.....                                    | 48,205,268            | 3,293,158             | -                     | 51,498,426            |
| Library books.....                                     | 1,365,309             | 262,253               | (272,036)             | 1,355,526             |
| Total capital assets being depreciated.....            | 329,582,643           | 9,256,262             | (2,140,459)           | 336,698,446           |
| <u>Less accumulated depreciation for:</u>              |                       |                       |                       |                       |
| Land improvements.....                                 | (6,500,974)           | (847,341)             | -                     | (7,348,315)           |
| Buildings and improvements.....                        | (58,916,044)          | (5,676,387)           | 693,967               | (63,898,464)          |
| Equipment.....   | (17,238,080)          | (1,376,851)           | 1,174,456             | (17,440,475)          |
| Infrastructure.....                                    | (21,212,825)          | (3,692,031)           | -                     | (24,904,856)          |
| Library books.....                                     | (691,549)             | (272,084)             | 272,036               | (691,597)             |
| Total accumulated depreciation.....                    | (104,559,472)         | (11,864,694)          | 2,140,459             | (114,283,707)         |
| Total capital assets being depreciated, net.....       | 225,023,171           | (2,608,432)           | -                     | 222,414,739           |
| Total governmental activities capital assets, net..... | <u>\$ 245,306,794</u> | <u>\$ (1,662,513)</u> | <u>\$ (1,726,266)</u> | <u>\$ 241,918,015</u> |

|  | Beginning<br>Balance | Increases    | Decreases    | Ending<br>Balance |
|--|----------------------|--------------|--------------|-------------------|
| <b>Sewer Activities:</b>                         |                      |              |              |                   |
| <u>Capital assets not being depreciated:</u>     |                      |              |              |                   |
| Land.....  | \$ 38,550            | \$ -         | \$ -         | \$ 38,550         |
| Construction in progress.....                    | 880,623              | -            | (880,623)    | -                 |
| Total capital assets not being depreciated.....  | 919,173              | -            | (880,623)    | 38,550            |
| <u>Capital assets being depreciated:</u>         |                      |              |              |                   |
| Buildings and improvements.....                  | 2,684,885            | 475,942      | -            | 3,160,827         |
| Equipment.....                                   | 940,694              | 14,595       | (16,850)     | 938,439           |
| Infrastructure.....                              | 32,279,457           | 1,852,923    | -            | 34,132,380        |
| Total capital assets being depreciated.....      | 35,905,036           | 2,343,460    | (16,850)     | 38,231,646        |
| <u>Less accumulated depreciation for:</u>        |                      |              |              |                   |
| Buildings and improvements.....                  | (1,323,098)          | (81,104)     | -            | (1,404,202)       |
| Equipment.....                                   | (757,029)            | (43,483)     | 16,850       | (783,662)         |
| Infrastructure.....                              | (19,576,383)         | (830,148)    | -            | (20,406,531)      |
| Total accumulated depreciation.....              | (21,656,510)         | (954,735)    | 16,850       | (22,594,395)      |
| Total capital assets being depreciated, net..... | 14,248,526           | 1,388,725    | -            | 15,637,251        |
| Total sewer activities capital assets, net.....  | \$ 15,167,699        | \$ 1,388,725 | \$ (880,623) | \$ 15,675,801     |
| <b>Water Activities:</b>                         |                      |              |              |                   |
| <u>Capital assets not being depreciated:</u>     |                      |              |              |                   |
| Construction in progress.....                    | \$ 651,031           | \$ -         | \$ (651,031) | \$ -              |
| <u>Capital assets being depreciated:</u>         |                      |              |              |                   |
| Buildings and improvements.....                  | 1,104,422            | -            | -            | 1,104,422         |
| Equipment.....                                   | 2,106,948            | -            | (37,196)     | 2,069,752         |
| Infrastructure.....                              | 18,387,641           | 1,778,431    | -            | 20,166,072        |
| Total capital assets being depreciated.....      | 21,599,011           | 1,778,431    | (37,196)     | 23,340,246        |
| <u>Less accumulated depreciation for:</u>        |                      |              |              |                   |
| Buildings and improvements.....                  | (924,955)            | (27,611)     | -            | (952,566)         |
| Equipment.....                                   | (1,214,870)          | (119,374)    | 37,196       | (1,297,048)       |
| Infrastructure.....                              | (11,127,977)         | (478,529)    | -            | (11,606,506)      |
| Total accumulated depreciation.....              | (13,267,802)         | (625,514)    | 37,196       | (13,856,120)      |
| Total capital assets being depreciated, net..... | 8,331,209            | 1,152,917    | -            | 9,484,126         |
| Total water activities capital assets, net.....  | \$ 8,982,240         | \$ 1,152,917 | \$ (651,031) | \$ 9,484,126      |

|  | Beginning<br>Balance | Increases    | Decreases      | Ending<br>Balance |
|--|----------------------|--------------|----------------|-------------------|
| <b>Veterans Memorial Rink Activities:</b>                        |                      |              |                |                   |
| <u>Capital assets being depreciated:</u>                         |                      |              |                |                   |
| Buildings and improvements.....                                  | \$ 83,940            | \$ -         | \$ -           | \$ 83,940         |
| Equipment.....   | 113,789              | -            | -              | 113,789           |
| Total capital assets being depreciated.....                      | 197,729              | -            | -              | 197,729           |
| <u>Less accumulated depreciation for:</u>                        |                      |              |                |                   |
| Buildings and improvements.....                                  | (2,526)              | (5,051)      | -              | (7,577)           |
| Equipment.....   | (60,539)             | (11,379)     | -              | (71,918)          |
| Total accumulated depreciation.....                              | (63,065)             | (16,430)     | -              | (79,495)          |
| Total capital assets being depreciated, net.....                 | 134,664              | (16,430)     | -              | 118,234           |
| Total Veterans Memorial Rink activities capital assets, net..... | \$ 134,664           | \$ (16,430)  | \$ -           | \$ 118,234        |
| Total business-type activities capital assets, net.....          | \$ 24,284,603        | \$ 2,525,212 | \$ (1,531,654) | \$ 25,278,161     |

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

**Governmental Activities:**

|                                |            |
|--------------------------------|------------|
| General government.....        | \$ 297,287 |
| Public safety.....             | 869,760    |
| Education.....                 | 5,218,576  |
| Public works.....              | 3,671,349  |
| Health and human services..... | 26,813     |
| Culture and recreation.....    | 1,059,513  |
| Community development.....     | 721,396    |

Total depreciation expense - governmental activities..... \$ 11,864,694

**Business-Type Activities:**

|                             |            |
|-----------------------------|------------|
| Sewer.....                  | \$ 954,735 |
| Water.....                  | 625,514    |
| Veterans Memorial Rink..... | 16,430     |

Total depreciation expense - business-type activities..... \$ 1,596,679

**NOTE 6 - INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT**

Invested in capital assets, net of related debt at June 30, 2012 is summarized as follows:

*Governmental Activities*

|  |    |                           |
|--|----|---------------------------|
| Capital assets.....                                  | \$ | 356,201,722               |
| Less accumulated depreciation.....                   |    | (114,283,707)             |
| Less outstanding bonds and notes payable.....        |    | (82,010,343)              |
| Add unspent proceeds of capital related debt.....    |    | <u>7,098,378</u>          |
| Invested in capital assets, net of related debt..... | \$ | <u><u>167,006,050</u></u> |

*Business-Type Activities*

|  |    |                          |
|--|----|--------------------------|
| Capital assets.....                                  | \$ | 61,808,171               |
| Less accumulated depreciation.....                   |    | (36,530,010)             |
| Less outstanding bonds and notes payable.....        |    | (26,699,065)             |
| Add unspent proceeds of capital related debt.....    |    | <u>13,147,377</u>        |
| Invested in capital assets, net of related debt..... | \$ | <u><u>11,726,473</u></u> |

**NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Receivables and payables between funds at June 30, 2012, are summarized as follows:

| Receivable Fund   | Payable Fund                                     | Amount                   |
|-------------------|--|--------------------------|
| General Fund..... | Highway projects major fund.....                 | \$ 235,173 (1)           |
| General Fund..... | Community Development Block Grant major fund.... | 12,884 (2)               |
| General Fund..... | School federal grants nonmajor fund.....         | 403,493 (3)              |
| General Fund..... | School state grants nonmajor fund.....           | 2,945 (4)                |
| General Fund..... | Vocational school reserve nonmajor fund.....     | 1,339 (5)                |
| General Fund..... | Police and fire detail nonmajor fund.....        | <u>322,184 (6)</u>       |
|                   |  | <u><u>\$ 978,018</u></u> |

- (1) Represents advance funding to the highway projects major fund
- (2) Represents advance funding to the Community Development Block Grant major fund
- (3) Represents advance funding to the school federal grants nonmajor fund
- (4) Represents advance funding to the school state grants nonmajor fund
- (5) Represents advance funding to the vocational school reserve nonmajor fund
- (6) Represents advance funding to the police and fire detail nonmajor fund

Interfund transfers for the fiscal year ended June 30, 2012, are summarized as follows:

|                                  | Transfers In:     |                  |                  |                  |                   |     |
|----------------------------------|-------------------|------------------|------------------|------------------|-------------------|-----|
|                                  | General           | City             | Water            | Veterans         |                   |     |
| Transfers Out:                   | Fund              | Capital          | Enterprise       | Memorial Rink    |                   |     |
|                                  |                   | Projects         | Fund             | Enterprise Fund  | Total             |     |
| General Fund.....                | \$ -              | \$ 80,500        | \$ -             | \$ 75,000        | \$ 155,500        | (1) |
| Nonmajor Governmental Funds..... | 171,736           | -                | -                | -                | 171,736           | (2) |
| Sewer Enterprise Fund.....       | -                 | -                | 55,127           | -                | 55,127            | (3) |
|                                  | <u>\$ 171,736</u> | <u>\$ 80,500</u> | <u>\$ 55,127</u> | <u>\$ 75,000</u> | <u>\$ 382,363</u> |     |

(1) Represents transfer to the city capital projects major fund for BAN paydowns (\$80,500) and budgeted subsidy to the veterans memorial rink enterprise fund (\$75,000)

(2) Represents budgeted transfers from library state aid (\$55,000) and sale of city owned land (\$25,000) special revenue funds and unbudgeted transfers from revenue reserve fund (\$77,790), school federal grants (\$12,620) and school state grants (\$1,326) special revenue funds

(3) Represents budgeted transfer from sewer enterprise fund to water enterprise fund

#### NOTE 8 - 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 anticipation notes (RAN) or tax anticipation notes (TAN).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BAN) or grant anticipation notes (GAN).

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

Details related to the short-term debt activity for the fiscal year ended June 30, 2012, is as follows:

*Notes Payable - Governmental Funds*

| Type       | Description   | Origination Date | Maturity Date | Interest Rate | Balance at June 30, 2011 | Increases    | Decreases      | Balance at June 30, 2012 |
|------------|---|------------------|---------------|---------------|--------------------------|--------------|----------------|--------------------------|
| BAN        | Building Renovations.....   | 2/22/11          | 2/22/12       | 2.00%         | \$ 167,000               | \$ -         | \$ (167,000)   | \$ -                     |
| BAN        | Yard Structures.....  | 2/22/11          | 2/22/12       | 2.00%         | 350,000                  | -            | (350,000)      | -                        |
| BAN        | Equipment.....  | 2/22/11          | 2/22/12       | 2.00%         | 1,716,000                | -            | (1,716,000)    | -                        |
| BAN        | Land Development.....   | 2/22/11          | 2/22/12       | 2.00%         | 200,000                  | -            | (200,000)      | -                        |
| BAN        | Incinerator Facility Removal.....                                   | 2/22/11          | 2/22/12       | 2.00%         | 535,000                  | -            | (535,000)      | -                        |
| BAN        | Technology.....   | 2/22/11          | 2/22/12       | 2.00%         | 45,000                   | -            | (45,000)       | -                        |
| BAN        | City Yard Structures.....   | 2/22/11          | 2/22/12       | 2.00%         | 200,000                  | -            | (200,000)      | -                        |
| BAN        | Land Acquisition.....   | 2/22/11          | 2/22/12       | 2.00%         | 3,200,000                | -            | (3,200,000)    | -                        |
| BAN        | Building - Incinerator.....   | 2/22/11          | 2/22/12       | 2.00%         | 185,000                  | -            | (185,000)      | -                        |
| BAN        | Street/Sidewalk/ Drain/ Water.....                                  | 2/22/11          | 2/22/12       | 2.00%         | 1,310,000                | -            | (1,310,000)    | -                        |
| BAN        | Land Development - Recreation.....                                  | 2/22/11          | 2/22/12       | 2.00%         | 70,000                   | -            | (70,000)       | -                        |
| BAN        | Design/Engineering.....   | 2/22/11          | 2/22/12       | 2.00%         | 430,000                  | -            | (430,000)      | -                        |
| BAN        | Street/Sidewalk.....  | 2/22/11          | 2/22/12       | 2.00%         | 200,000                  | -            | (200,000)      | -                        |
| BAN        | Traffic - Trapelo/ Forest.....                                      | 2/22/11          | 2/22/12       | 2.00%         | 320,000                  | -            | (320,000)      | -                        |
| BAN        | Police.....   | 2/22/11          | 2/22/12       | 2.00%         | 472,000                  | -            | (472,000)      | -                        |
| BAN        | Building Renovation.....  | 6/28/12          | 6/28/13       | 1.25%         | -                        | 35,000       | -              | 35,000                   |
| BAN        | Building Renovation.....  | 6/28/12          | 6/28/13       | 1.25%         | -                        | 30,000       | -              | 30,000                   |
| BAN        | Communication Installation.....                                     | 6/28/12          | 6/28/13       | 1.25%         | -                        | 200,000      | -              | 200,000                  |
| BAN        | Computer Equipment.....   | 6/28/12          | 6/28/13       | 1.25%         | -                        | 518,750      | -              | 518,750                  |
| BAN        | Computer Hardware & Software.....                                   | 6/28/12          | 6/28/13       | 1.25%         | -                        | 251,000      | -              | 251,000                  |
| BAN        | Departmental Equipment.....   | 6/28/12          | 6/28/13       | 1.25%         | -                        | 60,000       | -              | 60,000                   |
| BAN        | Equipment.....  | 6/28/12          | 6/28/13       | 1.25%         | -                        | 56,500       | -              | 56,500                   |
| BAN        | Equipment.....  | 6/28/12          | 6/28/13       | 1.25%         | -                        | 864,757      | -              | 864,757                  |
| BAN        | Equipment.....  | 6/28/12          | 6/28/13       | 1.25%         | -                        | 20,000       | -              | 20,000                   |
| BAN        | High School Building School Renovations - Cosmetology Facility..... | 6/28/12          | 6/28/13       | 1.25%         | -                        | 91,000       | -              | 91,000                   |
| BAN        | High School Building School Renovations - Culinary Arts.....        | 6/28/12          | 6/28/13       | 1.25%         | -                        | 96,125       | -              | 96,125                   |
| BAN        | Intersection Improvements.....                                      | 6/28/12          | 6/28/13       | 1.25%         | -                        | 423,542      | -              | 423,542                  |
| BAN        | Land Development.....   | 6/28/12          | 6/28/13       | 1.25%         | -                        | 30,000       | -              | 30,000                   |
| BAN        | Park Development.....   | 6/28/12          | 6/28/13       | 1.25%         | -                        | 1,318,000    | -              | 1,318,000                |
| BAN        | Police Communication System.....                                    | 6/28/12          | 6/28/13       | 1.25%         | -                        | 54,780       | -              | 54,780                   |
| BAN        | Police Equipment.....   | 6/28/12          | 6/28/13       | 1.25%         | -                        | 164,185      | -              | 164,185                  |
| BAN        | Recreational Facilities.....  | 6/28/12          | 6/28/13       | 1.25%         | -                        | 580,000      | -              | 580,000                  |
| BAN        | School Building Renovations.....                                    | 6/28/12          | 6/28/13       | 1.25%         | -                        | 75,000       | -              | 75,000                   |
| BAN        | Street Resurfacing.....   | 6/28/12          | 6/28/13       | 1.25%         | -                        | 443,463      | -              | 443,463                  |
| BAN        | Streets.....  | 6/28/12          | 6/28/13       | 1.25%         | -                        | 58,000       | -              | 58,000                   |
| BAN        | Technology.....   | 6/28/12          | 6/28/13       | 1.25%         | -                        | 15,000       | -              | 15,000                   |
| BAN        | Traffic Signals.....  | 6/28/12          | 6/28/13       | 1.25%         | -                        | 271,385      | -              | 271,385                  |
| Total..... |   |                  |               |               | \$ 9,400,000             | \$ 5,656,487 | \$ (9,400,000) | \$ 5,656,487             |



*Notes Payable - Sewer Enterprise Fund*

| Type       | Description                   | Origination Date | Maturity Date | Interest Rate | Balance at June 30, 2011 | Increases    | Decreases      | Balance at June 30, 2012 |
|------------|-------------------------------|------------------|---------------|---------------|--------------------------|--------------|----------------|--------------------------|
| BAN        | Sewer Improvements.....       | 2/22/11          | 2/22/12       | 2.00%         | \$ 2,360,000             | \$ -         | \$ (2,360,000) | \$ -                     |
| BAN        | MWPAT Interim Note.....       | 4/7/10           | 4/15/12       | 0.22%         | 275,491                  | -            | (275,491)      | -                        |
| BAN        | Surface Drains & Sewers.....  | 6/28/12          | 6/28/13       | 1.25%         | -                        | 300,000      | -              | 300,000                  |
| BAN        | Sewer/Drain Improvements..... | 6/28/12          | 6/28/13       | 1.25%         | -                        | 165,000      | -              | 165,000                  |
| BAN        | Surface Drains/Sewer.....     | 6/28/12          | 6/28/13       | 1.25%         | -                        | 254,000      | -              | 254,000                  |
| BAN        | Sewer.....                    | 6/28/12          | 6/28/13       | 1.25%         | -                        | 514,440      | -              | 514,440                  |
| BAN        | Sewer Improvements.....       | 6/28/12          | 6/28/13       | 1.25%         | -                        | 315,574      | -              | 315,574                  |
| Total..... |                               |                  |               |               | \$ 2,635,491             | \$ 1,549,014 | \$ (2,635,491) | \$ 1,549,014             |

*Notes Payable - Water Enterprise Fund*

| Type       | Description                                | Origination Date | Maturity Date | Interest Rate | Balance at June 30, 2011 | Increases    | Decreases      | Balance at June 30, 2012 |
|------------|--|------------------|---------------|---------------|--------------------------|--------------|----------------|--------------------------|
| BAN        | Water Mains/Sewer Drains.....              | 2/22/11          | 2/22/12       | 2.00%         | \$ 575,000               | \$ -         | \$ (575,000)   | \$ -                     |
| BAN        | Water Mains/Sewer Drains Improvements..... | 2/22/11          | 2/22/12       | 2.00%         | 682,000                  | -            | (682,000)      | -                        |
| BAN        | Water Mains.....                           | 6/28/12          | 6/28/13       | 1.25%         | -                        | 404,499      | -              | 404,499                  |
| BAN        | Water Improvements.....                    | 6/28/12          | 6/28/13       | 1.25%         | -                        | 1,320,000    | -              | 1,320,000                |
| BAN        | Water Improvements.....                    | 6/28/12          | 6/28/13       | 1.25%         | -                        | 135,000      | -              | 135,000                  |
| BAN        | Water.....                                 | 6/28/12          | 6/28/13       | 1.25%         | -                        | 435,000      | -              | 435,000                  |
| Total..... |  |                  |               |               | \$ 1,257,000             | \$ 2,294,499 | \$ (1,257,000) | \$ 2,294,499             |

*Notes Payable - Veterans Memorial Rink Enterprise Fund*

| Type | Description    | Origination Date | Maturity Date | Interest Rate | Balance at June 30, 2011 | Increases | Decreases   | Balance at June 30, 2012 |
|------|----------------|------------------|---------------|---------------|--------------------------|-----------|-------------|--------------------------|
| BAN  | Equipment..... | 2/22/11          | 2/22/12       | 2.00%         | \$ 85,000                | \$ -      | \$ (85,000) | \$ -                     |

**NOTE 9 - LONG-TERM OBLIGATIONS**

The following represents a summary of changes that occurred in long-term obligations during the fiscal year ended June 30, 2012:

|                                    | Balance<br>June 30,<br>2011 | Increases     | Decreases       | Balance<br>June 30,<br>2012 | Current<br>Portion |
|------------------------------------|-----------------------------|---------------|-----------------|-----------------------------|--------------------|
| <b>Governmental Activities:</b>    |                             |               |                 |                             |                    |
| Bonds and notes payable.....       | \$ 67,713,482               | \$ 13,638,500 | \$ (6,623,638)  | \$ 74,728,344               | \$ 7,696,738       |
| Unamortized deferred premium....   | 404,804                     | 1,314,846     | (94,138)        | 1,625,512                   | 127,009            |
| Bonds and notes payable, gross.... | 68,118,286                  | 14,953,346    | (6,717,776)     | 76,353,856                  | 7,823,747          |
| Workers' compensation claims.....  | 627,000                     | (106,244)     | (286,549)       | 234,207                     | 234,207            |
| Net OPEB obligation.....           | 50,738,379                  | 38,754,730    | (21,295,106)    | 68,198,003                  | -                  |
| Compensated absences.....          | 3,397,207                   | 3,147,266     | (2,751,510)     | 3,792,963                   | 2,715,029          |
| Total.....                         | \$ 122,880,872              | \$ 56,749,098 | \$ (31,050,941) | \$ 148,579,029              | \$ 10,772,983      |
| <b>Business-type Activities:</b>   |                             |               |                 |                             |                    |
| Bonds and notes payable.....       | \$ 14,516,230               | \$ 9,433,693  | \$ (1,835,177)  | \$ 22,114,746               | \$ 2,125,503       |
| Unamortized deferred premium....   | -                           | 760,431       | (19,625)        | 740,806                     | 39,251             |
| Bonds and notes payable, gross.... | 14,516,230                  | 10,194,124    | (1,854,802)     | 22,855,552                  | 2,164,754          |
| Workers' compensation claims.....  | -                           | 214,759       | (118,173)       | 96,586                      | 96,586             |
| Net OPEB obligation.....           | 976,041                     | 628,825       | (345,529)       | 1,259,337                   | -                  |
| Compensated absences.....          | 290,233                     | 136,374       | (117,494)       | 309,113                     | 128,696            |
| Total.....                         | \$ 15,782,504               | \$ 11,174,082 | \$ (2,435,998)  | \$ 24,520,588               | \$ 2,390,036       |

The governmental activities long-term obligations are generally liquidated by the general fund.

**NOTE 10 - LONG-TERM DEBT**

Details related to the outstanding indebtedness at June 30, 2012, and the debt service requirements are as follows:

***Bonds and Notes Payable - Governmental Funds***

| Project                              | Interest<br>Rate (%) | Outstanding<br>at June 30,<br>2011 | Issued               | Redeemed              | Outstanding<br>at June 30,<br>2012 |
|--------------------------------------|----------------------|------------------------------------|----------------------|-----------------------|------------------------------------|
| Building Renovations.....            | 2.00 - 5.00          | \$ 2,619,000                       | \$ -                 | \$ (526,000)          | \$ 2,093,000                       |
| School Construction.....             | 2.00 - 5.00          | 46,071,482                         | -                    | (3,118,638)           | 42,952,844                         |
| Land Development.....                | 2.00 - 5.00          | 6,042,000                          | -                    | (1,123,000)           | 4,919,000                          |
| Land Acquisition.....                | 2.00 - 5.00          | 8,340,000                          | -                    | (715,000)             | 7,625,000                          |
| City Equipment.....                  | 2.00 - 5.00          | 2,022,000                          | -                    | (478,000)             | 1,544,000                          |
| City Technology.....                 | 2.00 - 5.00          | 260,000                            | -                    | (95,000)              | 165,000                            |
| Signals and Communications.....      | 2.00 - 5.00          | 734,000                            | -                    | (222,000)             | 512,000                            |
| Pond Preservation.....               | 2.00 - 5.00          | 105,000                            | -                    | (35,000)              | 70,000                             |
| Sidewalk Improvements.....           | 3.10 - 4.25          | 65,000                             | -                    | (65,000)              | -                                  |
| Streets.....                         | 3.00 - 5.00          | 1,210,000                          | -                    | (225,000)             | 985,000                            |
| Drainage.....                        | 3.00 - 5.00          | 245,000                            | -                    | (21,000)              | 224,000                            |
| Land Acquisition.....                | 3.00 - 5.00          | -                                  | 3,200,000            | -                     | 3,200,000                          |
| Building Renovations.....            | 3.00 - 5.00          | -                                  | 2,659,000            | -                     | 2,659,000                          |
| City Equipment.....                  | 3.00 - 5.00          | -                                  | 2,414,000            | -                     | 2,414,000                          |
| Streets.....                         | 3.00 - 5.00          | -                                  | 1,719,000            | -                     | 1,719,000                          |
| Land Development.....                | 3.00 - 5.00          | -                                  | 1,558,000            | -                     | 1,558,000                          |
| Removal of Incinerator Facility..... | 3.00 - 5.00          | -                                  | 1,070,000            | -                     | 1,070,000                          |
| Yard Structures.....                 | 3.00 - 5.00          | -                                  | 541,000              | -                     | 541,000                            |
| Design/Engineering.....              | 3.00 - 5.00          | -                                  | 432,500              | -                     | 432,500                            |
| City Technology.....                 | 3.00 - 5.00          | -                                  | 45,000               | -                     | 45,000                             |
| <b>Sub-total.....</b>                |                      | <b>67,713,482</b>                  | <b>13,638,500</b>    | <b>(6,623,638)</b>    | <b>74,728,344</b>                  |
| Add: unamortized premium.....        |                      | <b>404,804</b>                     | <b>1,314,846</b>     | <b>(94,138)</b>       | <b>1,625,512</b>                   |
| <b>Total governmental funds.....</b> |                      | <b>\$ 68,118,286</b>               | <b>\$ 14,953,346</b> | <b>\$ (6,717,776)</b> | <b>\$ 76,353,856</b>               |

Debt service requirements for principal and interest for governmental funds in future fiscal years are as follows:

| <u>Fiscal Year</u> | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>         |
|--------------------|----------------------|----------------------|----------------------|
| 2013.....          | \$ 7,696,738         | \$ 2,642,211         | \$ 10,338,949        |
| 2014.....          | 6,606,738            | 2,413,610            | 9,020,348            |
| 2015.....          | 5,991,738            | 2,188,521            | 8,180,259            |
| 2016.....          | 5,815,238            | 1,957,109            | 7,772,347            |
| 2017.....          | 5,607,238            | 1,726,161            | 7,333,399            |
| 2018.....          | 5,232,238            | 1,505,356            | 6,737,594            |
| 2019.....          | 5,186,238            | 1,301,293            | 6,487,531            |
| 2020.....          | 4,926,238            | 1,280,634            | 6,206,872            |
| 2021.....          | 4,656,238            | 911,822              | 5,568,060            |
| 2022.....          | 4,461,238            | 743,704              | 5,204,942            |
| 2023.....          | 3,752,238            | 581,418              | 4,333,656            |
| 2024.....          | 3,632,238            | 450,459              | 4,082,697            |
| 2025.....          | 3,567,238            | 323,002              | 3,890,240            |
| 2026.....          | 2,538,238            | 203,187              | 2,741,425            |
| 2027.....          | 1,833,238            | 132,229              | 1,965,467            |
| 2028.....          | 1,268,238            | 83,388               | 1,351,626            |
| 2029.....          | 1,139,236            | 50,317               | 1,189,553            |
| 2030.....          | 272,600              | 24,534               | 297,134              |
| 2031.....          | 272,600              | 16,356               | 288,956              |
| 2032.....          | 272,600              | 8,178                | 280,778              |
| Total.....         | \$ <u>74,728,344</u> | \$ <u>18,543,488</u> | \$ <u>93,271,832</u> |

The City issued \$13,638,500 of general obligation bonds on February 22, 2012 for land acquisition, building renovations, street repairs and various other equipment.

***Bonds and Notes Payable – Enterprise Funds*****Sewer Enterprise**

| Project                           | Interest<br>Rate | Outstanding<br>at June 30,<br>2011 | Issued       | Redeemed       | Outstanding<br>at June 30,<br>2012 |
|-----------------------------------|------------------|------------------------------------|--------------|----------------|------------------------------------|
| Sewer Projects.....               | 2.00-5.00%       | \$ 3,580,000                       | \$ -         | \$ (340,000)   | \$ 3,240,000                       |
| Sewer Improvements.....           | 4.00%            | 654,000                            | -            | (39,000)       | 615,000                            |
| Sewer Equipment.....              | 2.00-5.00%       | 739,000                            | -            | (83,000)       | 656,000                            |
| MWPAT.....                        | 2.00%            | 3,300,912                          | -            | (422,965)      | 2,877,947                          |
| MWRA.....                         | 0.00%            | 1,856,800                          | -            | (395,560)      | 1,461,240                          |
| Sewer Projects.....               | 3.00-5.00%       | -                                  | 2,661,000    | -              | 2,661,000                          |
| Sewer Improvements.....           | 3.00-5.00%       | -                                  | 3,868,500    | -              | 3,868,500                          |
| MWPAT.....                        | 2.00%            | -                                  | 384,193      | -              | 384,193                            |
| Traffic & Signal Improvements.... | 3.00-5.00%       | -                                  | 385,000      | -              | 385,000                            |
| Sub-total.....                    |                  | 10,130,712                         | 7,298,693    | (1,280,525)    | 16,148,880                         |
| Add: unamortized premium.....     |                  | -                                  | 584,894      | (14,622)       | 570,272                            |
| Total sewer enterprise.....       |                  | \$ 10,130,712                      | \$ 7,883,587 | \$ (1,295,147) | \$ 16,719,152                      |

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

| <u>Fiscal Year</u> | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|--------------------|----------------------|---------------------|----------------------|
| 2013.....          | \$ 1,447,751         | \$ 521,450          | \$ 1,969,201         |
| 2014.....          | 1,467,958            | 499,850             | 1,967,808            |
| 2015.....          | 1,288,569            | 462,833             | 1,751,402            |
| 2016.....          | 1,289,782            | 424,407             | 1,714,189            |
| 2017.....          | 957,042              | 384,811             | 1,341,853            |
| 2018.....          | 967,471              | 342,716             | 1,310,187            |
| 2019.....          | 970,009              | 300,916             | 1,270,925            |
| 2020.....          | 778,031              | 262,211             | 1,040,242            |
| 2021.....          | 781,049              | 234,740             | 1,015,789            |
| 2022.....          | 754,125              | 207,277             | 961,402              |
| 2023.....          | 751,266              | 173,988             | 925,254              |
| 2024.....          | 759,471              | 147,297             | 906,768              |
| 2025.....          | 772,740              | 120,196             | 892,936              |
| 2026.....          | 715,075              | 93,939              | 809,014              |
| 2027.....          | 543,478              | 72,255              | 615,733              |
| 2028.....          | 413,027              | 56,591              | 469,618              |
| 2029.....          | 407,763              | 43,224              | 450,987              |
| 2030.....          | 362,515              | 31,726              | 394,241              |
| 2031.....          | 363,281              | 20,782              | 384,063              |
| 2032.....          | 341,710              | 10,258              | 351,968              |
| 2033.....          | 16,767               | 168                 | 16,935               |
| <b>Total.....</b>  | <b>\$ 16,148,880</b> | <b>\$ 4,411,635</b> | <b>\$ 20,560,515</b> |

The Massachusetts Water Resource Authority (MWRA) operates financial assistance programs for community owned collection systems. Financial assistance received from the MWRA consists of non-interest bearing loans (payable in five equal annual installments) and, in some instances, grants. At June 30, 2012, the outstanding principal amount of MWRA loans in the sewer enterprise fund totaled \$1,461,240.

The City issued \$6,914,500 of general obligation bonds on February 22, 2012 for sewer improvement projects and \$384,193 of bonds related to MWPAT projects on June 13, 2012.

Water Enterprise

| Project                       | Interest Rate | Outstanding at June 30, 2011 | Issued       | Redeemed     | Outstanding at June 30, 2012 |
|-------------------------------|---------------|------------------------------|--------------|--------------|------------------------------|
| Water Mains.....              | 4.10-5.00%    | \$ 250,000                   | \$ -         | \$ (20,000)  | \$ 230,000                   |
| Water Improvements.....       | 4.00%         | 1,758,000                    | -            | (121,000)    | 1,637,000                    |
| Water Tower.....              | 2.00-4.00%    | 120,000                      | -            | (40,000)     | 80,000                       |
| Water Projects.....           | 3.00-5.00%    | 541,000                      | -            | (202,000)    | 339,000                      |
| MWRA.....                     | 0.00%         | 1,716,518                    | -            | (171,652)    | 1,544,866                    |
| Water Mains.....              | 3.00-5.00%    | -                            | 398,000      | -            | 398,000                      |
| Water Improvements.....       | 3.00-5.00%    | -                            | 1,150,000    | -            | 1,150,000                    |
| Water Projects.....           | 3.00-5.00%    | -                            | 502,000      | -            | 502,000                      |
| Sub-total.....                |               | 4,385,518                    | 2,050,000    | (554,652)    | 5,880,866                    |
| Add: unamortized premium..... |               | -                            | 169,393      | (4,235)      | 165,158                      |
| Total water enterprise.....   |               | \$ 4,385,518                 | \$ 2,219,393 | \$ (558,887) | \$ 6,046,024                 |

Debt service requirements for principal and interest for the water enterprise fund in future fiscal years are as follows:

| Fiscal Year | Principal    | Interest     | Total        |
|-------------|--------------|--------------|--------------|
| 2013.....   | \$ 653,752   | \$ 150,658   | \$ 804,410   |
| 2014.....   | 518,751      | 140,932      | 659,683      |
| 2015.....   | 452,752      | 130,019      | 582,771      |
| 2016.....   | 412,752      | 119,245      | 531,997      |
| 2017.....   | 412,751      | 109,687      | 522,438      |
| 2018.....   | 387,752      | 100,226      | 487,978      |
| 2019.....   | 386,752      | 90,551       | 477,303      |
| 2020.....   | 379,752      | 80,253       | 460,005      |
| 2021.....   | 379,752      | 72,420       | 452,172      |
| 2022.....   | 208,100      | 65,117       | 273,217      |
| 2023.....   | 208,100      | 55,772       | 263,872      |
| 2024.....   | 208,100      | 48,469       | 256,569      |
| 2025.....   | 203,100      | 41,266       | 244,366      |
| 2026.....   | 203,100      | 34,100       | 237,200      |
| 2027.....   | 203,100      | 26,871       | 229,971      |
| 2028.....   | 203,100      | 19,604       | 222,704      |
| 2029.....   | 153,100      | 13,336       | 166,436      |
| 2030.....   | 102,100      | 9,189        | 111,289      |
| 2031.....   | 102,100      | 6,126        | 108,226      |
| 2032.....   | 102,100      | 3,063        | 105,163      |
| Total.....  | \$ 5,880,866 | \$ 1,316,900 | \$ 7,197,766 |

The Massachusetts Water Resource Authority (MWRA) operates financial assistance programs for community owned collection systems. Financial assistance received from the MWRA consists of non-interest bearing loans (payable in five equal annual installments) and, in some instances, grants. At June 30, 2012, the outstanding principal amount of MWRA loans in the water enterprise fund totaled \$1,544,866.

The City issued \$2,050,000 of general obligation bonds on February 22, 2012 for water improvement projects.

#### Veterans Memorial Rink Enterprise

| Project                           | Interest Rate | Outstanding at June 30, 2011 | Issued    | Redeemed | Outstanding at June 30, 2012 |
|-----------------------------------|---------------|------------------------------|-----------|----------|------------------------------|
| Equipment.....                    | 3.00-5.00%    | \$ -                         | \$ 85,000 | \$ -     | \$ 85,000                    |
| Add: unamortized premium.....     |               | -                            | 6,144     | (768)    | 5,376                        |
| Total Veterans Memorial Rink..... |               | \$ -                         | \$ 91,144 | \$ (768) | \$ 90,376                    |

Debt service requirements for principal and interest for the Veterans Memorial Rink enterprise fund in future fiscal years are as follows:

| Fiscal Year | Principal | Interest | Total     |
|-------------|-----------|----------|-----------|
| 2013.....   | \$ 24,000 | \$ 2,755 | \$ 26,755 |
| 2014.....   | 23,500    | 2,204    | 25,704    |
| 2015.....   | 23,500    | 1,500    | 25,000    |
| 2016.....   | 14,000    | 560      | 14,560    |
| Total.....  | \$ 85,000 | \$ 7,019 | \$ 92,019 |

The City issued \$85,000 of general obligation bonds on February 22, 2012 for equipment.



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, 2012, the City had the following authorized and unissued debt:

| Purpose                            | Amount               |
|------------------------------------|----------------------|
| Sewer.....                         | \$ 7,503,954         |
| Water.....                         | 4,797,981            |
| Equipment.....                     | 1,774,192            |
| Land development.....              | 1,399,000            |
| Street & traffic improvements..... | 1,396,390            |
| Planning.....                      | 1,025,000            |
| Land acquisition.....              | 975,000              |
| Recreation facilities.....         | 580,000              |
| School design/construction.....    | 559,892              |
| Computer software & hardware....   | 251,000              |
| Communication installation.....    | 200,000              |
| Building renovations.....          | 115,000              |
| Police communication system.....   | 100,000              |
| Technology.....                    | 94,000               |
| <b>Total.....</b>                  | <b>\$ 20,771,409</b> |

#### NOTE 11 - OTHER POST EMPLOYMENT BENEFITS

**Plan Description** - The City provides health, dental and life insurance coverage for its retirees and their survivors (hereinafter referred to as the "Plan") as a single-employer defined benefit Other Post Employment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The number of participants as of June 30, 2012, the latest actuarial valuation, is as follows:

|                            |              |
|----------------------------|--------------|
| Active employees.....      | 1,330        |
| Retirees and Survivors.... | 1,247        |
| <b>Total.....</b>          | <b>2,577</b> |

**Funding Policy** - The contribution requirements of Plan members and the City are established and may be amended by the City. The required health and dental insurance (including Medicare Part B) contribution rates of Plan members and the City are between 1% and 12.5% and 99% and 87.5%, respectively, depending on the plan elected. The Plan members and the City each contribute 50% towards a \$5,000 term life insurance premium. The City currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the City.

**Annual OPEB Cost and Net OPEB Obligation** - The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with the parameters set forth in GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table identifies the components of the City's annual OPEB cost for the year, the actual amount contributed to the plan, and changes in the City's net OPEB obligation:

|   | Amount        |
|---|---------------|
| Annual required contribution.....               | \$ 39,038,792 |
| Interest on net OPEB obligation.....            | 2,068,577     |
| Adjustment to annual required contribution..... | (1,723,814)   |
| Annual OPEB cost.....                           | 39,383,555    |
| Contributions made.....                         | (21,640,635)  |
| Increase in net OPEB obligation.....            | 17,742,920    |
| Net OPEB obligation at beginning of year.....   | 51,714,420    |
| Net OPEB obligation at end of year.....         | \$ 69,457,340 |

Trend information regarding annual OPEB cost, the percentage of the annual OPEB cost contributed and the net OPEB obligation is as follows:

| Fiscal Year<br>Ending | Annual<br>OPEB Cost<br>(AOPEBC) | Percentage<br>of AOPEBC<br>Contributed | Net<br>OPEB<br>Obligation |
|-----------------------|---------------------------------|--|---------------------------|
| June 30, 2010.....    | \$ 34,521,694                   | 67.0%                                  | \$ 40,221,115             |
| June 30, 2011.....    | 36,228,768                      | 68.0%                                  | 51,714,420                |
| June 30, 2012.....    | 39,383,555                      | 54.9%                                  | 69,457,340                |

**Funded Status and Funding Progress** – The funded status of the Plan at June 30, 2012, the most recent actuarial valuation, was as follows:

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(A) | Actuarial<br>Accrued<br>Liability (AAL)<br>Projected Unit<br>Credit<br>(B) | Unfunded<br>AAL<br>(UAAL)<br>(B-A) | Funded<br>Ratio<br>(A/B) | Covered<br>Payroll<br>(C) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((B-A)/C) |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|---|
| 06/30/12                       | \$ -                                   | \$ 657,972,850   | \$ 657,972,850                     | 0%                       | \$ 82,752,496             | 795%  |

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 multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Methods and Assumptions** - Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and 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 short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The significant methods and assumptions as of the latest actuarial valuation are as follows:

|                                     |   |
|-------------------------------------|---|
| Valuation date:                     | June 30, 2012   |
| Actuarial cost method:              | Projected Unit Credit   |
| Amortization method:                | Level percentage of projected payroll   |
| Remaining amortization period:      | 30 years (open)   |
| Interest discount rate:             | 4.0%  |
| Inflation rate:                     | 4.0%  |
| Healthcare/Medical cost trend rate: | 8.0% decreasing a half percent annually for 7 years to an ultimate level of 4.5% per year |
| Projected salary increases:         | 4.0%  |

**Allocation of AOPEBC** - AOPEBC costs were allocated to the City's functions as follows:

**Governmental Activities:**

|                                |              |
|--------------------------------|--------------|
| General government.....        | \$ 2,330,960 |
| Public safety.....             | 11,745,582   |
| Education.....                 | 21,354,771   |
| Public works.....              | 1,372,274    |
| Health and human services..... | 480,993      |
| Culture and recreation.....    | 924,376      |
| Community development.....     | 545,773      |

|   |                   |
|---|-------------------|
| Total AOPEBC - governmental activities..... | <u>38,754,730</u> |
|---|-------------------|

**Business-Type Activities:**

|                             |               |
|-----------------------------|---------------|
| Sewer.....                  | 232,292       |
| Water.....                  | 361,590       |
| Veterans memorial rink..... | <u>34,943</u> |

|  |                |
|--|----------------|
| Total AOPEBC - business-type activities..... | <u>628,825</u> |
|--|----------------|

|                    |                             |
|--------------------|-----------------------------|
| <b>Total</b> ..... | <u><u>\$ 39,383,555</u></u> |
|--------------------|-----------------------------|

**NOTE 12 – 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. These 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.

The City is also self-insured for its workers' compensation and unemployment compensation activities.

**A. Health Insurance**

Health insurance claims are administered by a third party administrator and are funded from the City's internal service fund. The estimate of "Incurred But Not Reported (IBNR)" claims is based on one month and a half 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 \$250,000 per claim. At June 30, 2012, the amount of the liability for health insurance claims totaled \$3,496,119. Changes in the reported liability since July 1, 2010, are as follows:

|                       | Balance at<br>Beginning of<br>Fiscal Year | Current Year<br>Claims and<br>Changes in<br>Estimate | Claims<br>Payments | Balance at<br>Fiscal<br>Year-end |
|-----------------------|---|--|--------------------|----------------------------------|
| Fiscal year 2011..... | \$ 3,511,000                              | \$ 34,809,000  | \$ (34,836,000)    | \$ 3,484,000                     |
| Fiscal year 2012..... | 3,484,000                                 | 36,035,511   | (36,023,392)       | 3,496,119                        |

**B. 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 liability is based on history and injury type.

The liability at June 30, 2012, totaled \$330,793. Changes in the reported liability since July 1, 2010, are as follows:

|                       | Balance at<br>Beginning of<br>Fiscal Year | Current Year<br>Claims and<br>Changes in<br>Estimate | Claims<br>Payments | Balance at<br>Fiscal<br>Year-end |
|-----------------------|---|--|--------------------|----------------------------------|
| Fiscal year 2011..... | \$ 658,000                                | \$ 263,000   | \$ (294,000)       | \$ 627,000                       |
| Fiscal year 2012..... | 627,000                                   | 108,516  | (404,723)          | 330,793                          |

**NOTE 13 - FUND BALANCES**

The constraints on fund balances as listed in aggregate in the Governmental Funds Balance Sheet are detailed as follows:

|                                    | General              | Highway<br>Projects | Community<br>Development | Community<br>Preservation | City Capital<br>Projects | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------------------------|----------------------|---------------------|--------------------------|---------------------------|--------------------------|-----------------------------------|--------------------------------|
| <b>Nonspendable:</b>               |                      |                     |                          |                           |                          |                                   |                                |
| Permanent fund principal.....      | \$ -                 | \$ -                | \$ -                     | \$ -                      | \$ -                     | \$ 2,034,590                      | \$ 2,034,590                   |
| <b>Restricted:</b>                 |                      |                     |                          |                           |                          |                                   |                                |
| Community preservation.....        | -                    | -                   | -                        | 19,521,950                | -                        | -                                 | 19,521,950                     |
| Other postemployment benefits..    | 135,799              | -                   | -                        | -                         | -                        | -                                 | 135,799                        |
| Other special revenue.....         | -                    | -                   | -                        | -                         | -                        | 2,790,128                         | 2,790,128                      |
| School federal grants.....         | -                    | -                   | -                        | -                         | -                        | 769,830                           | 769,830                        |
| City state grants.....             | -                    | -                   | -                        | -                         | -                        | 200,181                           | 200,181                        |
| School state grants.....           | -                    | -                   | -                        | -                         | -                        | 48,340                            | 48,340                         |
| Insurance recovery.....            | -                    | -                   | -                        | -                         | -                        | 32,908                            | 32,908                         |
| Gifts.....                         | -                    | -                   | -                        | -                         | -                        | 695,989                           | 695,989                        |
| Sale of lots/graves.....           | -                    | -                   | -                        | -                         | -                        | 1,232,412                         | 1,232,412                      |
| Revenue reserve.....               | -                    | -                   | -                        | -                         | -                        | 1,649,671                         | 1,649,671                      |
| School lunch.....                  | -                    | -                   | -                        | -                         | -                        | 633,983                           | 633,983                        |
| Parking meters.....                | -                    | -                   | -                        | -                         | -                        | 1,560,991                         | 1,560,991                      |
| UDAG nova biomedical.....          | -                    | -                   | -                        | -                         | -                        | 88,972                            | 88,972                         |
| Public safety trust funds.....     | -                    | -                   | -                        | -                         | -                        | 852,987                           | 852,987                        |
| Traffic impact fund.....           | -                    | -                   | -                        | -                         | -                        | 1,721,572                         | 1,721,572                      |
| School capital projects.....       | -                    | -                   | -                        | -                         | -                        | 745,117                           | 745,117                        |
| Cemetery trust funds.....          | -                    | -                   | -                        | -                         | -                        | 21,063                            | 21,063                         |
| Other permanent funds.....         | -                    | -                   | -                        | -                         | -                        | 241,253                           | 241,253                        |
| Sub-total - Restricted.....        | 135,799              | -                   | -                        | 19,521,950                | -                        | 13,285,397                        | 32,943,146                     |
| <b>Committed:</b>                  |                      |                     |                          |                           |                          |                                   |                                |
| Subsequent year's expenditures.... | 185,000              | -                   | -                        | -                         | -                        | -                                 | 185,000                        |
| Continuing appropriations.....     | 3,013,284            | -                   | -                        | -                         | -                        | -                                 | 3,013,284                      |
| Sub-total - Committed.....         | 3,198,284            | -                   | -                        | -                         | -                        | -                                 | 3,198,284                      |
| <b>Assigned:</b>                   |                      |                     |                          |                           |                          |                                   |                                |
| Encumbrances.....                  | 850,771              | -                   | -                        | -                         | -                        | -                                 | 850,771                        |
| <b>Unassigned.....</b>             | <b>30,818,389</b>    | <b>(26)</b>         | <b>(72,863)</b>          | <b>-</b>                  | <b>(518,550)</b>         | <b>(371,828)</b>                  | <b>29,855,122</b>              |
|                                    | <u>\$ 35,003,243</u> | <u>\$ (26)</u>      | <u>\$ (72,863)</u>       | <u>\$ 19,521,950</u>      | <u>\$ (518,550)</u>      | <u>\$ 14,948,159</u>              | <u>\$ 68,881,913</u>           |

**NOTE 14 - STABILIZATION FUNDS**

The City maintains a general stabilization fund that was established under MGL Chapter 40, Section 5B. Appropriations in and out of the stabilization fund require majority City Council approval. Investment income is retained by the fund.

The balance of the general stabilization fund at June 30, 2012 totals \$1,578,760 and is reported in the general fund as unassigned fund balance.

**NOTE 15 - 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 System. Substantially all employees of the City are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System.

Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System provides retirement, disability and death benefits to plan members and beneficiaries. Cost-of-living adjustments granted between 1981 and 1997 and any increases 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 authorized by the Waltham Contributory Retirement System and are borne by the System. The System issues a publicly available report in accordance with guidelines established by the Commonwealth's Public Employee Retirement Administration Commission. That report may be obtained by contacting the System located at 610 Main Street, Waltham, Massachusetts 02452.

**Plan Membership** - At December 31, 2011, the System's membership consists of the following:

|   |                     |
|---|---------------------|
| Active members.....   | 881                 |
| Inactive members.....                                       | 106                 |
| Retirees and beneficiaries currently receiving benefits.... | <u>773</u>          |
| <b>Total.....</b>   | <b><u>1,760</u></b> |

**Funding Policy** - Chapter 32 of MGL governs the contributions of plan members and the City. 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 annual covered payroll.

Contributions are recognized as additions in the period when they become due pursuant to formal commitments, statutory or contractual requirements. Benefits and refunds are recognized as deductions when incurred and administrative expenses are funded through investment earnings.

**Annual Pension Cost** - The City's contributions to the System for the fiscal years ended June 30, 2012, 2011, and 2010 were \$13,738,814, \$13,720,343 and \$13,427,327, respectively. The current and two preceding fiscal years apportionment of the annual pension cost between the two employers required the City to contribute approximately 97% of the total. At June 30, 2012, the City did not have a net pension obligation.

**Funded Status and Funding Progress** - The funded status of the plan at January 1, 2011, the most recent actuarial valuation date, is as follows:

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

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AAL for benefits.

Additional information as of the latest actuarial valuation is as follows:

|                        |                  |
|------------------------|------------------|
| Valuation date:        | January 1, 2011  |
| Actuarial cost method: | Entry age normal |

|                                |                                   |
|--------------------------------|-----------------------------------|
| Amortization method:           | Increasing payments 4.00%         |
| Remaining amortization period: | 20 years (closed)                 |
| Asset valuation method:        | Actuarial value, 5-year smoothing |

Actuarial assumptions:

|                             |  |
|-----------------------------|--|
| Investment rate of return:  | 8.25%  |
| Projected salary increases: | 4.00%  |
| Inflation rate:             | 4.00%  |
| Cost of living adjustments: | 3.00% of the first \$14,000 of retirement income |

**Legally Required Reserve Accounts** - The balance in the System's legally required reserves as of December 31, 2011 are as follows:

| Description                | Amount                | Purpose  |
|----------------------------|-----------------------|--|
| Annuity Savings Fund.....  | \$ 53,598,177         | Active members' contribution balance           |
| Annuity Reserve Fund.....  | 16,745,762            | Retired members' contribution account          |
| Military Service Fund..... | 2,223                 | Military leave of absence contribution balance |
| Pension Reserve Fund.....  | 61,768,822            | Amounts appropriated to fund future retirement |
| Pension Fund.....          | 18,222,360            | Remaining net assets                           |
| <b>Total.....</b>          | <b>\$ 150,337,344</b> |  |

**NOTE 16 - MASSACHUSETTS TEACHERS RETIREMENT SYSTEM**

Public school teachers and certain administrators 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 \$15,726,857 for the fiscal year ended June 30, 2012, and accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

**NOTE 17 - COMMITMENTS**

The City has entered into, or is planning to enter into, contracts totaling \$25,861,237 for equipment, parks and open space, buildings and facilities and water/sewer infrastructure in accordance with its five-year capital improvement plan.

Other significant commitments include the encumbrances and continuing appropriations outstanding for the general fund, which totaled \$3,873,531 at June 30, 2012.

**NOTE 18 - CONTINGENCIES**

Various legal actions and claims are pending against the City. 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, 2012, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the City at June 30, 2012.

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, 2012, 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 the City expects such amounts, if any, to be immaterial.

**NOTE 19 - PRIOR PERIOD ADJUSTMENTS**

The following adjustments have been made to beginning fund balances and net assets:

|  | Governmental<br>Activities | General<br>Fund      | Internal<br>Service Fund | Other<br>Postemployment<br>Benefit<br>Trust Fund |
|--|----------------------------|----------------------|--------------------------|--|
| Fund Balance/Net Assets at June 30, 2011, as previously reported.. | \$ 188,554,128             | \$ 25,312,569        | \$ 6,894,509             | \$ 129,899                                       |
| To record adjustment for prior years' accounting errors.....       | -                          | 6,128,917            | (6,128,917)              | -  |
| To reclassify employer asset.....                                  | 129,899                    | 129,899              | -                        | (129,899)  |
| Fund Balance/Net Assets at June 30, 2011, as restated.....         | <u>\$ 188,684,027</u>      | <u>\$ 31,571,385</u> | <u>\$ 765,592</u>        | <u>\$ -</u>                                      |

**NOTE 20 - FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS**

The GASB has issued the following statements:

- Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which is required to be implemented during fiscal year 2013. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, which is required to be implemented during fiscal year 2013. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is required to be implemented during fiscal year 2013. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which is required to be implemented during fiscal year 2013. The implementation of this Statement will require a change to the title of the Statement of Net Assets to the Statement of Net Position.



- Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will significantly impact the basic financial statements.
- Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*, which is required to be implemented during fiscal year 2014. The implementation of this Statement will require a change to the title of the Statement of Fiduciary Net Assets to the Statement of Fiduciary Net Position, as well as expanded note disclosures and required supplementary information.
- Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which is required to be implemented during fiscal year 2015. The implementation of this Statement will represent a significant change in the accounting and reporting of pension expense and the related liability. For the first time, the City will be required to recognize its long-term obligation for pension benefits as a liability and to more comprehensively measure the annual costs of pension benefits. The implementation of this Statement also expands pension related note disclosures and required supplementary information.

These pronouncements will be implemented by their respective implementation dates.

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## **Required Supplementary Information**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

|  | Prior Year<br>Encumbrances<br>and Continuing<br>Appropriations | Original<br>Budget | Supplemental<br>Appropriations<br>and Transfers | Final<br>Budget    |
|--|--|--------------------|---|--------------------|
| <b>REVENUES</b>                              |  |                    |   |                    |
| Real estate and personal property taxes..... | \$ -   | \$ 148,157,149     | \$ -  | \$ 148,157,149     |
| Motor vehicle and other excise taxes.....    | -  | 5,935,000          | -   | 5,935,000          |
| Hotel/motel tax.....                         | -  | 3,000,000          | -   | 3,000,000          |
| Meals taxes.....                             | -  | 1,000,000          | -   | 1,000,000          |
| Tax and trash liens.....                     | -  | -                  | -   | -                  |
| Payments in lieu of taxes.....               | -  | 46,000             | -   | 46,000             |
| Intergovernmental .....                      | -  | 16,205,811         | -   | 16,205,811         |
| Special assessments.....                     | -  | 150,000            | -   | 150,000            |
| Penalties and interest on taxes.....         | -  | 477,000            | -   | 477,000            |
| Licenses and permits.....                    | -  | 2,535,000          | -   | 2,535,000          |
| Fines and forfeitures.....                   | -  | 768,000            | -   | 768,000            |
| Departmental and other.....                  | -  | 1,414,500          | -   | 1,414,500          |
| Investment income.....                       | -  | 70,000             | -   | 70,000             |
| <b>TOTAL REVENUES.....</b>                   | <b>-</b>   | <b>179,758,460</b> | <b>-</b>  | <b>179,758,460</b> |
| <b>EXPENDITURES</b>                          |  |                    |   |                    |
| <b>GENERAL GOVERNMENT</b>                    |  |                    |   |                    |
| City Council                                 |  |                    |   |                    |
| Personnel.....                               | -  | 274,912            | -   | 274,912            |
| General.....                                 | -  | 62,700             | -   | 62,700             |
| Equipment/Unusual.....                       | 32,325   | -                  | -   | 32,325             |
| Capital Improvement.....                     | 982  | -                  | -   | 982                |
| <b>Total.....</b>                            | <b>33,307</b>  | <b>337,612</b>     | <b>-</b>  | <b>370,919</b>     |
| Mayor's Office                               |  |                    |   |                    |
| Personnel.....                               | -  | 267,629            | -   | 267,629            |
| General.....                                 | -  | 24,850             | -   | 24,850             |
| Equipment/Unusual.....                       | 164,108  | 536,500            | 34,500  | 735,108            |
| Capital Improvement.....                     | 6,200  | -                  | 975,000   | 981,200            |
| <b>Total.....</b>                            | <b>170,308</b>   | <b>828,979</b>     | <b>1,009,500</b>                                | <b>2,008,787</b>   |
| Auditors                                     |  |                    |   |                    |
| Personnel.....                               | -  | 438,298            | -   | 438,298            |
| General.....                                 | 213  | 118,035            | -   | 118,248            |
| Equipment/Unusual.....                       | 5,749  | -                  | -   | 5,749              |
| Capital Improvement.....                     | 804  | -                  | -   | 804                |
| <b>Total.....</b>                            | <b>6,766</b>   | <b>556,333</b>     | <b>-</b>  | <b>563,099</b>     |
| Treasurer and Collector                      |  |                    |   |                    |
| Personnel.....                               | -  | 779,029            | -   | 779,029            |
| General.....                                 | 9,800  | 268,100            | 13,000  | 290,900            |
| Equipment/Unusual.....                       | 5,000  | 5,000              | -   | 10,000             |
| Capital Improvement.....                     | 1,000  | -                  | -   | 1,000              |
| <b>Total.....</b>                            | <b>15,800</b>  | <b>1,052,129</b>   | <b>13,000</b>                                   | <b>1,080,929</b>   |
| Assessors                                    |  |                    |   |                    |
| Personnel.....                               | -  | 349,089            | -   | 349,089            |
| General.....                                 | 8,000  | 63,500             | -   | 71,500             |
| Capital Improvement.....                     | 610  | -                  | -   | 610                |
| <b>Total.....</b>                            | <b>8,610</b>   | <b>412,589</b>     | <b>-</b>  | <b>421,199</b>     |

| Actual         | Current Year<br>Encumbrances<br>and Continuing<br>Appropriations | Actual and<br>Encumbrances<br>and Continuing<br>Appropriations | Variance<br>Positive/<br>(Negative) |
|----------------|--|--|-------------------------------------|
| \$ 147,628,139 | \$ -   | \$ 147,628,139   | \$ (529,010)                        |
| 6,233,321      | -  | 6,233,321  | 298,321                             |
| 3,061,233      | -  | 3,061,233  | 61,233                              |
| 1,128,180      | -  | 1,128,180  | 128,180                             |
| 645,263        | -  | 645,263  | 645,263                             |
| 53,905         | -  | 53,905   | 7,905                               |
| 17,308,282     | -  | 17,308,282   | 1,102,471                           |
| 124,392        | -  | 124,392  | (25,608)                            |
| 514,063        | -  | 514,063  | 37,063                              |
| 2,546,547      | -  | 2,546,547  | 11,547                              |
| 746,024        | -  | 746,024  | (21,976)                            |
| 1,326,125      | -  | 1,326,125  | (88,375)                            |
| 81,269         | -  | 81,269   | 11,269                              |
| 181,396,743    | -  | 181,396,743  | 1,638,283                           |
| 274,910        | -  | 274,910  | 2                                   |
| 59,702         | -  | 59,702   | 2,998                               |
| -              | 32,325   | 32,325   | -                                   |
| -              | -  | -  | 982                                 |
| 334,612        | 32,325   | 366,937  | 3,982                               |
| 256,059        | -  | 256,059  | 11,570                              |
| 22,656         | -  | 22,656   | 2,194                               |
| 139,802        | 587,199  | 727,001  | 8,107                               |
| 4,000          | -  | 4,000  | 977,200                             |
| 422,517        | 587,199  | 1,009,716  | 999,071                             |
| 431,141        | -  | 431,141  | 7,157                               |
| 88,532         | -  | 88,532   | 29,716                              |
| -              | 5,749  | 5,749  | -                                   |
| -              | -  | -  | 804                                 |
| 519,673        | 5,749  | 525,422  | 37,677                              |
| 778,934        | -  | 778,934  | 95                                  |
| 270,527        | 5,171  | 275,698  | 15,202                              |
| 980            | 9,020  | 10,000   | -                                   |
| 1,000          | -  | 1,000  | -                                   |
| 1,051,441      | 14,191   | 1,065,632  | 15,297                              |
| 311,945        | -  | 311,945  | 37,144                              |
| 53,218         | 7,500  | 60,718   | 10,782                              |
| -              | -  | -  | 610                                 |
| 365,163        | 7,500  | 372,663  | 48,536                              |

(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

|   | Prior Year<br>Encumbrances<br>and Continuing<br>Appropriations | Original<br>Budget | Supplemental<br>Appropriations<br>and Transfers | Final<br>Budget |
|---|--|--------------------|---|-----------------|
| <b>Purchasing</b>                               |  |                    |   |                 |
| Personnel.....                                  | -  | 200,443            | -   | 200,443         |
| General.....                                    | -  | 6,133              | -   | 6,133           |
| Special.....                                    | -  | 222,000            | -   | 222,000         |
| Total.....                                      | -  | 428,576            | -   | 428,576         |
| <b>Trust Funds</b>                              |  |                    |   |                 |
| Personnel.....                                  | -  | 4,000              | -   | 4,000           |
| General.....                                    | 1,119  | 17,000             | -   | 18,119          |
| Total.....                                      | 1,119  | 21,000             | -   | 22,119          |
| <b>Law Department</b>                           |  |                    |   |                 |
| Personnel.....                                  | -  | 670,992            | -   | 670,992         |
| General.....                                    | 2,813  | 52,750             | -   | 55,563          |
| Equipment/Unusual.....                          | 101,279  | 14,017             | -   | 115,296         |
| Capital Improvement.....                        | 12,378   | -                  | -   | 12,378          |
| Total.....                                      | 116,470  | 737,759            | -   | 854,229         |
| <b>Building General Support and Maintenance</b> |  |                    |   |                 |
| Personnel.....                                  | -  | 1,400,260          | -   | 1,400,260       |
| General.....                                    | 15,974   | 274,600            | -   | 290,574         |
| Equipment/Unusual.....                          | 10,000   | -                  | 50,000  | 60,000          |
| Capital Improvement.....                        | 16,322   | -                  | -   | 16,322          |
| Total.....                                      | 42,296   | 1,674,860          | 50,000  | 1,767,156       |
| <b>Utilities</b>                                |  |                    |   |                 |
| General.....                                    | -  | 1,136,723          | 105,000   | 1,241,723       |
| <b>Central Telephone Service</b>                |  |                    |   |                 |
| Personnel.....                                  | -  | 27,707             | -   | 27,707          |
| General.....                                    | 8,406  | 180,000            | -   | 188,406         |
| Total.....                                      | 8,406  | 207,707            | -   | 216,113         |
| <b>Personnel</b>                                |  |                    |   |                 |
| Personnel.....                                  | -  | 244,163            | -   | 244,163         |
| General.....                                    | -  | 5,000              | -   | 5,000           |
| Equipment/Unusual.....                          | 10,798   | 25,000             | -   | 35,798          |
| Total.....                                      | 10,798   | 274,163            | -   | 284,961         |
| <b>Work Study</b>                               |  |                    |   |                 |
| General.....                                    | -  | 6,000              | -   | 6,000           |
| <b>City Clerk</b>                               |  |                    |   |                 |
| Personnel.....                                  | -  | 340,109            | -   | 340,109         |
| General.....                                    | -  | 75,699             | -   | 75,699          |
| Total.....                                      | -  | 415,808            | -   | 415,808         |
| <b>Information Technology</b>                   |  |                    |   |                 |
| Personnel.....                                  | -  | 937,923            | -   | 937,923         |
| General.....                                    | -  | 269,282            | -   | 269,282         |
| Equipment/Unusual.....                          | 14,315   | -                  | -   | 14,315          |
| Capital Improvement.....                        | 61,851   | -                  | -   | 61,851          |
| Total.....                                      | 76,166   | 1,207,205          | -   | 1,283,371       |

| <u>Actual</u> | <u>Current Year<br/>Encumbrances<br/>and Continuing<br/>Appropriations</u> | <u>Actual and<br/>Encumbrances<br/>and Continuing<br/>Appropriations</u> | <u>Variance<br/>Positive/<br/>(Negative)</u> |
|---------------|--|--|--|
| 200,265       | -  | 200,265  | 178  |
| 10,698        | (4,575)  | 6,123  | 10   |
| 180,439       | 1,722  | 182,161  | 39,839                                       |
| 391,402       | (2,853)  | 388,549  | 40,027                                       |
| 2,800         | 200  | 3,000  | 1,000  |
| 16,544        | 1,575  | 18,119   | -  |
| 19,344        | 1,775  | 21,119   | 1,000  |
| 668,017       | -  | 668,017  | 2,975  |
| 55,071        | 170  | 55,241   | 322  |
| 8,500         | 106,795  | 115,295  | 1  |
| 3,603         | -  | 3,603  | 8,775  |
| 735,191       | 106,965  | 842,156  | 12,073                                       |
| 1,198,211     | 10,000   | 1,208,211  | 192,049                                      |
| 226,653       | 61,247   | 287,900  | 2,674  |
| 10,000        | 50,000   | 60,000   | -  |
| 3,953         | -  | 3,953  | 12,369                                       |
| 1,438,817     | 121,247  | 1,560,064  | 207,092                                      |
| 1,098,146     | 65,000   | 1,163,146  | 78,577                                       |
| 25,657        | -  | 25,657   | 2,050  |
| 154,758       | 14,042   | 168,800  | 19,606                                       |
| 180,415       | 14,042   | 194,457  | 21,656                                       |
| 243,160       | -  | 243,160  | 1,003  |
| 4,647         | -  | 4,647  | 353  |
| 30,981        | 2,480  | 33,461   | 2,337  |
| 278,788       | 2,480  | 281,268  | 3,693  |
| 2,520         | -  | 2,520  | 3,480  |
| 340,109       | -  | 340,109  | -  |
| 68,567        | 452  | 69,019   | 6,680  |
| 408,676       | 452  | 409,128  | 6,680  |
| 929,525       | -  | 929,525  | 8,398  |
| 268,356       | 346  | 268,702  | 580  |
| 14,315        | -  | 14,315   | -  |
| 58,325        | -  | 58,325   | 3,526  |
| 1,270,521     | 346  | 1,270,867  | 12,504                                       |

(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

|   | Prior Year<br>Encumbrances<br>and Continuing<br>Appropriations | Original<br>Budget | Supplemental<br>Appropriations<br>and Transfers | Final<br>Budget   |
|---|--|--------------------|---|-------------------|
| <b>Voter Registration</b>                   |  |                    |   |                   |
| Personnel.....                              | -  | 216,042            | -   | 216,042           |
| General.....                                | -  | 122,700            | -   | 122,700           |
| Total.....                                  | -  | 338,742            | -   | 338,742           |
| <b>TOTAL GENERAL GOVERNMENT.....</b>        | <b>490,046</b>   | <b>9,636,185</b>   | <b>1,177,500</b>                                | <b>11,303,731</b> |
| <b>PUBLIC SAFETY</b>                        |  |                    |   |                   |
| <b>Police and Animal Control</b>            |  |                    |   |                   |
| Personnel.....                              | -  | 12,791,219         | -   | 12,791,219        |
| General.....                                | 26,515   | 300,835            | -   | 327,350           |
| Equipment/Unusual.....                      | 10,893   | 141,995            | -   | 152,888           |
| Special.....                                | 876  | 149,800            | -   | 150,676           |
| Total.....                                  | 38,284   | 13,383,849         | -   | 13,422,133        |
| <b>Dispatch</b>                             |  |                    |   |                   |
| Personnel.....                              | -  | 1,433,191          | -   | 1,433,191         |
| General.....                                | -  | 34,650             | -   | 34,650            |
| Special.....                                | 103  | 6,600              | -   | 6,703             |
| Total.....                                  | 103  | 1,474,441          | -   | 1,474,544         |
| <b>Fire</b>                                 |  |                    |   |                   |
| Personnel.....                              | 684,700  | 12,772,049         | 50,000  | 13,506,749        |
| General.....                                | 36,406   | 289,177            | -   | 325,583           |
| Equipment/Unusual.....                      | 14,506   | 63,200             | -   | 77,706            |
| Special.....                                | 1,222  | 184,650            | -   | 185,872           |
| Capital Improvement.....                    | -  | -                  | -   | -                 |
| Total.....                                  | 736,834  | 13,309,076         | 50,000  | 14,095,910        |
| <b>Emergency Management</b>                 |  |                    |   |                   |
| Personnel.....                              | -  | 67,624             | -   | 67,624            |
| General.....                                | -  | 9,400              | -   | 9,400             |
| Equipment/Unusual.....                      | 5,495  | 7,000              | -   | 12,495            |
| Special.....                                | -  | 3,500              | -   | 3,500             |
| Total.....                                  | 5,495  | 87,524             | -   | 93,019            |
| <b>Wires General Support and Inspection</b> |  |                    |   |                   |
| Personnel.....                              | -  | 521,625            | -   | 521,625           |
| General.....                                | 2,998  | 217,050            | -   | 220,048           |
| Equipment/Unusual.....                      | -  | 8,500              | -   | 8,500             |
| Total.....                                  | 2,998  | 747,175            | -   | 750,173           |
| <b>Licensing</b>                            |  |                    |   |                   |
| Personnel.....                              | -  | 12,600             | -   | 12,600            |
| General.....                                | -  | 3,900              | -   | 3,900             |
| Total.....                                  | -  | 16,500             | -   | 16,500            |
| <b>TOTAL PUBLIC SAFETY.....</b>             | <b>783,714</b>   | <b>29,018,565</b>  | <b>50,000</b>                                   | <b>29,852,279</b> |



| <u>Actual</u> | <u>Current Year<br/>Encumbrances<br/>and Continuing<br/>Appropriations</u> | <u>Actual and<br/>Encumbrances<br/>and Continuing<br/>Appropriations</u> | <u>Variance<br/>Positive/<br/>(Negative)</u> |
|---------------|--|--|--|
| 215,721       | -  | 215,721  | 321  |
| 121,267       | 1,326  | 122,593  | 107  |
| 336,988       | 1,326  | 338,314  | 428  |
| 8,854,214     | 957,744  | 9,811,958  | 1,491,773                                    |
| 12,657,126    | 75,000   | 12,732,126   | 59,093                                       |
| 250,026       | 9,912  | 259,938  | 67,412                                       |
| 134,588       | 8,321  | 142,909  | 9,979  |
| 141,404       | -  | 141,404  | 9,272  |
| 13,183,144    | 93,233   | 13,276,377   | 145,756                                      |
| 1,341,266     | -  | 1,341,266  | 91,925                                       |
| 30,090        | -  | 30,090   | 4,560  |
| 5,706         | -  | 5,706  | 997  |
| 1,377,062     | -  | 1,377,062  | 97,482                                       |
| 12,828,963    | 605,000  | 13,433,963   | 72,786                                       |
| 272,104       | 52,776   | 324,880  | 703  |
| 44,109        | 27,987   | 72,096   | 5,610  |
| 152,105       | 28,968   | 181,073  | 4,799  |
| -             | -  | -  | -  |
| 13,297,281    | 714,731  | 14,012,012   | 83,898                                       |
| 67,624        | -  | 67,624   | -  |
| 8,675         | -  | 8,675  | 725  |
| 3,378         | 9,116  | 12,494   | 1  |
| 2,750         | -  | 2,750  | 750  |
| 82,427        | 9,116  | 91,543   | 1,476  |
| 520,799       | -  | 520,799  | 826  |
| 158,950       | 42,403   | 201,353  | 18,695                                       |
| 6,106         | -  | 6,106  | 2,394  |
| 685,855       | 42,403   | 728,258  | 21,915                                       |
| 11,400        | -  | 11,400   | 1,200  |
| 3,206         | -  | 3,206  | 694  |
| 14,606        | -  | 14,606   | 1,894  |
| 28,640,375    | 859,483  | 29,499,858   | 352,421                                      |

(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

|  | Prior Year<br>Encumbrances<br>and Continuing<br>Appropriations | Original<br>Budget | Supplemental<br>Appropriations<br>and Transfers | Final<br>Budget   |
|--|--|--------------------|---|-------------------|
| <b>EDUCATION</b>                         |  |                    |   |                   |
| Personnel.....                           | 3,558,126  | 48,577,987         | -   | 52,136,113        |
| General.....                             | 635,442  | 15,599,665         | -   | 16,235,107        |
| Professional Development.....            | -  | 276,619            | -   | 276,619           |
| Capital Improvement.....                 | 11,000   | 233,502            | -   | 244,502           |
| <b>TOTAL EDUCATION.....</b>              | <b>4,204,568</b>   | <b>64,687,773</b>  | <b>-</b>  | <b>68,892,341</b> |
| <b>PUBLIC WORKS</b>                      |  |                    |   |                   |
| Consolidated Public Works Administration |  |                    |   |                   |
| Personnel.....                           | -  | 3,633,061          | -   | 3,633,061         |
| General.....                             | 7,311  | 992,100            | -   | 999,411           |
| Equipment/Unusual.....                   | 312,307  | 266,000            | -   | 578,307           |
| Capital Improvement.....                 | 125,840  | -                  | -   | 125,840           |
| <b>Total.....</b>                        | <b>445,458</b>   | <b>4,891,161</b>   | <b>-</b>  | <b>5,336,619</b>  |
| Snow and Ice Removal                     |  |                    |   |                   |
| Personnel.....                           | -  | 100,000            | -   | 100,000           |
| General.....                             | 7,368  | 1,240,000          | -   | 1,247,368         |
| <b>Total.....</b>                        | <b>7,368</b>   | <b>1,340,000</b>   | <b>-</b>  | <b>1,347,368</b>  |
| Street Lighting                          |  |                    |   |                   |
| General.....                             | 16,382   | 530,000            | -   | 546,382           |
| Collection and Disposal of Rubbish       |  |                    |   |                   |
| Equipment/Unusual.....                   | 452,061  | 5,273,000          | -   | 5,725,061         |
| Cemetery Commission                      |  |                    |   |                   |
| Personnel.....                           | -  | 3,000              | -   | 3,000             |
| <b>TOTAL PUBLIC WORKS.....</b>           | <b>921,269</b>   | <b>12,037,161</b>  | <b>-</b>  | <b>12,958,430</b> |
| <b>COMMUNITY DEVELOPMENT</b>             |  |                    |   |                   |
| City Planner                             |  |                    |   |                   |
| Personnel.....                           | -  | 218,353            | -   | 218,353           |
| General.....                             | -  | 850                | -   | 850               |
| Equipment/Unusual.....                   | 70,050   | -                  | -   | 70,050            |
| Capital Improvement.....                 | 99,369   | (1)                | -   | 99,368            |
| <b>Total.....</b>                        | <b>169,419</b>   | <b>219,202</b>     | <b>-</b>  | <b>388,621</b>    |
| Housing                                  |  |                    |   |                   |
| Personnel.....                           | -  | 180,756            | -   | 180,756           |
| General.....                             | -  | 1,350              | -   | 1,350             |
| <b>Total.....</b>                        | <b>-</b>   | <b>182,106</b>     | <b>-</b>  | <b>182,106</b>    |
| Board of Survey and Planning             |  |                    |   |                   |
| Personnel.....                           | -  | 17,000             | -   | 17,000            |
| General.....                             | -  | 3,900              | -   | 3,900             |
| <b>Total.....</b>                        | <b>-</b>   | <b>20,900</b>      | <b>-</b>  | <b>20,900</b>     |
| Zoning Board of Appeals                  |  |                    |   |                   |
| Personnel.....                           | -  | 17,600             | -   | 17,600            |
| General.....                             | 592  | 20,000             | -   | 20,592            |
| <b>Total.....</b>                        | <b>592</b>   | <b>37,600</b>      | <b>-</b>  | <b>38,192</b>     |

| <u>Actual</u> | <u>Current Year<br/>Encumbrances<br/>and Continuing<br/>Appropriations</u> | <u>Actual and<br/>Encumbrances<br/>and Continuing<br/>Appropriations</u> | <u>Variance<br/>Positive/<br/>(Negative)</u> |
|---------------|--|--|--|
| 50,728,161    | 163,063  | 50,891,224   | 1,244,889                                    |
| 14,662,183    | 996,624  | 15,658,807   | 576,300                                      |
| 311,611       | -  | 311,611  | (34,992)                                     |
| 141,156       | -  | 141,156  | 103,346                                      |
| 65,843,111    | 1,159,687  | 67,002,798   | 1,889,543                                    |
| 3,435,905     | 25,000   | 3,460,905  | 172,156                                      |
| 953,777       | 6,310  | 960,087  | 39,324                                       |
| 221,716       | 355,134  | 576,850  | 1,457  |
| 41,014        | -  | 41,014   | 84,826                                       |
| 4,652,412     | 386,444  | 5,038,856  | 297,763                                      |
| 60,884        | -  | 60,884   | 39,116                                       |
| 399,335       | 8,268  | 407,603  | 839,765                                      |
| 460,219       | 8,268  | 468,487  | 878,881                                      |
| 490,292       | 47,239   | 537,531  | 8,851  |
| 5,280,916     | 232,784  | 5,513,700  | 211,361                                      |
| 2,300         | 200  | 2,500  | 500  |
| 10,886,139    | 674,935  | 11,561,074   | 1,397,356                                    |
| 203,212       | -  | 203,212  | 15,141                                       |
| 850           | -  | 850  | -  |
| -             | -  | -  | 70,050                                       |
| 26,474        | -  | 26,474   | 72,894                                       |
| 230,536       | -  | 230,536  | 158,085                                      |
| 153,050       | -  | 153,050  | 27,706                                       |
| 1,350         | -  | 1,350  | -  |
| 154,400       | -  | 154,400  | 27,706                                       |
| 11,772        | -  | 11,772   | 5,228  |
| 3,898         | -  | 3,898  | 2  |
| 15,670        | -  | 15,670   | 5,230  |
| 13,100        | 1,500  | 14,600   | 3,000  |
| 19,317        | 227  | 19,544   | 1,048  |
| 32,417        | 1,727  | 34,144   | 4,048  |

(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

|   | Prior Year<br>Encumbrances<br>and Continuing<br>Appropriations | Original<br>Budget | Supplemental<br>Appropriations<br>and Transfers | Final<br>Budget  |
|---|--|--------------------|---|------------------|
| <b>Traffic Engineering</b>              |  |                    |   |                  |
| Personnel.....                          | -  | 227,077            | -   | 227,077          |
| General.....                            | 5,830  | 44,020             | -   | 49,850           |
| Equipment/Unusual.....                  | 6,514  | 75,000             | -   | 81,514           |
| Capital Improvement.....                | 4,693  | -                  | -   | 4,693            |
| <b>Total.....</b>                       | <b>17,037</b>  | <b>346,097</b>     | <b>-</b>  | <b>363,134</b>   |
| <b>Conservation Commission</b>          |  |                    |   |                  |
| Personnel.....                          | -  | 40,626             | -   | 40,626           |
| General.....                            | -  | 2,900              | -   | 2,900            |
| Capital Improvement.....                | 53,915   | -                  | -   | 53,915           |
| <b>Total.....</b>                       | <b>53,915</b>  | <b>43,526</b>      | <b>-</b>  | <b>97,441</b>    |
| <b>Historical Commission</b>            |  |                    |   |                  |
| Personnel.....                          | -  | 30,500             | -   | 30,500           |
| General.....                            | 281  | 4,020              | -   | 4,301            |
| Equipment/Unusual.....                  | 4,534  | 2,999              | -   | 7,533            |
| <b>Total.....</b>                       | <b>4,815</b>   | <b>37,519</b>      | <b>-</b>  | <b>42,334</b>    |
| <b>Paine Estate</b>                     |  |                    |   |                  |
| Personnel.....                          | -  | 165,953            | -   | 165,953          |
| General.....                            | 1,967  | 31,500             | -   | 33,467           |
| <b>Total.....</b>                       | <b>1,967</b>   | <b>197,453</b>     | <b>-</b>  | <b>199,420</b>   |
| <b>Engineering</b>                      |  |                    |   |                  |
| Personnel.....                          | -  | 348,056            | -   | 348,056          |
| General.....                            | -  | 6,850              | -   | 6,850            |
| Equipment/Unusual.....                  | 14,738   | -                  | -   | 14,738           |
| Capital Improvement.....                | 1,898  | -                  | -   | 1,898            |
| <b>Total.....</b>                       | <b>16,636</b>  | <b>354,906</b>     | <b>-</b>  | <b>371,542</b>   |
| <b>TOTAL COMMUNITY DEVELOPMENT.....</b> | <b>264,381</b>   | <b>1,439,309</b>   | <b>-</b>  | <b>1,703,690</b> |
| <b>HEALTH AND HUMAN SERVICES</b>        |  |                    |   |                  |
| <b>Health</b>                           |  |                    |   |                  |
| Personnel.....                          | -  | 726,063            | -   | 726,063          |
| General.....                            | 137  | 45,625             | -   | 45,762           |
| Equipment/Unusual.....                  | -  | 600                | -   | 600              |
| <b>Total.....</b>                       | <b>137</b>   | <b>772,288</b>     | <b>-</b>  | <b>772,425</b>   |
| <b>Veterans</b>                         |  |                    |   |                  |
| Personnel.....                          | -  | 158,862            | -   | 158,862          |
| General.....                            | -  | 210,275            | -   | 210,275          |
| <b>Total.....</b>                       | <b>-</b>   | <b>369,137</b>     | <b>-</b>  | <b>369,137</b>   |
| <b>Council on Aging/Meals on Wheels</b> |  |                    |   |                  |
| Personnel.....                          | -  | 321,097            | -   | 321,097          |
| General.....                            | 12,508   | 152,737            | -   | 165,245          |
| <b>Total.....</b>                       | <b>12,508</b>  | <b>473,834</b>     | <b>-</b>  | <b>486,342</b>   |
| <b>Celebration of Holidays</b>          |  |                    |   |                  |
| General.....                            | 10,000   | 11,100             | -   | 21,100           |

| <u>Actual</u>    | <u>Current Year<br/>Encumbrances<br/>and Continuing<br/>Appropriations</u> | <u>Actual and<br/>Encumbrances<br/>and Continuing<br/>Appropriations</u> | <u>Variance<br/>Positive/<br/>(Negative)</u> |
|------------------|--|--|--|
| 200,458          | -  | 200,458  | 26,619                                       |
| 45,712           | 3,672  | 49,384   | 466  |
| 77,576           | 3,938  | 81,514   | -  |
| -                | -  | -  | 4,693  |
| <u>323,746</u>   | <u>7,610</u>   | <u>331,356</u>   | <u>4,693</u>                                 |
| 34,532           | -  | 34,532   | 6,094  |
| 1,170            | 342  | 1,512  | 1,388  |
| -                | -  | -  | 7,482  |
| <u>35,702</u>    | <u>342</u>   | <u>36,044</u>  | <u>27,085</u>                                |
| 28,700           | -  | 28,700   | 1,800  |
| 4,230            | 22   | 4,252  | 49   |
| 5,914            | 1,619  | 7,533  | -  |
| <u>38,844</u>    | <u>1,641</u>   | <u>40,485</u>  | <u>1,849</u>                                 |
| 165,952          | -  | 165,952  | 1  |
| 28,836           | 2,476  | 31,312   | 2,155  |
| <u>194,788</u>   | <u>2,476</u>   | <u>197,264</u>   | <u>2,155</u>                                 |
| 347,362          | -  | 347,362  | 694  |
| 5,555            | 1,200  | 6,755  | 95   |
| -                | 14,738   | 14,738   | -  |
| 1,898            | -  | 1,898  | 789  |
| <u>354,815</u>   | <u>15,938</u>  | <u>370,753</u>   | <u>2,156</u>                                 |
| <u>1,380,918</u> | <u>29,734</u>  | <u>1,410,652</u>   | <u>233,007</u>                               |
| 724,611          | 500  | 725,111  | 952  |
| 42,545           | 208  | 42,753   | 3,009  |
| 340              | -  | 340  | 260  |
| <u>767,496</u>   | <u>708</u>   | <u>768,204</u>   | <u>4,221</u>                                 |
| 158,862          | -  | 158,862  | -  |
| 203,199          | -  | 203,199  | 7,076  |
| <u>362,061</u>   | <u>-</u>   | <u>362,061</u>   | <u>7,076</u>                                 |
| 306,092          | -  | 306,092  | 15,005                                       |
| 153,451          | 11,794   | 165,245  | -  |
| 459,543          | 11,794   | 471,337  | 15,005                                       |
| <u>10,430</u>    | <u>10,000</u>  | <u>20,430</u>  | <u>670</u>                                   |

(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

|   | Prior Year<br>Encumbrances<br>and Continuing<br>Appropriations | Original<br>Budget | Supplemental<br>Appropriations<br>and Transfers | Final<br>Budget   |
|---|--|--------------------|---|-------------------|
| <b>Disabilities Services Commission</b>     |  |                    |   |                   |
| Personnel.....                              | -  | 7,000              | -   | 7,000             |
| General.....                                | -  | 200                | -   | 200               |
| Capital Improvements.....                   | 2,680  | (380)              | -   | 2,300             |
| Total.....                                  | 2,680  | 6,820              | -   | 9,500             |
| <b>TOTAL HEALTH AND HUMAN SERVICES.....</b> | <b>25,325</b>  | <b>1,633,179</b>   | <b>-</b>  | <b>1,658,504</b>  |
| <b>CULTURE AND RECREATION</b>               |  |                    |   |                   |
| <b>Library</b>                              |  |                    |   |                   |
| Personnel.....                              | -  | 1,852,399          | -   | 1,852,399         |
| General.....                                | 7,900  | 261,250            | 55,000  | 324,150           |
| Equipment/Unusual.....                      | 4,530  | 61,000             | -   | 65,530            |
| Total.....                                  | 12,430   | 2,174,649          | 55,000  | 2,242,079         |
| <b>Recreation</b>                           |  |                    |   |                   |
| Personnel.....                              | -  | 412,397            | -   | 412,397           |
| General.....                                | -  | 13,600             | -   | 13,600            |
| Equipment/Unusual.....                      | -  | 26,000             | 70,000  | 96,000            |
| Capital Improvement.....                    | 90   | 45,000             | -   | 45,090            |
| Total.....                                  | 90   | 496,997            | 70,000  | 567,087           |
| <b>Playgrounds</b>                          |  |                    |   |                   |
| Personnel.....                              | -  | 48,000             | -   | 48,000            |
| General.....                                | 23,365   | 234,400            | -   | 257,765           |
| Equipment/Unusual.....                      | -  | 3,500              | -   | 3,500             |
| Total.....                                  | 23,365   | 285,900            | -   | 309,265           |
| <b>Summer Fun</b>                           |  |                    |   |                   |
| Personnel.....                              | -  | 59,796             | -   | 59,796            |
| General.....                                | 2,352  | 12,900             | -   | 15,252            |
| Total.....                                  | 2,352  | 72,696             | -   | 75,048            |
| <b>Support of Recreation Activities</b>     |  |                    |   |                   |
| General.....                                | 10,000   | 102,000            | -   | 112,000           |
| Equipment/Unusual.....                      | -  | 8,000              | -   | 8,000             |
| Total.....                                  | 10,000   | 110,000            | -   | 120,000           |
| <b>TOTAL CULTURE AND RECREATION.....</b>    | <b>48,237</b>  | <b>3,140,242</b>   | <b>125,000</b>                                  | <b>3,313,479</b>  |
| <b>PENSION BENEFITS</b>                     |  |                    |   |                   |
| Contributory Retirement System.....         | -  | 13,770,814         | -   | 13,770,814        |
| Non-Contributory Pension Benefits.....      | -  | 31,000             | -   | 31,000            |
| <b>TOTAL PENSION BENEFITS.....</b>          | <b>-</b>   | <b>13,801,814</b>  | <b>-</b>  | <b>13,801,814</b> |
| <b>EMPLOYEE BENEFITS</b>                    |  |                    |   |                   |
| Worker's Compensation.....                  | 3,170  | 480,002            | -   | 483,172           |
| Optional Medical Extension.....             | -  | 1,550,000          | -   | 1,550,000         |
| Hospital and Medical Insurance.....         | 106,995  | 35,335,897         | -   | 35,442,892        |
| Group Life Insurance.....                   | 5,091  | 352,158            | -   | 357,249           |
| Social Security.....                        | -  | 30,000             | -   | 30,000            |
| Unemployment.....                           | -  | 80,000             | -   | 80,000            |
| <b>TOTAL EMPLOYEE BENEFITS.....</b>         | <b>115,256</b>   | <b>37,828,057</b>  | <b>-</b>  | <b>37,943,313</b> |

| Actual     | Current Year<br>Encumbrances<br>and Continuing<br>Appropriations | Actual and<br>Encumbrances<br>and Continuing<br>Appropriations | Variance<br>Positive/<br>(Negative) |
|------------|--|--|-------------------------------------|
| 6,600      | -  | 6,600  | 400                                 |
| 200        | -  | 200  | -                                   |
| -          | -  | -  | 2,300                               |
| 6,800      | -  | 6,800  | 2,700                               |
| 1,606,330  | 22,502   | 1,628,832  | 29,672                              |
| 1,833,142  | -  | 1,833,142  | 19,257                              |
| 312,098    | 2,330  | 314,428  | 9,722                               |
| 62,968     | 2,375  | 65,343   | 187                                 |
| 2,208,208  | 4,705  | 2,212,913  | 28,979                              |
| 399,002    | -  | 399,002  | 13,395                              |
| 13,566     | -  | 13,566   | 34                                  |
| 26,000     | 70,000   | 96,000   | -                                   |
| 90         | -  | 90   | 45,000                              |
| 438,658    | 70,000   | 508,658  | 58,429                              |
| 42,531     | -  | 42,531   | 5,469                               |
| 220,263    | 36,654   | 256,917  | 848                                 |
| 1,201      | -  | 1,201  | 2,299                               |
| 263,995    | 36,654   | 300,649  | 8,616                               |
| 55,758     | -  | 55,758   | 4,038                               |
| 11,831     | 149  | 11,980   | 3,272                               |
| 67,589     | 149  | 67,738   | 7,310                               |
| 78,145     | 8,000  | 86,145   | 25,855                              |
| 7,594      | -  | 7,594  | 406                                 |
| 85,739     | 8,000  | 93,739   | 25,855                              |
| 3,064,189  | 119,508  | 3,183,697  | 129,189                             |
| 13,738,814 | -  | 13,738,814   | 32,000                              |
| 24,509     | -  | 24,509   | 6,491                               |
| 13,763,323 | -  | 13,763,323   | 38,491                              |
| 424,779    | 20,112   | 444,891  | 38,281                              |
| 1,550,000  | -  | 1,550,000  | -                                   |
| 35,094,046 | 17,748   | 35,111,794   | 331,098                             |
| 346,649    | (2,018)  | 344,631  | 12,618                              |
| 30,000     | -  | 30,000   | -                                   |
| 2,381      | 4,620  | 7,001  | 72,999                              |
| 37,447,855 | 40,462   | 37,488,317   | 454,996                             |

(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

|   | Prior Year<br>Encumbrances<br>and Continuing<br>Appropriations | Original<br>Budget | Supplemental<br>Appropriations<br>and Transfers | Final<br>Budget |
|---|--|--------------------|---|-----------------|
| STATE AND COUNTY CHARGES.....                             | -  | 1,606,138          | -   | 1,606,138       |
| DEBT SERVICE  |  |                    |   |                 |
| Principal.....  | -  | 6,702,196          | -   | 6,702,196       |
| Interest.....   | -  | 2,660,000          | -   | 2,660,000       |
| TOTAL DEBT SERVICE.....                                   | -  | 9,362,196          | -   | 9,362,196       |
| TOTAL EXPENDITURES.....                                   | 6,852,796  | 184,190,619        | 1,352,500                                       | 192,395,915     |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES..... | (6,852,796)  | (4,432,159)        | (1,352,500)                                     | (12,637,455)    |
| OTHER FINANCING SOURCES (USES):                           |  |                    |   |                 |
| Premium from issuance of bonds.....                       | -  | -                  | -   | -               |
| Transfers in.....   | -  | 4,240,000          | 185,000   | 4,425,000       |
| Transfers out.....  | -  | (75,000)           | -   | (75,000)        |
| Total other financing sources (uses).....                 | -  | 4,165,000          | 185,000   | 4,350,000       |
| NET CHANGE IN FUND BALANCE.....                           | (6,852,796)  | (267,159)          | (1,167,500)                                     | (8,287,455)     |
| FUND BALANCE AT BEGINNING OF YEAR.....                    | 29,692,812   | 29,692,812         | 29,692,812                                      | 29,692,812      |
| FUND BALANCE AT END OF YEAR.....                          | \$ 22,840,016  | \$ 29,425,653      | \$ 28,525,312                                   | \$ 21,405,357   |

See notes to required supplementary information.



| <u>Actual</u>        | <u>Current Year<br/>Encumbrances<br/>and Continuing<br/>Appropriations</u> | <u>Actual and<br/>Encumbrances<br/>and Continuing<br/>Appropriations</u> | <u>Variance<br/>Positive/<br/>(Negative)</u> |
|----------------------|--|--|--|
| <u>1,524,202</u>     | <u>-</u>   | <u>1,524,202</u>   | <u>81,936</u>                                |
| <u>6,623,638</u>     | <u>-</u>   | <u>6,623,638</u>   | <u>78,558</u>                                |
| <u>2,605,619</u>     | <u>-</u>   | <u>2,605,619</u>   | <u>54,381</u>                                |
| <u>9,229,257</u>     | <u>-</u>   | <u>9,229,257</u>   | <u>132,939</u>                               |
| <u>182,239,913</u>   | <u>3,864,055</u>   | <u>186,103,968</u>   | <u>6,231,323</u>                             |
| <u>(843,170)</u>     | <u>(3,864,055)</u>   | <u>(4,707,225)</u>   | <u>7,869,606</u>                             |
| <u>1,413,931</u>     | <u>-</u>   | <u>1,413,931</u>   | <u>1,413,931</u>                             |
| <u>3,879,557</u>     | <u>-</u>   | <u>3,879,557</u>   | <u>(545,443)</u>                             |
| <u>(155,500)</u>     | <u>-</u>   | <u>(155,500)</u>   | <u>(80,500)</u>                              |
| <u>5,137,988</u>     | <u>-</u>   | <u>5,137,988</u>   | <u>787,988</u>                               |
| <u>4,294,818</u>     | <u>(3,864,055)</u>   | <u>430,763</u>   | <u>8,657,594</u>                             |
| <u>29,692,812</u>    | <u>29,692,812</u>  | <u>29,692,812</u>  | <u>-</u>                                     |
| <u>\$ 33,987,630</u> | <u>\$ 25,828,757</u>   | <u>\$ 30,123,575</u>   | <u>\$ 8,657,594</u>                          |

(concluded)

## PENSION PLAN SCHEDULES

The following schedules provide information related to the System as a whole, for which the City is one participating employer:

### SCHEDULES OF FUNDING PROGRESS (SYSTEM)

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(A) | Actuarial<br>Accrued<br>Liability (AAL)<br>Entry Age<br>(B) | Unfunded<br>AAL<br>(UAAL)<br>(B-A) | Funded<br>Ratio<br>(A/B) | Covered<br>Payroll<br>(C) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((B-A)/C) |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| 01/01/11                       | \$ 168,017,364                         | \$ 301,356,797  | \$ 133,339,433                     | 55.8%                    | \$ 48,493,764             | 275.0%  |
| 01/01/10                       | 160,564,692                            | 279,108,340   | 118,543,648                        | 57.5%                    | 47,443,385                | 249.9%  |
| 01/01/08                       | 161,964,353                            | 251,353,888   | 89,389,535                         | 64.4%                    | 45,151,147                | 198.0%  |
| 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                            | 252,142,493   | 119,485,188                        | 52.6%                    | 42,282,485                | 282.6%  |
| 01/01/04                       | 132,381,882                            | 241,741,616   | 109,359,734                        | 54.8%                    | 40,324,076                | 271.2%  |

### SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)

| Year Ended<br>December 31 | Annually<br>Required<br>Contributions<br>(ARC) | Percentage of<br>ARC<br>Contributed (%) |
|---------------------------|--|---|
| 2006                      | \$ 11,408,000                                  | 100                                     |
| 2007                      | 12,695,230                                     | 100                                     |
| 2008                      | 13,192,164                                     | 100                                     |
| 2009                      | 13,752,867                                     | 100                                     |
| 2010                      | 14,106,542                                     | 100                                     |
| 2011                      | 14,133,617                                     | 100                                     |

The following schedule provides information related to the City's portion of the System's ARC:

### CITY SHARE OF SYSTEM ARC

| Fiscal Year<br>Ended | ARC           | Percentage of<br>ARC<br>Contributed (%) | City ARC<br>as a Percentage of<br>System ARC (%) |
|----------------------|---------------|---|--|
| 2007                 | \$ 11,132,517 | 100                                     | 97.6%  |
| 2008                 | 12,412,792    | 100                                     | 97.8%  |
| 2009                 | 12,878,477    | 100                                     | 97.6%  |
| 2010                 | 13,427,327    | 100                                     | 97.6%  |
| 2011                 | 13,720,343    | 100                                     | 97.3%  |
| 2012                 | 13,738,814    | 100                                     | 97.2%  |

## OTHER POSTEMPLOYMENT BENEFITS SCHEDULES

The following schedules provide information related to the City's other postemployment benefits plan:

### SCHEDULES OF FUNDING PROGRESS

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(A) | Actuarial<br>Accrued<br>Liability (AAL)<br>Projected Unit<br>Credit<br>(B) | Unfunded<br>AAL<br>(UAAL)<br>(B-A) | Funded<br>Ratio<br>(A/B) | Covered<br>Payroll<br>(C) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((B-A)/C) |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|---|
| 06/30/12                       | \$ -                                   | \$ 657,972,850   | \$ 657,972,850                     | 0%                       | \$ 82,752,496             | 795%  |
| 07/01/09                       | -                                      | 675,785,889  | 675,785,889                        | 0%                       | 74,891,604                | 902%  |
| 07/01/06                       | -                                      | 517,127,027  | 517,127,027                        | 0%                       | 81,699,545                | 633%  |

**NOTE A - BUDGETARY - GAAP RECONCILIATION**

For budgetary financial reporting purposes, the Uniform Massachusetts 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, 2012, is presented below:

|  | <u>Revenues</u>       | <u>Expenditures</u>   | <u>Other<br/>Financing<br/>Sources (Uses)</u> |
|--|-----------------------|-----------------------|---|
| Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual..... | \$ 181,396,743        | \$ 186,103,968        | \$ 5,137,988                                  |
| <u>Adjustments</u>   |                       |                       |   |
| Net change in recording 60-day receipts.....   | 72,529                | -                     | -   |
| Net change in recording tax refunds payable.....   | (902,507)             | -                     | -   |
| To record MTRS on-behalf payments.....   | 15,726,857            | 15,726,857            | -   |
| Net change in recording short-term interest accrual.....   | -                     | (62,671)              | -   |
| To allocate indirect costs to functional line items.....   | -                     | (3,602,821)           | (3,602,821)                                   |
| To record encumbrances and continuing appropriations.....  | -                     | (3,864,055)           | -   |
| Sub-total.....   | 196,293,622           | 194,301,278           | 1,535,167                                     |
| <u>Reclassifications</u>   |                       |                       |   |
| To reclassify the stabilization fund to the general fund.....  | 3,447                 | -                     | (105,000)                                     |
| To reclassify the other postemployment benefit fund to the general fund.....   | 5,900                 | -                     | -   |
| GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....                        | <u>\$ 196,302,969</u> | <u>\$ 194,301,278</u> | <u>\$ 1,430,167</u>                           |

## Combining Statements

# Nonmajor Governmental Funds

## Narrative

### *Special Revenue Funds*

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The special revenue funds are grouped into the following categories:

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

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

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

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

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

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

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

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

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

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

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

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

*Public Safety* – This fund is used to account for drug forfeiture and other law enforcement activities.

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

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

### ***Capital Projects Funds***

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. The capital projects funds are grouped into the following categories:

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

### ***Permanent Funds***

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government’s programs and benefit the government or its citizenry. The permanent funds are grouped into the following categories:

*Cemetery Trust Funds* – This fund is used to account for various contributions and activities associated with maintenance of the City’s cemeteries.

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

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET

JUNE 30, 2012

| <i>Special Revenue Funds</i>                    |                             |                             |                      |                        |                       |                   |
|---|-----------------------------|-----------------------------|----------------------|------------------------|-----------------------|-------------------|
| ASSETS  | Other<br>Special<br>Revenue | School<br>Federal<br>Grants | City<br>State Grants | School<br>State Grants | Insurance<br>Recovery | Gifts             |
| Restricted cash and cash equivalents.....       | \$ 2,798,643                | \$ -                        | \$ 205,508           | \$ -                   | \$ 32,908             | \$ 701,491        |
| Restricted investments.....                     | -                           | -                           | -                    | -                      | -                     | -                 |
| Receivables, net of uncollectibles:             |                             |                             |                      |                        |                       |                   |
| Departmental and other.....                     | 1,626                       | -                           | -                    | -                      | -                     | -                 |
| Intergovernmental.....                          | -                           | 1,259,858                   | -                    | 66,601                 | -                     | -                 |
| <b>TOTAL ASSETS.....</b>                        | <b>\$ 2,800,269</b>         | <b>\$ 1,259,858</b>         | <b>\$ 205,508</b>    | <b>\$ 66,601</b>       | <b>\$ 32,908</b>      | <b>\$ 701,491</b> |
| <b>LIABILITIES AND FUND BALANCES</b>            |                             |                             |                      |                        |                       |                   |
| <b>LIABILITIES:</b>                             |                             |                             |                      |                        |                       |                   |
| Warrants payable.....                           | \$ 6,786                    | \$ 86,535                   | \$ 5,327             | \$ 15,316              | \$ -                  | \$ 5,502          |
| Accrued payroll.....                            | 1,729                       | -                           | -                    | -                      | -                     | -                 |
| Deferred revenue.....                           | 1,626                       | -                           | -                    | -                      | -                     | -                 |
| Due to other funds.....                         | -                           | 403,493                     | -                    | 2,945                  | -                     | -                 |
| Short-term notes payable.....                   | -                           | -                           | -                    | -                      | -                     | -                 |
| <b>TOTAL LIABILITIES.....</b>                   | <b>10,141</b>               | <b>490,028</b>              | <b>5,327</b>         | <b>18,261</b>          | <b>-</b>              | <b>5,502</b>      |
| <b>FUND BALANCES:</b>                           |                             |                             |                      |                        |                       |                   |
| Nonspendable.....                               | -                           | -                           | -                    | -                      | -                     | -                 |
| Restricted.....                                 | 2,790,128                   | 769,830                     | 200,181              | 48,340                 | 32,908                | 695,989           |
| Unassigned.....                                 | -                           | -                           | -                    | -                      | -                     | -                 |
| <b>TOTAL FUND BALANCES.....</b>                 | <b>2,790,128</b>            | <b>769,830</b>              | <b>200,181</b>       | <b>48,340</b>          | <b>32,908</b>         | <b>695,989</b>    |
| <b>TOTAL LIABILITIES AND FUND BALANCES.....</b> | <b>\$ 2,800,269</b>         | <b>\$ 1,259,858</b>         | <b>\$ 205,508</b>    | <b>\$ 66,601</b>       | <b>\$ 32,908</b>      | <b>\$ 701,491</b> |



*Special Revenue Funds*

| <u>Sale of<br/>Lots/Graves</u> | <u>Revenue<br/>Reserve</u> | <u>School<br/>Lunch</u> | <u>Parking<br/>Meters</u> | <u>UDAG Nova<br/>Biomedical</u> | <u>Vocational<br/>School<br/>Reserve</u> |
|--------------------------------|----------------------------|-------------------------|---------------------------|---------------------------------|--|
| \$ 1,232,412                   | \$ 1,652,006               | \$ 646,574              | \$ 1,578,908              | \$ 88,972                       | \$ -                                     |
| -                              | -                          | -                       | -                         | -                               | -  |
| -                              | -                          | -                       | -                         | -                               | -  |
| <u>1,232,412</u>               | <u>1,652,006</u>           | <u>646,574</u>          | <u>1,578,908</u>          | <u>88,972</u>                   | <u>-</u>                                 |
| \$ -                           | \$ 2,335                   | \$ 12,591               | \$ 13,742                 | \$ -                            | \$ 2,021                                 |
| -                              | -                          | -                       | 4,175                     | -                               | -  |
| -                              | -                          | -                       | -                         | -                               | -  |
| -                              | -                          | -                       | -                         | -                               | 1,339                                    |
| <u>-</u>                       | <u>2,335</u>               | <u>12,591</u>           | <u>17,917</u>             | <u>-</u>                        | <u>3,360</u>                             |
| -                              | -                          | -                       | -                         | -                               | -  |
| 1,232,412                      | 1,649,671                  | 633,983                 | 1,560,991                 | 88,972                          | -  |
| <u>-</u>                       | <u>-</u>                   | <u>-</u>                | <u>-</u>                  | <u>-</u>                        | <u>(3,360)</u>                           |
| <u>1,232,412</u>               | <u>1,649,671</u>           | <u>633,983</u>          | <u>1,560,991</u>          | <u>88,972</u>                   | <u>(3,360)</u>                           |
| <u>\$ 1,232,412</u>            | <u>\$ 1,652,006</u>        | <u>\$ 646,574</u>       | <u>\$ 1,578,908</u>       | <u>\$ 88,972</u>                | <u>\$ -</u>                              |

(continued)

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2012

|   | <i>Special Revenue Funds</i> |                     |                        |                      | <i>Capital Projects</i> |
|---|------------------------------|---------------------|------------------------|----------------------|-------------------------|
|   | Public Safety                | Traffic Impact Fund | Police and Fire Detail | Sub-total            | School Capital Projects |
| <b>ASSETS</b>                                   |                              |                     |                        |                      |                         |
| Restricted cash and cash equivalents.....       | \$ 858,447                   | \$ 1,721,572        | \$ -                   | \$ 11,517,441        | \$ 1,515,442            |
| Restricted investments.....                     | -                            | -                   | -                      | -                    | -                       |
| Receivables, net of uncollectibles:             |                              |                     |                        |                      |                         |
| Departmental and other.....                     | -                            | -                   | 275,194                | 276,820              | -                       |
| Intergovernmental.....                          | -                            | -                   | -                      | 1,326,459            | -                       |
| <b>TOTAL ASSETS.....</b>                        | <b>\$ 858,447</b>            | <b>\$ 1,721,572</b> | <b>\$ 275,194</b>      | <b>\$ 13,120,720</b> | <b>\$ 1,515,442</b>     |
| <b>LIABILITIES AND FUND BALANCES</b>            |                              |                     |                        |                      |                         |
| <b>LIABILITIES:</b>                             |                              |                     |                        |                      |                         |
| Warrants payable.....                           | \$ 5,460                     | \$ -                | \$ -                   | \$ 155,615           | \$ 4,450                |
| Accrued payroll.....                            | -                            | -                   | 46,284                 | 52,188               | -                       |
| Deferred revenue.....                           | -                            | -                   | 275,194                | 276,820              | -                       |
| Due to other funds.....                         | -                            | -                   | 322,184                | 729,961              | -                       |
| Short-term notes payable.....                   | -                            | -                   | -                      | -                    | 765,875                 |
| <b>TOTAL LIABILITIES.....</b>                   | <b>5,460</b>                 | <b>-</b>            | <b>643,662</b>         | <b>1,214,584</b>     | <b>770,325</b>          |
| <b>FUND BALANCES:</b>                           |                              |                     |                        |                      |                         |
| Nonspendable.....                               | -                            | -                   | -                      | -                    | -                       |
| Restricted.....                                 | 852,987                      | 1,721,572           | -                      | 12,277,964           | 745,117                 |
| Unassigned.....                                 | -                            | -                   | (368,468)              | (371,828)            | -                       |
| <b>TOTAL FUND BALANCES.....</b>                 | <b>852,987</b>               | <b>1,721,572</b>    | <b>(368,468)</b>       | <b>11,906,136</b>    | <b>745,117</b>          |
| <b>TOTAL LIABILITIES AND FUND BALANCES.....</b> | <b>\$ 858,447</b>            | <b>\$ 1,721,572</b> | <b>\$ 275,194</b>      | <b>\$ 13,120,720</b> | <b>\$ 1,515,442</b>     |

| <i>Permanent Funds</i>  |                             |                     | Total                             |
|-------------------------|-----------------------------|---------------------|-----------------------------------|
| Cemetery<br>Trust Funds | Other<br>Permanent<br>Funds | Sub-total           | Nonmajor<br>Governmental<br>Funds |
| \$ 326,744              | \$ 174,872                  | \$ 501,616          | \$ 13,534,499                     |
| 1,479,950               | 315,340                     | 1,795,290           | 1,795,290                         |
| -                       | -                           | -                   | 276,820                           |
| -                       | -                           | -                   | 1,326,459                         |
| <u>\$ 1,806,694</u>     | <u>\$ 490,212</u>           | <u>\$ 2,296,906</u> | <u>\$ 16,933,068</u>              |

|                     |                   |                     |                      |
|---------------------|-------------------|---------------------|----------------------|
| \$ -                | \$ -              | \$ -                | \$ 160,065           |
| -                   | -                 | -                   | 52,188               |
| -                   | -                 | -                   | 276,820              |
| -                   | -                 | -                   | 729,961              |
| <u>-</u>            | <u>-</u>          | <u>-</u>            | <u>765,875</u>       |
| <u>-</u>            | <u>-</u>          | <u>-</u>            | <u>1,984,909</u>     |
| 1,785,631           | 248,959           | 2,034,590           | 2,034,590            |
| 21,063              | 241,253           | 262,316             | 13,285,397           |
| <u>-</u>            | <u>-</u>          | <u>-</u>            | <u>(371,828)</u>     |
| <u>1,806,694</u>    | <u>490,212</u>    | <u>2,296,906</u>    | <u>14,948,159</u>    |
| <u>\$ 1,806,694</u> | <u>\$ 490,212</u> | <u>\$ 2,296,906</u> | <u>\$ 16,933,068</u> |

(concluded)

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

FISCAL YEAR ENDED JUNE 30, 2012

|   | <i>Special Revenue Funds</i> |                             |                      |                        |                       |                |
|---|------------------------------|-----------------------------|----------------------|------------------------|-----------------------|----------------|
|   | Other<br>Special<br>Revenue  | School<br>Federal<br>Grants | City<br>State Grants | School<br>State Grants | Insurance<br>Recovery | Gifts          |
| <b>REVENUES</b>   |                              |                             |                      |                        |                       |                |
| Charges for services.....   | \$ -                         | \$ -                        | \$ -                 | \$ -                   | \$ -                  | \$ -           |
| Intergovernmental .....   | 59,544                       | 4,926,649                   | 426,108              | 373,739                | -                     | -              |
| Fines and forfeitures.....  | -                            | -                           | -                    | -                      | -                     | -              |
| Departmental and other.....                                       | 405,501                      | -                           | -                    | -                      | 21,009                | -              |
| Contributions.....  | 410,216                      | -                           | -                    | -                      | -                     | 70,571         |
| Investment income.....  | -                            | -                           | 21                   | -                      | -                     | 106            |
| <b>TOTAL REVENUES.....</b>  | <b>875,261</b>               | <b>4,926,649</b>            | <b>426,129</b>       | <b>373,739</b>         | <b>21,009</b>         | <b>70,677</b>  |
| <b>EXPENDITURES</b>   |                              |                             |                      |                        |                       |                |
| Current:  |                              |                             |                      |                        |                       |                |
| General government.....   | 17,111                       | -                           | 11,792               | -                      | -                     | 231,872        |
| Public safety.....  | -                            | -                           | 323,768              | -                      | -                     | 6,341          |
| Education.....  | -                            | 4,250,658                   | -                    | 333,355                | -                     | -              |
| Public works.....   | -                            | -                           | -                    | -                      | 9,097                 | -              |
| Health and human services.....                                    | 102,557                      | -                           | 66,974               | -                      | -                     | 29,837         |
| Culture and recreation.....                                       | 180,195                      | -                           | 470                  | -                      | -                     | 5,143          |
| Community development.....  | -                            | -                           | 6,000                | -                      | -                     | 22,163         |
| <b>TOTAL EXPENDITURES.....</b>                                    | <b>299,863</b>               | <b>4,250,658</b>            | <b>409,004</b>       | <b>333,355</b>         | <b>9,097</b>          | <b>295,356</b> |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES..... | 575,398                      | 675,991                     | 17,125               | 40,384                 | 11,912                | (224,679)      |
| <b>OTHER FINANCING SOURCES (USES)</b>                             |                              |                             |                      |                        |                       |                |
| Issuance of bonds and notes.....                                  | -                            | -                           | -                    | -                      | -                     | -              |
| Transfers out.....  | (80,000)                     | (12,620)                    | -                    | (1,326)                | -                     | -              |
| <b>TOTAL OTHER FINANCING SOURCES (USES).....</b>                  | <b>(80,000)</b>              | <b>(12,620)</b>             | <b>-</b>             | <b>(1,326)</b>         | <b>-</b>              | <b>-</b>       |
| NET CHANGE IN FUND BALANCES.....                                  | 495,398                      | 663,371                     | 17,125               | 39,058                 | 11,912                | (224,679)      |
| FUND BALANCES AT BEGINNING OF YEAR.....                           | 2,294,730                    | 106,459                     | 183,056              | 9,282                  | 20,996                | 920,668        |
| FUND BALANCES AT END OF YEAR.....                                 | \$ 2,790,128                 | \$ 769,830                  | \$ 200,181           | \$ 48,340              | \$ 32,908             | \$ 695,989     |

*Special Revenue Funds*

| <u>Sale of<br/>Lots/Graves</u> | <u>Revenue<br/>Reserve</u> | <u>School<br/>Lunch</u> | <u>Parking<br/>Meters</u> | <u>UDAG Nova<br/>Biomedical</u> | <u>Vocational<br/>School<br/>Reserve</u> |
|--------------------------------|----------------------------|-------------------------|---------------------------|---------------------------------|--|
| \$ -                           | \$ 182,865                 | \$ 795,803              | \$ -                      | \$ -                            | \$ -                                     |
| -                              | 1,303,295                  | 1,180,764               | -                         | -                               | -  |
| -                              | -                          | -                       | 99,041                    | -                               | -  |
| 81,924                         | 390,507                    | -                       | 523,904                   | -                               | 62,952                                   |
| -                              | 84,586                     | -                       | -                         | -                               | -  |
| -                              | 223                        | 189                     | -                         | 221                             | -  |
| <u>81,924</u>                  | <u>1,961,476</u>           | <u>1,976,756</u>        | <u>622,945</u>            | <u>221</u>                      | <u>62,952</u>                            |
| -                              | -                          | -                       | -                         | -                               | -  |
| -                              | -                          | -                       | -                         | -                               | -  |
| -                              | 1,576,761                  | 1,868,779               | -                         | -                               | 62,213                                   |
| 11,217                         | -                          | -                       | -                         | -                               | -  |
| -                              | -                          | -                       | -                         | -                               | -  |
| -                              | -                          | -                       | 488,922                   | -                               | -  |
| <u>11,217</u>                  | <u>1,576,761</u>           | <u>1,868,779</u>        | <u>488,922</u>            | <u>-</u>                        | <u>62,213</u>                            |
| -                              | -                          | -                       | -                         | -                               | -  |
| <u>70,707</u>                  | <u>384,715</u>             | <u>107,977</u>          | <u>134,023</u>            | <u>221</u>                      | <u>739</u>                               |
| -                              | -                          | -                       | -                         | -                               | -  |
| -                              | (77,790)                   | -                       | -                         | -                               | -  |
| -                              | (77,790)                   | -                       | -                         | -                               | -  |
| <u>70,707</u>                  | <u>306,925</u>             | <u>107,977</u>          | <u>134,023</u>            | <u>221</u>                      | <u>739</u>                               |
| <u>1,161,705</u>               | <u>1,342,746</u>           | <u>526,006</u>          | <u>1,426,968</u>          | <u>88,751</u>                   | <u>(4,099)</u>                           |
| <u>\$ 1,232,412</u>            | <u>\$ 1,649,671</u>        | <u>\$ 633,983</u>       | <u>\$ 1,560,991</u>       | <u>\$ 88,972</u>                | <u>\$ (3,360)</u>                        |

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2012

|   | <i>Special Revenue Funds</i> |                     |                        |                      | <i>Capital Projects</i> |
|---|------------------------------|---------------------|------------------------|----------------------|-------------------------|
|   | Public Safety                | Traffic Impact Fund | Police and Fire Detail | Sub-total            | School Capital Projects |
| <b>REVENUES</b>   |                              |                     |                        |                      |                         |
| Charges for services.....   | \$ -                         | \$ -                | \$ 2,265,593           | \$ 3,244,261         | \$ -                    |
| Intergovernmental.....  | -                            | -                   | -                      | 8,270,099            | -                       |
| Fines and forfeitures.....  | -                            | -                   | -                      | 99,041               | -                       |
| Departmental and other.....                                       | 223,320                      | 148,195             | -                      | 1,857,312            | -                       |
| Contributions.....  | -                            | -                   | -                      | 565,373              | -                       |
| Investment income.....  | 1,971                        | 1,455               | -                      | 4,186                | -                       |
| <b>TOTAL REVENUES.....</b>  | <b>225,291</b>               | <b>149,650</b>      | <b>2,265,593</b>       | <b>14,040,272</b>    | <b>-</b>                |
| <b>EXPENDITURES</b>   |                              |                     |                        |                      |                         |
| Current:  |                              |                     |                        |                      |                         |
| General government.....   | -                            | -                   | -                      | 260,775              | -                       |
| Public safety.....  | 163,652                      | -                   | 2,322,174              | 2,815,935            | -                       |
| Education.....  | -                            | -                   | -                      | 8,091,766            | 2,378,182               |
| Public works.....   | -                            | -                   | -                      | 20,314               | -                       |
| Health and human services.....                                    | -                            | -                   | -                      | 199,368              | -                       |
| Culture and recreation.....                                       | -                            | -                   | -                      | 185,808              | -                       |
| Community development.....  | -                            | 162,685             | -                      | 679,770              | -                       |
| <b>TOTAL EXPENDITURES.....</b>                                    | <b>163,652</b>               | <b>162,685</b>      | <b>2,322,174</b>       | <b>12,253,736</b>    | <b>2,378,182</b>        |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES..... | 61,639                       | (13,035)            | (56,581)               | 1,786,536            | (2,378,182)             |
| <b>OTHER FINANCING SOURCES (USES)</b>                             |                              |                     |                        |                      |                         |
| Issuance of bonds and notes.....                                  | -                            | -                   | -                      | -                    | 2,218,000               |
| Transfers out.....  | -                            | -                   | -                      | (171,736)            | -                       |
| <b>TOTAL OTHER FINANCING SOURCES (USES).....</b>                  | <b>-</b>                     | <b>-</b>            | <b>-</b>               | <b>(171,736)</b>     | <b>2,218,000</b>        |
| <b>NET CHANGE IN FUND BALANCES.....</b>                           | <b>61,639</b>                | <b>(13,035)</b>     | <b>(56,581)</b>        | <b>1,614,800</b>     | <b>(160,182)</b>        |
| <b>FUND BALANCES AT BEGINNING OF YEAR.....</b>                    | <b>791,348</b>               | <b>1,734,607</b>    | <b>(311,887)</b>       | <b>10,291,336</b>    | <b>905,299</b>          |
| <b>FUND BALANCES AT END OF YEAR.....</b>                          | <b>\$ 852,987</b>            | <b>\$ 1,721,572</b> | <b>\$ (368,468)</b>    | <b>\$ 11,906,136</b> | <b>\$ 745,117</b>       |

| <i>Permanent Funds</i>  |                             |                     | Total                             |
|-------------------------|-----------------------------|---------------------|-----------------------------------|
| Cemetery<br>Trust Funds | Other<br>Permanent<br>Funds | Sub-total           | Nonmajor<br>Governmental<br>Funds |
| \$ -                    | \$ -                        | \$ -                | \$ 3,244,261                      |
| -                       | -                           | -                   | 8,270,099                         |
| -                       | -                           | -                   | 99,041                            |
| -                       | -                           | -                   | 1,857,312                         |
| 124,496                 | -                           | 124,496             | 689,869                           |
| 66,266                  | 29,555                      | 95,821              | 100,007                           |
| <u>190,762</u>          | <u>29,555</u>               | <u>220,317</u>      | <u>14,260,589</u>                 |
| -                       | 1,000                       | 1,000               | 261,775                           |
| -                       | -                           | -                   | 2,815,935                         |
| -                       | -                           | -                   | 10,469,948                        |
| -                       | -                           | -                   | 20,314                            |
| -                       | -                           | -                   | 199,368                           |
| -                       | -                           | -                   | 185,808                           |
| -                       | -                           | -                   | 679,770                           |
| -                       | <u>1,000</u>                | <u>1,000</u>        | <u>14,632,918</u>                 |
| <u>190,762</u>          | <u>28,555</u>               | <u>219,317</u>      | <u>(372,329)</u>                  |
| -                       | -                           | -                   | 2,218,000                         |
| -                       | -                           | -                   | (171,736)                         |
| -                       | -                           | -                   | 2,046,264                         |
| <u>190,762</u>          | <u>28,555</u>               | <u>219,317</u>      | <u>1,673,935</u>                  |
| <u>1,615,932</u>        | <u>461,657</u>              | <u>2,077,589</u>    | <u>13,274,224</u>                 |
| \$ <u>1,806,694</u>     | \$ <u>490,212</u>           | \$ <u>2,296,906</u> | \$ <u>14,948,159</u>              |

(concluded)

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## Private Purpose Trust Funds

### Narrative

The private purpose trust fund is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefits individuals, private organizations, or other governments.

*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 FIDUCIARY NET ASSETS**

JUNE 30, 2012

|                                       | Scholarship<br>Trust Funds | Housing<br>Trust Funds | Total               |
|---------------------------------------|----------------------------|------------------------|---------------------|
| <b>ASSETS</b>                         |                            |                        |                     |
| Cash and cash equivalents.....        | \$ 477,015                 | \$ 293,253             | \$ 770,268          |
| Investments:                          |                            |                        |                     |
| U.S. Treasuries and agencies.....     | <u>2,289,553</u>           | <u>-</u>               | <u>2,289,553</u>    |
| Total assets.....                     | <u>2,766,568</u>           | <u>293,253</u>         | <u>3,059,821</u>    |
| <b>NET ASSETS</b>                     |                            |                        |                     |
| Held in trust for other purposes..... | <u>\$ 2,766,568</u>        | <u>\$ 293,253</u>      | <u>\$ 3,059,821</u> |

**PRIVATE PURPOSE TRUST FUNDS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|  | <u>Scholarship<br/>Trust Funds</u> | <u>Housing<br/>Trust Funds</u> | <u>Total</u> |
|--|------------------------------------|--------------------------------|--------------|
| <b>ADDITIONS</b>                       |                                    |                                |              |
| Contributions:                         |                                    |                                |              |
| Private donations.....                 | \$ 34,581                          | \$ -                           | \$ 34,581    |
| Net investment income:                 |                                    |                                |              |
| Interest.....                          | 252,951                            | 1,113                          | 254,064      |
| TOTAL ADDITIONS.....                   | 287,532                            | 1,113                          | 288,645      |
| <b>DEDUCTIONS</b>                      |                                    |                                |              |
| Educational scholarships & awards..... | 111,200                            | -                              | 111,200      |
| Housing subsidies.....                 | -                                  | 761,181                        | 761,181      |
| TOTAL DEDUCTIONS.....                  | 111,200                            | 761,181                        | 872,381      |
| CHANGE IN NET ASSETS.....              | 176,332                            | (760,068)                      | (583,736)    |
| NET ASSETS AT BEGINNING OF YEAR.....   | 2,590,236                          | 1,053,321                      | 3,643,557    |
| NET ASSETS AT END OF YEAR.....         | \$ 2,766,568                       | \$ 293,253                     | \$ 3,059,821 |

## Agency Funds

### Narrative

The agency fund is a fiduciary fund used to account for assets held in a custodial capacity. The City uses this fund to account for confiscated police property and security deposits.

**AGENCY FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|                                 | Balance at<br>July 1, 2011 | Additions           | Deletions             | Balance at<br>June 30, 2012 |
|---------------------------------|----------------------------|---------------------|-----------------------|-----------------------------|
| <b>ASSETS</b>                   |                            |                     |                       |                             |
| Cash and cash equivalents.....  | \$ 840,475                 | \$ 1,710,206        | \$ (1,667,587)        | \$ 883,094                  |
| <b>LIABILITIES</b>              |                            |                     |                       |                             |
| Warrants payable.....           | 30,859                     | 4,125               | (30,859)              | 4,125                       |
| Other liabilities.....          | -                          | 5,313               | -                     | 5,313                       |
| Liabilities due depositors..... | 809,616                    | 1,461,467           | (1,397,427)           | 873,656                     |
| <b>TOTAL LIABILITIES.....</b>   | <b>\$ 840,475</b>          | <b>\$ 1,470,905</b> | <b>\$ (1,428,286)</b> | <b>\$ 883,094</b>           |

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# Statistical Section



Paine Estate

## *Statistical Section*

This part of the City of Waltham's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

### Financial Trends (pages 116 – 120)

*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 (pages 121 – 123)

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

### Debt Capacity (pages 124 – 126)

*These schedules contain 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 (pages 127 – 128)

*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 (pages 129 – 131)

*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.



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

|  | Fiscal Year    |                |                |                |                |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           | 2009           | 2010           | 2011           | 2012           |
| Governmental activities                              |                |                |                |                |                |                |                |                |                |                |
| Invested in capital assets, net of related debt..... | \$ 60,722,841  | \$ 82,314,542  | \$ 124,736,372 | \$ 152,292,512 | \$ 151,715,584 | \$ 167,046,725 | \$ 166,859,105 | \$ 169,360,245 | \$ 169,551,297 | \$ 167,006,050 |
| Restricted.....                                      | 7,967,649      | 7,615,103      | 8,662,081      | 6,684,687      | 6,772,208      | 8,155,442      | 8,967,296      | 7,547,471      | 30,065,242     | 40,566,045     |
| Unrestricted.....                                    | 57,411,609     | 50,684,886     | 44,046,989     | 48,221,543     | 54,748,751     | 38,856,595     | 22,706,711     | 12,459,498     | (10,932,512)   | (35,115,909)   |
| Total governmental activities net assets.....        | \$ 126,102,099 | \$ 140,614,531 | \$ 177,445,442 | \$ 207,198,742 | \$ 213,236,543 | \$ 214,058,762 | \$ 198,533,112 | \$ 189,367,214 | \$ 188,684,027 | \$ 172,456,186 |
| Business-type activities                             |                |                |                |                |                |                |                |                |                |                |
| Invested in capital assets, net of related debt..... | \$ 12,894,413  | \$ 13,804,798  | \$ 13,963,633  | \$ 18,461,108  | \$ 13,954,222  | \$ 15,605,526  | \$ 14,475,464  | \$ 11,605,346  | \$ 12,188,286  | \$ 11,726,473  |
| Unrestricted.....                                    | 13,406,944     | 13,514,487     | 13,806,301     | 9,336,814      | 14,469,972     | 16,754,344     | 16,923,713     | 13,507,266     | 17,253,879     | 16,365,651     |
| Total business-type activities net assets.....       | \$ 26,301,357  | \$ 27,319,285  | \$ 27,769,934  | \$ 27,797,922  | \$ 28,424,194  | \$ 32,359,870  | \$ 31,399,177  | \$ 25,112,612  | \$ 29,442,165  | \$ 28,092,124  |
| Primary government                                   |                |                |                |                |                |                |                |                |                |                |
| Invested in capital assets, net of related debt..... | \$ 73,617,254  | \$ 96,119,340  | \$ 138,700,005 | \$ 170,753,620 | \$ 165,669,806 | \$ 187,511,336 | \$ 181,334,569 | \$ 180,965,591 | \$ 181,739,583 | \$ 178,732,523 |
| Restricted.....                                      | 7,967,649      | 7,615,103      | 8,662,081      | 6,684,687      | 6,772,208      | 8,155,442      | 8,967,296      | 7,547,471      | 30,065,242     | 40,566,045     |
| Unrestricted.....                                    | 70,818,553     | 64,199,373     | 57,853,290     | 57,558,357     | 69,218,723     | 50,751,854     | 39,630,424     | 25,966,764     | 6,321,367      | (18,750,258)   |
| Total primary government net assets.....             | \$ 152,403,456 | \$ 167,933,816 | \$ 205,215,376 | \$ 234,996,664 | \$ 241,660,737 | \$ 246,418,632 | \$ 229,932,289 | \$ 214,479,826 | \$ 218,126,192 | \$ 200,548,310 |

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

|   | Fiscal Year     |                  |                 |                  |                  |                  |
|---|-----------------|------------------|-----------------|------------------|------------------|------------------|
|   | 2003            | 2004             | 2005            | 2006             | 2007             | 2008             |
| <b>Expenses</b>   |                 |                  |                 |                  |                  |                  |
| <b>Governmental activities:</b>   |                 |                  |                 |                  |                  |                  |
| General government.....   | \$ 12,355,882   | \$ 12,444,145    | \$ 11,297,905   | \$ 11,977,216    | \$ 10,808,307    | \$ 12,828,297    |
| Public safety.....  | 40,660,657      | 41,995,107       | 42,668,631      | 46,731,199       | 49,652,433       | 57,670,691       |
| Education.....  | 75,392,346      | 82,632,614       | 79,312,823      | 89,112,944       | 95,343,997       | 109,656,513      |
| Public works.....   | 15,016,238      | 13,392,563       | 14,239,159      | 14,542,384       | 15,607,027       | 17,408,819       |
| Community development.....  | 5,861,444       | 4,862,504        | 3,922,508       | 5,313,135        | 4,922,180        | 5,796,409        |
| Health and human services.....  | 2,798,609       | 1,992,123        | 2,084,853       | 2,190,954        | 2,373,030        | 2,717,555        |
| Culture and recreation.....   | 3,371,350       | 5,903,371        | 5,228,564       | 4,254,812        | 4,227,546        | 4,705,448        |
| Claims and judgments.....   | 63,976          | -                | -               | -                | -                | -                |
| Interest.....   | 1,618,856       | 2,211,900        | 2,884,943       | 3,236,060        | 2,709,385        | 2,596,363        |
| Total government activities expenses.....                                   | 157,139,358     | 165,434,327      | 161,639,386     | 177,358,704      | 185,643,905      | 213,380,095      |
| <b>Business-type activities:</b>  |                 |                  |                 |                  |                  |                  |
| Sewer.....  | 11,265,096      | 11,691,185       | 11,790,299      | 11,965,061       | 13,777,149       | 14,657,691       |
| Water.....  | 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.....                                | 18,418,957      | 19,560,125       | 20,341,267      | 21,692,059       | 24,342,229       | 25,154,791       |
| Total primary government expenses.....                                      | \$ 175,558,315  | \$ 184,994,452   | \$ 181,980,653  | \$ 199,050,763   | \$ 209,986,134   | \$ 238,534,886   |
| <b>Program Revenues</b>   |                 |                  |                 |                  |                  |                  |
| <b>Governmental activities:</b>   |                 |                  |                 |                  |                  |                  |
| General government charges for services.....                                | \$ 896,662      | \$ 3,384,744     | \$ 3,987,652    | \$ 5,558,844     | \$ 4,646,711     | \$ 5,228,939     |
| Public Safety charges for services.....                                     | 4,786,769       | 2,136,268        | 2,133,941       | 2,291,049        | 2,438,923        | 2,552,702        |
| Education charges for services.....   | 1,443,669       | 2,348,013        | 2,272,649       | 2,747,252        | 2,834,459        | 2,961,479        |
| Public works charges for services.....                                      | 156,285         | 162,640          | 57,709          | 382,803          | 622,572          | 975,061          |
| Other charges for services.....   | 975,761         | 1,380,304        | 1,416,363       | 1,459,806        | 1,510,571        | 1,674,251        |
| Operating grants and contributions.....                                     | 28,492,174      | 25,134,253       | 26,985,474      | 28,774,027       | 30,656,882       | 31,048,318       |
| Capital grants and contributions.....                                       | 27,971,905      | 19,770,608       | 31,578,071      | 10,409,121       | 6,498,738        | 24,884,028       |
| Total government activities program revenues.....                           | 64,723,225      | 54,316,830       | 68,431,859      | 51,622,902       | 49,208,856       | 69,324,778       |
| <b>Business-type activities:</b>  |                 |                  |                 |                  |                  |                  |
| Sewer and water charges for services.....                                   | 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          |
| Operating grants and contributions.....                                     | -               | -                | -               | -                | -                | -                |
| Capital grants and contributions.....                                       | -               | -                | -               | -                | 270,000          | -                |
| Total business-type activities program revenues.....                        | 20,332,731      | 20,557,763       | 20,730,478      | 21,544,591       | 24,835,960       | 29,016,703       |
| Total primary government program revenues.....                              | \$ 85,055,956   | \$ 74,874,593    | \$ 89,162,337   | \$ 73,167,493    | \$ 74,044,816    | \$ 98,341,481    |
| <b>Net (Expense)/Revenue</b>  |                 |                  |                 |                  |                  |                  |
| Governmental activities.....  | \$ (92,416,133) | \$ (111,117,497) | \$ (93,207,527) | \$ (120,276,934) | \$ (136,435,049) | \$ (138,596,449) |
| Business-type activities.....   | 1,913,774       | 997,638          | 389,211         | (147,468)        | 493,731          | 3,861,912        |
| Total primary government net expense.....                                   | \$ (90,502,359) | \$ (110,119,859) | \$ (92,818,316) | \$ (120,424,402) | \$ (135,941,318) | \$ (134,734,537) |
| <b>General Revenues and other Changes in Net Assets</b>                     |                 |                  |                 |                  |                  |                  |
| <b>Governmental activities:</b>   |                 |                  |                 |                  |                  |                  |
| Real estate and personal property taxes,<br>net of tax refunds payable..... | \$ 100,478,713  | \$ 106,437,299   | \$ 109,011,284  | \$ 111,968,375   | \$ 115,203,646   | \$ 117,562,447   |
| Motor vehicle and other excise taxes.....                                   | 6,145,014       | 5,821,144        | 6,414,380       | 6,405,194        | 6,223,714        | 6,585,465        |
| Hotel/ motel tax.....   | 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        |
| Meals tax.....  | -               | -                | -               | -                | -                | -                |
| Penalties and interest on taxes.....  | 586,956         | 511,752          | 457,007         | 404,635          | 449,572          | 449,873          |
| Payments in lieu of taxes.....  | 82,257          | 43,113           | 45,000          | 95,301           | 33,200           | 9,600            |
| Grants and contributions not restricted to<br>specific programs.....        | 4,941,207       | 10,350,515       | 10,807,226      | 11,050,883       | 13,152,486       | 13,611,256       |
| Unrestricted investment income.....   | 1,282,315       | 971,577          | 1,726,423       | 2,846,099        | 3,359,616        | 2,265,352        |
| Miscellaneous.....  | -               | -                | -               | -                | -                | -                |
| Transfers, net.....   | (138,416)       | -                | 277,404         | (100,000)        | (59,052)         | -                |
| Total governmental activities.....  | 114,791,870     | 125,629,929      | 130,315,843     | 136,296,769      | 142,472,850      | 144,877,536      |
| <b>Business-type activities:</b>  |                 |                  |                 |                  |                  |                  |
| Unrestricted investment income.....   | 40,495          | 20,290           | 61,438          | 75,456           | 73,489           | 73,764           |
| Transfers, net.....   | 138,416         | -                | 40,938          | 100,000          | 59,052           | -                |
| Total business-type activities.....   | 178,911         | 20,290           | 102,376         | 175,456          | 132,541          | 73,764           |
| Total primary government.....   | \$ 114,970,781  | \$ 125,650,219   | \$ 130,418,219  | \$ 136,472,225   | \$ 142,605,391   | \$ 144,951,300   |
| <b>Changes in Net Assets</b>  |                 |                  |                 |                  |                  |                  |
| Governmental activities.....  | \$ 22,375,737   | \$ 14,512,432    | \$ 37,108,316   | \$ 16,019,835    | \$ 6,037,801     | \$ 6,281,087     |
| Business-type activities.....   | 2,092,685       | 1,017,928        | 491,587         | 27,988           | 626,272          | 3,935,676        |
| Total primary government.....   | \$ 24,468,422   | \$ 15,530,360    | \$ 37,599,903   | \$ 16,047,823    | \$ 6,664,073     | \$ 10,216,763    |

| Fiscal Year      |                  |                  |                  |
|------------------|------------------|------------------|------------------|
| 2009             | 2010             | 2011             | 2012             |
| \$ 12,936,686    | \$ 12,548,346    | \$ 12,803,207    | \$ 12,839,887    |
| 56,145,799       | 57,363,358       | 56,774,590       | 54,892,255       |
| 113,953,264      | 112,799,898      | 117,168,957      | 125,803,368      |
| 18,303,644       | 17,436,688       | 18,582,134       | 17,620,280       |
| 5,810,281        | 5,034,910        | 5,463,838        | 3,921,262        |
| 2,696,784        | 2,818,957        | 2,817,765        | 4,043,942        |
| 4,230,997        | 5,028,081        | 5,655,542        | 6,019,224        |
| 2,448,936        | 3,054,071        | 2,523,696        | 2,631,033        |
| 216,526,391      | 216,084,309      | 221,789,729      | 227,771,251      |
| 15,512,343       | 17,385,085       | 16,806,067       | 17,381,941       |
| 11,198,348       | 11,129,805       | 11,431,049       | 11,796,251       |
| 434,579          | 384,013          | 402,304          | 397,385          |
| 27,145,270       | 28,898,903       | 28,639,420       | 29,575,577       |
| \$ 243,671,661   | \$ 244,983,212   | \$ 250,429,149   | \$ 257,346,828   |
| \$ 5,163,594     | \$ 1,969,326     | \$ 3,934,076     | \$ 2,450,923     |
| 2,857,635        | 3,443,664        | 3,493,485        | 4,071,301        |
| 3,700,154        | 3,908,483        | 4,567,355        | 1,434,279        |
| 415,032          | 666,730          | 714,008          | 333,956          |
| 1,723,028        | 1,721,146        | 1,678,380        | 1,757,353        |
| 33,649,763       | 33,503,809       | 37,611,357       | 33,232,551       |
| 1,915,581        | 2,246,744        | (1,684,833)      | (2,404,439)      |
| 49,424,787       | 47,459,902       | 50,313,828       | 40,875,924       |
| 14,557,425       | 14,029,718       | 18,222,159       | 15,854,586       |
| 10,869,955       | 10,089,418       | 13,175,501       | 11,864,008       |
| 355,196          | 379,428          | 381,936          | 398,769          |
| 247,500          | -                | 1,370,700        | 33,173           |
| 26,030,076       | 24,498,564       | 33,150,296       | 28,150,536       |
| \$ 75,454,863    | \$ 71,958,466    | \$ 83,464,124    | \$ 69,026,460    |
| \$ (162,808,858) | \$ (168,624,407) | \$ (171,475,901) | \$ (186,895,327) |
| (1,115,194)      | (4,400,339)      | 4,510,876        | (1,425,041)      |
| \$ (163,924,052) | \$ (173,024,746) | \$ (166,965,025) | \$ (188,320,368) |
| \$ 128,225,929   | \$ 137,055,385   | \$ 144,687,551   | \$ 147,941,835   |
| 6,039,430        | 6,013,280        | 6,233,152        | 6,372,776        |
| 1,916,727        | 1,974,863        | 2,665,704        | 3,061,233        |
| 2,088,829        | 2,217,436        | 2,319,559        | 2,393,595        |
| -                | -                | 862,461          | 1,128,180        |
| 440,482          | 510,939          | 481,134          | 518,982          |
| 45,834           | 33,586           | 46,350           | 53,905           |
| 11,841,812       | 9,319,430        | 8,357,186        | 9,147,352        |
| 976,911          | 388,780          | 277,404          | 124,628          |
| -                | -                | -                | -                |
| -                | 1,944,810        | (116,154)        | (75,000)         |
| 151,575,954      | 159,458,509      | 165,814,347      | 170,667,486      |
| 154,501          | 58,584           | 40,938           | -                |
| -                | (1,944,810)      | 116,154          | 75,000           |
| 154,501          | (1,886,226)      | 157,092          | 75,000           |
| \$ 151,730,455   | \$ 157,572,283   | \$ 165,971,439   | \$ 170,742,486   |
| \$ (11,232,904)  | \$ (9,165,898)   | \$ (813,086)     | \$ (16,227,841)  |
| (960,693)        | (6,286,565)      | 4,329,553        | (1,350,041)      |
| \$ (12,193,597)  | \$ (15,452,463)  | \$ 3,516,467     | \$ (17,577,882)  |

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

|   | Fiscal Year     |                 |                 |                 |               |               |               |               |               |               |
|---|-----------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 2003            | 2004            | 2005            | 2006            | 2007          | 2008          | 2009          | 2010          | 2011          | 2012          |
| General Fund                            |                 |                 |                 |                 |               |               |               |               |               |               |
| Reserved.....                           | \$ 11,452,472   | \$ 8,578,650    | \$ 11,538,490   | \$ 13,343,295   | \$ 10,491,290 | \$ 10,889,750 | \$ 9,203,972  | \$ 10,558,086 | \$ -          | \$ -          |
| Unreserved.....                         | 22,078,742      | 20,981,827      | 18,059,088      | 18,951,797      | 21,677,383    | 17,315,054    | 16,381,705    | 13,377,626    | -             | -             |
| Nonspendable.....                       | -               | -               | -               | -               | -             | -             | -             | -             | -             | -             |
| Restricted.....                         | -               | -               | -               | -               | -             | -             | -             | -             | -             | 135,799       |
| Committed.....                          | -               | -               | -               | -               | -             | -             | -             | -             | -             | 3,198,284     |
| Assigned.....                           | -               | -               | -               | -               | -             | -             | -             | -             | 6,852,796     | 850,771       |
| Unassigned.....                         | -               | -               | -               | -               | -             | -             | -             | -             | 18,459,773    | 30,818,389    |
| Total general fund.....                 | \$ 33,531,214   | \$ 29,560,477   | \$ 29,597,578   | \$ 32,295,092   | \$ 32,168,673 | \$ 28,204,804 | \$ 25,585,677 | \$ 23,935,712 | \$ 25,312,569 | \$ 35,003,243 |
| All Other Governmental Funds            |                 |                 |                 |                 |               |               |               |               |               |               |
| Reserved.....                           | \$ 1,667,463    | \$ 1,506,344    | \$ 1,529,871    | \$ 1,664,119    | \$ 1,697,219  | \$ 1,719,969  | \$ 1,751,907  | \$ 1,770,206  | \$ -          | \$ -          |
| Unreserved, reported in:                |                 |                 |                 |                 |               |               |               |               |               |               |
| Special revenue funds.....              | 13,929,864      | 19,805,905      | 17,596,831      | 18,455,420      | 22,165,402    | 24,975,115    | 24,272,725    | 23,780,763    | -             | -             |
| Capital projects funds.....             | (47,319,847)    | (57,961,099)    | (58,937,147)    | (38,767,997)    | (1,254,426)   | 6,907,731     | 349,087       | (1,760,707)   | -             | -             |
| Permanent funds.....                    | 823,330         | 352,555         | 291,743         | 320,541         | 318,782       | 353,057       | 340,878       | 332,261       | -             | -             |
| Nonspendable.....                       | -               | -               | -               | -               | -             | -             | -             | -             | 1,797,623     | 2,034,590     |
| Restricted.....                         | -               | -               | -               | -               | -             | -             | -             | -             | 28,267,619    | 32,807,347    |
| Unassigned.....                         | -               | -               | -               | -               | -             | -             | -             | -             | (8,951,524)   | (963,267)     |
| Total all other governmental funds..... | \$ (30,899,190) | \$ (36,296,295) | \$ (39,518,702) | \$ (18,327,917) | \$ 22,926,977 | \$ 33,955,872 | \$ 26,714,597 | \$ 24,122,523 | \$ 21,113,718 | \$ 33,878,670 |

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

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

|   | Fiscal Year            |                        |                       |                      |                      |                     |                       |                       |                       |                      |
|---|------------------------|------------------------|-----------------------|----------------------|----------------------|---------------------|-----------------------|-----------------------|-----------------------|----------------------|
|   | 2003                   | 2004                   | 2005                  | 2006                 | 2007                 | 2008                | 2009                  | 2010                  | 2011                  | 2012                 |
| <b>Revenues:</b>  |                        |                        |                       |                      |                      |                     |                       |                       |                       |                      |
| Real estate and personal property taxes, net of tax refunds | \$ 100,332,563         | \$ 106,199,284         | \$ 108,293,615        | \$ 111,573,036       | \$ 114,743,267       | \$ 116,937,707      | \$ 126,844,968        | \$ 136,176,138        | \$ 143,866,481        | \$ 146,798,161       |
| Tax liens   | 316,588                | 577,972                | 568,874               | 388,786              | 271,339              | 249,893             | 509,178               | 685,462               | 760,070               | 645,263              |
| Motor vehicle and other excise taxes                        | 7,387,227              | 6,163,156              | 6,524,925             | 6,360,950            | 5,989,376            | 6,826,127           | 6,149,014             | 5,822,906             | 6,295,833             | 6,233,321            |
| Community preservation tax                                  | -                      | -                      | -                     | 1,797,283            | 2,126,162            | 2,215,987           | 2,088,829             | 2,217,436             | 2,319,559             | 2,386,680            |
| Hotel/motel tax   | -                      | 1,494,529              | 1,577,119             | 1,791,211            | 1,983,506            | 2,177,556           | 1,916,727             | 1,974,863             | 2,665,704             | 3,061,233            |
| Meals tax   | -                      | -                      | -                     | -                    | -                    | -                   | -                     | -                     | 862,461               | 1,128,180            |
| Charges for services  | 4,481,348              | 406,699                | 362,048               | 350,460              | 342,937              | 436,355             | 469,206               | 498,741               | 496,126               | 3,244,260            |
| Penalties and interest on taxes                             | 586,956                | 511,752                | 457,007               | 404,635              | 449,572              | 449,873             | 440,482               | 510,939               | 481,134               | 518,981              |
| Fees and rentals (A)  | -                      | 370,277                | 428,481               | 405,660              | 501,438              | 536,719             | 450,611               | 2,032,365             | 2,036,252             | -                    |
| Payment in lieu of taxes                                    | 82,257                 | 43,113                 | 45,000                | 95,301               | 33,200               | 9,600               | 45,834                | 33,586                | 46,350                | 53,905               |
| Licenses and permits  | 2,727,429              | 2,834,822              | 3,299,548             | 3,535,083            | 4,355,487            | 4,946,886           | 4,219,961             | 2,165,567             | 4,082,752             | 2,546,547            |
| Fines and forfeitures                                       | 528,875                | 522,345                | 522,629               | 482,128              | 544,149              | 585,032             | 640,202               | 1,045,306             | 900,391               | 845,065              |
| Intergovernmental (C)                                       | 27,944,662             | 34,350,305             | 59,213,246            | 84,495,059           | 72,937,451           | 70,472,597          | 43,890,085            | 43,542,464            | 43,814,540            | 44,625,132           |
| Departmental and other                                      | -                      | 2,434,584              | 2,715,559             | 4,073,952            | 2,157,758            | 2,307,716           | 3,085,503             | 1,215,368             | 1,427,206             | 3,245,342            |
| Special assessments   | -                      | 151,837                | 191,038               | 121,514              | 118,998              | 106,883             | 98,438                | 282,434               | 150,294               | 124,392              |
| Contributions   | 179,929                | 759,407                | 333,040               | 539,784              | 155,691              | 260,074             | 281,259               | 314,517               | 667,361               | 689,869              |
| Investment income   | 1,170,914              | 871,766                | 1,501,818             | 2,497,639            | 2,921,715            | 1,979,159           | 889,116               | 350,319               | 244,587               | 228,116              |
| Miscellaneous (B)   | 2,648,918              | 1,277,946              | 1,440,595             | 2,006,438            | 2,448,795            | 3,075,317           | 2,127,933             | 2,222,469             | 2,479,952             | -                    |
| <b>Total Revenue</b>  | <b>148,387,666</b>     | <b>158,969,794</b>     | <b>187,474,542</b>    | <b>220,918,939</b>   | <b>212,080,841</b>   | <b>213,573,481</b>  | <b>194,147,346</b>    | <b>201,090,880</b>    | <b>213,597,053</b>    | <b>216,374,447</b>   |
| <b>Expenditures:</b>  |                        |                        |                       |                      |                      |                     |                       |                       |                       |                      |
| General government  | 10,259,888             | 9,350,364              | 8,586,286             | 8,447,755            | 8,414,315            | 8,806,897           | 9,409,274             | 9,082,529             | 9,929,386             | 8,722,040            |
| Public safety   | 27,344,357             | 26,051,354             | 26,888,370            | 28,279,739           | 30,092,856           | 30,177,858          | 30,867,119            | 31,106,507            | 33,719,409            | 32,018,623           |
| Education (C)   | 53,211,630             | 62,357,832             | 66,497,101            | 68,856,050           | 73,644,435           | 75,244,100          | 81,547,267            | 81,477,625            | 84,383,623            | 76,313,058           |
| Public works  | 9,536,067              | 10,517,025             | 10,724,718            | 11,944,107           | 10,393,362           | 11,582,087          | 11,424,619            | 11,414,663            | 14,344,728            | 12,889,605           |
| Community development                                       | 5,423,132              | 4,459,788              | 3,438,692             | 4,490,448            | 3,452,090            | 5,186,866           | 5,996,538             | 4,177,061             | 5,742,353             | 3,345,993            |
| Health and human services                                   | 1,565,382              | 1,333,886              | 1,446,547             | 1,525,335            | 1,571,631            | 1,569,112           | 1,591,448             | 1,751,057             | 1,747,913             | 1,982,168            |
| Culture and recreation                                      | 3,878,939              | 3,557,754              | 3,446,171             | 2,896,147            | 2,856,531            | 3,050,634           | 3,211,970             | 3,149,481             | 3,553,233             | 3,879,349            |
| Pension benefits  | 9,050,567              | 8,656,467              | 9,665,038             | 10,116,370           | 10,556,442           | 12,081,677          | 12,282,098            | 12,747,613            | 13,152,472            | 29,490,180           |
| Employee benefits   | 22,768,151             | 26,159,701             | 25,304,094            | 26,429,630           | 28,246,033           | 33,074,839          | 32,072,199            | 34,768,726            | 37,191,542            | 35,823,260           |
| Claims and judgments  | 63,977                 | -                      | -                     | -                    | -                    | -                   | -                     | -                     | -                     | -                    |
| State and county charges                                    | 1,589,676              | 1,449,923              | 1,362,478             | 1,325,343            | 1,419,642            | 1,438,294           | 1,556,523             | 1,507,037             | 1,560,299             | 1,524,202            |
| Capital outlay  | 34,134,291             | 35,364,211             | 46,214,191            | 14,582,399           | 10,815,801           | 46,058,616          | 11,598,644            | 5,348,663             | -                     | -                    |
| Debt service  | -                      | -                      | -                     | -                    | -                    | -                   | -                     | -                     | -                     | -                    |
| Principal   | 1,730,000              | 3,865,000              | 4,120,000             | 25,055,000           | 5,520,000            | 5,270,000           | 5,115,000             | 7,556,538             | 7,128,638             | 6,623,638            |
| Interest  | 1,047,839              | 2,468,187              | 3,254,358             | 3,432,451            | 3,000,128            | 2,638,497           | 2,901,122             | 3,225,848             | 2,885,832             | 2,542,952            |
| <b>Total Expenditures</b>                                   | <b>181,603,896</b>     | <b>195,591,492</b>     | <b>210,948,044</b>    | <b>207,380,774</b>   | <b>189,983,266</b>   | <b>236,179,477</b>  | <b>209,573,821</b>    | <b>207,313,348</b>    | <b>215,339,428</b>    | <b>215,155,068</b>   |
| Excess of revenues over (under) expenditures                | (33,216,230)           | (36,621,698)           | (23,473,502)          | 13,538,165           | 22,097,575           | (22,605,996)        | (15,426,475)          | (6,222,468)           | (1,742,375)           | 1,219,379            |
| <b>Other Financing Sources (Uses)</b>                       |                        |                        |                       |                      |                      |                     |                       |                       |                       |                      |
| Issuance of bonds and notes                                 | 17,140,000             | 25,635,000             | 19,885,000            | 10,355,000           | 18,470,000           | 29,633,658          | 5,040,000             | -                     | -                     | 13,638,500           |
| Premium from issuance of bonds and notes                    | 1,360,141              | 980,374                | 403,197               | 95,134               | 619,952              | 37,364              | 526,073               | 35,619                | 226,581               | 1,413,931            |
| Sale of capital assets                                      | 28,750                 | -                      | -                     | -                    | -                    | -                   | -                     | -                     | -                     | -                    |
| Transfers in  | 4,727,086              | 4,145,419              | 2,604,231             | 1,813,554            | 1,700,597            | 1,903,390           | 2,864,687             | 5,317,960             | 248,365               | 252,236              |
| Transfers out   | (4,865,502)            | (4,145,419)            | (2,604,231)           | (1,913,554)          | (1,759,649)          | (1,903,390)         | (2,864,687)           | (3,373,150)           | (364,519)             | (327,236)            |
| <b>Total other financing sources (uses)</b>                 | <b>18,390,475</b>      | <b>26,615,374</b>      | <b>20,288,197</b>     | <b>10,350,134</b>    | <b>19,030,900</b>    | <b>29,671,022</b>   | <b>5,566,073</b>      | <b>1,980,429</b>      | <b>110,427</b>        | <b>14,977,431</b>    |
| <b>Net change in fund balance</b>                           | <b>\$ (14,825,755)</b> | <b>\$ (10,006,324)</b> | <b>\$ (3,185,305)</b> | <b>\$ 23,888,299</b> | <b>\$ 41,128,475</b> | <b>\$ 7,065,026</b> | <b>\$ (9,860,402)</b> | <b>\$ (4,242,039)</b> | <b>\$ (1,631,948)</b> | <b>\$ 16,196,810</b> |
| Debt service as a percentage of noncapital expenditures     | 1.88%                  | 3.86%                  | 4.61%                 | 4.47%                | 4.76%                | 4.22%               | 4.11%                 | 5.43%                 | 4.85%                 | 4.26%                |

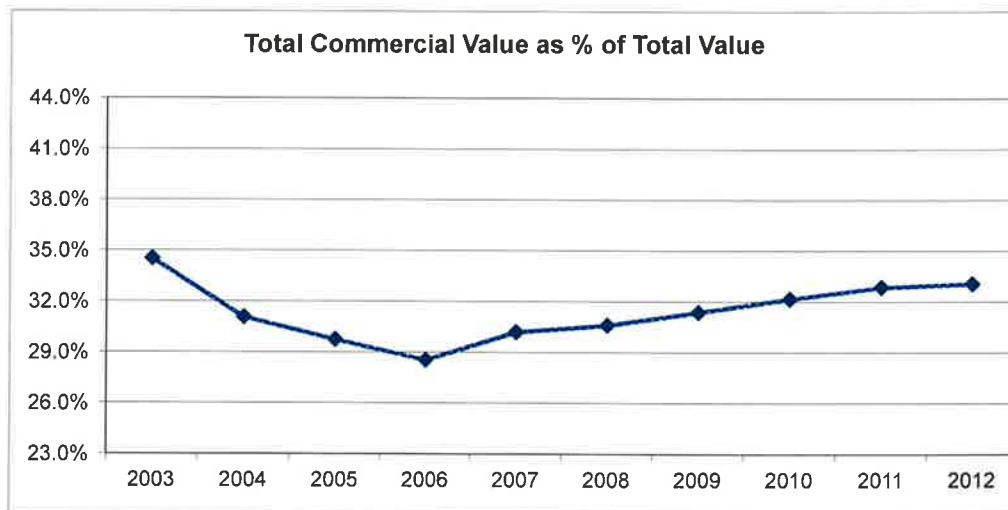
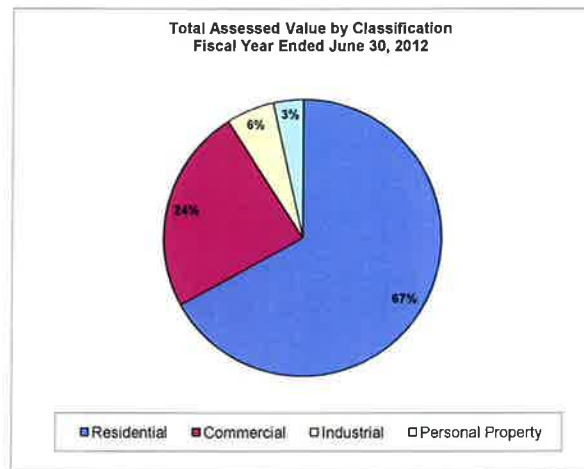
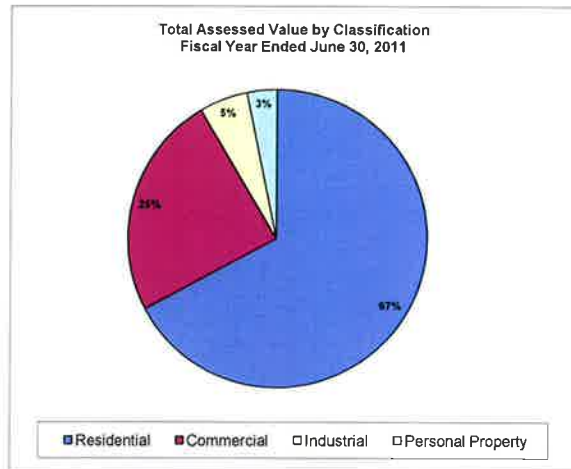
(A) In fiscal year 2012, amounts previously reported as fees and rentals have been re-distributed to charges for services and departmental and other revenue

(B) In fiscal year 2012, miscellaneous revenue was further segregated into other revenue categories

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

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

| Fiscal Year | Assessed and Actual Values and Tax Rates |                      |                  |                  |                   |                        |                     |                   |                  |
|-------------|--|----------------------|------------------|------------------|-------------------|------------------------|---------------------|-------------------|------------------|
|             | Residential Value                        | Residential Tax Rate | Commercial Value | Industrial Value | Personal Property | Total Commercial Value | Commercial Tax Rate | Total Direct Rate | Total City Value |
| 2003        | \$4,925,898,587                          | \$9.67               | \$1,895,463,068  | \$466,912,733    | \$233,376,400     | \$ 2,595,752,201       | \$23.65             | \$14.49           | \$7,521,650,788  |
| 2004 (1)    | \$5,429,509,969                          | \$9.21               | \$1,666,556,449  | \$503,907,238    | \$275,467,674     | \$ 2,445,931,361       | \$26.31             | \$14.52           | \$7,875,441,330  |
| 2005        | \$5,487,525,201                          | \$9.89               | \$1,550,274,117  | \$487,910,338    | \$285,014,010     | \$ 2,323,198,465       | \$27.87             | \$15.24           | \$7,810,723,666  |
| 2006        | \$5,943,352,380                          | \$10.33              | \$1,592,360,048  | \$500,429,864    | \$280,132,600     | \$ 2,372,922,512       | \$25.77             | \$14.74           | \$8,316,274,892  |
| 2007 (1)    | \$6,313,415,259                          | \$9.97               | \$1,904,693,049  | \$556,350,782    | \$268,794,020     | \$ 2,729,837,851       | \$22.97             | \$13.89           | \$9,043,253,110  |
| 2008        | \$6,252,981,375                          | \$10.55              | \$1,976,938,538  | \$522,963,697    | \$256,840,580     | \$ 2,756,742,815       | \$23.21             | \$14.42           | \$9,009,724,190  |
| 2009        | \$6,122,890,011                          | \$11.30              | \$2,008,953,904  | \$526,041,471    | \$263,231,090     | \$ 2,798,226,465       | \$25.31             | \$15.69           | \$8,921,116,476  |
| 2010 (1)    | \$5,795,080,312                          | \$12.54              | \$2,026,368,766  | \$464,727,284    | \$256,463,760     | \$ 2,747,559,810       | \$28.67             | \$17.73           | \$8,542,640,122  |
| 2011        | \$5,635,369,835                          | \$13.09              | \$2,045,047,523  | \$440,775,576    | \$271,782,840     | \$ 2,757,605,939       | \$30.40             | \$18.78           | \$8,392,975,774  |
| 2012        | \$5,650,931,885                          | \$13.35              | \$2,024,520,793  | \$469,845,956    | \$297,481,600     | \$ 2,791,848,349       | \$23.21             | \$16.61           | \$8,442,780,234  |



(1) Revaluation year.

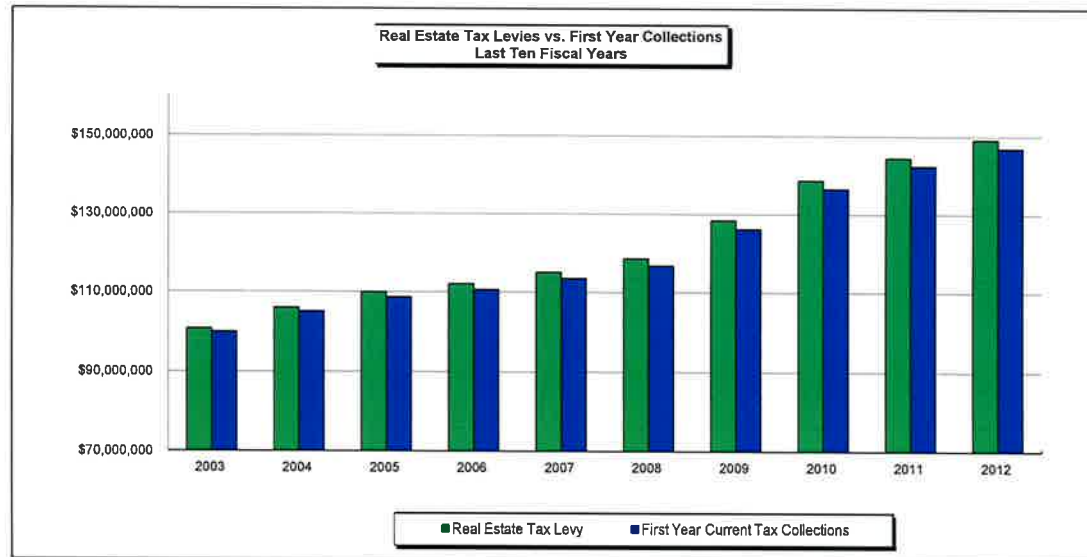
Source: Assessor's Department, City of Waltham

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  
Property Tax Levies and Collections  
Last Ten Fiscal Years

| Fiscal Year | Total Tax Levy | Less Abatements & Exemptions | Net Tax Levy   | Net as % of Total | First Year Current Tax Collections | Percent of Net Levy Collected | Delinquent Tax Collections | Total Tax Collections | Percent of Total Tax Collections to Net Tax Levy | Outstanding Delinquent Taxes | Percent of Delinquent Tax to Net Tax Levy |
|-------------|----------------|------------------------------|----------------|-------------------|------------------------------------|-------------------------------|----------------------------|-----------------------|--|------------------------------|---|
| 2003        | \$ 101,680,103 | \$ 946,821                   | \$ 100,733,282 | 99.07%            | \$ 99,955,013                      | 99.23%                        | \$ 1,182,257               | \$ 101,137,270        | 100.40%  | \$ (403,988)                 | -0.40%                                    |
| 2004 (1)    | \$ 106,597,742 | \$ 579,050                   | \$ 106,018,692 | 99.46%            | \$ 105,093,822                     | 99.13%                        | \$ 1,435,171               | \$ 106,528,993        | 100.48%  | \$ (510,301)                 | -0.48%                                    |
| 2005        | \$ 110,522,720 | \$ 526,233                   | \$ 109,996,487 | 99.52%            | \$ 108,786,615                     | 98.90%                        | \$ 802,867                 | \$ 109,589,482        | 99.63%   | \$ 407,005                   | 0.37%                                     |
| 2006        | \$ 112,831,612 | \$ 729,197                   | \$ 112,102,415 | 99.35%            | \$ 110,628,939                     | 98.69%                        | \$ 339,428                 | \$ 110,968,367        | 98.99%   | \$ 1,134,048                 | 1.01%                                     |
| 2007 (1)    | \$ 115,760,050 | \$ 650,404                   | \$ 115,109,646 | 99.44%            | \$ 113,547,290                     | 98.64%                        | \$ 1,190,823               | \$ 114,738,113        | 99.68%   | \$ 371,533                   | 0.32%                                     |
| 2008        | \$ 119,538,305 | \$ 918,871                   | \$ 118,619,434 | 99.23%            | \$ 116,826,578                     | 98.49%                        | \$ 890,609                 | \$ 117,717,187        | 99.24%   | \$ 902,247                   | 0.76%                                     |
| 2009        | \$ 129,065,767 | \$ 674,763                   | \$ 128,391,004 | 99.48%            | \$ 126,252,280                     | 98.33%                        | \$ 1,432,313               | \$ 127,684,593        | 99.45%   | \$ 706,411                   | 0.55%                                     |
| 2010 (1)    | \$ 139,964,888 | \$ 1,264,748                 | \$ 138,700,140 | 99.10%            | \$ 136,591,479                     | 98.48%                        | \$ 264,574                 | \$ 136,856,053        | 98.67%   | \$ 1,844,087                 | 1.33%                                     |
| 2011        | \$ 145,976,141 | \$ 1,467,306                 | \$ 144,508,835 | 98.99%            | \$ 142,459,955                     | 98.58%                        | \$ 1,458,173               | \$ 143,918,129        | 99.59%   | \$ 590,706                   | 0.41%                                     |
| 2012        | \$ 150,870,993 | \$ 1,728,254                 | \$ 149,142,739 | 98.85%            | \$ 146,918,672                     | 98.51%                        | \$ -                       | \$ 146,918,672        | 98.51%   | \$ 2,224,067                 | 1.49%                                     |



(1) Revaluation year.

Source: Assessor's Department City of Waltham

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

| Fiscal Year | U. S. Census Population | Personal Income | Equalized Value | Governmental Activities Debt |                |            |                               |                               |
|-------------|-------------------------|-----------------|-----------------|------------------------------|----------------|------------|-------------------------------|-------------------------------|
|             |                         |                 |                 | General Obligation Bonds     | Capital Leases | Per Capita | Percentage of Personal Income | Percentage of Equalized Value |
| 2003        | 59,073                  | \$1,406,095,000 | \$7,455,289,200 | \$22,325,000                 | \$0            | \$378      | 1.59%                         | 0.30%                         |
| 2004        | 58,894                  | \$1,431,144,000 | \$8,289,720,700 | \$44,095,000                 | \$0            | \$749      | 3.08%                         | 0.53%                         |
| 2005        | 59,232                  | \$1,523,362,000 | \$8,289,720,700 | \$59,860,000                 | \$0            | \$1,011    | 3.93%                         | 0.72%                         |
| 2006        | 59,556                  | \$1,641,764,000 | \$9,264,421,800 | \$45,160,000                 | \$0            | \$758      | 2.75%                         | 0.49%                         |
| 2007        | 59,352                  | \$1,760,786,000 | \$9,264,421,800 | \$58,110,000                 | \$0            | \$979      | 3.30%                         | 0.63%                         |
| 2008        | 60,325                  | \$1,819,410,000 | \$9,934,066,400 | \$82,473,658                 | \$0            | \$1,367    | 4.53%                         | 0.83%                         |
| 2009        | 60,236                  | \$1,819,410,000 | \$9,934,066,400 | \$82,398,658                 | \$0            | \$1,368    | 4.53%                         | 0.83%                         |
| 2010        | 60,605                  | \$1,819,410,000 | \$9,212,986,100 | \$74,842,120                 | \$0            | \$1,235    | 4.11%                         | 0.81%                         |
| 2011        | 60,605                  | \$1,819,410,000 | \$9,212,986,100 | \$67,718,482                 | \$0            | \$1,117    | 3.72%                         | 0.74%                         |
| 2012        | 60,632                  | \$1,819,410,000 | \$9,279,182,000 | \$74,728,344                 | \$0            | \$1,232    | 4.11%                         | 0.81%                         |

| Fiscal Year | Business-type Activities (1) |                | Total Primary Government |            |                               |                               |
|-------------|------------------------------|----------------|--------------------------|------------|-------------------------------|-------------------------------|
|             | General Obligation Bonds     | Capital Leases | Total Debt Outstanding   | Per Capita | Percentage of Personal Income | Percentage of Equalized Value |
| 2003        | \$5,688,547                  | \$0            | \$28,013,547             | \$474      | 1.99%                         | 0.38%                         |
| 2004        | \$6,166,873                  | \$0            | \$50,261,873             | \$853      | 3.51%                         | 0.61%                         |
| 2005        | \$5,474,582                  | \$0            | \$65,334,582             | \$1,103    | 4.29%                         | 0.79%                         |
| 2006        | \$4,322,291                  | \$0            | \$49,482,291             | \$831      | 3.01%                         | 0.53%                         |
| 2007        | \$10,717,569                 | \$0            | \$68,827,569             | \$1,160    | 3.91%                         | 0.74%                         |
| 2008        | \$11,719,771                 | \$0            | \$94,193,429             | \$1,561    | 5.18%                         | 0.95%                         |
| 2009        | \$13,540,855                 | \$0            | \$95,939,513             | \$1,593    | 5.27%                         | 0.97%                         |
| 2010        | \$12,517,344                 | \$0            | \$87,359,464             | \$1,441    | 4.80%                         | 0.95%                         |
| 2011        | \$14,511,230                 | \$0            | \$82,229,712             | \$1,357    | 4.52%                         | 0.89%                         |
| 2012        | \$22,114,746                 | \$0            | \$96,843,090             | \$1,597    | 5.32%                         | 1.04%                         |

(1) Sewer, Water and Veterans Memorial Rink Funds

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



City of Waltham, Massachusetts  
Direct and Overlapping Governmental Activities Debt

As of June 30, 2012

| <u>City of Waltham, Massachusetts</u>            | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable (1)</u> | <u>Estimated<br/>Share of<br/>Overlapping<br/>Debt</u> | <u>Current Year<br/>Assessment for<br/>Operations and<br/>Debt Service</u> |
|--|-----------------------------|--|--|--|
| Debt repaid with property taxes and user charges |                             |  |  |  |
| MWRA Water.....                                  | \$ 2,099,794,000            | 3.976%   | \$ 83,480,142  | \$ 7,639,702   |
| MWRA Sewer.....                                  | 4,027,396,000               | 2.995%   | 120,628,762  | 12,458,139   |
| MBTA.....  | 5,681,176,000               | 0.800%   | 45,449,408   | 1,217,406  |
| Subtotal.....                                    |                             |  | 249,558,312  | <u>\$ 21,315,247</u>   |
| City direct debt.....                            |                             |  | <u>74,728,344</u>                                      |  |
| Total direct and overlapping debt.....           |                             |  | <u>\$ 324,286,656</u>                                  |  |

Source: Official Statement for Sale of Bonds

(1) The percentage of total overlapping debt is derived from the City's share of capital charges divided by the debt at fiscal year end.

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

|  | 2003             | 2004             | 2005             | 2006             | 2007             | 2008             | 2009             | 2010             | 2011             | 2012             |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Equalized Valuation.....   | \$ 7,455,289,200 | \$ 8,289,720,700 | \$ 8,289,720,700 | \$ 9,255,808,700 | \$ 9,264,421,800 | \$ 9,934,066,400 | \$ 9,934,066,400 | \$ 9,205,804,000 | \$ 9,212,986,100 | \$ 9,279,182,000 |
| Debt Limit -5% of Equalized Valuation..                                  | 372,764,460      | 414,486,035      | 414,486,035      | 462,790,435      | 463,221,090      | 496,703,320      | 496,703,320      | 460,290,200      | 460,649,305      | 463,959,100      |
| Less:  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Outstanding debt applicable to limit...                                  | 25,924,265       | 28,196,873       | 43,309,582       | 47,902,291       | 66,632,569       | 73,510,840       | 92,277,513       | 83,760,995       | 77,849,194       | 89,831,227       |
| Authorized and unissued debt.....  | 165,423,545      | 161,298,545      | 139,279,402      | 84,412,854       | 70,903,551       | 39,822,677       | 16,099,973       | 29,314,022       | 30,413,485       | 14,962,927       |
| Legal debt margin.....   | \$ 181,416,650   | \$ 224,990,617   | \$ 231,897,051   | \$ 330,475,290   | \$ 325,684,970   | \$ 383,369,803   | \$ 388,325,834   | \$ 347,215,183   | \$ 352,386,626   | \$ 359,164,946   |
| Total debt applicable to the limit<br>as a percentage of debt limit..... | 51.33%           | 45.72%           | 44.05%           | 28.59%           | 29.69%           | 22.82%           | 21.82%           | 24.57%           | 23.50%           | 22.59%           |

Source: City Auditor's Office, City of Waltham

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

| Employer                          | Nature of Business     | 2012      |      |                                     | 2003      |      |                                     |
|-----------------------------------|------------------------|-----------|------|-------------------------------------|-----------|------|-------------------------------------|
|                                   |                        | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Brandeis University               | Higher Education       | 1,512     | 1    | 4.29%                               | 1,512     | 2    | 4.30%                               |
| Bentley University                | Higher Education       | 800       | 2    | 2.27%                               | 1,037     | 4    | 2.95%                               |
| Bank of America                   | Financial Services     | 660       | 3    | 1.87%                               | -         | -    | -                                   |
| Astra-Zeneca                      | Pharmaceuticals        | 650       | 4    | 1.84%                               | -         | -    | -                                   |
| National Grid                     | Utility                | 650       | 5    | 1.84%                               | -         | -    | -                                   |
| AM-FM Cleaning Corporation        | Janitorial Contracting | 600       | 6    | 1.70%                               | 600       | 10   | 1.71%                               |
| Nova Biomedical Corporation       | BioTech Research       | 600       | 7    | 1.70%                               | 600       | 8    | 1.71%                               |
| Raytheon Corporation              | Electronics            | 587       | 8    | 1.66%                               | -         | -    | -                                   |
| Verizon                           | Communications         | 520       | 9    | 1.47%                               | -         | -    | -                                   |
| Parexel International Corporation | R&D Consultant         | 500       | 10   | 1.42%                               | -         | -    | -                                   |
| FleetBoston                       | Financial Services     | -         | -    | -                                   | 1,700     | 1    | 4.83%                               |
| Tufts Health Plan                 | Health Care            | -         | -    | -                                   | 1,500     | 3    | 4.26%                               |
| Deaconess Waltham Hospital        | Health Care            | -         | -    | -                                   | 994       | 5    | 2.83%                               |
| IBM Corporation                   | Computers              | -         | -    | -                                   | 800       | 6    | 2.27%                               |
| Terra Lycos                       | Software Development   | -         | -    | -                                   | 600       | 7    | 1.71%                               |
| Parametric Technology Corporation | Computer Systems       | -         | -    | -                                   | 600       | 9    | 1.71%                               |
|                                   |                        | 7,079     |      | 20.07%                              | 9,943     |      | 28.26%                              |

Source: Massachusetts Department of Employment and Training

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

| <b>Fiscal Year</b> | <b>Population Estimates</b> | <b>Personal Income</b> | <b>Per Capita Personal Income</b> | <b>Median Age</b> | <b>School Enrollment</b> | <b>Unemployment Rate</b> |
|--------------------|-----------------------------|------------------------|-----------------------------------|-------------------|--------------------------|--------------------------|
| 2003               | 59,073                      | 1,406,095,000          | \$23,803                          | 34.2              | 5,068                    | 4.9%                     |
| 2004               | 58,894                      | 1,431,144,000          | \$24,300                          | 34.2              | 4,825                    | 3.2%                     |
| 2005               | 59,232                      | 1,523,362,000          | \$25,719                          | 34.2              | 4,669                    | 4.0%                     |
| 2006               | 59,556                      | 1,641,764,000          | \$27,567                          | 34.2              | 4,718                    | 4.0%                     |
| 2007               | 59,352                      | 1,760,786,000          | \$29,667                          | 34.2              | 4,836                    | 3.6%                     |
| 2008               | 60,325                      | 1,819,410,000          | \$30,160                          | 34.2              | 4,725                    | 4.2%                     |
| 2009               | 60,236                      | 1,819,410,000          | \$30,205                          | 34.2              | 4,751                    | 6.8%                     |
| 2010               | 60,605                      | 1,819,410,000          | \$30,021                          | 34.2              | 4,763                    | 6.7%                     |
| 2011               | 60,605                      | 1,819,410,000          | \$30,021                          | 34.2              | 4,796                    | 5.7%                     |
| 2012               | 60,632                      | 1,819,410,000          | \$30,007                          | 34.2              | 4,997                    | 5.2%                     |

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

Median age is based on most recent census data

2003 to 2012 population/personal income obtained from the Division of Local Services

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

|                                | Fiscal Year  |              |              |              |              |              |              |              |              |              |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         |
| Function:                      |              |              |              |              |              |              |              |              |              |              |
| General government.....        | 123          | 123          | 122          | 110          | 107          | 107          | 106          | 102          | 96           | 93           |
| Public safety.....             | 384          | 367          | 377          | 374          | 369          | 370          | 359          | 358          | 355          | 350          |
| Education.....                 | 880          | 871          | 872          | 869          | 913          | 906          | 918          | 911          | 927          | 932          |
| Consolidated public works..... | 64           | 58           | 58           | 72           | 71           | 71           | 67           | 63           | 60           | 61           |
| Community development.....     | 27           | 25           | 26           | 31           | 28           | 30           | 27           | 26           | 25           | 23           |
| Health and human services..... | 17           | 18           | 20           | 20           | 20           | 20           | 19           | 18           | 18           | 16           |
| Culture and recreation.....    | 32           | 29           | 29           | 23           | 25           | 26           | 25           | 24           | 25           | 26           |
| Water/sewer.....               | 36           | 33           | 31           | 33           | 32           | 32           | 27           | 27           | 27           | 28           |
| Total .....                    | <u>1,563</u> | <u>1,524</u> | <u>1,535</u> | <u>1,532</u> | <u>1,565</u> | <u>1,562</u> | <u>1,548</u> | <u>1,529</u> | <u>1,533</u> | <u>1,529</u> |

Source: City records.

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

| <u>Function/Program</u>                            | <u>Fiscal Year</u> |         |         |         |         |         |         |         |         |         |
|--|--------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|  | 2003               | 2004    | 2005    | 2006    | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    |
| General Government                                 |                    |         |         |         |         |         |         |         |         |         |
| Cash flow (millions).....                          | 400                | 440     | 460     | 480     | 500     | 520     | 540     | 550     | 580     | 600     |
| Accounts payable invoices processed.....           | 31,778             | 36,640  | 37,000  | 37,000  | 37,000  | 36,000  | 36,000  | 36,000  | 36,000  | 36,000  |
| Payroll checks processed.....                      | 63,223             | 72,885  | 73,000  | 73,000  | 73,000  | 72,000  | 72,000  | 72,000  | 72,000  | 72,000  |
| Police   |                    |         |         |         |         |         |         |         |         |         |
| Arrests.....                                       | 1,175              | 1,058   | 1,074   | 1,193   | 1,137   | 1,194   | 1,006   | 1,181   | 1,097   | 1,049   |
| Traffic citations.....                             | 10,803             | 12,297  | 15,406  | 16,496  | 14,569  | 13,914  | 11,140  | 10,363  | 11,260  | 8,067   |
| Parking violations.....                            | 4,531              | 4,652   | 5,311   | 5,170   | 5,181   | 4,939   | 5,150   | 5,247   | 4,546   | 4,947   |
| Service calls.....                                 | 40,837             | 42,079  | 38,563  | 35,119  | 34,494  | 34,694  | 35,000  | 35,000  | 35,000  | 35,000  |
| Major investigations.....                          | 1,092              | 1,470   | 1,542   | 1,607   | 1,721   | 1,826   | 1,880   | 1,880   | 1,607   | 1,607   |
| Fire   |                    |         |         |         |         |         |         |         |         |         |
| Inspections - schools/nursing homes/hospitals..... | 240                | 223     | 220     | 200     | 100     | 100     | 100     | 100     | 100     | 100     |
| Inspections - commercial/industrial.....           | 749                | 254     | 270     | 260     | 525     | 520     | 550     | 550     | 550     | 550     |
| Emergency responses - box alarms.....              | 1,090              | 1,125   | 1,082   | 1,150   | 1,200   | 1,200   | 1,200   | 1,360   | 1,800   | 1,900   |
| Emergency responses - still alarms.....            | 3,500              | 5,723   | 5,588   | 5,800   | 5,650   | 5,500   | 6,000   | 5,990   | 6,500   | 6,300   |
| Emergency responses - false alarms.....            | 195                | 203     | 200     | 150     | 160     | 170     | 190     | 150     | 200     | 150     |
| Water  |                    |         |         |         |         |         |         |         |         |         |
| Consumption in gallons (billions/year).....        | 2.9                | 2.9     | 2.7     | 3       | 3       | 3       | 3       | 2.8     | 2.8     | 3       |
| Leak detection (miles).....                        | 160                | 155     | 155     | 160     | 151     | 165     | 165     | 165     | 165     | 165     |
| Service repairs.....                               | 165                | 158     | 208     | 183     | 225     | 150     | 155     | 91      | 100     | 100     |
| Sewer  |                    |         |         |         |         |         |         |         |         |         |
| Service repairs.....                               | n/a                | 23      | 25      | 30      | 45      | 43      | 40      | 26      | 30      | 29      |
| Stoppages - mains.....                             | n/a                | 118     | 98      | 18      | 150     | 125     | 100     | 79      | 72      | 92      |
| Stoppages - services.....                          | n/a                | 232     | 290     | 41      | 275     | 249     | 300     | 238     | 175     | 253     |
| Health and Human Services                          |                    |         |         |         |         |         |         |         |         |         |
| Permits - public health.....                       | 925                | 822     | 797     | 771     | 760     | 746     | 885     | 853     | 850     | 831     |
| Senior citizen programs.....                       | 10                 | 15      | 26      | 26      | 26      | 26      | 26      | 26      | 26      | 26      |
| Senior citizen programs - participants.....        | 2,000              | 2,350   | 2,400   | 2,400   | 2,500   | 2,351   | 2,200   | 2,613   | 2,615   | 2,650   |
| Recreation activities.....                         | 159                | 165     | 166     | 170     | 230     | 195     | 200     | 220     | 230     | 230     |
| Recreation activities - participants.....          | 16,406             | 17,085  | 17,080  | 17,125  | 15,050  | 13,000  | 14,000  | 13,982  | 14,225  | 19,670  |
| Veterans cases.....                                | 550                | 570     | 640     | 750     | 850     | 950     | 1,050   | 1,050   | 1,050   | 1,065   |
| Cemetery burials.....                              | 251                | 208     | 230     | 230     | 215     | 168     | 100     | 200     | 200     | 210     |
| Libraries  |                    |         |         |         |         |         |         |         |         |         |
| Items circulated.....                              | 591,727            | 642,884 | 641,497 | 645,000 | 640,000 | 578,192 | 575,000 | 527,956 | 507,500 | 513,041 |
| Registered borrowers.....                          | 28,640             | 29,963  | 31,744  | 32,500  | 32,500  | 30,268  | 32,000  | 28,991  | 28,900  | 28,223  |

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

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

| <u>Function/Program</u>            | <u>Fiscal Year</u> |             |             |             |             |             |             |             |             |             |
|------------------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                    | <u>2003</u>        | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
| General Government                 |                    |             |             |             |             |             |             |             |             |             |
| Number of Buildings.....           | 59                 | 60          | 59          | 59          | 59          | 59          | 59          | 59          | 59          | 59          |
| Police                             |                    |             |             |             |             |             |             |             |             |             |
| Number of Stations.....            | 3                  | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           |
| Fire                               |                    |             |             |             |             |             |             |             |             |             |
| Number of Stations.....            | 6                  | 6           | 6           | 6           | 6           | 6           | 6           | 6           | 6           | 6           |
| Education                          |                    |             |             |             |             |             |             |             |             |             |
| Number of elementary schools.....  | 8                  | 7           | 7           | 7           | 7           | 6           | 6           | 6           | 6           | 6           |
| Number of middle schools.....      | 2                  | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| Number of high schools.....        | 1                  | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Public Works                       |                    |             |             |             |             |             |             |             |             |             |
| Water mains (miles).....           | -                  | -           | 159         | 159         | 159         | 159         | 159         | 159         | 159         | 159         |
| Fire hydrants.....                 | -                  | -           | 1,176       | 1,176       | 1,176       | 1,176       | 1,176       | 1,176       | 1,176       | 1,176       |
| Sanitary sewers (miles).....       | -                  | -           | 160         | 160         | 160         | 160         | 160         | 160         | 160         | 160         |
| Storm sewers (miles).....          | -                  | -           | 121         | 121         | 121         | 121         | 121         | 121         | 121         | 121         |
| Culture and Recreation             |                    |             |             |             |             |             |             |             |             |             |
| Parks and playgrounds.....         | 13                 | 13          | 13          | 13          | 13          | 13          | 13          | 13          | 13          | 13          |
| Fields (baseball).....             | 11                 | 11          | 11          | 11          | 11          | 11          | 11          | 11          | 11          | 11          |
| Fields (softball).....             | 5                  | 5           | 7           | 7           | 7           | 7           | 7           | 7           | 7           | 7           |
| Fields (soccer/multi-purpose)..... | 4                  | 4           | 8           | 8           | 8           | 8           | 8           | 8           | 8           | 8           |
| Wading pools/spray parks.....      | 4                  | 4           | 5           | 5           | 5           | 5           | 5           | 5           | 5           | 5           |
| Basketball courts.....             | 18                 | 18          | 18          | 18          | 18          | 18          | 18          | 18          | 18          | 18          |
| Tennis courts.....                 | 9                  | 9           | 9           | 9           | 9           | 9           | 9           | 9           | 9           | 9           |

Source: Various City Departments