

City of Waltham, Massachusetts

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

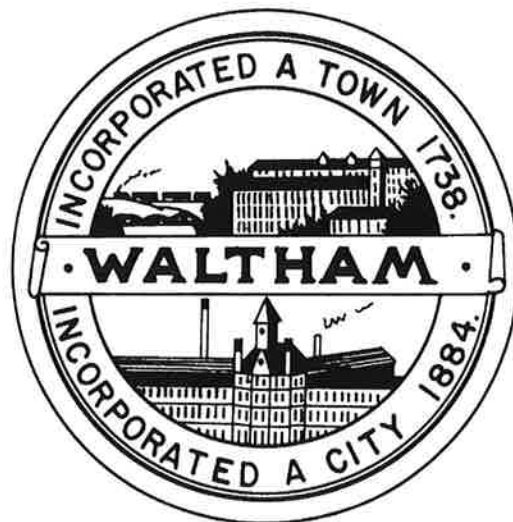


Waltham City Hall

CITY OF WALTHAM, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013



Prepared by:

City Auditor's Office

CITY OF WALTHAM, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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Introductory Section



Veterans Field



Paul G. Centofanti
City Auditor

CITY OF WALTHAM

Commonwealth of Massachusetts

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Letter of Transmittal

December 19, 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, 2013 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, 2013 are fairly presented in conformity with GAAP.

The City of Waltham's financial statements have been audited by Sullivan, Rogers and 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, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2013 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 Single Audit Report.

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

Profile of the City

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

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 limitations of state aid funds from the Commonwealth of Massachusetts and the current overall 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 FY2013 the combined assessed value of these properties represented 32.9% of the total City value. The residential values demonstrate the desirability of the City. The City's proximity to Boston and major highways, its quality of life, and dedication to public education underlies the community's popular reputation.

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

At the State level, the economic outlook for the Commonwealth has been slightly improving. It is anticipated that state aid will be level funded or see modest increases at best, in the following years. Optimistically, this will place the City in a position of having a lesser degree of reliance on property taxes to cover the increasing cost of providing services.

The City is currently managing approximately \$106.0 million in long and short term debt. The long term indebtedness consists of \$102.5 million of general obligation bonds; of which \$25.4 million is self-supporting through enterprise fund revenues and \$3.5 million of bond anticipation notes are expected to be renewed in June 2014. 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 outstanding bonds that provided 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 \$19.1 million as of June 30, 2013. The authorized and unissued debt includes \$8.1 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, 2013, the latest actuarial valuation date, the System had succeeded in funding 51% of the present value of the projected benefits earned by employees. The remaining unfunded amount is being systematically funded over the remaining 22 years as part of the annual required contribution as calculated by the actuary.

The City of Waltham also provides post retirement healthcare benefits for certain retirees and their dependents. Currently, there are approximately 1,270 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. The City established and maintains an OPEB Trust Fund with a balance of approximately \$8.1 million as of June 30, 2013.

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, 2012. This was the ninth 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.

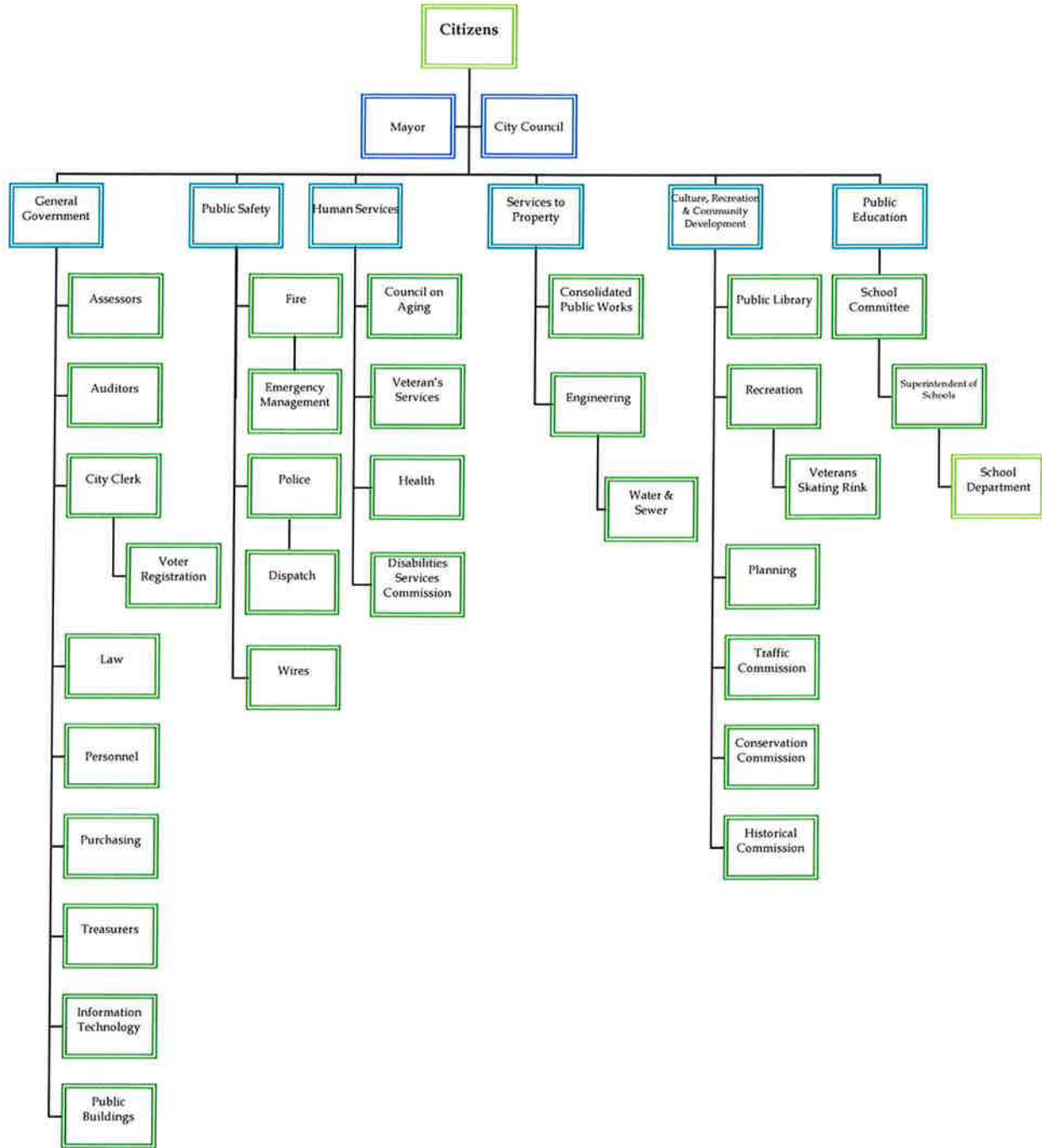
The preparation of this report would not have been possible without the dedication and commitment to excellence of the staff of the Auditing Department. We would like to express our appreciation to the members of all the departments who assisted and contributed to the preparation of this report. We would 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

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



Government Finance Officers Association

**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, 2012

Executive Director/CEO

Financial Section



Fitzgerald Elementary School



Certified Public Accountants

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Burlington, Massachusetts 01803
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Independent Auditors' Report

To the Honorable City Council and Mayor
City of Waltham, Massachusetts

Report on the Financial Statements

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 year ended June 30, 2013 (except for the Waltham Contributory Retirement System, which is as of and for the fiscal year ended December 31, 2012), and the related notes to the financial statements, which collectively comprise the City of Waltham, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013 (except for the Waltham Contributory Retirement System, which is as of and for the fiscal year ended December 31, 2012), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (located on pages 14 through 24) and general fund and community preservation fund budgetary comparisons and certain pension and other postemployment benefits information (located on pages 78 through 97) 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.

Other Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waltham, Massachusetts' basic financial statements. The introductory section, combining statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Waltham, Massachusetts' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Sullivan, Roy & Company, LLC". The signature is written in a cursive, flowing style.

December 19, 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, 2013.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$195,247,013 (net position). The City's governmental activities had negative unrestricted net position totaling (\$49,699,586) and \$23,952,132 in unrestricted net position for its business-type activities.
- The City's total net position decreased \$5,301,297.
- As of the close the fiscal year, the City's governmental funds reported combined ending fund balances totaling \$83,567,139, an increase of \$14,685,226 in comparison with the prior year. \$28,653,146 represents unassigned fund balance.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$29,196,820, or 14.8 percent of total general fund expenditures and transfers out.
- The City's total bonded debt increased by \$3,255,953 during the fiscal year; \$14,894,450 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 position** presents information on all of the City's non-fiduciary assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 26-28 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 24 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 19 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 101-108 of this report.

The basic governmental funds financial statements can be found on pages 29-35 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 36-38 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 111-112 and page 114 of this report.

The basic fiduciary fund financial statements can be found on pages 39-40 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 41-77 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 community preservation fund and certain pension and other postemployment benefits information. Such information can be located on pages 78-97 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 Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$195,247,013 at the close of the fiscal year and are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2013	2012	2013	2012	2013	2012
Assets						
Current assets.....	\$ 108,317,750	\$ 94,962,852	\$ 34,471,525	\$ 32,137,890	\$ 142,789,275	\$ 127,100,742
Noncurrent assets (excluding capital assets).....	2,941,176	3,037,724	-	-	2,941,176	3,037,724
Capital assets (net).....	237,442,079	241,918,015	27,046,788	25,278,161	264,488,867	267,196,176
Total assets.....	348,701,005	339,918,591	61,518,313	57,416,051	410,219,318	397,334,642
Liabilities						
Current liabilities (excluding debt).....	17,662,459	16,176,125	1,028,005	1,185,108	18,690,464	17,361,233
Noncurrent liabilities (excluding debt).....	88,544,215	69,275,937	1,772,265	1,439,754	90,316,480	70,715,691
Current debt.....	11,372,407	13,480,234	2,434,445	6,008,267	13,806,852	19,488,501
Noncurrent debt.....	69,226,362	68,530,109	22,932,147	20,690,798	92,158,509	89,220,907
Total liabilities.....	186,805,443	167,462,405	28,166,862	29,323,927	214,972,305	196,786,332
Net Position						
Net investment in capital assets.....	165,312,712	167,006,050	9,399,319	11,726,473	174,712,031	178,732,523
Restricted.....	46,282,436	40,566,045	-	-	46,282,436	40,566,045
Unrestricted.....	(49,699,586)	(35,115,909)	23,952,132	16,365,651	(25,747,454)	(18,750,258)
Total net position.....	\$ 161,895,562	\$ 172,456,186	\$ 33,351,451	\$ 28,092,124	\$ 195,247,013	\$ 200,548,310

The largest portion of the City's net position in the amount of \$174,712,031 reflects its net 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 position in the amount of \$46,282,436 represents resources that are subject to external restrictions on how they may be used.

Unrestricted net position of \$23,952,132 may be used to support business-type activities. The City has no unrestricted net position available for the support of governmental activities. Such resources have been consumed with the recognition of other post employment benefits liabilities.

Changes in Net Position

For the fiscal year ended June 30, 2013, the City's total net position decreased by \$5,301,297, compared to a decrease of \$17,577,882 in the prior fiscal year. These amounts are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2013	2012	2013	2012	2013	2012
Revenues						
<i>Program Revenues:</i>						
Charges for services.....	\$ 11,906,437	\$ 10,047,812	\$ 34,844,115	\$ 28,117,363	\$ 46,750,552	\$ 38,165,175
Operating grants and contributions.....	33,044,593	33,232,551	124,881	33,173	33,169,474	33,265,724
Capital grants and contributions.....	2,820,119	(2,404,439)	-	-	2,820,119	(2,404,439)
<i>General Revenues:</i>						
Real estate and personal property taxes.....	153,272,077	147,941,835	-	-	153,272,077	147,941,835
Motor vehicle and other excise taxes.....	6,650,738	6,372,776	-	-	6,650,738	6,372,776
Hotel/motel taxes.....	3,298,311	3,061,233	-	-	3,298,311	3,061,233
Meals tax.....	1,167,324	1,128,180	-	-	1,167,324	1,128,180
Penalties and interest on taxes.....	702,090	518,982	-	-	702,090	518,982
Payments in lieu of taxes.....	54,812	53,905	-	-	54,812	53,905
Community preservation surcharges.....	2,475,978	2,393,595	-	-	2,475,978	2,393,595
Grants and contributions not restricted to specific programs.....	8,835,809	9,147,352	-	-	8,835,809	9,147,352
Unrestricted investment income.....	135,838	124,628	-	-	135,838	124,628
Gain on sale of capital assets.....	52,748	-	-	-	52,748	-
Total revenues.....	224,416,874	211,618,410	34,968,996	28,150,536	259,385,870	239,768,946
Expenses						
General government.....	14,431,751	12,839,887	-	-	14,431,751	12,839,887
Public safety.....	56,396,153	54,892,255	-	-	56,396,153	54,892,255
Education.....	127,632,730	125,803,368	-	-	127,632,730	125,803,368
Public works.....	19,107,437	17,620,280	-	-	19,107,437	17,620,280
Health and human services.....	4,332,865	4,043,942	-	-	4,332,865	4,043,942
Culture and recreation.....	6,327,318	6,019,224	-	-	6,327,318	6,019,224
Community development.....	4,042,802	3,921,262	-	-	4,042,802	3,921,262
Debt service - interest.....	2,581,037	2,631,033	-	-	2,581,037	2,631,033
Sewer.....	-	-	17,382,177	17,381,941	17,382,177	17,381,941
Water.....	-	-	11,995,289	11,796,251	11,995,289	11,796,251
Veterans Memorial Rink.....	-	-	457,608	397,385	457,608	397,385
Total expenses.....	234,852,093	227,771,251	29,835,074	29,575,577	264,687,167	257,346,828
Change in net position before transfers.....	(10,435,219)	(16,152,841)	5,133,922	(1,425,041)	(5,301,297)	(17,577,882)
Transfers, net.....	(125,405)	(75,000)	125,405	75,000	-	-
Change in net position.....	(10,560,624)	(16,227,841)	5,259,327	(1,350,041)	(5,301,297)	(17,577,882)
Net position - beginning of year.....	172,456,186	188,684,027	28,092,124	29,442,165	200,548,310	218,126,192
Net position - end of year.....	\$ 161,895,562	\$ 172,456,186	\$ 33,351,451	\$ 28,092,124	\$ 195,247,013	\$ 200,548,310

Governmental activities decreased the City's net position by \$10,560,624. In the prior year, governmental activities decreased the City's net position by \$16,227,841. The key elements of this change are as follows:

- The increase in capital grants and contributions of approximately \$5,200,000

Business-type activities increased the City's net position by \$5,259,327. In the prior year, business-type activities decreased the City's net position by \$1,350,041. The key element of this change is the increase in charges for services revenue of approximately \$6,700,000, primarily due to a rate increase that occurred at the midpoint of the prior fiscal year was in effect for the entire current fiscal year.

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 \$83,567,139, an increase of \$14,685,226 in comparison with the prior year. \$28,653,146 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable - \$2,047,898
- Restricted - \$46,384,231
- Committed - \$4,804,214
- Assigned - \$1,677,650

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 \$29,196,820, while total fund balance was \$43,810,778. 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 14.8% of total general fund expenditures and transfers out, while total fund balance represents 22.2% of that same amount.

The balance of the City's general fund increased \$8,807,535 during fiscal year 2013. Although the City recognized a budgetary surplus of \$14,736,031 (excluding encumbrances and continuing appropriations), approximately \$13,700,000 of reserves was utilized for spending during fiscal year 2013.

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

The fund balance of the highway projects fund (capital project) did not change during the current fiscal year. The fund recognized \$1,531,475 of intergovernmental revenues and incurred \$1,531,475 of expenditures.

The fund balance of the community development block grant fund (special revenue) increased \$25,250 during the current fiscal year. The fund recognized \$1,121,408 of intergovernmental revenues, \$75,208 of departmental and other revenues and \$28 of investment income. Expenditures incurred totaled \$1,171,394.

The fund balance of the community preservation fund (special revenue) increased \$1,936,695 during the current fiscal year. The fund recognized \$2,469,122 of community preservation surcharges, \$1,288,644 of intergovernmental revenues, \$5,774 of penalties and interest on taxes and \$39,386 of investment income. Expenditures incurred totaled \$1,866,231.

The fund balance of the city capital projects fund (capital project) increased \$3,323,334 during the current fiscal year. The fund recognized \$7,574,685 of proceeds of bonds and notes, \$1,615,200 of proceeds of refunding bonds and \$127,303 of premium from issuance of refunding bonds. Expenditures incurred totaled \$5,993,854.

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 position of the sewer, water and Veterans Memorial Rink enterprise funds at the end of the year amounted to \$10,212,124, \$13,336,669 and \$102,292, respectively. The sewer, water and Veterans Memorial Rink enterprise funds had an increase in net position for the year of \$2,267,883, \$2,961,315, and \$30,129, 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 \$189,147,363 was increased by \$9,502,961 (5.0%) during the fiscal year. The following table summarizes the increase:

Purpose of Increase	Amount	Funding Source
Transfer to OPEB trust fund.....	\$ 7,013,004	Transfer from health insurance trust fund
Capital improvements.....	945,887	Unassigned fund balance
Snow and ice removal expenses.....	440,000	Unassigned fund balance
Planning - Met state parking lot improvements.....	297,116	Unassigned fund balance
Worker's compensation claims and settlements.....	200,000	Unassigned fund balance
Schools learning initiative.....	123,201	Unassigned fund balance
Police overtime expenses.....	110,000	Unassigned fund balance
Rubbish collection/recycling expenses.....	100,000	Unassigned fund balance
Library educational expenses.....	50,000	Transfer from nonmajor governmental fund
Voter registration and election expenses.....	50,000	Unassigned fund balance
Law claims expenses.....	45,000	Unassigned fund balance
Veterans benefits expenses.....	30,000	Unassigned fund balance
McCabe playground improvements.....	26,856	Unassigned fund balance
Transfer to water enterprise fund.....	23,500	Unassigned fund balance
City clerk salaries expenses.....	15,200	Unassigned fund balance
Emergency management expenses.....	13,000	Unassigned fund balance
Veterans salaries expenses.....	9,600	Unassigned fund balance
Transfer to traffic/parking meters nonmajor fund.....	8,100	Unassigned fund balance
Police - underage alcohol enforcement program.....	2,497	Unassigned fund balance
Total increase.....	\$ <u>9,502,961</u>	

During the year, general fund revenues and other financing uses exceeded budgetary estimates, other financing sources were less than budgetary estimates, and expenditures, encumbrances and continuing appropriations were less than appropriations, resulting in a positive overall budget to actual variance of approximately \$8,300,000.

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 \$264,488,867 (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 1.0% (a 1.7% decrease for governmental activities and a 0.7% increase for business-type activities).

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

- Sewer System Improvements & Rehabilitation (\$3,061,971)
- Playground Improvements (\$1,168,733)
- Parks Improvements (\$1,106,396)
- Land Purchases (\$643,200)
- Bright School Vault & Archival Space (\$561,427)
- Trapelo Rd/Forest St Intersection Improvements (\$386,249)
- Paine Estate Renovations (\$232,715)
- Police Station Roof Replacement (\$189,490)
- Microsoft Exchange Email System Upgrade (\$124,379)
- Waltham Community and Culture Center (\$122,993)
- McDevitt Middle School Flooring (\$116,440)
- Street Light Replacements (\$83,500)

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>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land.....	\$ 20,096,087	\$ 19,503,276	\$ 38,550	\$ 38,550	\$ 20,134,637	\$ 19,541,826
Land improvements.....	11,693,001	10,435,683	-	-	11,693,001	10,435,683
Buildings and improvements.....	173,599,326	177,812,673	1,889,581	1,984,844	175,488,907	179,797,517
Machinery and equipment.....	6,598,989	6,908,884	860,679	969,352	7,459,668	7,878,236
Infrastructure.....	24,802,920	26,593,570	24,257,978	22,285,415	49,060,898	48,878,985
Library books.....	651,756	663,929	-	-	651,756	663,929
Total capital assets.....	<u>\$ 237,442,079</u>	<u>\$ 241,918,015</u>	<u>\$ 27,046,788</u>	<u>\$ 25,278,161</u>	<u>\$ 264,488,867</u>	<u>\$ 267,196,176</u>

Additional information on the City's capital assets can be found in Note 5 on pages 57-59 of this report.

Long-Term Debt

At the end of the current fiscal year, total bonded debt and unamortized premiums outstanding was \$102,465,361, 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>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General obligation bonds..... \$	77,098,769	\$ 76,353,856	\$ 17,727,499	\$ 16,587,306	\$ 94,826,268	\$ 92,941,162
MWRA notes.....	-	-	4,595,344	3,006,106	4,595,344	3,006,106
MWPAT notes.....	-	-	3,043,749	3,262,140	3,043,749	3,262,140
Total bonds and notes and unamortized premiums..... \$	<u>77,098,769</u>	<u>\$ 76,353,856</u>	<u>\$ 25,366,592</u>	<u>\$ 22,855,552</u>	<u>\$ 102,465,361</u>	<u>\$ 99,209,408</u>

The City's total bonded debt increased \$3,255,953 (or 3.3%) during the fiscal year. The City issued \$14,894,450 in general obligation bonds and MWRA notes during the fiscal year.

The City received an AA+ bond rating from Standard & Poor's for the general obligation bonds issued on June 20, 2013.

Additional information on the City's long-term debt can be found in Note 10 on pages 64-70 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 2014 operating budget totaling \$220.5 million during June 2013. This represents a \$6.5 million increase, or 3% from the fiscal year 2013 approved budget. Included in this budget is \$68.8 million for education, \$30.3 million for public safety, \$31.2 million for the water/sewer/rink enterprise funds, \$52.5 million for employee and retiree health/pension benefits, \$10.6 million for debt service and \$200,000 towards funding the OPEB liability.

Of the \$220.5 million fiscal year 2014 operating budget, the revenues budgeted to balance it are property taxes - 70.7%, local receipts - 8.2%, state aid - 7.0% and the enterprise funds user charges - 14.1%. The average owner-occupied single family home has an assessed value of \$381,900. After applying the residential exemption, the annual property tax bill for the average owner-occupied single family home is \$4,077. This represents an increase of \$64 from fiscal year 2013.

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 POSITION

JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents.....	\$ 50,403,253	\$ 20,440,532	\$ 70,843,785
Restricted cash and cash equivalents.....	46,243,389	8,020,170	54,263,559
Restricted investments.....	2,893,457	-	2,893,457
Receivables, net of allowance for uncollectible amounts:			
Real estate and personal property taxes.....	1,767,430	-	1,767,430
Tax liens.....	1,851,520	247,133	2,098,653
Motor vehicle and other excise taxes.....	842,992	-	842,992
Community preservation surcharges.....	67,878	-	67,878
Water.....	-	2,300,571	2,300,571
Sewer.....	-	3,463,119	3,463,119
Special assessments.....	1,053	-	1,053
Departmental and other.....	1,023,458	-	1,023,458
Intergovernmental.....	3,223,320	-	3,223,320
Total current assets.....	108,317,750	34,471,525	142,789,275
Noncurrent assets:			
Receivables, net of allowance for uncollectible amounts:			
Real estate tax deferrals.....	494,157	-	494,157
Special assessments.....	281,880	-	281,880
Loans.....	2,165,139	-	2,165,139
Capital assets not being depreciated.....	20,096,087	38,550	20,134,637
Capital assets, net of accumulated depreciation.....	217,345,992	27,008,238	244,354,230
Total noncurrent assets.....	240,383,255	27,046,788	267,430,043
Total assets.....	348,701,005	61,518,313	410,219,318
LIABILITIES			
Current liabilities:			
Warrants payable.....	3,988,422	464,026	4,452,448
Accrued payroll.....	4,553,923	38,351	4,592,274
Tax refunds payable.....	1,495,571	-	1,495,571
Other liabilities.....	685,424	141,626	827,050
Accrued interest.....	790,867	201,471	992,338
Accrued health claims payable.....	2,687,104	-	2,687,104
Workers' compensation claims.....	227,660	51,590	279,250
Compensated absences.....	3,233,488	130,941	3,364,429
Short-term notes payable.....	3,500,000	-	3,500,000
Long-term bonds and notes payable.....	7,872,407	2,434,445	10,306,852
Total current liabilities.....	29,034,866	3,462,450	32,497,316
Noncurrent liabilities:			
Compensated absences.....	2,645,305	182,194	2,827,499
Net OPEB obligation.....	85,898,910	1,590,071	87,488,981
Long-term bonds and notes payable.....	69,226,362	22,932,147	92,158,509
Total noncurrent liabilities.....	157,770,577	24,704,412	182,474,989
Total liabilities.....	186,805,443	28,166,862	214,972,305
NET POSITION			
Net investment in capital assets.....	165,312,712	9,399,319	174,712,031
Restricted for:			
Employee benefits.....	2,282,809	-	2,282,809
Loans.....	2,165,139	-	2,165,139
Community preservation.....	21,526,523	-	21,526,523
Permanent funds:			
Expendable.....	259,107	-	259,107
Nonexpendable.....	2,047,898	-	2,047,898
Revolving funds.....	3,363,997	-	3,363,997
Traffic impact.....	2,123,754	-	2,123,754
Parking meters.....	1,729,621	-	1,729,621
Sale of lots/graves.....	1,310,312	-	1,310,312
Other specific purposes.....	9,473,276	-	9,473,276
Unrestricted.....	(49,699,586)	23,952,132	(25,747,454)
Total net position.....	\$ 161,895,562	\$ 33,351,451	\$ 195,247,013

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government.....	\$ 14,431,751	\$ 4,225,256	\$ 486,504	\$ -	\$ (9,719,991)
Public safety.....	56,396,153	3,910,093	395,941	-	(52,090,119)
Education.....	127,632,730	1,217,100	29,913,613	-	(96,502,017)
Public works.....	19,107,437	448,072	56,181	1,531,475	(17,071,709)
Health and human services.....	4,332,865	369,638	431,268	-	(3,531,959)
Culture and recreation.....	6,327,318	412,665	63,947	-	(5,850,706)
Community development.....	4,042,802	1,323,613	1,207,604	1,288,644	(222,941)
Debt service - interest.....	2,581,037	-	489,535	-	(2,091,502)
Total governmental activities.....	234,852,093	11,906,437	33,044,593	2,820,119	(187,080,944)
Business-type activities:					
Sewer.....	17,382,177	19,582,834	104,316	-	2,304,973
Water.....	11,995,289	14,875,449	20,565	-	2,900,725
Veterans Memorial Rink.....	457,608	385,832	-	-	(71,776)
Total business-type activities.....	29,835,074	34,844,115	124,881	-	5,133,922
Total primary government.....	\$ 264,687,167	\$ 46,750,552	\$ 33,169,474	\$ 2,820,119	\$ (181,947,022)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense)/revenue (from previous page).....	\$ (187,080,944)	\$ 5,133,922	\$ (181,947,022)
<i>General revenues:</i>			
Real estate and personal property taxes.....	153,272,077	-	153,272,077
Motor vehicle and other excise taxes.....	6,650,738	-	6,650,738
Hotel/motel taxes.....	3,298,311	-	3,298,311
Meals taxes.....	1,167,324	-	1,167,324
Penalties and interest on taxes.....	702,090	-	702,090
Payments in lieu of taxes.....	54,812	-	54,812
Community preservation surcharges.....	2,475,978	-	2,475,978
Grants and contributions not restricted to specific programs.....	8,835,809	-	8,835,809
Unrestricted investment income.....	135,838	-	135,838
Gain on disposal of capital assets.....	52,748	-	52,748
<i>Transfers, net</i>	(125,405)	125,405	-
Total general revenues and transfers.....	176,520,320	125,405	176,645,725
Change in net position.....	(10,560,624)	5,259,327	(5,301,297)
Net position - beginning of year.....	172,456,186	28,092,124	200,548,310
Net position - end of year.....	\$ 161,895,562	\$ 33,351,451	\$ 195,247,013

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2013

ASSETS	General	Highway Projects	Community Development Block Grant	Community Preservation
Cash and cash equivalents.....	\$ 42,390,249	\$ -	\$ -	\$ -
Restricted cash and cash equivalents.....	7,036,023	-	8,032	20,456,291
Restricted investments.....	1,096,071	-	-	-
Receivables, net of allowance for uncollectible amounts:				
Real estate and personal property taxes.....	1,767,430	-	-	-
Real estate tax deferrals.....	494,157	-	-	-
Tax liens.....	1,851,520	-	-	-
Motor vehicle and other excise taxes.....	842,992	-	-	-
Community preservation surcharges.....	-	-	-	67,878
Special assessments.....	282,934	-	-	-
Departmental and other.....	370,477	-	-	-
Intergovernmental.....	771,536	343,004	50,943	1,288,644
Loans.....	-	-	2,165,139	-
Due from other funds.....	1,021,870	-	-	-
TOTAL ASSETS.....	\$ 57,925,259	\$ 343,004	\$ 2,224,114	\$ 21,812,813
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Warrants payable.....	\$ 2,168,966	\$ -	\$ 55,645	\$ 283,931
Accrued payroll.....	4,494,950	-	-	643
Tax refunds payable.....	1,495,571	-	-	-
Other liabilities.....	121,139	-	-	1,716
Deferred revenue.....	5,833,855	-	2,216,082	67,878
Due to other funds.....	-	343,030	-	-
Short-term notes payable.....	-	-	-	-
TOTAL LIABILITIES.....	14,114,481	343,030	2,271,727	354,168
FUND BALANCES:				
Nonspendable.....	-	-	-	-
Restricted.....	8,132,094	-	-	21,458,645
Committed.....	4,804,214	-	-	-
Assigned.....	1,677,650	-	-	-
Unassigned.....	29,196,820	(26)	(47,613)	-
TOTAL FUND BALANCES.....	43,810,778	(26)	(47,613)	21,458,645
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 57,925,259	\$ 343,004	\$ 2,224,114	\$ 21,812,813

See notes to basic financial statements.

City Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 42,390,249
7,537,214	13,884,300	48,921,860
-	1,797,386	2,893,457
-	-	1,767,430
-	-	494,157
-	-	1,851,520
-	-	842,992
-	-	67,878
-	-	282,934
-	380,718	751,195
-	769,193	3,223,320
-	-	2,165,139
-	-	1,021,870
<u>\$ 7,537,214</u>	<u>\$ 16,831,597</u>	<u>\$ 106,674,001</u>

\$ 1,232,430	\$ 173,138	\$ 3,914,110
-	58,330	4,553,923
-	-	1,495,571
-	-	122,855
-	380,718	8,498,533
-	678,840	1,021,870
3,500,000	-	3,500,000
<u>4,732,430</u>	<u>1,291,026</u>	<u>23,106,862</u>
-	2,047,898	2,047,898
2,804,784	13,988,708	46,384,231
-	-	4,804,214
-	-	1,677,650
-	(496,035)	28,653,146
<u>2,804,784</u>	<u>15,540,571</u>	<u>83,567,139</u>
<u>\$ 7,537,214</u>	<u>\$ 16,831,597</u>	<u>\$ 106,674,001</u>

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

JUNE 30, 2013

Total governmental fund balances (page 30).....	\$	83,567,139
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		237,442,079
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.....		8,498,533
In the statement of net position, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.....		(790,866)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds and notes payable, net of unamortized premiums.....		(77,098,769)
Workers' compensation claims.....		(227,660)
Compensated absences.....		(5,878,793)
Net OPEB obligation.....		(85,898,910)
Internal service funds are used by management to account for health insurance and workers' compensation activities. The assets and liabilities of the internal service funds are reported as governmental activities in the statement of net position.....		<u>2,282,809</u>
Net position of governmental activities (page 26).....	\$	<u><u>161,895,562</u></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, 2013

	General	Highway Projects	Community Development Block Grant	Community Preservation
REVENUES				
Real estate and personal property taxes.....	\$ 152,293,138	\$ -	\$ -	\$ -
Motor vehicle and other excise taxes.....	6,567,957	-	-	-
Hotel/motel tax.....	3,298,311	-	-	-
Meals taxes.....	1,167,324	-	-	-
Tax liens.....	1,203,258	-	-	-
Payments in lieu of taxes.....	54,812	-	-	-
Community preservation surcharges.....	-	-	-	2,469,122
Charges for services.....	-	-	-	-
Intergovernmental.....	33,984,803	1,531,475	1,121,408	1,288,644
Special assessments.....	130,820	-	-	-
Penalties and interest on taxes.....	696,316	-	-	5,774
Licenses and permits.....	4,259,773	-	-	-
Fines and forfeitures.....	725,243	-	-	-
Departmental and other.....	1,340,572	-	75,208	-
Contributions.....	-	-	-	-
Investment income.....	99,607	-	28	39,386
TOTAL REVENUES.....	205,821,934	1,531,475	1,196,644	3,802,926
EXPENDITURES				
Current:				
General government.....	8,219,364	-	-	-
Public safety.....	29,040,269	-	-	-
Education.....	65,311,793	-	-	-
Public works.....	11,882,902	1,531,475	-	-
Health and human services.....	1,713,969	-	-	-
Culture and recreation.....	3,225,971	-	-	-
Community development.....	530,670	-	1,171,394	1,866,231
Pension benefits.....	30,328,370	-	-	-
Employee benefits.....	35,055,370	-	-	-
State and county charges.....	1,597,185	-	-	-
Debt service:				
Principal.....	7,696,738	-	-	-
Interest.....	2,720,831	-	-	-
TOTAL EXPENDITURES.....	197,323,432	1,531,475	1,171,394	1,866,231
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	8,498,502	-	25,250	1,936,695
OTHER FINANCING SOURCES (USES)				
Transfers in.....	80,306	-	-	-
Issuance of bonds and notes.....	-	-	-	-
Premium from issuance of bonds and notes.....	362,232	-	-	-
Issuance of refunding bonds.....	-	-	-	-
Premium from issuance of refunding bonds.....	-	-	-	-
Sale of capital assets.....	-	-	-	-
Transfers out.....	(133,505)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	309,033	-	-	-
NET CHANGE IN FUND BALANCES.....	8,807,535	-	25,250	1,936,695
FUND BALANCES AT BEGINNING OF YEAR.....	35,003,243	(26)	(72,863)	19,521,950
FUND BALANCES AT END OF YEAR.....	\$ 43,810,778	\$ (26)	\$ (47,613)	\$ 21,458,645

See notes to basic financial statements.

City Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 152,293,138
-	-	6,567,957
-	-	3,298,311
-	-	1,167,324
-	-	1,203,258
-	-	54,812
-	-	2,469,122
-	3,036,615	3,036,615
-	5,613,464	43,539,794
-	-	130,820
-	-	702,090
-	-	4,259,773
-	103,240	828,483
-	2,250,318	3,666,098
-	652,141	652,141
-	(6,488)	132,533
-	11,649,290	224,002,269
894,867	88,576	9,202,807
594,699	2,988,771	32,623,739
-	8,083,890	73,395,683
346,030	25,689	13,786,096
7,209	179,308	1,900,486
1,899,138	201,029	5,326,138
550,278	498,932	4,617,505
-	-	30,328,370
-	-	35,055,370
-	-	1,597,185
1,650,000	-	9,346,738
51,633	-	2,772,464
5,993,854	12,066,195	219,952,581
(5,993,854)	(416,905)	4,049,688
-	8,100	88,406
7,574,685	1,028,775	8,603,460
-	-	362,232
1,615,200	-	1,615,200
127,303	-	127,303
-	52,748	52,748
-	(80,306)	(213,811)
9,317,188	1,009,317	10,635,538
3,323,334	592,412	14,685,226
(518,550)	14,948,159	68,881,913
\$ 2,804,784	\$ 15,540,571	\$ 83,567,139

**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, 2013

Net change in fund balances - total governmental funds (page 34).....	\$	14,685,226
<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.....		7,891,233
Depreciation.....		(12,277,450)
<p>In the statement of activities, only the <i>gain/(loss)</i> on the disposal of capital assets is reported, whereas in the governmental funds the entire proceeds of the sale are reported as financial resources. As a result, the change in net assets differs from the change in fund balance by the cost of the capital assets disposed.....</p>		
		(89,719)
<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>		
		(126,821)
<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 position. 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.....		(8,603,460)
Proceeds of refunding bonds.....		(1,615,200)
Bond maturities.....		9,346,738
Amortization of bond premiums.....		127,009
<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>		
		64,418
<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.....		6,547
Compensated absences.....		(2,085,830)
Net OPEB obligation.....		(17,700,907)
<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>(182,408)</u>
Changes in net position of governmental activities (page 28).....	\$	<u><u>(10,560,624)</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF FUND NET POSITION

JUNE 30, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Nonmajor Veterans Memorial Rink	Total	
ASSETS					
Current assets:					
Cash and cash equivalents.....	\$ 7,894,109	\$ 12,249,756	\$ 296,667	\$ 20,440,532	\$ -
Restricted cash and cash equivalents.....	4,654,289	3,365,437	444	8,020,170	5,334,533
Receivables, net of allowance for uncollectible amounts:					
User charges.....	3,463,119	2,300,571	-	5,763,690	-
Utility liens.....	149,375	97,758	-	247,133	-
Departmental and other.....	-	-	-	-	272,264
Total current assets.....	<u>16,160,892</u>	<u>18,013,522</u>	<u>297,111</u>	<u>34,471,525</u>	<u>5,606,797</u>
Noncurrent assets:					
Capital assets not being depreciated.....	38,550	-	-	38,550	-
Capital assets, net of accumulated depreciation.....	17,713,868	9,192,565	101,805	27,008,238	-
Total noncurrent assets.....	<u>17,752,418</u>	<u>9,192,565</u>	<u>101,805</u>	<u>27,046,788</u>	<u>-</u>
Total assets.....	<u>33,913,310</u>	<u>27,206,087</u>	<u>398,916</u>	<u>61,518,313</u>	<u>5,606,797</u>
LIABILITIES					
Current liabilities:					
Warrants payable.....	364,016	96,675	3,336	464,027	74,315
Accrued payroll.....	11,488	24,903	1,960	38,351	-
Other liabilities.....	141,626	-	-	141,626	562,569
Accrued interest.....	151,401	50,070	-	201,471	-
Accrued health claims payable.....	-	-	-	-	2,687,104
Workers' compensation claims.....	11,423	21,216	18,951	51,590	-
Compensated absences.....	50,564	73,708	6,669	130,941	-
Long-term bonds and notes payable.....	1,591,643	817,766	25,036	2,434,445	-
Total current liabilities.....	<u>2,322,161</u>	<u>1,084,338</u>	<u>55,952</u>	<u>3,462,451</u>	<u>3,323,988</u>
Noncurrent liabilities:					
Compensated absences.....	77,184	95,012	9,998	182,194	-
Net OPEB obligation.....	486,777	949,832	153,461	1,590,070	-
Long-term bonds and notes payable.....	15,089,956	7,802,387	39,804	22,932,147	-
Total noncurrent liabilities.....	<u>15,653,917</u>	<u>8,847,231</u>	<u>203,263</u>	<u>24,704,411</u>	<u>-</u>
Total liabilities.....	<u>17,976,078</u>	<u>9,931,569</u>	<u>259,215</u>	<u>28,166,862</u>	<u>3,323,988</u>
FUND NET POSITION					
Net investment in capital assets.....	5,491,603	3,870,307	37,409	9,399,319	-
Unrestricted.....	10,445,629	13,404,211	102,292	23,952,132	2,282,809
Total fund net position.....	<u>\$ 15,937,232</u>	<u>\$ 17,274,518</u>	<u>\$ 139,701</u>	<u>\$ 33,351,451</u>	<u>\$ 2,282,809</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Nonmajor Veterans Memorial Rink	Total	
OPERATING REVENUES					
Charges for services.....	\$ 19,582,834	\$ 14,875,449	\$ 385,832	\$ 34,844,115	\$ -
Employer contributions.....	-	-	-	-	33,166,038
Employee contributions.....	-	-	-	-	4,408,768
TOTAL OPERATING REVENUES.....	19,582,834	14,875,449	385,832	34,844,115	37,574,806
OPERATING EXPENSES					
Cost of service and administration.....	2,563,419	2,282,783	362,489	5,208,691	-
MWRA assessment.....	12,485,924	7,792,300	-	20,278,224	-
Depreciation.....	1,026,034	571,765	16,430	1,614,229	-
Employee benefits.....	804,885	1,178,223	77,471	2,060,579	37,787,834
TOTAL OPERATING EXPENSES.....	16,880,262	11,825,071	456,390	29,161,723	37,787,834
OPERATING INCOME (LOSS).....	2,702,572	3,050,378	(70,558)	5,682,392	(213,028)
NONOPERATING REVENUES (EXPENSES)					
Investment income.....	17,789	20,565	-	38,354	30,620
Premium from issuance of bonds and notes.....	49,438	37,089	-	86,527	-
Interest expense.....	(501,916)	(170,217)	(1,218)	(673,351)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(434,689)	(112,563)	(1,218)	(548,470)	30,620
INCOME (LOSS) BEFORE TRANSFERS.....	2,267,883	2,937,815	(71,776)	5,133,922	(182,408)
TRANSFERS					
Transfers in.....	-	23,500	101,905	125,405	-
CHANGE IN FUND NET POSITION.....	2,267,883	2,961,315	30,129	5,259,327	(182,408)
FUND NET POSITION AT BEGINNING OF YEAR.....	13,669,349	14,313,203	109,572	28,092,124	2,465,217
FUND NET POSITION AT END OF YEAR.....	\$ 15,937,232	\$ 17,274,518	\$ 139,701	\$ 33,351,451	\$ 2,282,809

See notes to basic financial statements.

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Nonmajor Veterans Memorial Rink	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users.....	\$ 18,596,162	\$ 14,128,541	\$ 385,832	\$ 33,110,535	\$ 4,408,768
Receipts from interfund services provided.....	-	-	-	-	32,908,810
Payments to vendors.....	(15,497,129)	(10,138,367)	(327,859)	(25,963,355)	-
Payments to employees.....	(492,465)	(884,844)	(81,866)	(1,459,175)	-
Payments for interfund services used.....	-	-	-	-	(38,285,065)
NET CASH FROM OPERATING ACTIVITIES.....	2,606,568	3,105,330	(23,893)	5,688,005	(967,487)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in.....	-	23,500	101,905	125,405	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the issuance of bonds and notes.....	1,439,440	3,236,350	-	4,675,790	-
Premium from issuance of bonds and notes.....	49,438	37,089	-	86,527	-
Acquisition and construction of capital assets.....	(3,102,651)	(280,204)	-	(3,382,855)	-
Principal payments on bonds and notes.....	(2,996,765)	(2,948,251)	(24,000)	(5,969,016)	-
Interest expense.....	(483,341)	(176,059)	(2,755)	(662,155)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(5,093,879)	(131,075)	(26,755)	(5,251,709)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income.....	17,789	20,565	-	38,354	30,620
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(2,469,522)	3,018,320	51,257	600,055	(936,867)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Includes \$9,214,393, \$3,932,540 and \$444 reported as restricted in the Sewer, Water and Veterans Memorial Rink Enterprise Funds, respectively).....	15,017,920	12,596,873	245,854	27,860,647	6,271,400
CASH AND CASH EQUIVALENTS AT END OF YEAR (Includes \$4,654,289, \$3,365,437 and \$444 reported as restricted in the Sewer, Water and Veterans Memorial Rink Enterprise Funds, respectively).....	\$ 12,548,398	\$ 15,615,193	\$ 297,111	\$ 28,460,702	\$ 5,334,533
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (loss).....	\$ 2,702,572	\$ 3,050,378	\$ (70,558)	\$ 5,682,392	\$ (213,028)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Changes in assets and liabilities not requiring current cash flows:					
Depreciation.....	1,026,034	571,765	16,430	1,614,229	-
Net OPEB obligation.....	114,311	197,650	18,772	330,733	-
Changes in assets and liabilities requiring current cash flows:					
Utility liens.....	41,157	28,591	-	69,748	-
User charges.....	(1,027,829)	(775,499)	-	(1,803,328)	-
Departmental and other.....	-	-	-	-	(257,228)
Warrants payable.....	(245,914)	77,250	708	(167,956)	73,155
Accrued payroll.....	955	900	(146)	1,709	-
Other liabilities.....	1,452	-	-	1,452	238,629
Accrued health claims payable.....	-	-	-	-	(809,015)
Workers' compensation claims.....	(19,066)	(35,406)	9,476	(44,996)	-
Compensated absences.....	12,896	(10,299)	1,425	4,022	-
Total adjustments.....	(96,004)	54,952	46,665	5,613	(754,459)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 2,606,568	\$ 3,105,330	\$ (23,893)	\$ 5,688,005	\$ (967,487)

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2013

ASSETS	Pension Trust Fund (As of 12/31/12)	Private Purpose Trust Funds	Agency Funds
Cash and cash equivalents.....	\$ 2,159,042	\$ 589,749	\$ 827,861
Investments:			
U.S. Treasuries and agencies.....	-	2,343,465	-
Pooled real estate funds.....	10,054,542	-	-
Pooled alternative investments.....	6,921,795	-	-
External investment pools (PRIT).....	147,992,180	-	-
Interest and dividends.....	189	-	-
Receivables, net of allowance for uncollectible amounts:			
Departmental and other.....	57,562	-	-
Total assets.....	<u>167,185,310</u>	<u>2,933,214</u>	<u>827,861</u>
LIABILITIES			
Warrants payable.....	11,453	-	7,063
Other liabilities.....	-	-	6,317
Liabilities due depositors.....	-	-	814,481
Total liabilities.....	<u>11,453</u>	<u>-</u>	<u>827,861</u>
NET POSITION			
Assets held in trust for pension benefits and other purposes.....	<u>\$ 167,173,857</u>	<u>\$ 2,933,214</u>	<u>\$ -</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Pension Trust Fund (As of 12/31/12)	Private Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer.....	\$ 14,289,286	\$ -
Plan members.....	4,843,324	-
Private donations.....	-	115,869
Total contributions.....	19,132,610	115,869
Net investment income:		
Net appreciation/(depreciation) in fair value of investments.....	15,434,782	-
Interest.....	2,592	10,349
Dividends.....	5,386,439	-
Total investment income (loss).....	20,823,813	10,349
Less investment expense.....	(1,061,123)	-
Net investment income (loss).....	19,762,690	10,349
Intergovernmental.....	652,635	-
Transfers from other systems.....	357,427	-
TOTAL ADDITIONS.....	39,905,362	126,218
DEDUCTIONS		
Administration.....	435,093	-
Retirement benefits and refunds.....	21,941,363	-
Transfers to other systems.....	692,393	-
Scholarships awarded.....	-	149,975
Housing subsidies.....	-	102,850
TOTAL DEDUCTIONS.....	23,068,849	252,825
CHANGE IN NET POSITION.....	16,836,513	(126,607)
NET POSITION AT BEGINNING OF YEAR.....	150,337,344	3,059,821
NET POSITION AT END OF YEAR.....	\$ 167,173,857	\$ 2,933,214

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. Implementation of New Accounting Principles

For the year ending June 30, 2013, the City implemented the following pronouncements issued by the GASB:

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*

- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

GASB Statement No. 63 identifies net position as the residual of all other elements presented in a statement of financial position, which amends the net asset reporting requirements of Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and other pronouncements, by renaming net assets to net position.

The implementation of GASB Statement No.’s 60, 61 and 62 had no reporting impact for the City.

D. 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.

E. Measurement Focus, Basis of Accounting and Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a 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.

F. 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.

G. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate Taxes, Personal Property Taxes and Tax Liens

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

Real estate 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 1st, November 1st, February 1st, and May 1st and are subject to penalties and interest if they are not paid by the respective due date. 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 Planning/Housing Department administers loan programs that provide housing assistance to residents and capital needs for small businesses. Loans are recorded as receivables upon issuance.

H. 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.

I. 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.

J. 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.

K. Capital Assets

Government-Wide and Proprietary Funds 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 and the proprietary funds' 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 Useful Life (in years)</u>
Land improvements.....	10-50
Buildings and improvements.	5-40
Equipment.....	3-20
Infrastructure.....	10-50
Library books.....	5

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

Governmental Funds Financial Statements

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

L. 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.

M. 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.

N. 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).

O. Net Position and Fund Balances

Government-Wide Financial Statements and Proprietary Funds Financial Statements (Net Position)

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

Net position has been “restricted” for the following:

“Employee benefits” represents amounts restricted for health insurance benefits.

“Loans” represents amounts outstanding for community development block grant program loans receivable.

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

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

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

“Revolving funds” represents amounts restricted for various activities that require a user charge.

“Traffic impact” represents amounts restricted for traffic improvements required by special permit.

“Parking meters” represents amounts restricted for parking meter and off-street parking lot improvements.

“Sale of lots/graves” represents restricted amounts for cemetery improvements.

“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 “Council Orders” voted and 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.

P. 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.

Q. 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.

R. 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.

S. 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.

T. 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.

U. 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 and community preservation fund in conformity with the guidelines described above. The original fiscal year 2013 approved budget for the general fund authorized \$189,147,363 in appropriations and other amounts to be raised. During fiscal year 2013, supplemental appropriations and transfers totaling \$9,502,961 were authorized. The original fiscal year 2013 approved budget for the community preservation fund authorized \$54,123 in appropriations. During fiscal year 2013, supplemental appropriations totaling \$1,618,091 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, 2013, the following governmental fund deficits exist:

Fund	Amount	Funding Source
Police and Fire Detail.....	\$ 491,907	User charges and available funds
CDBG Block Grant.....	47,613	Federal grant
Vocational School Reserve.....	4,128	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, 2013, \$9,440,140 of the City's bank balance of \$125,131,660 was uninsured, uncollateralized and exposed to custodial credit risk.

The City’s investments at June 30, 2013 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.....	\$ 1,721,337	\$ -	\$ 880,166	\$ 841,171
U.S. Agencies.....	2,913,092	504,486	2,335,722	72,884
Corporate bonds.....	469,103	-	469,103	-
Municipal bonds.....	97,274	-	31,396	65,878
Money market mutual funds.....	7,717,326	7,717,326	-	-
External investment pools.....	3,580,916	3,580,916	-	-
Total investments.....	\$ 16,499,048	\$ 11,802,728	\$ 3,716,387	\$ 979,933

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 Tier 1 (approximately 97%) or Tier 2 (approximately 3%).

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, 2013, 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.....	\$ 1,721,337	\$ 1,721,337
U.S. Agencies.....	2,913,092	2,913,092
Corporate bonds.....	469,103	469,103
Municipal bonds.....	97,274	97,274
Total.....	\$ 5,200,806	\$ 5,200,806

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, 2013, the credit quality ratings of the City's debt securities are as follows:

Investment Type	Fair Value	Quality Ratings *				
		A+	A	A-	BBB+	Unrated
Corporate bonds.....	\$ 469,103	\$ 33,783	\$ -	\$ 127,579	\$ 307,741	\$ -
Municipal Bonds.....	97,274	31,396	65,878	-	-	-
Money market mutual funds.....	7,717,326	-	-	-	-	7,717,326
External investment pools.....	3,580,916	-	-	-	-	3,580,916
Total.....	\$ 11,864,619	\$ 65,179	\$ 65,878	\$ 127,579	\$ 307,741	\$ 11,298,242

* 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, 2012, the System is not exposed to custodial credit risk.

Investments Summary

The System's investments at December 31, 2012 are presented below. All investments are presented by investment type with debt securities presented by maturity.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years) Less Than 1</u>
<u>Debt Securities:</u>		
Money market mutual funds.....	\$ 2,159,042	\$ 2,159,042
External investment pools (PRIT).....	147,992,180	147,992,180
Total debt securities.....	<u>\$ 150,151,222</u>	<u>\$ 150,151,222</u>
<u>Other Investments:</u>		
Real estate investments.....	10,054,542	
Alternative investments.....	<u>6,921,795</u>	
Total other investments.....	<u>16,976,337</u>	
Total investments.....	<u>\$ 167,127,559</u>	

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, 2012, \$16,976,337 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, 2012, the System's debt securities were unrated by a national credit rating organization.

NOTE 4 - ACCOUNTS RECEIVABLE

At June 30, 2013, 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 Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,767,430	\$ -	\$ 1,767,430
Real estate tax deferrals.....	494,157	-	494,157
Tax liens.....	1,851,520	-	1,851,520
Motor vehicle and other excise taxes.....	1,841,200	(998,208)	842,992
Community preservation surcharges.....	67,878	-	67,878
Special assessments.....	282,933	-	282,933
Departmental and other.....	1,395,963	(314,943)	1,081,020
Intergovernmental.....	3,223,320	-	3,223,320
Loans.....	2,165,139	-	2,165,139
	<u>\$ 13,089,540</u>	<u>\$ (1,313,151)</u>	<u>\$ 11,776,389</u>

At June 30, 2013, receivables for the water and sewer enterprise fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
User charges.....	\$ 5,763,690	\$ -	\$ 5,763,690
Water and Sewer liens.....	247,133	-	247,133
	<u>\$ 6,010,823</u>	<u>\$ -</u>	<u>\$ 6,010,823</u>

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

	General Fund	Community Development	Community Preservation	Nonmajor Governmental Funds	Total
Receivable type:					
Real estate and personal property taxes....	\$ 1,391,445	\$ -	\$ -	\$ -	\$ 1,391,445
Real estate tax deferrals.....	494,157	-	-	-	494,157
Tax liens.....	1,851,520	-	-	-	1,851,520
Motor vehicle and other excise taxes.....	842,992	-	-	-	842,992
Community preservation surcharges.....	-	-	67,878	-	67,878
Special assessments.....	282,934	-	-	-	282,934
Departmental and other.....	370,476	-	-	380,718	751,194
Intergovernmental.....	600,331	50,943	-	-	651,274
Loans.....	-	2,165,139	-	-	2,165,139
Total.....	\$ 5,833,855	\$ 2,216,082	\$ 67,878	\$ 380,718	\$ 8,498,533

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 19,503,276	\$ 643,600	\$ (50,789)	\$ 20,096,087
<u>Capital assets being depreciated:</u>				
Land improvements.....	17,783,998	2,181,528	-	19,965,526
Buildings and improvements.....	241,711,137	1,582,013	-	243,293,150
Equipment.....	24,349,359	1,129,880	(631,915)	24,847,324
Infrastructure.....	51,498,426	2,097,290	-	53,595,716
Library books.....	1,355,526	256,922	(277,021)	1,335,427
Total capital assets being depreciated.....	336,698,446	7,247,633	(908,936)	343,037,143
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(7,348,315)	(924,210)	-	(8,272,525)
Buildings and improvements.....	(63,898,464)	(5,795,360)	-	(69,693,824)
Equipment.....	(17,440,475)	(1,400,845)	592,985	(18,248,335)
Infrastructure.....	(24,904,856)	(3,887,940)	-	(28,792,796)
Library books.....	(691,597)	(269,095)	277,021	(683,671)
Total accumulated depreciation.....	(114,283,707)	(12,277,450)	870,006	(125,691,151)
Total capital assets being depreciated, net.....	222,414,739	(5,029,817)	(38,930)	217,345,992
Total governmental activities capital assets, net.....	\$ 241,918,015	\$ (4,386,217)	\$ (89,719)	\$ 237,442,079

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 38,550	\$ -	\$ -	\$ 38,550
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	3,160,827	24,760	-	3,185,587
Equipment.....	938,439	70,550	-	1,008,989
Infrastructure.....	34,132,380	3,061,971	(55,322)	37,139,029
Total capital assets being depreciated.....	38,231,646	3,157,281	(55,322)	41,333,605
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(1,404,202)	(87,363)	-	(1,491,565)
Equipment.....	(783,662)	(48,469)	-	(832,131)
Infrastructure.....	(20,406,531)	(890,202)	692	(21,296,041)
Total accumulated depreciation.....	(22,594,395)	(1,026,034)	692	(23,619,737)
Total capital assets being depreciated, net.....	15,637,251	2,131,247	(54,630)	17,713,868
Total sewer activities capital assets, net.....	\$ 15,675,801	\$ 2,131,247	\$ (54,630)	\$ 17,752,418
Water Activities:				
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	\$ 1,104,422	\$ -	\$ -	\$ 1,104,422
Equipment.....	2,069,752	-	(37,196)	2,032,556
Infrastructure.....	20,166,072	280,204	-	20,446,276
Total capital assets being depreciated.....	23,340,246	280,204	(37,196)	23,583,254
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(952,566)	(27,610)	-	(980,176)
Equipment.....	(1,297,048)	(119,374)	37,196	(1,379,226)
Infrastructure.....	(11,606,506)	(424,781)	-	(12,031,287)
Total accumulated depreciation.....	(13,856,120)	(571,765)	37,196	(14,390,689)
Total capital assets being depreciated, net.....	9,484,126	(291,561)	-	9,192,565
Total water activities capital assets, net.....	\$ 9,484,126	\$ (291,561)	\$ -	\$ 9,192,565

	Beginning Balance	Increases	Decreases	Ending Balance
Veterans Memorial Rink Activities:				
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	\$ 83,940	\$ -	\$ -	\$ 83,940
Equipment.....	113,789	-	-	113,789
	<u>197,729</u>	<u>-</u>	<u>-</u>	<u>197,729</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(7,577)	(5,051)	-	(12,628)
Equipment.....	(71,918)	(11,379)	-	(83,297)
	<u>(79,495)</u>	<u>(16,430)</u>	<u>-</u>	<u>(95,925)</u>
Total capital assets being depreciated, net.....	<u>118,234</u>	<u>(16,430)</u>	<u>-</u>	<u>101,805</u>
Total Veterans Memorial Rink activities capital assets, net.....	<u>\$ 118,234</u>	<u>\$ (16,430)</u>	<u>\$ -</u>	<u>\$ 101,805</u>
Total business-type activities capital assets, net.....	<u>\$ 25,278,161</u>	<u>\$ 1,823,256</u>	<u>\$ (54,630)</u>	<u>\$ 27,046,788</u>

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

Governmental Activities:

General government.....	\$ 276,698
Public safety.....	942,374
Education.....	5,292,480
Public works.....	3,824,647
Health and human services.....	33,817
Culture and recreation.....	1,110,427
Community development.....	<u>797,007</u>
Total depreciation expense - governmental activities.....	<u>\$ 12,277,450</u>

Business-Type Activities:

Sewer.....	\$ 1,026,034
Water.....	571,765
Veterans Memorial Rink.....	<u>16,430</u>
Total depreciation expense - business-type activities.....	<u>\$ 1,614,229</u>

NOTE 6 - NET INVESTMENT IN CAPITAL ASSETS

The City's net investment in capital assets at June 30, 2013 are summarized as follows:

Governmental Activities

Capital assets.....	\$	363,133,230
Less accumulated depreciation.....		(125,691,151)
Less outstanding bonds and notes payable.....		(80,598,769)
Add unspent proceeds of capital related debt.....		<u>8,469,402</u>
Net investment in capital assets.....	\$	<u><u>165,312,712</u></u>

Business-Type Activities

Capital assets.....	\$	65,153,137
Less accumulated depreciation.....		(38,106,349)
Less outstanding bonds and notes payable.....		(25,366,592)
Add unspent proceeds of capital related debt.....		<u>7,719,123</u>
Net investment in capital assets.....	\$	<u><u>9,399,319</u></u>

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Receivables and payables between funds at June 30, 2013, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund.....	Police and fire detail nonmajor fund.....	\$ 438,873 (1)
General Fund.....	Highway projects major fund.....	343,030 (1)
General Fund.....	School federal grants nonmajor fund.....	239,905 (1)
General Fund.....	Vocational school reserve nonmajor fund.....	<u>62 (1)</u>
		<u><u>\$ 1,021,870</u></u>

(1) Represents funding of cash deficits in the respective funds.

Interfund transfers for the fiscal year ended June 30, 2013, are summarized as follows:

Transfers Out:	Transfers In:				Total
	General Fund	Nonmajor Governmental Funds	Water Enterprise Fund	Veterans Memorial Rink Enterprise Fund	
General Fund.....	\$ -	\$ 8,100	\$ 23,500	\$ 101,905	\$ 133,505 (1)
Nonmajor Governmental Funds....	80,306	-	-	-	80,306 (2)
	<u>\$ 80,306</u>	<u>\$ 8,100</u>	<u>\$ 23,500</u>	<u>\$ 101,905</u>	<u>\$ 213,811</u>

(1) Represents budgeted transfers to parking management special revenue fund (\$8,100) and to water enterprise fund (\$23,500) to fund compensation increases and general fund subsidy to the Veterans Memorial Rink enterprise fund.

(2) Represents budgeted transfers from the library state aid (\$50,000) and insurance recovery (\$30,306) special revenue funds to the general 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, 2013, is as follows:

Notes Payable - Governmental Funds

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2012	Increases	Decreases	Balance at June 30, 2013
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)	-
BAN	Building Renovations (Banks School).....	6/27/13	6/27/14	1.00%	-	3,500,000	-	3,500,000
Total.....					\$ 5,656,487	\$ 3,500,000	\$ (5,656,487)	\$ 3,500,000

Notes Payable - Sewer Enterprise Fund

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2012	Increases	Decreases	Balance at June 30, 2013
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.....					\$ 1,549,014	\$ -	\$ (1,549,014)	\$ -

Notes Payable - Water Enterprise Fund

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2012	Increases	Decreases	Balance at June 30, 2013
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.....					\$ 2,294,499	\$ -	\$ (2,294,499)	\$ -

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, 2013:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion
Governmental Activities:					
Bonds and notes payable.....	\$ 74,728,344	\$ 10,218,660	\$ (9,346,738)	\$ 75,600,266	\$ 7,745,398
Unamortized deferred premium....	1,625,512	-	(127,009)	1,498,503	127,009
Bonds and notes payable, gross....	76,353,856	10,218,660	(9,473,747)	77,098,769	7,872,407
Workers' compensation claims.....	234,207	553,743	(560,290)	227,660	227,660
Net OPEB obligation.....	68,198,003	40,246,342	(22,545,435)	85,898,910	-
Compensated absences.....	3,792,963	5,350,588	(3,264,758)	5,878,793	3,233,488
Total.....	<u>\$ 148,579,029</u>	<u>\$ 56,369,333</u>	<u>\$ (35,844,230)</u>	<u>\$ 169,104,132</u>	<u>\$ 11,333,555</u>
Business-type Activities:					
Bonds and notes payable.....	\$ 22,114,746	\$ 4,675,790	\$ (2,125,503)	\$ 24,665,033	\$ 2,395,194
Unamortized deferred premium....	740,806	-	(39,247)	701,559	39,251
Bonds and notes payable, gross....	22,855,552	4,675,790	(2,164,750)	25,366,592	2,434,445
Workers' compensation claims.....	96,586	81,972	(126,968)	51,590	51,590
Net OPEB obligation.....	1,259,337	725,473	(394,739)	1,590,071	-
Compensated absences.....	309,113	127,331	(123,309)	313,135	130,941
Total.....	<u>\$ 24,520,588</u>	<u>\$ 5,610,566</u>	<u>\$ (2,809,766)</u>	<u>\$ 27,321,388</u>	<u>\$ 2,616,976</u>

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, 2013, and the debt service requirements are as follows:

Bonds and Notes Payable – Governmental Funds

Project	Interest Rate	Outstanding at June 30, 2012	Issued	Redeemed	Outstanding at June 30, 2013
Building Renovations.....	2.00 - 5.00%	\$ 2,093,000	\$ -	\$ (456,000)	\$ 1,637,000
School Construction.....	2.00 - 5.00%	42,952,844	-	(3,118,638)	39,834,206
Land Development.....	2.00 - 5.00%	4,919,000	-	(1,117,000)	3,802,000
Land Acquisition.....	2.00 - 5.00%	7,625,000	-	(2,365,000)	5,260,000
City Equipment.....	2.00 - 5.00%	1,544,000	-	(246,000)	1,298,000
City Technology.....	2.00 - 5.00%	165,000	-	(95,000)	70,000
Signals and Communications.....	2.00 - 5.00%	512,000	-	(222,000)	290,000
Pond Preservation.....	2.00 - 5.00%	70,000	-	(35,000)	35,000
Streets.....	3.00 - 5.00%	985,000	-	(225,000)	760,000
Drainage.....	3.00 - 5.00%	224,000	-	(21,000)	203,000
Land Acquisition.....	3.00 - 5.00%	3,200,000	-	(160,000)	3,040,000
Building Renovations.....	3.00 - 5.00%	2,659,000	-	(158,600)	2,500,400
City Equipment.....	3.00 - 5.00%	2,414,000	-	(426,000)	1,988,000
Streets.....	3.00 - 5.00%	1,719,000	-	(356,000)	1,363,000
Land Development.....	3.00 - 5.00%	1,558,000	-	(116,000)	1,442,000
Removal of Incinerator Facility.....	3.00 - 5.00%	1,070,000	-	(85,000)	985,000
Yard Structures.....	3.00 - 5.00%	541,000	-	(37,000)	504,000
Design/Engineering.....	3.00 - 5.00%	432,500	-	(100,500)	332,000
City Technology.....	3.00 - 5.00%	45,000	-	(7,000)	38,000
School Building Renovations.....	2.00 - 4.25%	-	450,025	-	450,025
School Equipment.....	2.00 - 4.00%	-	578,750	-	578,750
City Building Renovations.....	2.00 - 4.00%	-	1,226,000	-	1,226,000
Equipment.....	2.00 - 4.00%	-	1,910,222	-	1,910,222
Land Development.....	2.00 - 4.00%	-	1,348,000	-	1,348,000
Streets.....	2.00 - 4.00%	-	1,849,463	-	1,849,463
Technology.....	2.00 - 4.00%	-	266,000	-	266,000
Land Acquisition.....	2.00 - 4.25%	-	975,000	-	975,000
Land Acquisition Refunding.....	2.00 - 4.00%	-	1,615,200	-	1,615,200
Sub-total.....		74,728,344	10,218,660	(9,346,738)	75,600,266
Add: unamortized premium.....		1,625,512	-	(127,009)	1,498,503
Total governmental funds.....		\$ 76,353,856	\$ 10,218,660	\$ (9,473,747)	\$ 77,098,769

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>
2014.....	\$ 7,745,398	\$ 2,635,812	\$ 10,381,210
2015.....	7,056,738	2,535,639	9,592,377
2016.....	6,860,238	2,253,827	9,114,065
2017.....	6,637,238	1,973,679	8,610,917
2018.....	5,877,238	1,704,274	7,581,512
2019.....	5,626,238	1,467,011	7,093,249
2020.....	5,356,238	1,235,975	6,592,213
2021.....	5,076,238	1,027,940	6,104,178
2022.....	4,876,238	835,622	5,711,860
2023.....	4,067,238	650,736	4,717,974
2024.....	3,942,238	510,327	4,452,565
2025.....	3,872,238	373,184	4,245,422
2026.....	2,838,238	243,073	3,081,311
2027.....	2,133,238	161,243	2,294,481
2028.....	1,368,238	100,402	1,468,640
2029.....	1,204,236	63,331	1,267,567
2030.....	337,600	34,948	372,548
2031.....	337,600	24,008	361,608
2032.....	332,600	13,066	345,666
2033.....	55,000	2,338	57,338
Total.....	\$ <u>75,600,266</u>	\$ <u>17,846,435</u>	\$ <u>93,446,701</u>

The City issued \$8,603,460 of general obligation bonds on June 27, 2013 for building renovations, street repairs, land acquisition and other equipment.

Current Refunding - June 27, 2013

On June 27, 2013, the City issued \$1,615,200 in current refunding bonds to refund \$1,650,000 of previously issued and outstanding governmental bonds with an average interest rate of approximately 4.3%. The average interest rate of the current refunding bonds is approximately 4.0%.

The net proceeds of \$1,701,633 (after payment of approximately \$41,000 in bond issuance costs, plus premium of approximately \$127,000) were used to retire the outstanding bonds and related accrued interest.

As a result of this refunding, the City will reduce its total gross debt service payments over the remaining life of the bonds of approximately \$105,000 and will realize an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$95,000.

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

Project	Interest Rate	Outstanding at June 30, 2012	Issued	Redeemed	Outstanding at June 30, 2013
Sewer Projects.....	2.00-5.00%	\$ 3,240,000	\$ -	\$ (340,000)	\$ 2,900,000
Sewer Improvements.....	4.00%	615,000	-	(37,000)	578,000
Sewer Equipment.....	2.00-5.00%	656,000	-	(83,000)	573,000
MWPAT.....	2.00%	2,877,947	-	(218,391)	2,659,556
MWRA.....	0.00%	1,461,240	-	(395,560)	1,065,680
Sewer Projects.....	3.00-5.00%	2,661,000	-	(132,550)	2,528,450
Sewer Improvements.....	3.00-5.00%	3,868,500	-	(194,250)	3,674,250
MWPAT.....	2.00%	384,193	-	-	384,193
Traffic & Signal Improvements....	3.00-5.00%	385,000	-	(47,000)	338,000
Sewer Improvements.....	2.00 - 4.25%	-	1,439,440	-	1,439,440
Sub-total.....		16,148,880	1,439,440	(1,447,751)	16,140,569
Add: unamortized premium.....		570,272	-	(29,242)	541,030
Total sewer enterprise.....		\$ 16,719,152	\$ 1,439,440	\$ (1,476,993)	\$ 16,681,599

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>
2014.....	\$ 1,562,398	\$ 532,114	\$ 2,094,512
2015.....	1,368,569	515,219	1,883,788
2016.....	1,364,782	473,593	1,838,375
2017.....	1,032,042	430,997	1,463,039
2018.....	1,042,471	385,902	1,428,373
2019.....	1,045,009	341,102	1,386,111
2020.....	853,031	299,397	1,152,428
2021.....	856,049	268,926	1,124,975
2022.....	829,125	238,463	1,067,588
2023.....	826,266	202,174	1,028,440
2024.....	829,471	173,233	1,002,704
2025.....	842,740	143,946	986,686
2026.....	785,075	115,325	900,400
2027.....	608,478	91,105	699,583
2028.....	478,027	72,841	550,868
2029.....	472,763	56,874	529,637
2030.....	427,515	42,776	470,291
2031.....	428,281	29,072	457,353
2032.....	406,710	15,786	422,496
2033.....	81,767	2,932	84,699
Total.....	\$ <u>16,140,569</u>	\$ <u>4,431,777</u>	\$ <u>20,572,346</u>

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, 2013, the outstanding principal amount of MWRA loans in the sewer enterprise fund totaled \$1,065,680.

The City issued \$1,439,440 of general obligation bonds on June 27, 2013 for sewer improvement projects.

Water Enterprise

Project	Interest Rate	Outstanding at June 30, 2012	Issued	Redeemed	Outstanding at June 30, 2013
Water Mains.....	4.10-5.00%	\$ 230,000	\$ -	\$ (15,000)	\$ 215,000
Water Improvements.....	4.00%	1,637,000	-	(121,000)	1,516,000
Water Tower.....	2.00-4.00%	80,000	-	(40,000)	40,000
Water Projects.....	3.00-5.00%	339,000	-	(202,000)	137,000
MWRA.....	0.00%	1,544,866	-	(171,652)	1,373,214
Water Mains.....	3.00-5.00%	398,000	-	(19,900)	378,100
Water Improvements.....	3.00-5.00%	1,150,000	-	(59,100)	1,090,900
Water Projects.....	3.00-5.00%	502,000	-	(25,100)	476,900
MWRA.....	0.00%	-	2,156,450	-	2,156,450
Water Improvements.....	2.00-4.25%	-	1,079,900	-	1,079,900
Sub-total.....		5,880,866	3,236,350	(653,752)	8,463,464
Add: unamortized premium.....		165,158	-	(8,469)	156,689
Total water enterprise.....		\$ 6,046,024	\$ 3,236,350	\$ (662,221)	\$ 8,620,153

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

Fiscal Year	Principal	Interest	Total
2014.....	\$ 809,296	\$ 165,216	\$ 974,512
2015.....	738,397	169,375	907,772
2016.....	698,397	155,801	854,198
2017.....	698,396	143,443	841,839
2018.....	673,397	131,182	804,579
2019.....	667,397	118,707	786,104
2020.....	660,397	105,809	766,206
2021.....	645,397	95,376	740,773
2022.....	473,745	86,073	559,818
2023.....	468,745	74,728	543,473
2024.....	253,100	66,075	319,175
2025.....	248,100	57,466	305,566
2026.....	248,100	48,784	296,884
2027.....	248,100	39,921	288,021
2028.....	248,100	30,854	278,954
2029.....	198,100	22,786	220,886
2030.....	147,100	16,839	163,939
2031.....	147,100	11,864	158,964
2032.....	147,100	6,891	153,991
2033.....	45,000	1,912	46,912
Total.....	\$ 8,463,464	\$ 1,549,102	\$ 10,012,566

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, 2013, the outstanding principal amount of MWRA loans in the water enterprise fund totaled \$3,529,664.

During the fiscal year ended June 30, 2013, the City was the recipient of a \$1,320,000 and \$836,450 ten-year interest free water system improvements loans.

The City issued \$1,079,900 of general obligation bonds on June 27, 2013 for water improvement projects.

Veterans Memorial Rink Enterprise

<u>Project</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2012</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2013</u>
Equipment.....	3.00-5.00%	\$ 85,000	\$ -	\$ (24,000)	\$ 61,000
Add: unamortized premium.....		5,376	-	(1,536)	3,840
Total Veterans Memorial Rink.....		\$ 90,376	\$ -	\$ (25,536)	\$ 64,840

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014.....	\$ 23,500	\$ 2,204	\$ 25,704
2015.....	23,500	1,500	25,000
2016.....	14,000	560	14,560
Total.....	\$ 61,000	\$ 4,264	\$ 65,264

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, 2013, the City had the following authorized and unissued debt:

Purpose	Amount
Sewer.....	\$ 5,969,940
Street & traffic improvements.....	4,514,400
School design/construction.....	3,896,274
Water.....	2,132,582
Building renovations.....	1,026,600
Planning.....	1,025,000
Fire pumper truck.....	222,000
Equipment.....	124,000
Technology.....	79,000
Land development.....	51,000
Police communication system.....	45,220
Total.....	\$ 19,086,016

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....	<u>1,247</u>
Total.....	<u>2,577</u>

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:

	<u>Amount</u>
Annual required contribution.....	\$ 40,508,766
Interest on net OPEB obligation.....	2,778,294
Adjustment to annual required contribution.....	<u>(2,315,245)</u>
Annual OPEB cost.....	40,971,815
Contributions made.....	<u>(22,940,174)</u>
Increase in net OPEB obligation.....	18,031,641
Net OPEB obligation at beginning of year.....	<u>69,457,340</u>
Net OPEB obligation at end of year.....	<u><u>\$ 87,488,981</u></u>

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

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOPEBC)</u>	<u>Percentage of AOPEBC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011.....	\$ 36,228,768	68.0%	\$ 51,714,420
June 30, 2012.....	39,383,555	54.9%	69,457,340
June 30, 2013.....	40,971,815	56.0%	87,488,981

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
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.....	\$ 2,540,537
Public safety.....	12,256,413
Education.....	21,853,770
Public works.....	1,523,724
Health and human services.....	531,250
Culture and recreation.....	975,056
Community development.....	<u>565,593</u>
Total AOPEBC - governmental activities.....	<u>40,246,343</u>
Business-Type Activities:	
Sewer.....	250,745
Water.....	433,551
Veterans Memorial Rink.....	<u>41,176</u>
Total AOPEBC - business-type activities.....	<u>725,472</u>
Total.....	<u>\$ 40,971,815</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 healthcare 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, 2013, the amount of the liability for health insurance claims totaled \$2,687,104. Changes in the reported liability since July 1, 2011, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-end
Fiscal year 2012.....	\$ 3,484,000	\$ 36,035,511	\$ (36,023,392)	\$ 3,496,119
Fiscal year 2013.....	3,496,119	37,236,047	(38,045,062)	2,687,104

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, 2013, totaled \$279,250. Changes in the reported liability since July 1, 2011, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-end
Fiscal year 2012.....	\$ 627,000	\$ 108,516	\$ (404,723)	\$ 330,793
Fiscal year 2013.....	330,793	635,715	(687,258)	279,250

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 Projects	Community Development	Community Preservation	City Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,047,898	\$ 2,047,898
Restricted:							
Community preservation.....	-	-	-	21,458,645	-	-	21,458,645
City capital projects.....	-	-	-	-	2,804,784	-	2,804,784
Other postemployment benefits...	8,132,094	-	-	-	-	-	8,132,094
Other special revenue.....	-	-	-	-	-	3,363,997	3,363,997
City federal grants.....	-	-	-	-	-	4,144	4,144
School federal grants.....	-	-	-	-	-	81,541	81,541
City state grants.....	-	-	-	-	-	149,308	149,308
School state grants.....	-	-	-	-	-	8,941	8,941
Insurance recovery.....	-	-	-	-	-	79,600	79,600
Gifts.....	-	-	-	-	-	695,673	695,673
Sale of lots/graves.....	-	-	-	-	-	1,310,312	1,310,312
Revenue reserve.....	-	-	-	-	-	1,101,314	1,101,314
School lunch.....	-	-	-	-	-	488,099	488,099
Parking meters.....	-	-	-	-	-	1,729,621	1,729,621
UDAG nova biomedical.....	-	-	-	-	-	89,194	89,194
Public safety trust funds.....	-	-	-	-	-	1,019,639	1,019,639
Traffic impact fund.....	-	-	-	-	-	2,123,754	2,123,754
School capital projects.....	-	-	-	-	-	1,484,464	1,484,464
Cemetery trust funds.....	-	-	-	-	-	21,673	21,673
Other permanent funds.....	-	-	-	-	-	237,434	237,434
Sub-total - Restricted.....	8,132,094	-	-	21,458,645	2,804,784	13,988,708	46,384,231
Committed:							
Subsequent year's expenditures....	68,451	-	-	-	-	-	68,451
Continuing appropriations.....	4,735,763	-	-	-	-	-	4,735,763
Sub-total - Committed.....	4,804,214	-	-	-	-	-	4,804,214
Assigned:							
Encumbrances.....	1,677,650	-	-	-	-	-	1,677,650
Unassigned.....							
	29,196,820	(26)	(47,613)	-	-	(496,035)	28,653,146
	\$ 43,810,778	\$ (26)	\$ (47,613)	\$ 21,458,645	\$ 2,804,784	\$ 15,540,571	\$ 83,567,139

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, 2013 totals \$1,581,916 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, 2012, the System's membership consists of the following:

Active members.....	906
Inactive members.....	114
Retirees and beneficiaries currently receiving benefits....	<u>774</u>
Total.....	<u><u>1,794</u></u>

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, 2013, 2012, and 2011 were \$13,857,860, \$13,738,814 and \$13,720,343, 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, 2013, the City did not have a net pension obligation.

Funded Status and Funding Progress - The funded status of the plan at January 1, 2013, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/13	\$ 165,040,789	\$ 324,109,193	\$ 159,068,404	50.9%	\$ 50,696,522	313.8%

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, 2013
Actuarial cost method:	Entry age normal
Amortization method:	Increasing payments 4.00%
Remaining amortization period:	22 years (open)
Asset valuation method:	Actuarial value, 5-year smoothing

Actuarial assumptions:

Investment rate of return:	8.25%
Projected salary increases:	3.50%
Inflation rate:	3.50%
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, 2012 are as follows:

Description	Amount	Purpose
Annuity Savings Fund.....	\$ 56,097,773	Active members' contribution balance
Annuity Reserve Fund.....	16,372,817	Retired members' contribution account
Military Service Fund.....	2,225	Military leave of absence contribution balance
Pension Reserve Fund.....	77,014,979	Amounts appropriated to fund future retirement
Pension Fund.....	<u>17,686,063</u>	Remaining net assets
Total.....	<u>\$ 167,173,857</u>	

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 \$16,448,516 for the fiscal year ended June 30, 2013, 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 approximately \$42,000,000 for equipment, street and sidewalks, 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 \$6,413,413 at June 30, 2013.

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, 2013, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the City at June 30, 2013.

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, 2013, 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 - FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS

The GASB has issued the following statements:

- 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 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.
- Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented during fiscal year 2015. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, 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.

These pronouncements will be implemented by their respective implementation dates.

Required Supplementary Information

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Real estate and personal property taxes.....	\$ -	\$ 151,760,623	\$ -	\$ 151,760,623
Motor vehicle and other excise taxes.....	-	6,215,000	-	6,215,000
Hotel/motel tax.....	-	3,100,000	-	3,100,000
Meals taxes.....	-	1,100,000	-	1,100,000
Tax liens.....	-	-	-	-
Payments in lieu of taxes.....	-	54,000	-	54,000
Intergovernmental.....	-	17,429,364	-	17,429,364
Special assessments.....	-	125,000	-	125,000
Penalties and interest on taxes.....	-	510,000	-	510,000
Licenses and permits.....	-	2,500,000	-	2,500,000
Fines and forfeitures.....	-	725,000	-	725,000
Departmental and other.....	-	1,281,000	-	1,281,000
Investment income.....	-	80,000	-	80,000
TOTAL REVENUES.....	-	184,879,987	-	184,879,987
EXPENDITURES				
GENERAL GOVERNMENT				
City Council				
Personnel.....	-	280,117	-	280,117
General.....	-	62,800	-	62,800
Equipment/Unusual.....	32,325	10,000	-	42,325
Capital Improvement.....	982	-	-	982
Total.....	33,307	352,917	-	386,224
Mayor's Office				
Personnel.....	-	287,460	-	287,460
General.....	-	24,850	-	24,850
Equipment/Unusual.....	587,199	1,882,800	-	2,469,999
Capital Improvement.....	2,200	-	-	2,200
Total.....	589,399	2,195,110	-	2,784,509
Auditors				
Personnel.....	-	490,654	-	490,654
General.....	-	7,535	-	7,535
Equipment/Unusual.....	5,749	-	-	5,749
Capital Improvement.....	804	-	12,000	12,804
Total.....	6,553	498,189	12,000	516,742
Treasurer and Collector				
Personnel.....	-	841,101	-	841,101
General.....	5,171	283,600	-	288,771
Equipment/Unusual.....	9,020	5,000	-	14,020
Capital Improvement.....	-	-	30,500	30,500
Total.....	14,191	1,129,701	30,500	1,174,392
Assessors				
Personnel.....	-	356,279	-	356,279
General.....	7,500	87,830	-	95,330
Capital Improvement.....	-	-	6,450	6,450
Total.....	7,500	444,109	6,450	458,059
Certification and Interest on Refunds*.....	-	110,000	-	110,000

* Budgeted amount voted by City Council as part of debt service - interest.

<u>Actual</u>	<u>Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
\$ 152,713,774	\$ -	\$ 152,713,774	\$ 953,151
6,567,957	-	6,567,957	352,957
3,298,311	-	3,298,311	198,311
1,167,324	-	1,167,324	67,324
1,203,258	-	1,203,258	1,203,258
54,812	-	54,812	812
17,365,082	-	17,365,082	(64,282)
130,820	-	130,820	5,820
696,316	-	696,316	186,316
4,259,773	-	4,259,773	1,759,773
725,243	-	725,243	243
1,340,572	-	1,340,572	59,572
110,279	-	110,279	30,279
<u>189,633,521</u>	<u>-</u>	<u>189,633,521</u>	<u>4,753,534</u>
278,699	-	278,699	1,418
60,794	1,800	62,594	206
-	20,325	20,325	22,000
-	982	982	-
<u>339,493</u>	<u>23,107</u>	<u>362,600</u>	<u>23,624</u>
273,397	-	273,397	14,063
23,196	-	23,196	1,654
1,122,943	1,338,597	2,461,540	8,459
-	2,200	2,200	-
<u>1,419,536</u>	<u>1,340,797</u>	<u>2,760,333</u>	<u>24,176</u>
434,553	-	434,553	56,101
5,766	1,063	6,829	706
-	-	-	5,749
-	12,804	12,804	-
<u>440,319</u>	<u>13,867</u>	<u>454,186</u>	<u>62,556</u>
840,719	-	840,719	382
262,164	12,866	275,030	13,741
7,020	-	7,020	7,000
-	30,500	30,500	-
<u>1,109,903</u>	<u>43,366</u>	<u>1,153,269</u>	<u>21,123</u>
328,780	-	328,780	27,499
92,323	155	92,478	2,852
-	6,450	6,450	-
<u>421,103</u>	<u>6,605</u>	<u>427,708</u>	<u>30,351</u>
<u>114,666</u>	<u>75,491</u>	<u>190,157</u>	<u>(80,157)</u>

(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
Purchasing				
Personnel.....	-	216,218	-	216,218
General.....	(4,575)	7,361	-	2,786
Special.....	1,722	228,964	12,461	243,147
Capital Improvement.....	-	12,461	-	12,461
Total.....	<u>(2,853)</u>	<u>465,004</u>	<u>12,461</u>	<u>474,612</u>
Trust Funds				
Personnel.....	200	4,000	-	4,200
General.....	1,575	17,000	-	18,575
Total.....	<u>1,775</u>	<u>21,000</u>	<u>-</u>	<u>22,775</u>
Law Department				
Personnel.....	-	778,988	-	778,988
General.....	170	63,850	-	64,020
Equipment/Unusual.....	106,795	26,000	45,000	177,795
Capital Improvement.....	8,774	-	25,800	34,574
Total.....	<u>115,739</u>	<u>868,838</u>	<u>70,800</u>	<u>1,055,377</u>
Building General Support and Maintenance				
Personnel.....	10,000	1,436,156	-	1,446,156
General.....	61,247	281,000	-	342,247
Equipment/Unusual.....	50,000	30,306	-	80,306
Capital Improvement.....	12,369	-	48,000	60,369
Total.....	<u>133,616</u>	<u>1,747,462</u>	<u>48,000</u>	<u>1,929,078</u>
Utilities				
General.....	65,000	1,310,850	-	1,375,850
Central Telephone Service				
Personnel.....	-	27,707	-	27,707
General.....	14,042	180,000	-	194,042
Total.....	<u>14,042</u>	<u>207,707</u>	<u>-</u>	<u>221,749</u>
Personnel				
Personnel.....	-	257,304	-	257,304
General.....	-	5,750	-	5,750
Equipment/Unusual.....	2,480	23,000	-	25,480
Total.....	<u>2,480</u>	<u>286,054</u>	<u>-</u>	<u>288,534</u>
Work Study				
General.....	-	6,000	-	6,000
City Clerk				
Personnel.....	-	354,487	15,200	369,687
General.....	452	90,200	-	90,652
Capital Improvement.....	-	-	35,130	35,130
Total.....	<u>452</u>	<u>444,687</u>	<u>50,330</u>	<u>495,469</u>
Information Technology				
Personnel.....	-	987,414	-	987,414
General.....	346	300,225	-	300,571
Equipment/Unusual.....	-	10,000	-	10,000
Capital Improvement.....	2,868	-	160,501	163,369
Total.....	<u>3,214</u>	<u>1,297,639</u>	<u>160,501</u>	<u>1,461,354</u>

Actual	Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
215,982	-	215,982	236
6,837	(4,745)	2,092	694
235,587	-	235,587	7,560
-	12,461	12,461	-
<u>458,406</u>	<u>7,716</u>	<u>466,122</u>	<u>8,490</u>
3,200	-	3,200	1,000
4,216	-	4,216	14,359
<u>7,416</u>	<u>-</u>	<u>7,416</u>	<u>15,359</u>
710,734	-	710,734	68,254
49,216	3,963	53,179	10,841
45,395	101,500	146,895	30,900
8,488	26,086	34,574	-
<u>813,833</u>	<u>131,549</u>	<u>945,382</u>	<u>109,995</u>
1,283,102	10,000	1,293,102	153,054
262,115	10,239	272,354	69,893
16,950	63,356	80,306	-
-	60,369	60,369	-
<u>1,562,167</u>	<u>143,964</u>	<u>1,706,131</u>	<u>222,947</u>
<u>1,132,511</u>	<u>79,260</u>	<u>1,211,771</u>	<u>164,079</u>
25,195	-	25,195	2,512
158,818	810	159,628	34,414
<u>184,013</u>	<u>810</u>	<u>184,823</u>	<u>36,926</u>
254,872	-	254,872	2,432
3,857	-	3,857	1,893
11,935	145	12,080	13,400
<u>270,664</u>	<u>145</u>	<u>270,809</u>	<u>17,725</u>
<u>1,160</u>	<u>-</u>	<u>1,160</u>	<u>4,840</u>
369,249	-	369,249	438
63,675	3,086	66,761	23,891
-	35,130	35,130	-
<u>432,924</u>	<u>38,216</u>	<u>471,140</u>	<u>24,329</u>
978,319	-	978,319	9,095
292,642	7,681	300,323	248
9,680	-	9,680	320
-	163,369	163,369	-
<u>1,280,641</u>	<u>171,050</u>	<u>1,451,691</u>	<u>9,663</u>

(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
Voter Registration				
Personnel.....	-	227,503	-	227,503
General.....	1,326	115,500	50,000	166,826
Capital Improvement.....	-	-	10,000	10,000
Total.....	<u>1,326</u>	<u>343,003</u>	<u>60,000</u>	<u>404,329</u>
TOTAL GENERAL GOVERNMENT.....	<u>985,741</u>	<u>11,728,270</u>	<u>451,042</u>	<u>13,165,053</u>
PUBLIC SAFETY				
Police and Animal Control				
Personnel.....	75,000	12,963,024	110,000	13,148,024
General.....	9,912	379,835	-	389,747
Equipment/Unusual.....	8,321	163,433	2,497	174,251
Special.....	-	152,225	-	152,225
Capital Improvement.....	-	-	131,695	131,695
Total.....	<u>93,233</u>	<u>13,658,517</u>	<u>244,192</u>	<u>13,995,942</u>
Dispatch				
Personnel.....	-	1,402,274	-	1,402,274
General.....	-	35,895	-	35,895
Special.....	-	6,600	-	6,600
Total.....	<u>-</u>	<u>1,444,769</u>	<u>-</u>	<u>1,444,769</u>
Fire				
Personnel.....	605,000	12,954,544	-	13,559,544
General.....	52,776	307,818	-	360,594
Equipment/Unusual.....	27,987	63,700	-	91,687
Special.....	28,968	157,425	-	186,393
Capital Improvement.....	-	-	55,000	55,000
Total.....	<u>714,731</u>	<u>13,483,487</u>	<u>55,000</u>	<u>14,253,218</u>
Emergency Management				
Personnel.....	-	69,624	-	69,624
General.....	-	9,400	-	9,400
Equipment/Unusual.....	9,116	6,700	13,000	28,816
Special.....	-	3,500	-	3,500
Capital Improvement.....	-	-	27,000	27,000
Total.....	<u>9,116</u>	<u>89,224</u>	<u>40,000</u>	<u>138,340</u>
Wires General Support and Inspection				
Personnel.....	-	557,666	-	557,666
General.....	42,403	224,550	-	266,953
Equipment/Unusual.....	-	8,000	-	8,000
Capital Improvement.....	-	-	10,000	10,000
Total.....	<u>42,403</u>	<u>790,216</u>	<u>10,000</u>	<u>842,619</u>
Licensing				
Personnel.....	-	12,600	-	12,600
General.....	-	3,900	-	3,900
Total.....	<u>-</u>	<u>16,500</u>	<u>-</u>	<u>16,500</u>
TOTAL PUBLIC SAFETY.....	<u>859,483</u>	<u>29,482,713</u>	<u>349,192</u>	<u>30,691,388</u>

<u>Actual</u>	<u>Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
227,356	-	227,356	147
134,784	10,562	145,346	21,480
-	10,000	10,000	-
<u>362,140</u>	<u>20,562</u>	<u>382,702</u>	<u>21,627</u>
10,350,895	2,096,505	12,447,400	717,653
13,059,186	75,000	13,134,186	13,838
269,828	33,789	303,617	86,130
156,288	12,276	168,564	5,687
143,984	3,566	147,550	4,675
-	131,695	131,695	-
<u>13,629,286</u>	<u>256,326</u>	<u>13,885,612</u>	<u>110,330</u>
1,289,208	-	1,289,208	113,066
32,842	-	32,842	3,053
6,549	-	6,549	51
<u>1,328,599</u>	<u>-</u>	<u>1,328,599</u>	<u>116,170</u>
12,728,807	609,000	13,337,807	221,737
275,109	73,108	348,217	12,377
65,971	24,301	90,272	1,415
122,720	61,229	183,949	2,444
-	55,000	55,000	-
<u>13,192,607</u>	<u>822,638</u>	<u>14,015,245</u>	<u>237,973</u>
69,537	-	69,537	87
7,169	867	8,036	1,364
3,973	13,000	16,973	11,843
3,495	-	3,495	5
-	27,000	27,000	-
<u>84,174</u>	<u>40,867</u>	<u>125,041</u>	<u>13,299</u>
557,180	-	557,180	486
226,409	24,676	251,085	15,868
6,053	983	7,036	964
-	10,000	10,000	-
<u>789,642</u>	<u>35,659</u>	<u>825,301</u>	<u>17,318</u>
12,477	-	12,477	123
3,484	-	3,484	416
<u>15,961</u>	<u>-</u>	<u>15,961</u>	<u>539</u>
<u>29,040,269</u>	<u>1,155,490</u>	<u>30,195,759</u>	<u>495,629</u>

(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
EDUCATION				
Personnel.....	163,063	51,342,601	-	51,505,664
General.....	996,624	14,864,944	123,201	15,984,769
Professional Development.....	-	303,769	-	303,769
Capital Improvement.....	6,550	188,135	-	194,685
TOTAL EDUCATION.....	1,166,237	66,699,449	123,201	67,988,887
PUBLIC WORKS				
Consolidated Public Works Administration				
Personnel.....	25,000	3,727,890	-	3,752,890
General.....	8,969	1,170,800	-	1,179,769
Equipment/Unusual.....	355,134	213,000	-	568,134
Capital Improvement.....	80,182	-	157,500	237,682
Total.....	469,285	5,111,690	157,500	5,738,475
Snow and Ice Removal				
Personnel.....	-	100,000	155,000	255,000
General.....	8,268	1,268,000	285,000	1,561,268
Total.....	8,268	1,368,000	440,000	1,816,268
Street Lighting				
General.....	47,239	530,000	-	577,239
Collection and Disposal of Rubbish				
Equipment/Unusual.....	232,784	5,135,000	100,000	5,467,784
Cemetery Commission				
Personnel.....	200	3,000	-	3,200
TOTAL PUBLIC WORKS.....	757,776	12,147,690	697,500	13,602,966
COMMUNITY DEVELOPMENT				
Planning				
Personnel.....	-	172,554	-	172,554
General.....	-	1,150	-	1,150
Capital Improvement.....	72,895	-	300,236	373,131
Total.....	72,895	173,704	300,236	546,835
Housing				
Personnel.....	-	149,247	-	149,247
General.....	-	1,350	-	1,350
Total.....	-	150,597	-	150,597
Board of Survey and Planning				
Personnel.....	-	17,000	-	17,000
General.....	-	4,400	-	4,400
Total.....	-	21,400	-	21,400
Zoning Board of Appeals				
Personnel.....	1,500	17,600	-	19,100
General.....	227	20,500	-	20,727
Capital Improvement.....	-	-	2,400	2,400
Total.....	1,727	38,100	2,400	42,227

<u>Actual</u>	<u>Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
50,277,600	-	50,277,600	1,228,064
14,664,466	1,059,485	15,723,951	260,818
328,275	-	328,275	(24,506)
41,453	128,268	169,721	24,964
<u>65,311,794</u>	<u>1,187,753</u>	<u>66,499,547</u>	<u>1,489,340</u>
3,518,701	25,000	3,543,701	209,189
1,078,181	12,459	1,090,640	89,129
169,551	370,291	539,842	28,292
6,136	231,546	237,682	-
<u>4,772,569</u>	<u>639,296</u>	<u>5,411,865</u>	<u>326,610</u>
249,713	-	249,713	5,287
1,490,253	13,255	1,503,508	57,760
<u>1,739,966</u>	<u>13,255</u>	<u>1,753,221</u>	<u>63,047</u>
<u>555,020</u>	<u>14,841</u>	<u>569,861</u>	<u>7,378</u>
<u>4,905,136</u>	<u>449,392</u>	<u>5,354,528</u>	<u>113,256</u>
<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>200</u>
<u>11,975,691</u>	<u>1,116,784</u>	<u>13,092,475</u>	<u>510,491</u>
74,941	-	74,941	97,613
1,104	-	1,104	46
-	373,131	373,131	-
<u>76,045</u>	<u>373,131</u>	<u>449,176</u>	<u>97,659</u>
145,817	-	145,817	3,430
1,343	-	1,343	7
<u>147,160</u>	<u>-</u>	<u>147,160</u>	<u>3,437</u>
14,300	-	14,300	2,700
3,207	-	3,207	1,193
<u>17,507</u>	<u>-</u>	<u>17,507</u>	<u>3,893</u>
17,300	-	17,300	1,800
18,993	431	19,424	1,303
-	2,400	2,400	-
<u>36,293</u>	<u>2,831</u>	<u>39,124</u>	<u>3,103</u>

(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
Traffic Engineering				
Personnel.....	-	302,460	-	302,460
General.....	3,672	45,020	-	48,692
Equipment/Unusual.....	3,938	50,000	-	53,938
Capital Improvement.....	-	-	8,000	8,000
Total.....	7,610	397,480	8,000	413,090
Conservation Commission				
Personnel.....	-	42,500	-	42,500
General.....	342	2,900	-	3,242
Capital Improvement.....	53,915	-	-	53,915
Total.....	54,257	45,400	-	99,657
Historical Commission				
Personnel.....	-	30,500	-	30,500
General.....	22	3,875	-	3,897
Equipment/Unusual.....	1,619	4,200	-	5,819
Total.....	1,641	38,575	-	40,216
Paine Estate				
Personnel.....	-	173,920	-	173,920
General.....	2,476	32,000	-	34,476
Capital Improvement.....	-	-	3,830	3,830
Total.....	2,476	205,920	3,830	212,226
Engineering				
Personnel.....	-	369,542	-	369,542
General.....	1,200	6,850	-	8,050
Equipment/Unusual.....	14,738	-	-	14,738
Total.....	15,938	376,392	-	392,330
TOTAL COMMUNITY DEVELOPMENT.....	156,544	1,447,568	314,466	1,918,578
HEALTH AND HUMAN SERVICES				
Health				
Personnel.....	500	767,320	-	767,820
General.....	208	43,925	-	44,133
Equipment/Unusual.....	-	600	-	600
Capital Improvement.....	-	-	10,000	10,000
Total.....	708	811,845	10,000	822,553
Veterans				
Personnel.....	-	165,262	9,600	174,862
General.....	-	210,275	30,000	240,275
Total.....	-	375,537	39,600	415,137
Council on Aging				
Personnel.....	-	355,475	-	355,475
General.....	11,794	152,737	-	164,531
Capital Improvement.....	-	-	75,500	75,500
Total.....	11,794	508,212	75,500	595,506
Celebration of Holidays				
General.....	10,000	11,100	-	21,100

Actual	Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
299,811	-	299,811	2,649
45,362	13	45,375	3,317
3,938	50,000	53,938	-
-	8,000	8,000	-
<u>349,111</u>	<u>58,013</u>	<u>407,124</u>	<u>5,966</u>
28,327	-	28,327	14,173
2,456	-	2,456	786
-	53,915	53,915	-
<u>30,783</u>	<u>53,915</u>	<u>84,698</u>	<u>14,959</u>
28,300	-	28,300	2,200
3,338	148	3,486	411
3,832	1,045	4,877	942
<u>35,470</u>	<u>1,193</u>	<u>36,663</u>	<u>3,553</u>
173,822	-	173,822	98
26,578	384	26,962	7,514
-	3,830	3,830	-
<u>200,400</u>	<u>4,214</u>	<u>204,614</u>	<u>7,612</u>
363,992	-	363,992	5,550
7,614	109	7,723	327
-	-	-	14,738
<u>371,606</u>	<u>109</u>	<u>371,715</u>	<u>20,615</u>
<u>1,264,375</u>	<u>493,406</u>	<u>1,757,781</u>	<u>160,797</u>
759,688	-	759,688	8,132
41,739	21	41,760	2,373
600	-	600	-
-	10,000	10,000	-
<u>802,027</u>	<u>10,021</u>	<u>812,048</u>	<u>10,505</u>
174,128	-	174,128	734
222,492	-	222,492	17,783
<u>396,620</u>	<u>-</u>	<u>396,620</u>	<u>18,517</u>
342,036	-	342,036	13,439
155,387	9,144	164,531	-
-	75,500	75,500	-
<u>497,423</u>	<u>84,644</u>	<u>582,067</u>	<u>13,439</u>
<u>11,000</u>	<u>10,000</u>	<u>21,000</u>	<u>100</u>

(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
Disabilities Services Commission				
Personnel.....	-	7,000	-	7,000
General.....	-	200	-	200
Total.....	<u>-</u>	<u>7,200</u>	<u>-</u>	<u>7,200</u>
TOTAL HEALTH AND HUMAN SERVICES.....	22,502	1,713,894	125,100	1,861,496
CULTURE AND RECREATION				
Library				
Personnel.....	-	1,912,815	-	1,912,815
General.....	2,330	260,600	50,000	312,930
Equipment/Unusual.....	2,375	61,000	-	63,375
Capital Improvement.....	-	-	101,000	101,000
Total.....	<u>4,705</u>	<u>2,234,415</u>	<u>151,000</u>	<u>2,390,120</u>
Recreation				
Personnel.....	-	454,862	-	454,862
General.....	-	14,500	-	14,500
Equipment/Unusual.....	70,000	32,000	-	102,000
Capital Improvement.....	45,000	-	46,856	91,856
Total.....	<u>115,000</u>	<u>501,362</u>	<u>46,856</u>	<u>663,218</u>
Playgrounds				
Personnel.....	-	55,200	-	55,200
General.....	36,654	264,300	-	300,954
Equipment/Unusual.....	-	3,500	-	3,500
Total.....	<u>36,654</u>	<u>323,000</u>	<u>-</u>	<u>359,654</u>
Summer Fun				
Personnel.....	-	59,796	-	59,796
General.....	149	13,300	-	13,449
Total.....	<u>149</u>	<u>73,096</u>	<u>-</u>	<u>73,245</u>
Support of Recreation Activities				
General.....	8,000	102,000	-	110,000
Equipment/Unusual.....	-	8,000	-	8,000
Total.....	<u>8,000</u>	<u>110,000</u>	<u>-</u>	<u>118,000</u>
TOTAL CULTURE AND RECREATION.....	164,508	3,241,873	197,856	3,604,237
PENSION BENEFITS				
Contributory Retirement System.....	-	13,857,860	-	13,857,860
Non-Contributory Pension Benefits.....	-	31,000	-	31,000
TOTAL PENSION BENEFITS.....	-	13,888,860	-	13,888,860
EMPLOYEE BENEFITS				
Worker's Compensation.....	20,112	485,000	200,000	705,112
Optional Medical Extension.....	-	1,700,000	-	1,700,000
Hospital and Medical Insurance.....	119,732	34,185,896	-	34,305,628
Group Life Insurance.....	(2,018)	87,018	-	85,000
Social Security.....	-	30,000	-	30,000
Unemployment.....	4,620	40,000	-	44,620
TOTAL EMPLOYEE BENEFITS.....	142,446	36,527,914	200,000	36,870,360

<u>Actual</u>	<u>Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
6,700	-	6,700	300
200	-	200	-
<u>6,900</u>	<u>-</u>	<u>6,900</u>	<u>300</u>
1,713,970	104,665	1,818,635	42,861
1,841,453	-	1,841,453	71,362
307,006	4,965	311,971	959
61,851	-	61,851	1,524
-	101,000	101,000	-
<u>2,210,310</u>	<u>105,965</u>	<u>2,316,275</u>	<u>73,845</u>
442,744	-	442,744	12,118
12,165	-	12,165	2,335
75,750	-	75,750	26,250
27,457	64,399	91,856	-
<u>558,116</u>	<u>64,399</u>	<u>622,515</u>	<u>40,703</u>
44,898	-	44,898	10,302
260,549	36,800	297,349	3,605
1,586	-	1,586	1,914
<u>307,033</u>	<u>36,800</u>	<u>343,833</u>	<u>15,821</u>
59,796	-	59,796	-
10,726	259	10,985	2,464
<u>70,522</u>	<u>259</u>	<u>70,781</u>	<u>2,464</u>
74,789	10,050	84,839	25,161
5,200	1,500	6,700	1,300
<u>79,989</u>	<u>11,550</u>	<u>91,539</u>	<u>26,461</u>
3,225,970	218,973	3,444,943	159,294
13,857,860	-	13,857,860	-
21,994	-	21,994	9,006
<u>13,879,854</u>	<u>-</u>	<u>13,879,854</u>	<u>9,006</u>
703,083	2,029	705,112	-
1,700,000	-	1,700,000	-
34,285,617	8,400	34,294,017	11,611
69,193	6,271	75,464	9,536
30,000	-	30,000	-
(5,557)	23,137	17,580	27,040
<u>36,782,336</u>	<u>39,837</u>	<u>36,822,173</u>	<u>48,187</u>

(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
STATE AND COUNTY CHARGES	-	1,578,870	-	1,578,870
DEBT SERVICE				
Principal.....	-	7,720,738	-	7,720,738
Interest.....	-	2,867,619	-	2,867,619
TOTAL DEBT SERVICE	-	10,588,357	-	10,588,357
TOTAL EXPENDITURES	4,255,237	189,045,458	2,458,357	195,759,052
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,255,237)	(4,165,471)	(2,458,357)	(10,879,065)
OTHER FINANCING SOURCES (USES):				
Premium from issuance of bonds.....	-	-	-	-
Transfers in.....	-	4,266,755	80,306	4,347,061
Transfers out.....	-	(101,905)	(7,044,604)	(7,146,509)
Total other financing sources (uses).....	-	4,164,850	(6,964,298)	(2,799,448)
NET CHANGE IN FUND BALANCE	(4,255,237)	(621)	(9,422,655)	(13,678,513)
FUND BALANCE AT BEGINNING OF YEAR	33,987,630	33,987,630	33,987,630	33,987,630
FUND BALANCE AT END OF YEAR	\$ 29,732,393	\$ 33,987,009	\$ 24,564,975	\$ 20,309,117

See notes to required supplementary information.

<u>Actual</u>	<u>Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
1,597,185	-	1,597,185	(18,315)
7,720,738	-	7,720,738	-
2,723,585	-	2,723,585	144,034
10,444,323	-	10,444,323	144,034
185,586,662	6,413,413	192,000,075	3,758,977
4,046,859	(6,413,413)	(2,366,554)	8,512,511
362,232	-	362,232	362,232
3,794,936	-	3,794,936	(552,125)
(7,146,509)	-	(7,146,509)	-
(2,989,341)	-	(2,989,341)	(189,893)
1,057,518	(6,413,413)	(5,355,895)	8,322,618
33,987,630	33,987,630	33,987,630	-
<u>\$ 35,045,148</u>	<u>\$ 27,574,217</u>	<u>\$ 28,631,735</u>	<u>\$ 8,322,618</u>

(concluded)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Community preservation surcharges.....	\$ -	\$ 2,200,000	\$ -	\$ 2,200,000
Intergovernmental	-	642,082	-	642,082
Penalties and interest on taxes.....	-	-	-	-
Investment income.....	-	37,000	-	37,000
TOTAL REVENUES.....	-	2,879,082	-	2,879,082
EXPENDITURES				
Personnel.....	-	37,323	-	37,323
General.....	217	15,800	-	16,017
Equipment/Unusual.....	-	1,000	-	1,000
Capital Improvement.....	2,449,759	-	1,618,091	4,067,850
TOTAL EXPENDITURES.....	2,449,976	54,123	1,618,091	4,122,190
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(2,449,976)	2,824,959	(1,618,091)	(1,243,108)
FUND BALANCE AT BEGINNING OF YEAR.....	18,931,857	18,931,857	18,931,857	18,931,857
FUND BALANCE AT END OF YEAR.....	\$ 16,481,881	\$ 21,756,816	\$ 17,313,766	\$ 17,688,749

See notes to required supplementary information.

	<u>Actual</u>	<u>Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
\$	2,469,122	\$ -	\$ 2,469,122	\$ 269,122
	642,082	-	642,082	-
	5,774	-	5,774	5,774
	39,386	-	39,386	2,386
	<u>3,156,364</u>	<u>-</u>	<u>3,156,364</u>	<u>277,282</u>
	33,280	-	33,280	4,043
	14,554	136	14,690	1,327
	430	-	430	570
	<u>1,671,859</u>	<u>2,395,991</u>	<u>4,067,850</u>	<u>-</u>
	<u>1,720,123</u>	<u>2,396,127</u>	<u>4,116,250</u>	<u>5,940</u>
	<u>1,436,241</u>	<u>(2,396,127)</u>	<u>(959,886)</u>	<u>283,222</u>
	<u>18,931,857</u>	<u>18,931,857</u>	<u>18,931,857</u>	<u>-</u>
\$	<u><u>20,368,098</u></u>	<u><u>16,535,730</u></u>	<u><u>17,971,971</u></u>	<u><u>283,222</u></u>

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 Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/13	\$ 165,040,789	\$ 324,109,193	\$ 159,068,404	50.9%	\$ 50,696,522	313.8%
01/01/11	168,017,364	301,356,797	133,339,433	55.8%	48,493,764	275.0%
01/01/10	160,564,692	279,108,340	118,543,648	57.5%	47,443,385	249.9%
01/01/08	161,934,253	251,353,888	89,419,635	64.4%	45,151,147	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%

SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)

Year Ended December 31	Annually Required Contributions (ARC)	Percentage of ARC Contributed (%)
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
2012	14,289,286	100

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

CITY SHARE OF SYSTEM ARC

Fiscal Year Ended	ARC	Percentage of ARC Contributed (%)	City ARC as a Percentage of System ARC (%)
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%
2013	13,857,860	100	97.0%

OTHER POSTEMPLOYMENT BENEFITS SCHEDULES

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

SCHEDULES OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
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 and community preservation fund for the fiscal year ended June 30, 2013, is presented below:

General Fund

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 189,633,521	\$ 192,000,075	\$ (2,989,341)
<u>Adjustments</u>			
Net change in recording 60-day receipts.....	(187,572)	-	-
Net change in recording tax refunds payable.....	(233,064)	-	-
Net change in recording other revenues.....	171,205	-	-
To record MTRS on-behalf payments.....	16,448,516	16,448,516	-
To allocate indirect costs to functional line items.....	-	(3,714,630)	(3,714,630)
To record encumbrances and continuing appropriations.....	-	(6,413,413)	-
Sub-total.....	205,832,606	198,320,548	(6,703,971)
<u>Reclassifications</u>			
To reclassify the stabilization fund to the general fund.....	3,156	-	-
To reclassify the other postemployment benefit fund to the general fund....	(13,828)	(997,116)	7,013,004
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ <u>205,821,934</u>	\$ <u>197,323,432</u>	\$ <u>309,033</u>

Community Preservation Fund

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 3,156,364	\$ 4,116,250
<u>Adjustments</u>		
Net change in recording revenues.....	646,562	-
Net change in recording other expenditures.....	-	146,108
To record encumbrances and continuing appropriations.....	-	(2,396,127)
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ <u>3,802,926</u>	\$ <u>1,866,231</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.

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

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 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, 2013

	<i>Special Revenue Funds</i>						
	Other Special Revenue	City Federal Grants	School Federal Grants	City State Grants	School State Grants	Insurance Recovery	Gifts
ASSETS							
Restricted cash and cash equivalents.....	\$ 3,380,817	\$ 4,144	\$ -	\$ 177,171	\$ 9,593	\$ 79,600	\$ 704,575
Restricted investments.....	-	-	-	-	-	-	-
Receivables, net of uncollectibles:							
Departmental and other.....	499	-	-	-	-	-	-
Intergovernmental.....	-	-	349,857	-	-	-	-
TOTAL ASSETS.....	\$ 3,381,316	\$ 4,144	\$ 349,857	\$ 177,171	\$ 9,593	\$ 79,600	\$ 704,575
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Warrants payable.....	\$ 15,788	\$ -	\$ 28,411	\$ 27,863	\$ 652	\$ -	\$ 8,902
Accrued payroll.....	1,032	-	-	-	-	-	-
Deferred revenue.....	499	-	-	-	-	-	-
Due to other funds.....	-	-	239,905	-	-	-	-
Short-term notes payable.....	-	-	-	-	-	-	-
TOTAL LIABILITIES.....	17,319	-	268,316	27,863	652	-	8,902
FUND BALANCES:							
Nonspendable.....	-	-	-	-	-	-	-
Restricted.....	3,363,997	4,144	81,541	149,308	8,941	79,600	695,673
Unassigned.....	-	-	-	-	-	-	-
TOTAL FUND BALANCES.....	3,363,997	4,144	81,541	149,308	8,941	79,600	695,673
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 3,381,316	\$ 4,144	\$ 349,857	\$ 177,171	\$ 9,593	\$ 79,600	\$ 704,575

Special Revenue Funds

<u>Sale of Lots/Graves</u>	<u>Revenue Reserve</u>	<u>School Lunch</u>	<u>Parking Meters</u>	<u>UDAG Nova Biomedical</u>	<u>Vocational School Reserve</u>
\$ 1,310,312	\$ 689,408	\$ 509,150	\$ 1,734,091	\$ 89,194	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	419,336	-	-	-	-
<u>\$ 1,310,312</u>	<u>\$ 1,108,744</u>	<u>\$ 509,150</u>	<u>\$ 1,734,091</u>	<u>\$ 89,194</u>	<u>\$ -</u>
\$ -	\$ 7,430	\$ 21,051	\$ 206	\$ -	\$ 4,066
-	-	-	4,264	-	-
-	-	-	-	-	-
-	-	-	-	-	62
-	-	-	-	-	-
-	7,430	21,051	4,470	-	4,128
-	-	-	-	-	-
1,310,312	1,101,314	488,099	1,729,621	89,194	-
-	-	-	-	-	(4,128)
<u>1,310,312</u>	<u>1,101,314</u>	<u>488,099</u>	<u>1,729,621</u>	<u>89,194</u>	<u>(4,128)</u>
<u>\$ 1,310,312</u>	<u>\$ 1,108,744</u>	<u>\$ 509,150</u>	<u>\$ 1,734,091</u>	<u>\$ 89,194</u>	<u>\$ -</u>

(continued)

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2013

	<i>Special Revenue Funds</i>				<i>Capital Projects</i>
	Public Safety	Traffic Impact Fund	Police and Fire Detail	Sub-total	School Capital Projects
ASSETS					
Restricted cash and cash equivalents.....	\$ 1,065,148	\$ 2,123,754	\$ -	\$ 11,876,957	\$ 1,497,724
Restricted investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	380,219	380,718	-
Intergovernmental.....	-	-	-	769,193	-
TOTAL ASSETS.....	\$ 1,065,148	\$ 2,123,754	\$ 380,219	\$ 13,026,868	\$ 1,497,724
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 45,509	\$ -	\$ -	\$ 159,878	\$ 13,260
Accrued payroll.....	-	-	53,034	58,330	-
Deferred revenue.....	-	-	380,219	380,718	-
Due to other funds.....	-	-	438,873	678,840	-
Short-term notes payable.....	-	-	-	-	-
TOTAL LIABILITIES.....	45,509	-	872,126	1,277,766	13,260
FUND BALANCES:					
Nonspendable.....	-	-	-	-	-
Restricted.....	1,019,639	2,123,754	-	12,245,137	1,484,464
Unassigned.....	-	-	(491,907)	(496,035)	-
TOTAL FUND BALANCES.....	1,019,639	2,123,754	(491,907)	11,749,102	1,484,464
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 1,065,148	\$ 2,123,754	\$ 380,219	\$ 13,026,868	\$ 1,497,724

<i>Permanent Funds</i>			<i>Total</i>
<i>Cemetery Trust Funds</i>	<i>Other Permanent Funds</i>	<i>Sub-total</i>	<i>Nonmajor Governmental Funds</i>
\$ 330,515	\$ 179,104	\$ 509,619	\$ 13,884,300
1,489,871	307,515	1,797,386	1,797,386
-	-	-	380,718
-	-	-	769,193
<u>\$ 1,820,386</u>	<u>\$ 486,619</u>	<u>\$ 2,307,005</u>	<u>\$ 16,831,597</u>

\$ -	\$ -	\$ -	\$ 173,138
-	-	-	58,330
-	-	-	380,718
-	-	-	678,840
-	-	-	-
-	-	-	1,291,026
1,798,713	249,185	2,047,898	2,047,898
21,673	237,434	259,107	13,988,708
-	-	-	(496,035)
<u>1,820,386</u>	<u>486,619</u>	<u>2,307,005</u>	<u>15,540,571</u>
<u>\$ 1,820,386</u>	<u>\$ 486,619</u>	<u>\$ 2,307,005</u>	<u>\$ 16,831,597</u>

(concluded)

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<i>Special Revenue Funds</i>						
	Other Special Revenue	City Federal Grants	School Federal Grants	City State Grants	School State Grants	Insurance Recovery	Gifts
REVENUES							
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	58,274	30,767	2,442,314	398,239	194,050	-	-
Fines and forfeitures.....	-	-	-	-	-	-	-
Departmental and other.....	375,557	-	-	-	-	98,174	-
Contributions.....	480,106	-	-	-	-	-	101,841
Investment income.....	-	-	-	22	-	-	94
TOTAL REVENUES.....	913,937	30,767	2,442,314	398,261	194,050	98,174	101,935
EXPENDITURES							
Current:							
General government.....	59,956	-	-	15,817	-	1,778	8,900
Public safety.....	-	23,343	-	356,299	-	337	45,505
Education.....	1,075	-	3,130,603	-	233,449	-	-
Public works.....	-	-	-	-	-	19,061	2,000
Health and human services.....	92,265	-	-	73,002	-	-	14,041
Culture and recreation.....	189,520	3,280	-	16	-	-	7,688
Community development.....	-	-	-	4,000	-	-	24,117
TOTAL EXPENDITURES.....	342,816	26,623	3,130,603	449,134	233,449	21,176	102,251
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	571,121	4,144	(688,289)	(50,873)	(39,399)	76,998	(316)
OTHER FINANCING SOURCES (USES)							
Transfers in.....	-	-	-	-	-	-	-
Issuance of bonds and notes.....	-	-	-	-	-	-	-
Sale of capital assets.....	52,748	-	-	-	-	-	-
Transfers out.....	(50,000)	-	-	-	-	(30,306)	-
TOTAL OTHER FINANCING SOURCES (USES)....	2,748	-	-	-	-	(30,306)	-
NET CHANGE IN FUND BALANCES.....	573,869	4,144	(688,289)	(50,873)	(39,399)	46,692	(316)
FUND BALANCES AT BEGINNING OF YEAR.....	2,790,128	-	769,830	200,181	48,340	32,908	695,989
FUND BALANCES AT END OF YEAR.....	\$ 3,363,997	\$ 4,144	\$ 81,541	\$ 149,308	\$ 8,941	\$ 79,600	\$ 695,673

Special Revenue Funds

Sale of Lots/Graves	Revenue Reserve	School Lunch	Parking Meters	UDAG Nova Biomedical	Vocational School Reserve
\$ -	\$ 141,392	\$ 682,274	\$ -	\$ -	\$ -
-	1,449,768	1,040,052	-	-	-
-	-	-	103,240	-	-
77,900	309,121	-	513,599	-	69,726
-	41,594	-	-	-	-
-	185	214	-	222	-
<u>77,900</u>	<u>1,942,060</u>	<u>1,722,540</u>	<u>616,839</u>	<u>222</u>	<u>69,726</u>
-	-	-	-	-	-
-	2,490,417	1,868,424	-	-	70,494
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	456,309	-	-
<u>-</u>	<u>2,490,417</u>	<u>1,868,424</u>	<u>456,309</u>	<u>-</u>	<u>70,494</u>
<u>77,900</u>	<u>(548,357)</u>	<u>(145,884)</u>	<u>160,530</u>	<u>222</u>	<u>(768)</u>
-	-	-	8,100	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>8,100</u>	<u>-</u>	<u>-</u>
<u>77,900</u>	<u>(548,357)</u>	<u>(145,884)</u>	<u>168,630</u>	<u>222</u>	<u>(768)</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>\$ 1,310,312</u>	<u>\$ 1,101,314</u>	<u>\$ 488,099</u>	<u>\$ 1,729,621</u>	<u>\$ 89,194</u>	<u>\$ (4,128)</u>

(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Special Revenue Funds</u>				<u>Capital Projects</u>
	<u>Public Safety</u>	<u>Traffic Impact Fund</u>	<u>Police and Fire Detail</u>	<u>Sub-total</u>	<u>School Capital Projects</u>
REVENUES					
Charges for services.....	\$ -	\$ -	\$ 2,212,949	\$ 3,036,615	\$ -
Intergovernmental	-	-	-	5,613,464	-
Fines and forfeitures.....	-	-	-	103,240	-
Departmental and other.....	391,211	415,030	-	2,250,318	-
Contributions.....	-	-	-	623,541	-
Investment income.....	2,340	1,658	-	4,735	-
TOTAL REVENUES.....	393,551	416,688	2,212,949	11,631,913	-
EXPENDITURES					
Current					
General government.....	-	-	-	86,451	-
Public safety.....	226,899	-	2,336,388	2,988,771	-
Education.....	-	-	-	7,794,462	289,428
Public works.....	-	-	-	21,061	-
Health and human services.....	-	-	-	179,308	-
Culture and recreation.....	-	-	-	200,504	-
Community development.....	-	14,506	-	498,932	-
TOTAL EXPENDITURES.....	226,899	14,506	2,336,388	11,769,489	289,428
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....					
	166,652	402,182	(123,439)	(137,576)	(289,428)
OTHER FINANCING SOURCES (USES)					
Transfers in.....	-	-	-	8,100	-
Issuance of bonds and notes.....	-	-	-	-	1,028,775
Sale of capital assets.....	-	-	-	52,748	-
Transfers out.....	-	-	-	(80,306)	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	(19,458)	1,028,775
NET CHANGE IN FUND BALANCES.....	166,652	402,182	(123,439)	(157,034)	739,347
FUND BALANCES AT BEGINNING OF YEAR.....	852,987	1,721,572	(368,468)	11,906,136	745,117
FUND BALANCES AT END OF YEAR.....	\$ 1,019,639	\$ 2,123,754	\$ (491,907)	\$ 11,749,102	\$ 1,484,464

<i>Permanent Funds</i>			<i>Total</i>
<i>Cemetery Trust Funds</i>	<i>Other Permanent Funds</i>	<i>Sub-total</i>	<i>Nonmajor Governmental Funds</i>
\$ -	\$ -	\$ -	\$ 3,036,615
-	-	-	5,613,464
-	-	-	103,240
-	-	-	2,250,318
28,600	-	28,600	652,141
(10,280)	(943)	(11,223)	(6,488)
<u>18,320</u>	<u>(943)</u>	<u>17,377</u>	<u>11,649,290</u>
-	2,125	2,125	88,576
-	-	-	2,988,771
-	-	-	8,083,890
4,628	-	4,628	25,689
-	-	-	179,308
-	525	525	201,029
-	-	-	498,932
<u>4,628</u>	<u>2,650</u>	<u>7,278</u>	<u>12,066,195</u>
<u>13,692</u>	<u>(3,593)</u>	<u>10,099</u>	<u>(416,905)</u>
-	-	-	8,100
-	-	-	1,028,775
-	-	-	52,748
-	-	-	(80,306)
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,009,317</u>
<u>13,692</u>	<u>(3,593)</u>	<u>10,099</u>	<u>592,412</u>
<u>1,806,694</u>	<u>490,212</u>	<u>2,296,906</u>	<u>14,948,159</u>
\$ <u>1,820,386</u>	\$ <u>486,619</u>	\$ <u>2,307,005</u>	\$ <u>15,540,571</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 POSITION

JUNE 30, 2013

	<u>Scholarship Trust Funds</u>	<u>Housing Trust Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents.....	\$ 398,890	\$ 190,859	\$ 589,749
Investments:			
U.S. Treasuries and agencies.....	<u>2,343,465</u>	<u>-</u>	<u>2,343,465</u>
Total assets.....	<u>2,742,355</u>	<u>190,859</u>	<u>2,933,214</u>
NET POSITION			
Held in trust for other purposes.....	<u>\$ 2,742,355</u>	<u>\$ 190,859</u>	<u>\$ 2,933,214</u>

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Scholarship Trust Funds</u>	<u>Housing Trust Funds</u>	<u>Total</u>
ADDITIONS			
Contributions:			
Private donations.....	\$ 115,869	\$ -	\$ 115,869
Net investment income:			
Interest.....	<u>9,893</u>	<u>456</u>	<u>10,349</u>
TOTAL ADDITIONS.....	<u>125,762</u>	<u>456</u>	<u>126,218</u>
DEDUCTIONS			
Educational scholarships & awards.....	149,975	-	149,975
Housing subsidies.....	<u>-</u>	<u>102,850</u>	<u>102,850</u>
TOTAL DEDUCTIONS.....	<u>149,975</u>	<u>102,850</u>	<u>252,825</u>
CHANGE IN NET POSITION.....	(24,213)	(102,394)	(126,607)
NET POSITION AT BEGINNING OF YEAR.....	<u>2,766,568</u>	<u>293,253</u>	<u>3,059,821</u>
NET POSITION AT END OF YEAR.....	<u>\$ 2,742,355</u>	<u>\$ 190,859</u>	<u>\$ 2,933,214</u>

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, 2013

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
ASSETS				
Cash and cash equivalents.....	\$ 883,094	\$ 2,213,382	\$ (2,268,615)	\$ 827,861
LIABILITIES				
Warrants payable.....	4,125	7,063	(4,125)	7,063
Other liabilities.....	5,313	6,317	(5,313)	6,317
Liabilities due depositors.....	873,656	1,554,022	(1,613,197)	814,481
TOTAL LIABILITIES.....	\$ 883,094	\$ 1,567,402	\$ (1,622,635)	\$ 827,861

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Statistical Section



Veterans Memorial Athletic Complex – George H. Maynard Field House

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 118 – 122)

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 123 – 125)

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

Debt Capacity (pages 126 – 128)

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 129 – 130)

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 131 – 133)

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 Position By Component
Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets.....	\$ 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	\$ 165,312,712
Restricted.....	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	46,282,436
Unrestricted.....	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)	(49,699,586)
Total governmental activities net position.....	\$ <u>140,614,531</u>	\$ <u>177,445,442</u>	\$ <u>207,198,742</u>	\$ <u>213,236,543</u>	\$ <u>214,058,762</u>	\$ <u>198,533,112</u>	\$ <u>189,367,214</u>	\$ <u>188,684,027</u>	\$ <u>172,456,186</u>	\$ <u>161,895,562</u>
Business-type activities										
Net investment in capital assets.....	\$ 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	\$ 9,399,319
Unrestricted.....	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	23,952,132
Total business-type activities net position.....	\$ <u>27,319,285</u>	\$ <u>27,769,934</u>	\$ <u>27,797,922</u>	\$ <u>28,424,194</u>	\$ <u>32,359,870</u>	\$ <u>31,399,177</u>	\$ <u>25,112,612</u>	\$ <u>29,442,165</u>	\$ <u>28,092,124</u>	\$ <u>33,351,451</u>
Primary government										
Net investment in capital assets.....	\$ 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	\$ 174,712,031
Restricted.....	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	46,282,436
Unrestricted.....	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)	(25,747,454)
Total primary government net position.....	\$ <u>167,933,816</u>	\$ <u>205,215,376</u>	\$ <u>234,996,664</u>	\$ <u>241,660,737</u>	\$ <u>246,418,632</u>	\$ <u>229,932,289</u>	\$ <u>214,479,826</u>	\$ <u>218,126,192</u>	\$ <u>200,548,310</u>	\$ <u>195,247,013</u>

City of Waltham, Massachusetts
Changes in Position
Last Ten Fiscal Years

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Expenses						
Governmental activities:						
General government.....	\$ 12,444,145	\$ 11,297,905	\$ 11,977,216	\$ 10,808,307	\$ 12,828,297	\$ 12,936,686
Public safety.....	41,995,107	42,668,631	46,731,199	49,652,433	57,670,691	56,145,799
Education.....	82,632,614	79,312,823	89,112,944	95,343,997	109,656,513	113,953,264
Public works.....	13,392,563	14,239,159	14,542,384	15,607,027	17,408,819	18,303,644
Community development.....	4,862,504	3,922,508	5,313,135	4,922,180	5,796,409	5,810,281
Health and human services.....	1,992,123	2,084,853	2,190,954	2,373,030	2,717,555	2,696,784
Culture and recreation.....	5,903,371	5,228,564	4,254,812	4,227,546	4,705,448	4,230,997
Interest.....	2,211,900	2,884,943	3,236,060	2,709,385	2,596,363	2,448,936
Total government activities expenses.....	165,434,327	161,639,386	177,358,704	185,643,905	213,380,095	216,526,391
Business-type activities:						
Sewer.....	11,691,185	11,790,299	11,965,061	13,777,149	14,657,691	15,512,343
Water.....	7,868,940	8,550,968	9,393,920	10,217,450	10,077,596	11,198,348
Veterans Memorial Rink.....	-	-	333,078	347,630	419,504	434,579
Total business-type activities expenses.....	19,560,125	20,341,267	21,692,059	24,342,229	25,154,791	27,145,270
Total primary government expenses.....	\$ 184,994,452	\$ 181,980,653	\$ 199,050,763	\$ 209,986,134	\$ 238,534,886	\$ 243,671,661
Program Revenues						
Governmental activities:						
General government charges for services.....	\$ 3,384,744	\$ 3,987,652	\$ 5,558,844	\$ 4,646,711	\$ 5,228,939	\$ 5,163,594
Public Safety charges for services.....	2,136,268	2,133,941	2,291,049	2,438,923	2,552,702	2,857,635
Education charges for services.....	2,348,013	2,272,649	2,747,252	2,834,459	2,961,479	3,700,154
Public works charges for services.....	162,640	57,709	382,803	622,572	975,061	415,032
Other charges for services.....	1,380,304	1,416,363	1,459,806	1,510,571	1,674,251	1,723,028
Operating grants and contributions.....	25,134,253	26,985,474	28,774,027	30,656,882	31,048,318	33,649,763
Capital grants and contributions.....	19,770,608	31,578,071	10,409,121	6,498,738	24,884,028	1,915,581
Total government activities program revenues.....	54,316,830	68,431,859	51,622,902	49,208,856	69,324,778	49,424,787
Business-type activities:						
Sewer charges for services.....	11,485,059	11,850,305	11,953,817	13,764,259	16,311,578	14,557,425
Water charges for services.....	9,072,704	8,880,173	9,313,013	10,456,605	12,353,427	10,869,955
Veterans Memorial Rink charges for services.....	-	-	277,761	345,096	351,698	355,196
Operating grants and contributions.....	-	-	-	-	-	-
Capital grants and contributions.....	-	-	-	270,000	-	247,500
Total business-type activities program revenues.....	20,557,763	20,730,478	21,544,591	24,835,960	29,016,703	26,030,076
Total primary government program revenues.....	\$ 74,874,593	\$ 89,162,337	\$ 73,167,493	\$ 74,044,816	\$ 98,341,481	\$ 75,454,863
Net (Expense)/Revenue						
Governmental activities.....	\$ (111,117,497)	\$ (93,207,527)	\$ (120,276,934)	\$ (136,435,049)	\$ (138,596,449)	\$ (162,808,858)
Business-type activities.....	997,638	389,211	(147,468)	493,731	3,861,912	(1,115,194)
Total primary government net expense.....	\$ (110,119,859)	\$ (92,818,316)	\$ (120,424,402)	\$ (135,941,318)	\$ (134,734,537)	\$ (163,924,052)
General Revenues and other Changes in Net Position						
Governmental activities:						
Real estate and personal property taxes, net of tax refunds payable.....	\$ 106,437,299	\$ 109,011,284	\$ 111,968,375	\$ 115,203,646	\$ 117,562,447	\$ 128,225,929
Motor vehicle and other excise taxes.....	5,821,144	6,414,380	6,405,194	6,223,714	6,585,465	6,039,430
Hotel/motel tax.....	1,494,529	1,577,119	1,791,211	1,983,506	2,177,556	1,916,727
Community preservation tax.....	-	-	1,835,071	2,126,162	2,215,987	2,088,829
Meals tax.....	-	-	-	-	-	-
Penalties and interest on taxes.....	511,752	457,007	404,635	449,572	449,873	440,482
Payments in lieu of taxes.....	43,113	45,000	95,301	33,200	9,600	45,834
Grants and contributions not restricted to specific programs.....	10,350,515	10,807,226	11,050,883	13,152,486	13,611,256	11,841,812
Unrestricted investment income.....	971,577	1,726,423	2,846,099	3,359,616	2,265,352	976,911
Gain on sale of capital assets.....	-	-	-	-	-	-
Transfers, net.....	-	277,404	(100,000)	(59,052)	-	-
Total governmental activities.....	125,629,929	130,315,843	136,296,769	142,472,850	144,877,536	151,575,954
Business-type activities:						
Unrestricted investment income.....	20,290	61,438	75,456	73,489	73,764	154,501
Transfers, net.....	-	40,938	100,000	59,052	-	-
Total business-type activities.....	20,290	102,376	175,456	132,541	73,764	154,501
Total primary government.....	\$ 125,650,219	\$ 130,418,219	\$ 136,472,225	\$ 142,605,391	\$ 144,951,300	\$ 151,730,455
Changes in Net Position						
Governmental activities.....	\$ 14,512,432	\$ 37,108,316	\$ 16,019,835	\$ 6,037,801	\$ 6,281,087	\$ (11,232,904)
Business-type activities.....	1,017,928	491,587	27,988	626,272	3,935,676	(960,693)
Total primary government.....	\$ 15,530,360	\$ 37,599,903	\$ 16,047,823	\$ 6,664,073	\$ 10,216,763	\$ (12,193,597)

Fiscal Year

	2010	2011	2012	2013
\$	12,548,346	\$ 12,803,207	\$ 12,839,887	\$ 14,431,751
	57,363,358	56,774,590	54,892,255	56,396,153
	112,799,898	117,168,957	125,803,368	127,632,730
	17,436,688	18,582,134	17,620,280	19,107,437
	5,034,910	5,463,838	3,921,262	4,042,802
	2,818,957	2,817,765	4,043,942	4,332,865
	5,028,081	5,655,542	6,019,224	6,327,318
	3,054,071	2,523,696	2,631,033	2,581,037
	<u>216,084,309</u>	<u>221,789,729</u>	<u>227,771,251</u>	<u>234,852,093</u>
	17,385,085	16,806,067	17,381,941	17,382,177
	11,129,805	11,431,049	11,796,251	11,995,289
	384,013	402,304	397,385	457,608
	<u>28,898,903</u>	<u>28,639,420</u>	<u>29,575,577</u>	<u>29,835,074</u>
\$	<u>244,983,212</u>	<u>250,429,149</u>	<u>257,346,828</u>	<u>264,687,167</u>
\$	1,969,326	\$ 3,934,076	\$ 2,450,923	\$ 4,225,256
	3,443,664	3,493,485	4,071,301	3,910,093
	3,908,483	4,567,355	1,434,279	1,217,100
	666,730	714,008	333,956	448,072
	1,721,146	1,678,380	1,757,353	2,105,916
	33,503,809	37,611,357	33,232,551	33,044,593
	2,246,744	(1,684,833)	(2,404,439)	2,820,119
	<u>47,459,902</u>	<u>50,313,828</u>	<u>40,875,924</u>	<u>47,771,149</u>
	14,029,718	18,222,159	15,854,586	19,582,834
	10,089,418	13,175,501	11,864,008	14,875,449
	379,428	381,936	398,769	385,832
	-	-	33,173	124,881
	-	1,370,700	-	-
	<u>24,498,564</u>	<u>33,150,296</u>	<u>28,150,536</u>	<u>34,968,996</u>
\$	<u>71,958,466</u>	<u>83,464,124</u>	<u>69,026,460</u>	<u>82,740,145</u>
\$	(168,624,407)	\$ (171,475,901)	\$ (186,895,327)	\$ (187,080,944)
	(4,400,339)	4,510,876	(1,425,041)	5,133,922
\$	<u>(173,024,746)</u>	<u>(166,965,025)</u>	<u>(188,320,368)</u>	<u>(181,947,022)</u>
\$	137,055,385	\$ 144,687,551	\$ 147,941,835	\$ 153,272,077
	6,013,280	6,233,152	6,372,776	6,650,738
	1,974,863	2,665,704	3,061,233	3,298,311
	2,217,436	2,319,559	2,393,595	2,475,978
	-	862,461	1,128,180	1,167,324
	510,939	481,134	518,982	702,090
	33,586	46,350	53,905	54,812
	9,319,430	8,357,186	9,147,352	8,835,809
	388,780	277,404	124,628	135,838
	-	-	-	52,748
	<u>1,944,810</u>	<u>(116,154)</u>	<u>(75,000)</u>	<u>(125,405)</u>
	<u>159,458,509</u>	<u>165,814,347</u>	<u>170,667,486</u>	<u>176,520,320</u>
	58,584	40,938	-	-
	(1,944,810)	116,154	75,000	125,405
	<u>(1,886,226)</u>	<u>157,092</u>	<u>75,000</u>	<u>125,405</u>
\$	<u>157,572,283</u>	<u>165,971,439</u>	<u>170,742,486</u>	<u>176,645,725</u>
\$	(9,165,898)	\$ (813,086)	\$ (16,227,841)	\$ (10,560,624)
	(6,286,565)	4,329,553	(1,350,041)	5,259,327
\$	<u>(15,452,463)</u>	<u>3,516,467</u>	<u>(17,577,882)</u>	<u>(5,301,297)</u>

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved.....	\$ 8,578,650	\$ 11,538,490	\$ 13,343,295	\$ 10,491,290	\$ 10,889,750	\$ 9,203,972	\$ 10,558,086	\$ -	\$ -	\$ -
Unreserved.....	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	8,132,094
Committed.....	-	-	-	-	-	-	-	-	3,198,284	4,804,214
Assigned.....	-	-	-	-	-	-	-	6,852,796	850,771	1,677,650
Unassigned.....	-	-	-	-	-	-	-	18,459,773	30,818,389	29,196,820
Total general fund.....	\$ 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	\$ 43,810,778
All Other Governmental Funds										
Reserved.....	\$ 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.....	19,805,905	17,596,831	18,455,420	22,165,402	24,975,115	24,272,725	23,780,763	-	-	-
Capital projects funds.....	(57,961,099)	(58,937,147)	(38,767,997)	(1,254,426)	6,907,731	349,087	(1,760,707)	-	-	-
Permanent funds.....	352,555	291,743	320,541	318,782	353,057	340,878	332,261	-	-	-
Nonspendable.....	-	-	-	-	-	-	-	1,797,623	2,034,590	2,047,898
Restricted.....	-	-	-	-	-	-	-	28,267,619	32,807,347	38,252,137
Unassigned.....	-	-	-	-	-	-	-	(8,951,524)	(963,267)	(543,674)
Total all other governmental funds.....	\$ (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	\$ 39,756,361

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Real estate and personal property taxes,										
net of tax refunds.....	\$ 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	\$ 152,293,138
Tax liens.....	577,972	568,874	388,786	271,339	249,893	509,178	685,462	760,070	645,263	1,203,258
Motor vehicle and other excise taxes.....	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	6,567,957
Community preservation tax.....	-	-	1,797,283	2,126,162	2,215,987	2,088,829	2,217,436	2,319,559	2,386,680	2,469,122
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	3,298,311
Meals tax.....	-	-	-	-	-	-	-	862,461	1,128,180	1,167,324
Charges for services.....	406,699	362,048	350,460	342,937	436,355	469,206	498,741	496,126	3,244,260	3,036,615
Penalties and interest on taxes.....	511,752	457,007	404,635	449,572	449,873	440,482	510,939	481,134	518,981	702,090
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.....	43,113	45,000	95,301	33,200	9,600	45,834	33,586	46,350	53,905	54,812
Licenses and permits.....	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	4,259,773
Fines and forfeitures.....	522,345	522,629	482,128	544,149	585,032	640,202	1,045,306	900,391	845,065	828,483
Intergovernmental (C).....	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	43,539,794
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	3,666,098
Special assessments.....	151,837	191,038	121,514	118,998	106,883	98,438	282,434	150,294	124,392	130,820
Contributions.....	759,407	333,040	539,784	155,691	260,074	281,259	314,517	667,361	689,869	652,141
Investment income.....	871,766	1,501,818	2,497,639	2,921,715	1,979,159	889,116	350,319	244,587	228,116	132,533
Miscellaneous (B).....	1,277,946	1,440,595	2,006,458	2,448,795	3,075,317	2,127,933	2,222,469	2,479,952	-	-
Total Revenue.....	158,969,794	187,474,542	220,918,939	212,080,841	213,573,481	194,147,346	201,090,880	213,597,053	216,374,447	224,002,269
Expenditures:										
General government.....	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	9,202,807
Public safety.....	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	32,623,739
Education (C).....	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	73,395,683
Public works.....	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	13,786,096
Community development.....	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	4,617,505
Health and human services.....	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	1,900,486
Culture and recreation.....	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	5,326,138
Pension benefits.....	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	30,328,370
Employee benefits.....	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	35,055,370
State and county charges.....	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	1,597,185
Capital outlay.....	35,364,211	46,214,191	14,582,399	10,815,801	46,058,616	11,598,644	5,348,663	-	-	-
Debt service.....										
Principal.....	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	9,346,738
Interest.....	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	2,772,464
Total Expenditures.....	195,591,492	210,948,044	207,380,774	189,983,266	236,179,477	209,573,821	207,313,348	215,339,428	215,155,068	219,952,581
Excess of revenues over (under) expenditures.....	(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	4,049,688
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	25,635,000	19,885,000	10,355,000	18,470,000	29,633,658	5,040,000	-	-	13,638,500	8,603,460
Premium from issuance of bonds and notes.....	980,374	403,197	95,134	619,952	37,364	526,073	35,619	226,581	1,413,991	362,232
Proceeds of refunding bonds.....	-	-	-	-	-	-	-	-	-	1,615,200
Premium from issuance of refunding bonds.....	-	-	-	-	-	-	-	-	-	127,303
Sale of capital assets.....	-	-	-	-	-	-	-	-	-	52,748
Transfers in.....	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	88,406
Transfers out.....	(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)	(213,811)
Payments to refunded bond escrow agent.....	(4,145,419)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses).....	22,469,955	20,288,197	10,350,134	19,030,900	29,671,022	5,566,073	1,980,429	110,427	14,977,431	10,635,536
Net change in fund balance.....	\$ (14,151,743)	\$ (3,185,305)	\$ 23,888,299	\$ 41,128,475	\$ 7,065,026	\$ (9,860,402)	\$ (4,242,039)	\$ (1,631,948)	\$ 16,196,810	\$ 14,685,226
Debt service as a percentage of noncapital expenditures.....	3.86%	4.61%	4.47%	4.76%	4.22%	4.11%	5.43%	4.85%	4.44%	5.71%

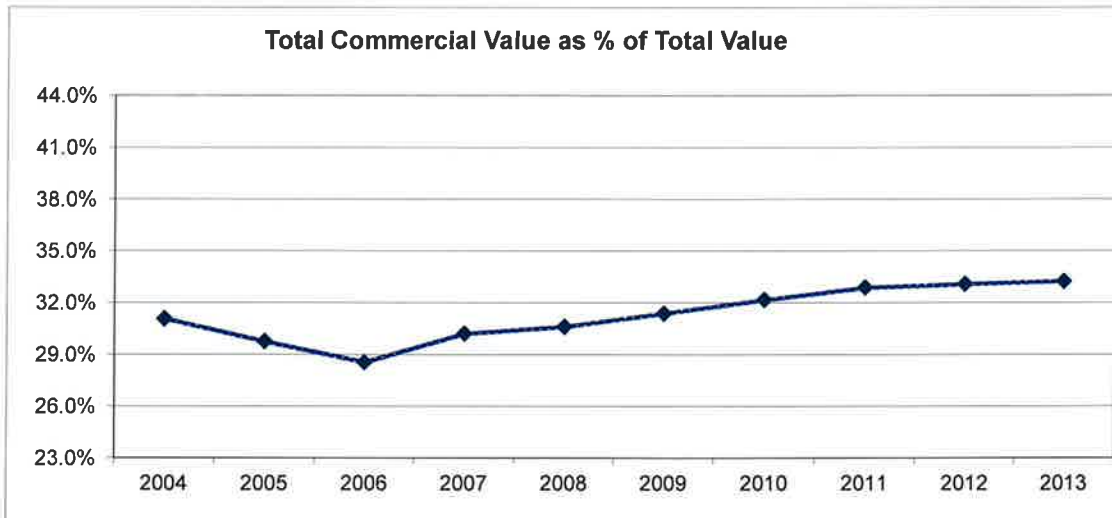
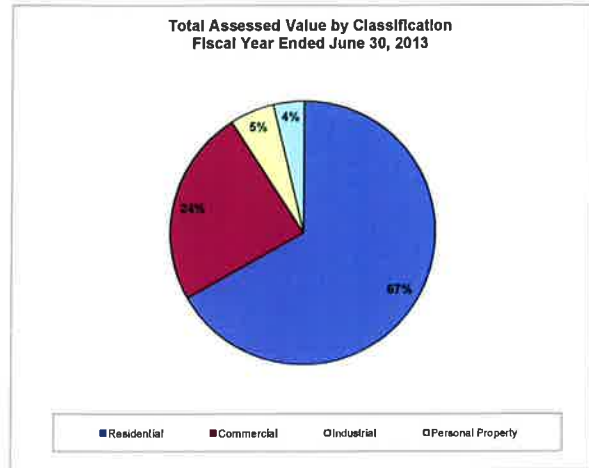
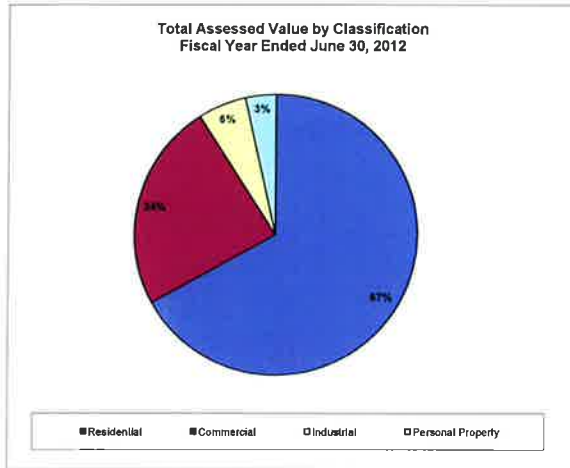
(A) In fiscal year 2012, amounts previously reported as fees and rentals have been re-distributed to charges for services and departmental and other revenue

(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
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
2013	\$5,697,874,745	\$13.49	\$2,054,231,833	\$462,439,256	\$317,744,640	\$ 2,834,415,729	\$31.77	\$19.56	\$8,532,290,474



(1) Revaluation year.

Source: Assessor's Department, City of Waltham

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

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

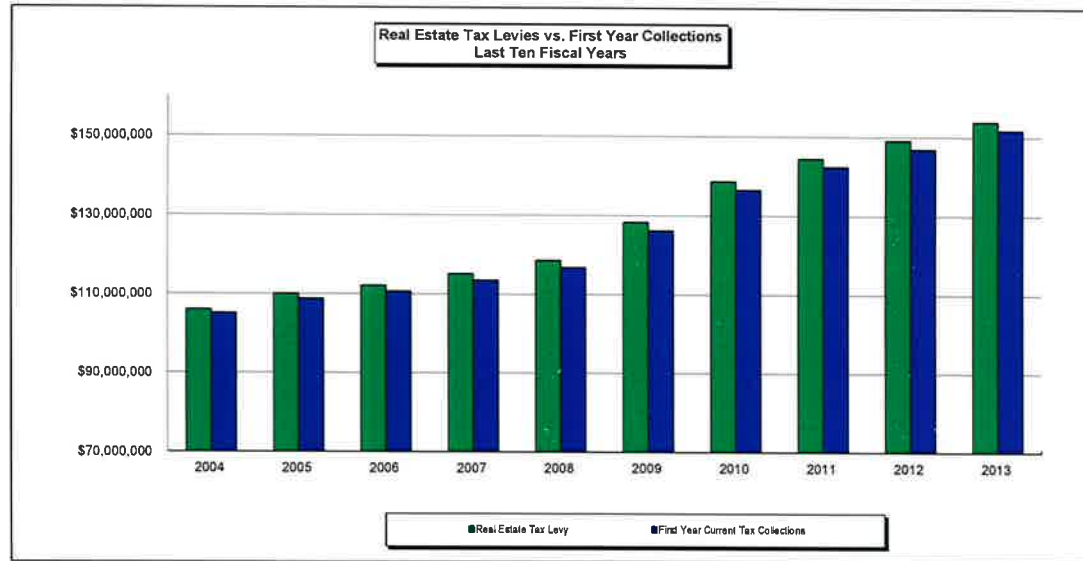
**City of Waltham, Massachusetts
Principal Taxpayers
Current Year and Nine Years Ago**

Name	Nature of Business	2013			2004		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
BCCC Property LLC	Office Building	\$139,416,500	1	1.63%	\$128,846,700	1	1.65%
Astra	Office Building	\$95,636,000	2	1.12%	\$82,149,500	3	1.05%
NSTAR	Utility	\$87,249,300	3	1.02%	\$65,424,300	5	0.84%
BP Reservoir Place, LLC	Office Building	\$75,969,600	4	0.89%	\$116,021,100	2	1.49%
Windsor Village	Apartments	\$60,740,100	5	0.71%	\$68,768,900	4	0.88%
MMS Lot & MMS Winter St LLC	Office Building	\$59,324,000	6	0.70%	\$58,891,400	8	0.75%
PD Winter Street Trust	Office Building	\$57,471,600	7	0.67%	-		0.00%
Gardencrest Apartments	Apartments	\$56,337,300	8	0.66%	\$60,097,500	7	0.77%
ASN-Massachusetts Holding Inc	Apartments	\$56,241,300	9	0.66%	\$62,793,200	6	0.80%
Longview Place, LLC, Hope Ave	Apartments	\$53,961,700	10	0.63%	-		0.00%
404 Wyman St.	Office Building	\$53,414,300	11	0.63%	\$50,916,900	5	0.65%
Broadway Prospect Hill	Office Building	\$51,465,100	12	0.60%	\$40,889,900	13	0.52%
830 Winter Street	Office Building	\$50,882,900	13	0.60%	\$27,052,000	21	0.35%
DMP RE II LLC	Office Building	\$49,352,900	14	0.58%	-		0.00%
	Totals	\$947,462,600		11.10%	\$761,851,400		9.74%

Source: Assessor's Department, City of Waltham

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

Fiscal Year		Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Tax to Net Tax Levy
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%	\$ 1,353,980	\$ 148,272,652	99.42%	\$ 870,087	0.58%
2013		\$ 154,887,838	\$ 1,098,748	\$ 153,789,090	99.29%	\$ 151,681,456	98.63%	\$ 1,948,314	\$ 153,629,770	99.90%	\$ 159,320	0.10%



(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
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%
2013	60,632	\$1,650,776,000	\$9,279,182,000	\$75,600,266	\$0	\$1,247	4.58%	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
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%
2013	\$24,665,033	\$0	\$100,265,299	\$1,654	6.07%	1.08%

(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, 2013

<u>City of Waltham, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>	<u>Current Year Assessment for Operations and Debt Service</u>
Debt repaid with property taxes and user charges				
MWRA Water.....	\$ 2,099,794,000	3.855%	\$ 80,947,059	\$ 7,792,300
MWRA Sewer.....	4,027,396,000	2.886%	116,230,649	12,485,924
MBTA.....	5,769,214,580	0.800%	<u>46,153,717</u>	<u>1,281,181</u>
Subtotal.....			243,331,424	<u>\$ 21,559,405</u>
City direct debt.....			<u>77,098,769</u>	
Total direct and overlapping debt.....			<u>\$ 320,430,193</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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Equalized Valuation.....	\$ 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	\$ 9,729,182,000
Debt Limit -5% of Equalized Valuation..	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	486,459,100
Less:										
Outstanding debt applicable to limit...	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	91,143,839
Authorized and unissued debt.....	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	19,086,016
Legal debt margin.....	\$ 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	\$ 376,229,245
Total debt applicable to the limit as a percentage of debt limit.....	45.72%	44.05%	28.59%	29.69%	22.82%	21.82%	24.57%	23.50%	22.59%	22.66%

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	2013			2004		
		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	4.61%
Bentley University	Higher Education	800	2	2.27%	1,037	4	3.17%
Bank of America	Financial Services	660	3	1.87%	1,700	1	5.19%
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	9	1.83%
Nova Biomedical Corporation	BioTech Research	600	7	1.70%	600	7	1.83%
Raytheon Corporation	Electronics	587	8	1.66%	-	-	-
Verizon	Communications	520	9	1.47%	520	10	1.59%
Parexel International Corporation	R&D Consultant	500	10	1.42%	500	11	1.53%
Automatic Data Processing	Financial Services	420	11	1.19%	420	13	1.28%
Mass Medical Society	Medical Journal	401	12	1.14%	424	12	1.29%
Westin Hotel	Lodging	320	13	0.91%	-	-	-
IBM Corporation	Computers	-	-	-	800	5	2.44%
Fleet Boston	Financial Services	-	-	-	1,700	1	5.19%
Tufts Health Plan	Health Care	-	-	-	1,500	3	4.58%
Waltham Hospital	Health Care	-	-	-	994	5	3.03%
Terra-Lycos	Software Development	-	-	-	600	6	1.83%
		8,220		23.31%	12,907		39.40%

Source: Massachusetts Department of Employment and Training

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

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
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%
2013	60,632	1,650,776,000	\$27,226	33.9	5,183	5.0%

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

Median age is based on most recent census data

2004 to 2013 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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function:										
General government.....	123	122	110	107	107	106	102	96	93	94
Public safety.....	367	377	374	369	370	359	358	355	350	354
Education.....	871	872	869	913	906	918	911	927	932	896
Consolidated public works.....	58	58	72	71	71	67	63	60	61	61
Community development.....	25	26	31	28	30	27	26	25	23	22
Health and human services.....	18	20	20	20	20	19	18	18	16	15
Culture and recreation.....	29	29	23	25	26	25	24	25	26	37
Water/sewer.....	33	31	33	32	32	27	27	27	28	28
Total	<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>	<u>1,507</u>

Source: City records.

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

<u>Function/Program</u>	Fiscal Year									
	<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>	<u>2013</u>
General Government										
Cash flow (millions).....	440	460	480	500	520	540	550	580	600	620
Accounts payable invoices processed.....	36,640	37,000	37,000	37,000	36,000	36,000	36,000	36,000	36,000	36,000
Payroll checks processed.....	72,885	73,000	73,000	73,000	72,000	72,000	72,000	72,000	72,000	72,000
Police										
Arrests.....	1,058	1,074	1,193	1,137	1,194	1,006	1,181	1,097	1,049	928
Traffic citations.....	12,297	15,406	16,496	14,569	13,914	11,140	10,363	11,260	8,067	8,698
Parking violations.....	4,652	5,311	5,170	5,181	4,939	5,150	5,247	4,546	4,947	3,837
Service calls.....	42,079	38,563	35,119	34,494	34,694	35,000	35,000	35,000	35,000	35,000
Major investigations.....	1,470	1,542	1,607	1,721	1,826	1,880	1,880	1,607	1,607	1,495
Fire										
Inspections - schools/nursing homes/hospitals.....	223	220	200	100	100	100	100	100	100	100
Inspections - commercial/industrial.....	254	270	260	525	520	550	550	550	550	550
Emergency responses - box alarms.....	1,125	1,082	1,150	1,200	1,200	1,200	1,360	1,800	1,900	1,900
Emergency responses - still alarms.....	5,723	5,588	5,800	5,650	5,500	6,000	5,990	6,500	6,300	6,300
Emergency responses - false alarms.....	203	200	150	160	170	190	150	200	150	150
Water										
Consumption in gallons (billions/year).....	2.9	2.7	3	3	3	3	2.8	2.8	3	3
Leak detection (miles).....	155	155	160	151	165	165	165	165	165	150
Service repairs.....	158	208	183	225	150	155	91	100	100	115
Sewer										
Service repairs.....	23	25	30	45	43	40	26	30	29	29
Stoppages - mains.....	118	98	18	150	125	100	79	72	92	124
Stoppages - services.....	232	290	41	275	249	300	238	175	253	281
Health and Human Services										
Permits - public health.....	822	797	771	760	746	885	853	850	831	780
Senior citizen programs.....	15	26	26	26	26	26	26	26	26	26
Senior citizen programs - participants.....	2,350	2,400	2,400	2,500	2,351	2,200	2,613	2,615	2,650	2,822
Recreation activities.....	165	166	170	230	195	200	220	230	230	227
Recreation activities - participants.....	17,085	17,080	17,125	15,050	13,000	14,000	13,982	14,225	19,670	26,249
Veterans cases.....	570	640	750	850	950	1,050	1,050	1,050	1,065	1,065
Cemetery burials.....	208	230	230	215	168	100	200	200	210	200
Libraries										
Items circulated.....	642,884	641,497	645,000	640,000	578,192	575,000	527,956	507,500	513,041	447,665
Registered borrowers.....	29,963	31,744	32,500	32,500	30,268	32,000	28,991	28,900	28,223	25,000

Source: Various City Departments

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

<u>Function/Program</u>	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Number of Buildings.....	60	59	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.....	7	7	7	7	6	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	159
Fire hydrants.....	-	1,176	1,176	1,176	1,176	1,176	1,176	1,176	1,176	1,176
Sanitary sewers (miles).....	-	160	160	160	160	160	160	160	160	160
Storm sewers (miles).....	-	121	121	121	121	121	121	121	121	121
Culture and Recreation										
Parks and playgrounds.....	13	13	13	13	13	13	13	13	13	13
Fields (baseball).....	11	11	11	11	11	11	11	11	11	11
Fields (softball).....	5	7	7	7	7	7	7	7	7	7
Fields (soccer/multi-purpose).....	4	8	8	8	8	8	8	8	8	8
Wading pools/spray parks.....	4	5	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