

# **City of Waltham, Massachusetts**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2015**

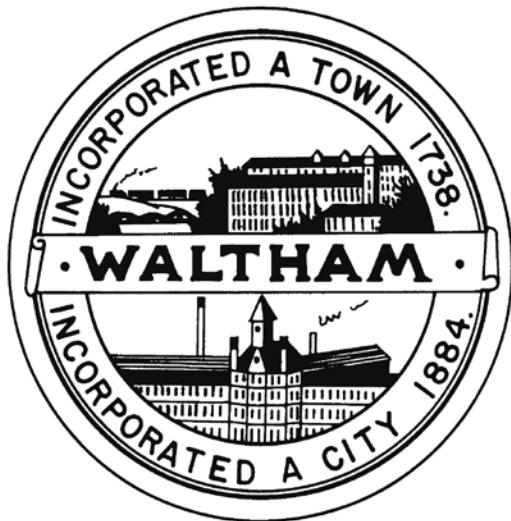




# CITY OF WALTHAM, MASSACHUSETTS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2015



Prepared by:

City Auditor's Office

**CITY OF WALTHAM, MASSACHUSETTS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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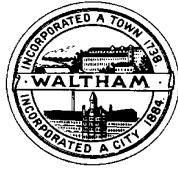
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# *Introductory Section*



Prospect Hill Ridge Trail



Paul G. Centofanti  
City Auditor

# CITY OF WALTHAM

Commonwealth of Massachusetts

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Waltham, Massachusetts 02452-5580  
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## **Letter of Transmittal**

December 22, 2015

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, 2015 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, 2015 are fairly presented in conformity with GAAP.

The City of Waltham's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2015, is 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, 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, 2015 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 2010 federal census, has a population of 60,632.

Subject to local legislative decisions made by a fifteen (15) member City Council elected for two-year terms, a Mayor, who is elected for a four-year term on an at-large basis, generally administers the affairs of the City. 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, the Council makes provision for preparation of a budget. 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 exceeds \$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 significant industrial activity, a good part of which is in the communications, technology and financial services fields, concentrated along Interstate 95 (Route 128). Retail trade is concentrated in the City's downtown 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 fiscal year 2015, the combined assessed value of these properties represented 34.2% 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 operating 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 see modest increases 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 \$96.4 million in long and short-term debt. The long-term indebtedness consists of \$86.9 million of general obligation bonds and MWRA and MCWT bonds and notes; of which \$22.1 million is self-supporting through enterprise fund revenues and \$9.5 million of bond anticipation notes were issued in June 2015. 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 fiscal year 2005, \$44.4 million in fiscal year 2006, \$29.8 million in fiscal year 2007, \$24.6 million in fiscal year 2008 and the final payment of \$1.3 million was received in fiscal year 2010. The City has outstanding general obligation bonds of \$33.9 million that provide 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 \$25.8 million as of June 30, 2015. The authorized and unissued debt includes \$14.2 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, 2015, the latest actuarial valuation date, the System had succeeded in funding 56% of the present value of the projected benefits earned by employees. The remaining unfunded amount is being systematically funded over the remaining 18 years (as of January 1, 2015) 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 1,225 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, 2014, with a reported liability of \$601 million. 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 (not considered a trust for GASB reporting purposes) with a balance of approximately \$8.8 million as of June 30, 2015.

### **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, 2014. This was the eleventh 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.

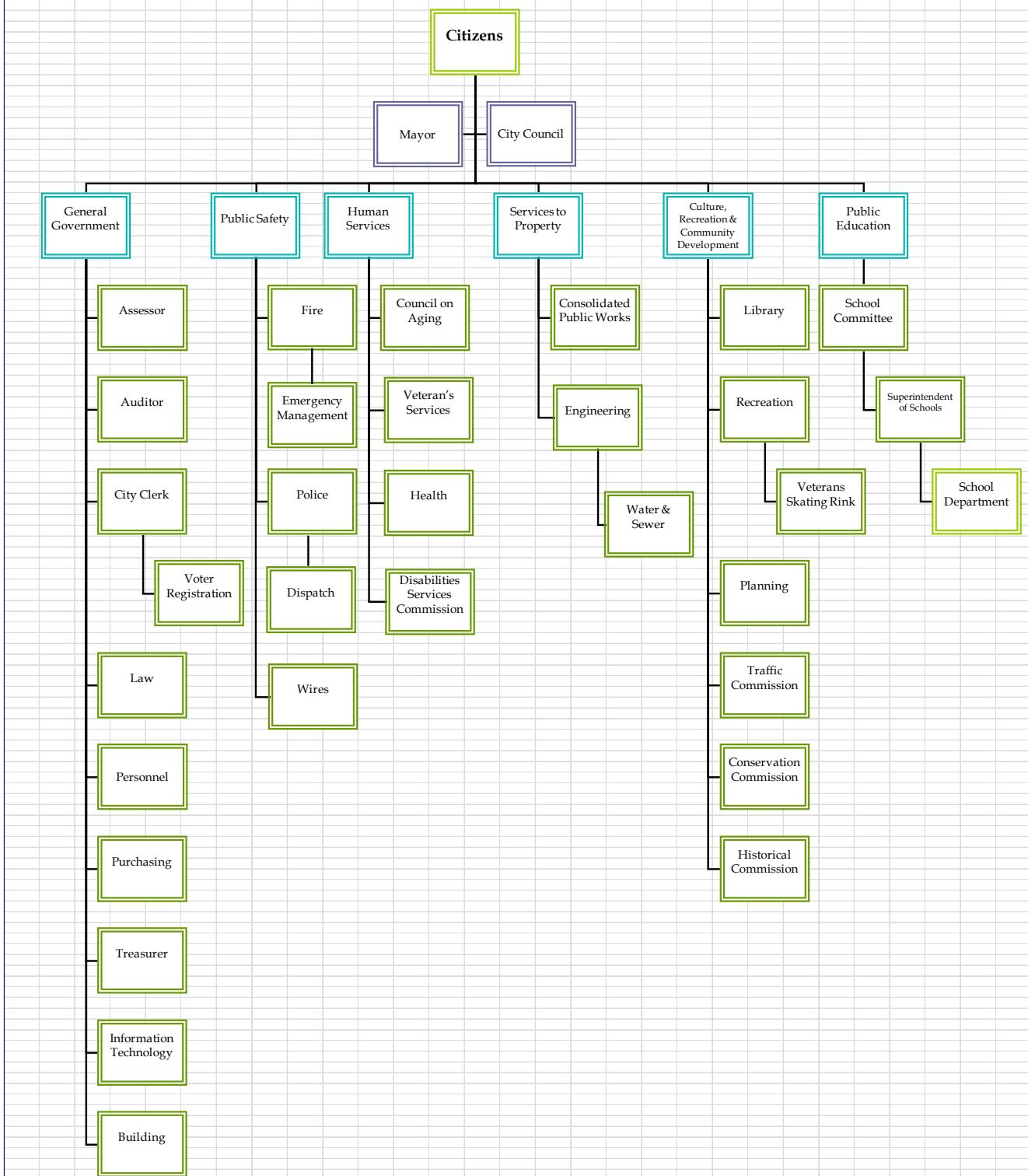
The preparation of this report would not have been possible without the dedication and commitment to excellence by the staff of the Auditing Department. We would like to express our appreciation to the members of all the departments who assisted and contributed to the preparation of this report. We would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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Paul G. Centofanti".

Paul G. Centofanti  
City Auditor

## City of Waltham, Massachusetts Organizational Chart



## CITY OF WALTHAM, MASSACHUSETTS

### PRINCIPAL CITY OFFICIALS

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#### ELECTED OFFICIALS

**Mayor**

Jeannette A. McCarthy

**City Council**

Councillors-at-Large

Paul J. Brasco

Diane P. LeBlanc, Council Vice President

Kathleen B. McMenimen

Patrick J. O'Brien

Thomas M. Stanley

Joseph W. Vizard

Ward Councillors

Daniel P. Romard

William H. Fowler

George A. Darcy III

John J. McLaughlin

Gary J. Marchese, Council President

Robert J. Waddick

Joseph M. Giordano Jr.

Stephen F. Rourke

Robert G. Logan

**SCHOOL COMMITTEE**

Jeannette A. McCarthy, Mayor, Chairperson

Margaret Donnelly

Kathleen Dowcett

John A. Frassica, II

John B. Graceffa, Vice Chairperson

Stephen Rando, Jr.

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, 2014**

A handwritten signature in black ink, appearing to read "Jeffrey P. Einer".

Executive Director/CEO

# *Financial Section*



**Moody Street**

## **Independent Auditors' Report**

To the Honorable Mayor and City Council  
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, 2015 (except for the Waltham Contributory Retirement System, which is as of and for the fiscal year ended December 31, 2014), 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, 2015 (except for the Waltham Contributory Retirement System, which is as of and for the fiscal year ended December 31, 2014), 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.

## *Emphasis of a Matter*

During the fiscal year ended June 30, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and GASB Statement No 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. As a result, the City reported a restatement for the change in accounting principle (see Note 1). Our auditors' opinion was not modified with respect to the restatement.

## *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 83 through 104) 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 and individual fund 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 22, 2015, 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.



**CliftonLarsonAllen**

Boston, Massachusetts  
December 22, 2015

## **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, 2015.

### ***Financial Highlights***

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$41,855,018 (net position). The City's governmental activities had negative unrestricted net position totaling (\$214,483,584) and \$23,759,048 in unrestricted net position for its business-type activities.
- The City's total net position decreased \$399,753.
- As of the close the fiscal year, the City's governmental funds reported combined ending fund balances totaling \$87,563,527, a decrease of \$64,826 in comparison with the prior year. \$19,619,396 represents unassigned fund balance.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$26,208,145, or 13.1 percent of total general fund expenditures and transfers out.
- The City's total long-term debt decreased by \$8,225,546 (8.5%) during the fiscal year; \$1,734,820 of new debt was issued for water and sewer projects.

### ***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, deferred outflows of resources, liabilities and deferred inflows of resources with the difference 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 25 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 21 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 109-116 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 funds 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 119-120 and page 122 of this report.

The basic fiduciary funds 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 41-81 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 83-104 of this report.

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 \$41,855,018 at the close of the fiscal year and are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2015	2014	2015	2014	2015	2014
<b>Assets and Deferred Outflows of Resources</b>						
Current assets.....	\$ 114,642,405	\$ 114,062,580	\$ 42,451,832	\$ 36,254,430	\$ 157,094,237	\$ 150,317,010
Noncurrent assets (excluding capital assets).....	2,632,998	2,756,718	-	-	2,632,998	2,756,718
Capital assets (net).....	239,692,790	236,604,415	29,596,546	27,493,298	269,289,336	264,097,713
Deferred outflows of resources.....	165,831	-	8,112	-	173,943	-
 Total assets and deferred outflows of resources.....	 357,134,024	 353,423,713	 72,056,490	 63,747,728	 429,190,514	 417,171,441
<b>Liabilities and Deferred Inflows of Resources</b>						
Current liabilities						
(excluding debt).....	19,606,364	20,198,312	1,151,934	656,892	20,758,298	20,855,204
Noncurrent liabilities						
(excluding debt).....	259,245,779	106,665,053	8,957,086	2,042,267	268,202,865	108,707,320
Current debt.....	15,625,247	11,261,507	3,750,940	2,190,908	19,376,187	13,452,415
Noncurrent debt.....	58,480,367	66,032,615	20,344,280	20,991,349	78,824,647	87,023,964
Deferred inflows of resources.....	172,834	122,733	665	-	173,499	122,733
 Total liabilities and deferred inflows of resources.....	 353,130,591	 204,280,220	 34,204,905	 25,881,416	 387,335,496	 230,161,636
<b>Net Position</b>						
Net investment in capital assets.....	168,907,226	164,015,843	14,092,537	10,482,833	182,999,763	174,498,676
Restricted.....	49,579,791	52,842,407	-	-	49,579,791	52,842,407
Unrestricted.....	(214,483,584)	(67,714,757)	23,759,048	27,383,479	(190,724,536)	(40,331,278)
 Total net position.....	 \$ 4,003,433	 \$ 149,143,493	 \$ 37,851,585	 \$ 37,866,312	 \$ 41,855,018	 \$ 187,009,805

The largest portion of the City's net position (\$182,999,763) 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 (\$49,579,791) represents resources that are subject to external restrictions on how they may be used.

Unrestricted net position of \$23,759,048 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 net pension and other post employment benefits liabilities.

### Changes in Net Position

For the fiscal year ended June 30, 2015, the City's total net position decreased by \$399,753, compared to a decrease of \$8,237,208 in the prior fiscal year. These amounts are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for services.....	\$ 14,462,449	\$ 13,227,505	\$ 35,108,808	\$ 34,475,513	\$ 49,571,257	\$ 47,703,018
Operating grants and contributions.....	28,018,652	36,885,652	101,988	43,857	28,120,640	36,929,509
Capital grants and contributions.....	1,786,940	1,955,479	2,320,501	22,901	4,107,441	1,978,380
<i>General Revenues:</i>						
Real estate and personal property taxes.....	161,059,057	159,052,033	-	-	161,059,057	159,052,033
Motor vehicle and other excise taxes.....	7,588,970	7,002,622	-	-	7,588,970	7,002,622
Hotel/motel taxes.....	3,837,715	3,535,326	-	-	3,837,715	3,535,326
Meals tax.....	1,278,394	1,195,490			1,278,394	1,195,490
Penalties and interest on taxes.....	687,747	705,407	-	-	687,747	705,407
Payments in lieu of taxes.....	58,763	43,151	-	-	58,763	43,151
Community preservation surcharges.....	3,365,262	2,535,235	-	-	3,365,262	2,535,235
Grants and contributions not restricted to specific programs.....	9,557,090	9,064,858	-	-	9,557,090	9,064,858
Unrestricted investment income.....	491,842	181,321	-	-	491,842	181,321
Gain on sale of capital assets.....	-	24,300	-	-	-	24,300
Total revenues.....	<u>232,192,881</u>	<u>235,408,379</u>	<u>37,531,297</u>	<u>34,542,271</u>	<u>269,724,178</u>	<u>269,950,650</u>
<b>Expenses</b>						
<i>General government.....</i>						
General government.....	14,516,477	14,141,084	-	-	14,516,477	14,141,084
Public safety.....	59,675,967	60,787,241	-	-	59,675,967	60,787,241
Education.....	127,306,510	133,882,547	-	-	127,306,510	133,882,547
Public works.....	19,928,652	21,990,015	-	-	19,928,652	21,990,015
Health and human services.....	4,022,919	4,198,865	-	-	4,022,919	4,198,865
Culture and recreation.....	6,843,362	6,532,446	-	-	6,843,362	6,532,446
Community development.....	4,399,974	3,902,190	-	-	4,399,974	3,902,190
Debt service - interest.....	2,450,774	2,550,610	-	-	2,450,774	2,550,610
Sewer.....	-	-	17,792,313	17,537,838	17,792,313	17,537,838
Water.....	-	-	12,623,659	12,161,192	12,623,659	12,161,192
Veterans Memorial Rink.....	-	-	563,324	503,830	563,324	503,830
Total expenses.....	<u>239,144,635</u>	<u>247,984,998</u>	<u>30,979,296</u>	<u>30,202,860</u>	<u>270,123,931</u>	<u>278,187,858</u>
Change in net position before transfers.....	(6,951,754)	(12,576,619)	6,552,001	4,339,411	(399,753)	(8,237,208)
Transfers, net.....	<u>(184,205)</u>	<u>(175,450)</u>	<u>184,205</u>	<u>175,450</u>	<u>-</u>	<u>-</u>
Change in net position.....	(7,135,959)	(12,752,069)	6,736,206	4,514,861	(399,753)	(8,237,208)
Net position - beginning of year (as restated)*.....	<u>11,139,392</u>	<u>161,895,562</u>	<u>31,115,379</u>	<u>33,351,451</u>	<u>42,254,771</u>	<u>195,247,013</u>
Net position - end of year.....	<u>\$ 4,003,433</u>	<u>\$ 149,143,493</u>	<u>\$ 37,851,585</u>	<u>\$ 37,866,312</u>	<u>\$ 41,855,018</u>	<u>\$ 187,009,805</u>

\* During fiscal year 2015, the City implemented GASB Statement No. 68 to record the net pension liability. See Note 1.

Governmental activities decreased the City's net position by \$7,135,959. In the prior year, governmental activities decreased the City's net position by \$12,752,069. The key elements of this change are a decrease of approximately \$1,300,000 in the recognition of the net OPEB obligation and a net change of approximately \$4,000,000 in capital additions exceeding depreciation.

Business-type activities increased the City's net position by \$6,736,206. In the prior year, business-type activities increased the City's net position by \$4,514,861. The key element of this change is an increase in capital grants and contributions of approximately \$2,300,000 related to sewer projects.

### ***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 \$87,563,527, a decrease of \$64,826 in comparison with the prior year. \$19,619,396 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable - \$2,228,014
- Restricted - \$48,437,931
- Committed - \$8,132,421
- Assigned - \$9,145,765

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 \$26,208,145, while total fund balance was \$52,331,389. 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 13.1% of total general fund expenditures and transfers out, while total fund balance represents 26.1% of that same amount.

The balance of the City's general fund increased \$3,123,748 during fiscal year 2015. The City recognized a budgetary surplus of \$19,106,292 (excluding encumbrances and continuing appropriations), and anticipated utilizing reserves of approximately \$21,500,000 to fund fiscal year 2015 operations.

Some of the significant increases to the balance of the general fund were the result of positive variances to local receipts from the following sources: motor vehicle excise tax - \$210,000, building permits - \$3,570,000, hotel tax - \$338,000, meals tax - \$78,000, fees/rentals - \$110,000 and Medicaid reimbursement - \$251,000. Additionally, there was an overall net positive variance to operating expenditures of \$3,700,000. Some of the significant decreases to the balance of the general fund were from the following uses: snow plowing - \$3,558,000, retroactive salary increases - \$1,772,000, capital items - \$1,866,000 and land acquisition - \$896,000.

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

The fund balance of the highway projects fund (capital project) decreased \$168,584 during the current fiscal year. The fund recognized \$920,461 of intergovernmental revenues and incurred \$1,089,045 of expenditures.

The fund balance of the community development block grant fund (special revenue) increased \$53,673 during the current fiscal year. The fund recognized \$1,133,127 of intergovernmental revenues, \$143,577 of departmental and other revenues and \$18 of investment income. Expenditures incurred totaled \$1,223,049.

The fund balance of the community preservation fund (special revenue) decreased \$79,643 during the current fiscal year. The fund recognized \$2,604,317 of community preservation surcharges, \$4,801 of penalties and interest on taxes, \$796,422 of intergovernmental revenues, and \$62,227 of investment income. Expenditures incurred totaled \$3,547,410.

The fund balance of the city capital projects fund (capital project) decreased \$5,249,640 during the current fiscal year. Expenditures incurred totaled \$5,249,640, which consisted of the following uses: building improvements - \$675,000, equipment purchases - \$386,000, land acquisition - \$388,000, improvements to recreation facilities - \$739,000, and street/sidewalk improvements - \$3,045,000.

### 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 \$10,127,118, \$13,709,457 and (\$77,527), respectively. The sewer and water enterprise funds had increases in net position for the year of \$4,200,859 and \$2,629,418, respectively. The Veterans Memorial Rink enterprise fund had a decrease in net position for the year of \$94,071. 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 \$203,741,259 was increased by \$14,982,719 (7.4%) during the fiscal year. The following table summarizes the increase:

Purpose of Increase	Amount	Funding Source
Transfer to Stabilization Fund.....	\$ 6,000,000	Unassigned fund balance
CPW - Snow and Ice Removal.....	3,549,000	Unassigned fund balance
Collective Bargaining Agreements.....	1,772,095	Unassigned fund balance
Transfer to Housing Fund.....	1,432,000	Unassigned fund balance
Mayor Expenditures.....	895,668	Unassigned fund balance
Traffic Master Plan Expenses.....	294,106	Unassigned fund balance
Building Maintenance Expenses.....	290,398	Unassigned fund balance
Fire Salaries.....	225,000	Unassigned fund balance
Assessors Expenditures.....	144,200	Unassigned fund balance
Health Insurance Expenses.....	90,000	Unassigned fund balance
Workers Comp Expenses.....	70,000	Unassigned fund balance
School Expenditures.....	60,000	Unassigned fund balance
CPW - Culvert Repairs.....	55,000	Unassigned fund balance
Library Expenses.....	40,143	Unassigned fund balance/State grant
Other Various Expenses.....	30,457	Unassigned fund balance
Wires Expenditures.....	25,000	Unassigned fund balance
Council on Aging Expenses.....	7,677	Stabilization Fund
Planning Board Expenses.....	1,975	Unassigned fund balance
Total increase.....	\$ 14,982,719	

During the year, general fund revenues exceeded budgetary estimates, and expenditures, encumbrances and continuing appropriations other financing sources were less than budgetary estimates, resulting in a positive overall budget to actual variance of approximately \$8,867,000. Encumbrances and continuing appropriations totaled \$10,239,023 at year-end.

### ***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 \$269,289,337 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, machinery and equipment, infrastructure and library books. The total increase in the investment in capital assets for the current fiscal year totaled 0.2%.

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

- Banks School (\$455,117)
- Fernald Property (\$3,706,000)
- Sewer infrastructure (\$1,589,150)
- Police vehicles (\$310,711)
- Pond End at Totten Pond Road land improvements (\$526,117)
- School computer equipment (\$1,316,303)
- Sidewalk and lighting improvements (\$1,622,336)
- Water equipment (\$589,013)
- Water infrastructure (\$794,295)
- Wyman Street paving (\$531,985)
- Summer Street paving (\$349,970)
- Sewer Vactor truck (\$411,211)

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>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
Land.....	\$ 24,440,162	\$ 20,273,587	\$ 38,550	\$ 38,550	\$ 24,478,712	\$ 20,312,137
Land improvements.....	12,243,151	12,374,920	-	-	12,243,151	12,374,920
Buildings and improvements.....	167,056,727	171,375,117	1,666,186	1,787,749	168,722,913	173,162,866
Machinery and equipment.....	8,646,758	8,378,838	1,686,741	935,193	10,333,499	9,314,031
Infrastructure.....	26,673,946	23,564,913	26,205,070	24,731,806	52,879,016	48,296,719
Library books.....	632,046	637,040	-	-	632,046	637,040
 Total capital assets.....	 \$ 239,692,790	 \$ 236,604,415	 \$ 29,596,547	 \$ 27,493,298	 \$ 269,289,337	 \$ 264,097,713

Additional information on the City's capital assets can be found in Note 5 on pages 58-60 of this report.

### Long-Term Debt

At the end of the current fiscal year, total long-term debt and unamortized premiums outstanding was \$88,750,833, 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>	
	2015	2014	2015	2014	2015	2014
General obligation bonds.....	\$ 66,032,614	\$ 73,794,122	\$ 15,365,857	\$ 16,578,247	\$ 81,398,471	\$ 90,372,369
MWRA.....	-	-	4,824,951	3,812,488	4,824,951	3,812,488
MCWT.....	-	-	2,527,411	2,791,522	2,527,411	2,791,522
 Total bonds and notes and unamortized premiums.....	 \$ 66,032,614	 \$ 73,794,122	 \$ 22,718,219	 \$ 23,182,257	 \$ 88,750,833	 \$ 96,976,379

The City's total long-term debt decreased \$8,225,546 (or 8.5%) during the fiscal year. The City issued \$1,734,820 in MWRA debt during the fiscal year.

The City received an AA+ bond rating from Standard & Poor's for the general obligation bonds issued on June 10, 2014.

Additional information on the City's long-term debt can be found in Note 10 on pages 64-68 of this report.

### *Implementation of GASB Statement No. 68*

As indicated in the table on page 19, the City implemented GASB Statement No. 68 during fiscal year 2015. The implementation of this Statement resulted in, among other things, the establishment of a net pension liability in the Statement of Net Position, as well as deferred outflows and deferred inflows related to pension activities. The financial impact of implementing this Statement is as follows:

- Restatement of beginning (July 1, 2014) net position totaling \$144,755,034
- Net pension liability totaling \$142,537,299 at June 30, 2015
- Deferred outflows of resources totaling \$173,943 at June 30, 2015
- Deferred inflows of resources totaling \$14,259 at June 30, 2015
- 2015 pension expense totaling \$13,999,864
- 2015 non-employer contributions related to pension expense totaling \$1,087,689

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

Waltham is one of the primary economic engines of metropolitan Boston. An increase in Waltham's commercial and industrial tax base from \$2.93 billion to \$3.07 billion 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. During fiscal year 2015, the estimated cost of construction resulting from the issuance of building permits totaled in excess of \$276 million. 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 2016 operating budget totaling \$237.8 million during June 2015. This represents an \$8.3 million increase, or 3.6% from the fiscal year 2015 approved budget. Included in this budget is \$77.2 million for education, \$31.9 million for public safety, \$32.4 million for the water/sewer/rink enterprise funds, \$4.2 million for collective bargaining contingencies, \$56.1 million for employee and retiree health/pension benefits, \$10.1 million for debt service and \$200,000 towards funding the OPEB liability.

Of the \$237.8 million fiscal year 2016 operating budget, the revenues budgeted to balance it are property taxes - 69.5%, local receipts 9.3%, state aid - 7.9% and the enterprise funds user charges - 13.3%. The average owner-occupied single family home has an assessed value of \$425,100. After applying the residential exemption, the annual property tax bill for the average owner-occupied single family home is \$4,117. This represents an increase of about \$29 from fiscal year 2015.

#### *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**

CITY OF WALTHAM  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	<u>Primary Government</u>		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents.....	\$ 51,787,587	\$ 28,025,329	\$ 79,812,916
Restricted Cash and Cash Equivalents.....	30,595,598	8,591,209	39,186,807
Restricted Investments.....	23,861,744	-	23,861,744
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate and Personal Property Taxes.....	1,429,801	-	1,429,801
Tax and Utility Liens.....	1,470,756	221,578	1,692,334
Motor Vehicle and Other Excise Taxes.....	772,152	-	772,152
Community Preservation Surcharges.....	57,632	-	57,632
Water.....	-	2,341,397	2,341,397
Sewer .....	-	3,272,319	3,272,319
Special Assessments.....	345	-	345
Department and Other.....	929,170	-	929,170
Intergovernmental.....	3,737,620	-	3,737,620
Total Current Assets.....	<u>114,642,405</u>	<u>42,451,832</u>	<u>157,094,237</u>
Noncurrent Assets:			
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate Tax Deferrals.....	528,311	-	528,311
Special Assessments.....	121,686	-	121,686
Loans.....	1,983,001	-	1,983,001
Capital Assets not being Depreciated.....	24,440,162	38,550	24,478,712
Capital Assets, Net of Accumulated Depreciation.....	<u>215,252,628</u>	<u>29,557,997</u>	<u>244,810,625</u>
Total Noncurrent Assets.....	<u>242,325,788</u>	<u>29,596,547</u>	<u>271,922,335</u>
Total Assets.....	<u>356,968,193</u>	<u>72,048,379</u>	<u>429,016,572</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related.....	<u>165,831</u>	<u>8,112</u>	<u>173,943</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Warrants Payable.....	3,633,683	601,808	4,235,491
Accrued Payroll.....	6,513,950	48,134	6,562,084
Tax Refunds Payable.....	990,000	-	990,000
Other Liabilities.....	853,533	145,568	999,101
Accrued Interest.....	773,423	193,121	966,544
Accrued Health Claims Payable.....	2,734,956	-	2,734,956
Workers' Compensation Claims.....	672,060	32,640	704,700
Compensated Absences.....	3,434,759	130,665	3,565,424
Short-Term Notes Payable.....	8,073,000	1,377,000	9,450,000
Long-Term Bonds and Notes Payable.....	<u>7,552,247</u>	<u>2,373,940</u>	<u>9,926,187</u>
Total Current Liabilities.....	<u>35,231,611</u>	<u>4,902,876</u>	<u>40,134,487</u>
Noncurrent Liabilities:			
Compensated Absences .....	4,683,651	167,034	4,850,685
Net OPEB Obligation.....	118,672,334	2,142,547	120,814,881
Net Pension Liability.....	135,889,794	6,647,505	142,537,299
Long-Term Bonds and Notes Payable.....	<u>58,480,367</u>	<u>20,344,279</u>	<u>78,824,646</u>
Total Noncurrent Liabilities.....	<u>317,726,146</u>	<u>29,301,365</u>	<u>347,027,511</u>
Total Liabilities.....	<u>352,957,757</u>	<u>34,204,241</u>	<u>387,161,998</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pension related.....	13,594	665	14,259
Taxes Collected in Advance.....	<u>159,240</u>	-	<u>159,240</u>
Total Deferred Inflows of Resources.....	<u>172,834</u>	<u>665</u>	<u>173,499</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets.....	168,907,226	14,092,537	182,999,763
Restricted for:			
OPEB.....	8,845,058	-	8,845,058
Loans.....	1,983,001	-	1,983,001
Community Preservation.....	23,488,933	-	23,488,933
Permanent Funds:			
Expendable.....	291,463	-	291,463
None expendable.....	2,228,014	-	2,228,014
Revolving Funds.....	3,893,477	-	3,893,477
Traffic Impact.....	3,113,626	-	3,113,626
Parking Meters.....	1,884,628	-	1,884,628
Sale of Lots/Graves.....	1,375,512	-	1,375,512
Other Specific Purposes.....	2,476,079	-	2,476,079
Unrestricted.....	<u>(214,483,584)</u>	<u>23,759,048</u>	<u>(190,724,536)</u>
Total Net Position.....	<u>\$ 4,003,433</u>	<u>\$ 37,851,585</u>	<u>\$ 41,855,018</u>

The accompanying notes are an integral part of the financial statements.

CITY OF WALTHAM, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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Functions/Programs	Program Revenues					Net (Expense)/ Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Primary Government:</b>						
Governmental Activities:						
General Government.....	\$ 14,516,477	\$ 6,540,791	\$ 833,415	\$ -	\$ (7,142,271)	
Public Safety.....	59,675,967	4,049,827	1,016,096	-	(54,610,044)	
Education.....	127,306,510	1,486,402	24,049,479	-	(101,770,629)	
Public Works.....	19,928,652	380,549	163,978	1,564,082	(17,820,043)	
Health and Human Services.....	4,022,919	387,712	377,863	-	(3,257,344)	
Culture and Recreation.....	6,843,362	468,909	131,561	-	(6,242,892)	
Community Development.....	4,399,974	1,148,259	1,340,892	222,858	(1,687,965)	
Debt Service-Interest.....	2,450,774	-	105,368	-	(2,345,406)	
Total Governmental Activities.....	<u>239,144,635</u>	<u>14,462,449</u>	<u>28,018,652</u>	<u>1,786,940</u>	<u>(194,876,594)</u>	
Business-Type Activities:						
Sewer.....	17,792,313	19,615,814	37,707	2,320,501	4,181,709	
Water.....	12,623,659	15,102,116	64,281	-	2,542,738	
Veterans Memorial Rink.....	563,324	390,878	-	-	(172,446)	
Total Business-Type Activities.....	<u>30,979,296</u>	<u>35,108,808</u>	<u>101,988</u>	<u>2,320,501</u>	<u>6,552,001</u>	
Total Primary Governments.....	<u>\$ 270,123,931</u>	<u>\$ 49,571,257</u>	<u>\$ 28,120,640</u>	<u>\$ 4,107,441</u>	<u>\$ (188,324,593)</u>	

The accompanying notes are an integral part of the financial statements.

CITY OF WALTHAM, MASSACHUSETTS  
STATEMENT OF ACTIVITIES (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>CHANGES IN NET POSITION</b>			
Net (Expense) Revenue (From Previous Page).....	\$ (194,876,594)	\$ 6,552,001	\$ (188,324,593)
General Revenues:			
Real Estate and Personal Property Taxes.....	161,059,057	-	161,059,057
Motor Vehicle and Other Excise Taxes.....	7,588,970	-	7,588,970
Hotel/Motel Taxes.....	3,837,715	-	3,837,715
Meals Tax.....	1,278,394	-	1,278,394
Penalties and Interest on Taxes.....	687,747	-	687,747
Payments in Lieu of Taxes.....	58,763	-	58,763
Community Preservation Surcharges.....	3,365,262	-	3,365,262
Grants and Contributions not Restricted to			
Specific Programs.....	9,557,090	-	9,557,090
Unrestricted Investment Income.....	491,842	-	491,842
Transfers, Net.....	(184,205)	184,205	-
Total General Revenues and Transfers.....	<u>187,740,635</u>	<u>184,205</u>	<u>187,924,840</u>
CHANGE IN NET POSITION.....	(7,135,959)	6,736,206	(399,753)
Net Position - Beginning of Year (as restated).....	<u>11,139,392</u>	<u>31,115,379</u>	<u>42,254,771</u>
<b>NET POSITION - END OF YEAR</b> .....	<b>\$ 4,003,433</b>	<b>\$ 37,851,585</b>	<b>\$ 41,855,018</b>

The accompanying notes are an integral part of the financial statements.

**CITY OF WALTHAM, MASSACHUSETTS**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2015**

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ASSETS	General	Highway Projects	Community Development Block Grant	Community Preservation
Cash and Cash Equivalents	\$ 51,787,586	\$ -	\$ -	\$ -
Restricted Cash and Cash Equivalents	50,820	-	3,096	9,528,237
Restricted Investments.....	8,594,238	-	-	13,134,690
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate and Personal Property Taxes.....	1,429,801	-	-	-
Real Estate Tax Deferrals.....	528,311	-	-	-
Tax and Trash Liens.....	1,470,756	-	-	-
Motor Vehicle and Other Excise taxes.....	772,152	-	-	-
Community Preservation Surcharges.....	-	-	-	57,632
Special Assessments.....	122,031	-	-	-
Departmental and Other.....	268,751	-	-	-
Intergovernmental.....	643,272	1,154,918	-	771,775
Loans.....	-	-	1,983,001	-
Due from Other Funds.....	<u>865,853</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets.....	<u>\$ 66,533,571</u>	<u>\$ 1,154,918</u>	<u>\$ 1,986,097</u>	<u>\$ 23,492,334</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Warrants Payable.....	\$ 1,734,652	\$ 831,545	\$ 25,279	\$ -
Accrued Payroll.....	6,464,626	-	-	914
Tax Refunds Payable.....	990,000	-	-	-
Due to Other Funds.....	-	331,103	-	-
Short-Term Notes Payable.....	-	-	-	-
Total Liabilities.....	<u>9,189,278</u>	<u>1,162,648</u>	<u>25,279</u>	<u>914</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue.....	4,856,151	831,545	1,983,001	829,407
Taxes Collected in Advance.....	156,753	-	-	2,487
Total Deferred Inflows of Resources.....	<u>5,012,904</u>	<u>831,545</u>	<u>1,983,001</u>	<u>831,894</u>
<b>FUND BALANCES</b>				
Nonspendable.....	-	-	-	-
Restricted.....	8,845,058	-	-	22,659,526
Committed.....	8,132,421	-	-	-
Assigned.....	9,145,765	-	-	-
Unassigned.....	26,208,145	(839,275)	(22,183)	-
Total Fund Balances.....	<u>52,331,389</u>	<u>(839,275)</u>	<u>(22,183)</u>	<u>22,659,526</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances.....	<u>\$ 66,533,571</u>	<u>\$ 1,154,918</u>	<u>\$ 1,986,097</u>	<u>\$ 22,660,440</u>

The accompanying notes are an integral part of the financial statements.

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City Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 51,787,586
2,884,561	16,938,901	29,405,615
-	2,132,816	23,861,744
-	-	1,429,801
-	-	528,311
-	-	1,470,756
-	-	772,152
-	-	57,632
-	-	122,031
-	269,133	537,884
-	1,167,655	3,737,620
-	-	1,983,001
-	-	865,853
<hr/> <u>2,884,561</u>	<hr/> <u>20,508,505</u>	<hr/> <u>\$ 116,559,986</u>

\$ 533,079	\$ 500,624	\$ 3,625,179
-	48,410	6,513,950
-	-	990,000
-	534,750	865,853
<hr/> <u>7,732,000</u>	<hr/> <u>341,000</u>	<hr/> <u>8,073,000</u>
<hr/> <u>8,265,079</u>	<hr/> <u>1,424,784</u>	<hr/> <u>20,067,982</u>
-	269,133	8,769,237
<hr/> <u>-</u>	<hr/> <u>-</u>	<hr/> <u>159,240</u>
<hr/> <u>-</u>	<hr/> <u>269,133</u>	<hr/> <u>8,928,477</u>
-	2,228,014	2,228,014
-	16,933,347	48,437,931
-	-	8,132,421
-	-	9,145,765
<hr/> <u>(5,380,518)</u>	<hr/> <u>(346,773)</u>	<hr/> <u>19,619,396</u>
<hr/> <u>(5,380,518)</u>	<hr/> <u>18,814,588</u>	<hr/> <u>87,563,527</u>
<hr/> <u>\$ 2,884,561</u>	<hr/> <u>\$ 20,508,505</u>	<hr/> <u>\$ 116,559,986</u>

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CITY OF WALTHAM, MASSACHUSETTS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2015

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Total Governmental Fund Balances (Page 30).....	\$ 87,563,527
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....	239,692,790
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.....	8,769,237
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.....	(773,423)
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.....	(66,032,614)
Workers' Compensation Claims.....	(672,060)
Compensated Absences.....	(8,118,410)
Net OPEB Obligation.....	(118,672,334)
Net Pension Liability, Net of Deferred Outflows and Inflows of Resources.....	(135,737,557)
Internal service funds are used by management to account for health insurance activities. The assets and liabilities of the internal service fund is reported as governmental activities in the statement of net position.....	<u>(2,015,723)</u>
Net Position of Governmental Activities (Page 26).....	<u>\$ 4,003,433</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF WALTHAM, MASSACHUSETTS**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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	General	Highway Projects	Community Development Block Grant	Community Preservation
<b>REVENUES</b>				
Real Estate and Personal Property Taxes.....	\$ 160,422,604	\$ -	\$ -	\$ -
Motor Vehicle and Other Excise Taxes.....	7,535,378	-	-	-
Hotel/Motel Tax.....	3,837,715	-	-	-
Meals Tax.....	1,278,394	-	-	-
Tax Liens.....	1,143,807	-	-	-
Payments in Lieu of Taxes.....	58,763	-	-	-
Community Preservation Surcharges.....	-	-	-	2,604,317
Charges for Services.....	-	-	-	-
Intergovernmental.....	19,386,122	920,461	1,133,127	796,422
Special Assessments.....	88,261	-	-	-
Penalties and Interest on Taxes.....	682,945	-	-	4,801
Licenses and Permits.....	6,548,176	-	-	-
Fines and Forfeitures.....	557,651	-	-	-
Departmental and Other.....	1,284,356	-	143,577	-
Contributions.....	-	-	-	-
Investment Income.....	435,649	-	18	62,227
 Total Revenues.....	 203,259,821	 920,461	 1,276,722	 3,467,767
<b>EXPENDITURES</b>				
Current:				
General Government.....	9,469,427	-	-	-
Public Safety.....	31,122,255	-	-	-
Education.....	73,787,764	-	-	-
Public Works.....	14,743,526	1,089,045	-	-
Health and Human Services.....	1,584,725	-	-	-
Culture and Recreation.....	3,609,370	-	-	-
Community Development.....	652,963	-	1,223,049	3,547,410
Pension Benefits.....	14,577,088	-	-	-
Employee Benefits.....	37,023,287	-	-	-
Claims and Judgments.....	193,000	-	-	-
State and County Charges.....	1,708,001	-	-	-
Debt Service:				
Principal.....	7,634,498	-	-	-
Interest.....	2,669,154	-	-	-
 Total Expenditures.....	 198,775,058	 1,089,045	 1,223,049	 3,547,410
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
OVER EXPENDITURES.....	4,484,763	(168,584)	53,673	(79,643)
<b>OTHER FINANCING SOURCES (USES)</b>				
Premium from Issuance of Bonds and Notes.....	105,368	-	-	-
Transfers In.....	153,390	-	-	-
Transfer Out.....	(1,619,773)	-	-	-
 Total Other Financing Sources (Uses).....	 (1,361,015)	 -	 -	 -
<b>NET CHANGE IN FUND BALANCES</b>				
NET CHANGE IN FUND BALANCES.....	3,123,748	(168,584)	53,673	(79,643)
Fund Balances - Beginning of Year.....	49,207,641	(670,691)	(75,856)	22,739,169
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 52,331,389</b>	<b>\$ (839,275)</b>	<b>\$ (22,183)</b>	<b>\$ 22,659,526</b>

The accompanying notes are an integral part of the financial statements.

City Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 160,422,604
		7,535,378
		3,837,715
		1,278,394
		1,143,807
		58,763
		2,604,317
	3,337,900	3,337,900
	7,513,872	29,750,004
		88,261
		687,746
		6,548,176
	71,492	629,143
	2,948,374	4,376,307
	1,148,063	1,148,063
	77,928	575,822
	15,097,629	224,022,400

1,088,757	731,992	11,290,176
279,876	2,947,984	34,350,115
-	8,337,608	82,125,372
2,866,782	773,367	19,472,720
-	164,941	1,749,666
777,886	215,606	4,602,862
236,339	952,689	6,612,450
-	-	14,577,088
-	-	37,023,287
-	-	193,000
-	-	1,708,001
-	-	7,634,498
-	-	2,669,154
<hr/> <u>5,249,640</u>	<hr/> <u>14,124,187</u>	<hr/> <u>224,008,389</u>
(5,249,640)	973,442	14,011

-	-	105,368
-	1,435,568	1,588,958
-	(153,390)	(1,773,163)
<hr/>	<hr/>	<hr/>
-	1,282,178	(78,837)
<hr/>	<hr/>	<hr/>
(5,249,640)	2,255,620	(64,826)
<hr/>	<hr/>	<hr/>
(130,878)	16,558,968	87,628,353
<hr/>	<hr/>	<hr/>
\$ (5,380,518)	\$ 18,814,588	\$ 87,563,527

**CITY OF WALTHAM, MASSACHUSETTS**  
**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, 2015**

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Net Change in Fund Balances - Total Governmental Funds (Page 34)..... \$ (64,826)

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.

Capital Outlays.....	14,673,377
Depreciation.....	(11,585,001)

Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds. 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 inflows of resources.....	(620,307)
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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 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.

Bond Maturities.....	7,634,498
Amortization of Bond Premiums.....	127,010

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.....

91,370

Some expenses reported in the statement of 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:

Workers' Compensation.....	(384,173)
Compensated Absences.....	(1,113,957)
Net OPEB Obligation.....	(15,700,341)
Net Pension Liability, Net.....	2,266,544

Internal service funds are used by management to account for health insurance activities. The net activity of the internal service fund is reported with governmental activities.....

(2,460,153)

Changes in Net Position of Governmental Activities (Page 28)..... \$ (7,135,959)

The accompanying notes are an integral part of the financial statements.

CITY OF WALTHAM, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF FUND NET POSITION  
JUNE 30, 2015

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	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Nonmajor Veterans Memorail Rink	Total	
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents.....	\$ 10,632,058	\$ 17,245,314	\$ 147,957	\$ 28,025,329	\$ -
Restricted Cash and Cash Equivalents.....	6,485,919	2,104,846	444	8,591,209	1,189,983
Receivables, Net of Allowance for Uncollectible Amounts:					
User Charges.....	3,272,319	2,341,397	-	5,613,716	-
Utility Liens.....	131,439	90,139	-	221,578	-
Department and Other.....	-	-	-	-	391,286
Total Current Assets.....	<u>20,521,735</u>	<u>21,781,696</u>	<u>148,401</u>	<u>42,451,832</u>	<u>1,581,269</u>
Noncurrent Assets:					
Capital Assets not being Depreciated.....	38,550	-	-	38,550	-
Capital Assets, Net of Accumulated Depreciation.....	<u>19,431,315</u>	<u>10,012,646</u>	<u>114,036</u>	<u>29,557,997</u>	
Total Noncurrent Assets.....	<u>19,469,865</u>	<u>10,012,646</u>	<u>114,036</u>	<u>29,596,547</u>	
Total Assets.....	<u>39,991,600</u>	<u>31,794,342</u>	<u>262,437</u>	<u>72,048,379</u>	<u>1,581,269</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related.....	<u>2,704</u>	<u>5,408</u>	<u>-</u>	<u>8,112</u>	
<b>LIABILITIES</b>					
Current Liabilities:					
Warrants Payable.....	581,423	19,396	989	601,808	8,503
Accrued Payroll.....	12,997	31,068	4,069	48,134	-
Other Liabilities.....	145,568	-	-	145,568	853,533
Accrued Interest.....	150,189	42,932	-	193,121	-
Accrued Health Claims Payable.....	-	-	-	-	2,734,956
Workers' Compensation Claims.....	11,424	21,216	-	32,640	-
Compensated Absences.....	52,554	67,466	10,645	130,665	-
Short-Term Notes Payable.....	1,332,000	45,000	-	1,377,000	-
Long-Term Bonds and Notes Payable.....	<u>1,589,468</u>	<u>769,704</u>	<u>14,768</u>	<u>2,373,940</u>	
Total Current Liabilities.....	<u>3,875,623</u>	<u>996,782</u>	<u>30,471</u>	<u>4,902,876</u>	<u>3,596,992</u>
Noncurrent Liabilities:					
Compensated Absences.....	83,386	67,781	15,867	167,034	-
Net OPEB Obligation.....	657,801	1,290,832	193,914	2,142,547	-
Net Pension Liability.....	2,215,838	4,431,667	-	6,647,505	-
Long-Term Bonds and Notes Payable.....	<u>13,360,093</u>	<u>6,984,186</u>	<u>-</u>	<u>20,344,279</u>	
Total Noncurrent Liabilities.....	<u>16,317,118</u>	<u>12,774,466</u>	<u>209,781</u>	<u>29,301,365</u>	
Total Liabilities.....	<u>20,192,741</u>	<u>13,771,248</u>	<u>240,252</u>	<u>34,204,241</u>	<u>3,596,992</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related.....	<u>222</u>	<u>443</u>	<u>-</u>	<u>665</u>	
<b>FUND NET POSITION</b>					
Net Investment in Capital Assets.....	9,674,223	4,318,602	99,712	14,092,537	-
Unrestricted.....	<u>10,127,118</u>	<u>13,709,457</u>	<u>(77,527)</u>	<u>23,759,048</u>	<u>(2,015,723)</u>
Total Net Position.....	<u>\$ 19,801,341</u>	<u>\$ 18,028,059</u>	<u>\$ 22,185</u>	<u>\$ 37,851,585</u>	<u>\$ (2,015,723)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF WALTHAM, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Nonmajor Veterans Memorial Rink	Total	
<b>OPERATING REVENUES</b>					
Charges for Services.....	\$ 19,615,814	\$ 15,102,116	\$ 390,878	\$ 35,108,808	\$ -
Employer Contributions.....	-	-	-	-	35,106,394
Employee Contributions.....	-	-	-	-	4,766,978
Total Operating Revenues.....	<u>19,615,814</u>	<u>15,102,116</u>	<u>390,878</u>	<u>35,108,808</u>	<u>39,873,372</u>
<b>OPERATING EXPENSES</b>					
Cost of Service and Administration.....	3,084,725	2,662,528	478,930	6,226,183	-
MWRA Assessment.....	12,953,820	8,061,502	-	21,015,322	-
Depreciation.....	719,768	571,512	18,641	1,309,921	-
Employee Benefits.....	606,273	1,179,545	65,789	1,851,607	42,344,469
Total Operating Expenses.....	<u>17,364,586</u>	<u>12,475,087</u>	<u>563,360</u>	<u>30,403,033</u>	<u>42,344,469</u>
<b>OPERATING INCOME (LOSS)</b> .....	<u>2,251,228</u>	<u>2,627,029</u>	<u>(172,482)</u>	<u>4,705,775</u>	<u>(2,471,097)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment Income.....	20,799	30,463	-	51,262	10,944
Other.....	16,908	33,818	-	50,726	-
Interest Expense.....	(427,727)	(148,572)	36	(576,263)	-
Total Nonoperating Revenues (Expenses), Net.....	<u>(390,020)</u>	<u>(84,291)</u>	<u>36</u>	<u>(474,275)</u>	<u>10,944</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b> .....	<u>1,861,208</u>	<u>2,542,738</u>	<u>(172,446)</u>	<u>4,231,500</u>	<u>(2,460,153)</u>
Capital Contributions.....	2,320,501	-	-	2,320,501	-
Transfers In.....	19,150	86,680	78,375	184,205	-
Total Capital Contributions and Transfers.....	<u>2,339,651</u>	<u>86,680</u>	<u>78,375</u>	<u>2,504,706</u>	<u>-</u>
<b>CHANGE IN FUND NET POSITION</b> .....	<u>4,200,859</u>	<u>2,629,418</u>	<u>(94,071)</u>	<u>6,736,206</u>	<u>(2,460,153)</u>
Fund Net Position - Beginning of Year (as restated).....	<u>15,600,482</u>	<u>15,398,641</u>	<u>116,256</u>	<u>31,115,379</u>	<u>444,430</u>
<b>FUND NET POSITION - END OF YEAR</b> .....	<u>\$ 19,801,341</u>	<u>\$ 18,028,059</u>	<u>\$ 22,185</u>	<u>\$ 37,851,585</u>	<u>\$ (2,015,723)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF WALTHAM, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewer	Water	Nonmajor Veterans Memorial Rink	Total		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from Customers and Users.....	\$ 19,615,450	\$ 15,025,746	\$ 390,878	\$ 35,032,074	\$ 4,766,978	
Receipts from Interfund Services Provided.....	-	-	-	-	34,896,004	
Payments to Vendors.....	(15,533,371)	(10,745,062)	(406,741)	(26,685,174)	-	
Payments to Employees.....	(514,813)	(1,095,995)	(113,500)	(1,724,308)	-	
Payments for Interfund Services Used.....	-	-	-	-	(43,140,669)	
Net Cash Provided by Operating Activities.....	<u>3,567,266</u>	<u>3,184,689</u>	<u>(129,363)</u>	<u>6,622,592</u>	<u>(3,477,687)</u>	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers In.....	<u>19,150</u>	<u>86,680</u>	<u>78,375</u>	<u>184,205</u>	<u>-</u>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from the Issuance of Bonds and Notes.....	2,588,450	523,370	-	3,111,820	-	
Capital Contributions.....	2,320,501	-	-	2,320,501	-	
Acquisition and Construction of Capital Assets.....	(2,000,361)	(1,383,308)	(29,500)	(3,413,169)	-	
Principal Payments on Bonds and Notes.....	(1,381,471)	(754,637)	(23,500)	(2,159,608)	-	
Interest Paid.....	(452,531)	(142,902)	(1,501)	(596,934)	-	
Net Cash Used by Capital and Related Financing Activities.....	<u>1,074,588</u>	<u>(1,757,477)</u>	<u>(54,501)</u>	<u>(737,390)</u>	<u>-</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment Income.....	<u>20,799</u>	<u>30,463</u>	<u>-</u>	<u>51,262</u>	<u>10,944</u>	
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>						
	<u>4,681,803</u>	<u>1,544,355</u>	<u>(105,489)</u>	<u>6,120,669</u>	<u>(3,466,743)</u>	
Cash and Cash Equivalents - Beginning of Year						
(Includes \$3,083,269, \$3,107,096 and \$444 Reported as Restricted in the Sewer, Water and Rink Enterprise Funds, Respectively).....	<u>12,436,174</u>	<u>17,805,805</u>	<u>253,890</u>	<u>30,495,869</u>	<u>4,656,726</u>	
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>						
(Includes \$6,485,919, \$2,104,846 and \$444 Reported as Restricted in the Sewer, Water and Rink Enterprise Funds, Respectively).....	<u>\$ 17,117,977</u>	<u>\$ 19,350,160</u>	<u>\$ 148,401</u>	<u>\$ 36,616,538</u>	<u>\$ 1,189,983</u>	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>						
Operating Income (Loss).....	<u>\$ 2,251,228</u>	<u>\$ 2,627,029</u>	<u>\$ (172,482)</u>	<u>\$ 4,705,775</u>	<u>\$ (2,471,097)</u>	
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Changes in Assets and Liabilities not Requiring Current Cash Flows:						
Depreciation.....	719,768	571,512	18,641	1,309,921	-	
Net OPEB Obligation.....	81,252	170,155	20,330	271,737	-	
Net Pension Liability.....	(36,958)	(73,917)	-	(110,875)	-	
Effect of Changes in Operating Assets and Liabilities:						
Utility Liens.....	827	(499)	-	328	-	
User Charges.....	(1,191)	(75,871)	-	(77,062)	-	
Departmental and Other.....	-	-	-	-	(210,390)	
Warrants Payable.....	469,634	(17,991)	(1,899)	449,744	(631,214)	
Accrued Payroll.....	3,467	2,104	750	6,321	-	
Other Liabilities.....	80,016	-	-	80,016	394,890	
Accrued Health Claims Payable.....	-	-	-	-	(559,876)	
Workers' Compensation Claims.....	-	1	(692)	(691)	-	
Compensated Absences.....	(777)	(17,834)	5,989	(12,622)	-	
Total Adjustments.....	<u>1,316,038</u>	<u>557,660</u>	<u>43,119</u>	<u>1,916,817</u>	<u>(1,006,590)</u>	
Net Cash Provided by Operating Activities.....	<u>\$ 3,567,266</u>	<u>\$ 3,184,689</u>	<u>\$ (129,363)</u>	<u>\$ 6,622,592</u>	<u>\$ (3,477,687)</u>	

The accompanying notes are an integral part of the financial statements.

**CITY OF WALTHAM, MASSACHUSETTS**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2015**

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	Pension Trust Fund (As of 12/31/14)	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and Cash Equivalents.....	\$ 3,279,572	\$ 60,205	\$ 790,503
Investments:			
US Treasuries and Agencies.....	-	2,718,876	-
Pooled Real Estate Funds.....	10,333,994	-	-
Pooled Alternative Investments.....	4,414,269	-	-
External Investment Pool (PRIT).....	184,410,213	-	-
Receivables, Net of Allowance for Uncollectible Amounts:			
Departmental and Other.....	33,308	-	-
Loans.....	-	89,740	-
Total Assets.....	<u>202,471,356</u>	<u>2,868,821</u>	<u>\$ 790,503</u>
<b>LIABILITIES</b>			
Warrants Payable.....	19,930	-	5,850
Other Liabilities.....	-	-	8,027
Liabilities Due Depositors.....	-	-	776,626
Total Liabilities.....	<u>19,930</u>	<u>-</u>	<u>\$ 790,503</u>
<b>NET POSITION</b>			
Restricted for pensions and other purposes.....	<u>\$ 202,451,426</u>	<u>\$ 2,868,821</u>	

The accompanying notes are an integral part of the financial statements.

**CITY OF WALTHAM, MASSACHUSETTS**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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	Pension Trust Fund (For the Year Ended 12/31/14)	Private Purpose Trust Funds
<b>ADDITIONS</b>		
Contributions:		
Employer.....	\$ 15,728,477	\$ -
Plan Members.....	5,222,151	-
Private Donations.....	-	24,460
Total Contributions.....	<u>20,950,628</u>	<u>24,460</u>
Net Investment Income:		
Net Appreciation in Fair Value of Investments.....	10,898,605	-
Interest.....	4,938	92,231
Dividends.....	<u>5,774,970</u>	<u>-</u>
Total Investment Income.....	16,678,513	92,231
Less: Investment Expense.....	<u>(1,150,395)</u>	<u>-</u>
<b>NET INVESTMENT INCOME</b> .....	<u>15,528,118</u>	<u>92,231</u>
Intergovernmental.....	529,401	-
Transfers from Other Systems.....	<u>589,507</u>	<u>-</u>
Total Additions.....	<u>37,597,654</u>	<u>116,691</u>
<b>DEDUCTIONS</b>		
Administration.....	521,690	-
Retirement Benefits and Refunds.....	23,503,245	-
Transfers to Other Systems.....	447,862	-
Scholarships Awarded.....	<u>-</u>	<u>243,310</u>
Total Deductions.....	<u>24,472,797</u>	<u>243,310</u>
<b>CHANGE IN NET POSITION</b> .....	13,124,857	(126,619)
Net Position - Beginning of Year.....	<u>189,326,569</u>	<u>2,995,440</u>
<b>NET POSITION - END OF YEAR</b> .....	<u>\$ 202,451,426</u>	<u>\$ 2,868,821</u>

The accompanying notes are an integral part of the 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 ended June 30, 2015, the City implemented the following pronouncements issued by the GASB:

- GASB Statement No. 67, *Financial Reporting for Pension Plans*
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*

➤ GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*

The implementation of GASB Statement No. 69 had no reporting impact for the City.

The implementation of GASB Statement No. 67 expanded note disclosures and required supplementary information related to the Pension Trust Fund.

The implementation of GASB Statement No.'s 68 and 71 resulted in, among other things, the establishment of a net pension liability in the Statement of Net Position, as well as the deferred inflows and deferred outflows related to pension activities. As a result, the City has restated its 2015 beginning net position to reflect the implementation of the Statement. The cumulative effect of change in accounting principle is as follows:

	Governmental Activities	Business-Type Activities	Sewer	Water
Net Position, June 30, 2014, as Previously Reported	\$ 149,143,493	\$ 37,866,312	\$ 17,850,796	\$ 19,899,260
Cumulative Affect of Application of GASB 68, Net Pension Liability	<u>(138,004,101)</u>	<u>(6,750,933)</u>	<u>(2,250,314)</u>	<u>(4,500,619)</u>
Net Position, June 30, 2014, as Restated	<u>\$ 11,139,392</u>	<u>\$ 31,115,379</u>	<u>\$ 15,600,482</u>	<u>\$ 15,398,641</u>

#### D. Government-Wide and Fund Financial Statements

##### Government-Wide Financial Statements

The government-wide financial statements (statement of net position and the statement of 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 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 benefit individuals, private organizations, or other governments. The City reports private purpose trust funds related to scholarship funds.

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 1<sup>st</sup> of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date.

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

**Motor Vehicle Excise Taxes**

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

**Community Preservation Surcharges**

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

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

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

**Departmental and Other**

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

**Special Assessments**

Special assessments consist of street and sidewalk betterments and are recorded as receivables in the fiscal year accrued.

**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 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, 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:

Capital Asset Type	Estimated Useful Life (in years)
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 funds that may result in amounts owed between funds.

**Government-Wide Financial Statements**

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

**Fund Financial Statements**

Transactions of a buyer/seller nature between 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 funds.

**Government-Wide Financial Statements**

Transfers between governmental funds are eliminated from the governmental activities in the statement of activities. 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 funds are not eliminated from the individual fund statements and are reported as transfers in and transfers out.

***N. Deferred Outflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

Deferred outflows of resources related to pensions is reported in the government-wide and enterprise funds' statements of net position.

***O. Deferred Inflows of Resources***

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City has three items that qualify for reporting in this category. Unavailable revenue is reported in the governmental funds balance sheet and taxes collected in advance is reported in both the statement of net position and governmental funds balance. Unavailable revenue 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. Taxes collected in advance represents amount collected related to the fiscal year 2016 levy.

The third deferred inflows of resources reported is related to pensions and is reported in the government-wide and enterprise funds' statements of net position.

***P. 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:

“OPEB” represents amounts restricted for retiree health insurance benefits pursuant to special legislation enacted in 2002.

“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.

***Q. Long-term Debt*****Government-Wide and Proprietary Fund Financial Statements**

Long-term debt is reported as liabilities in the government-wide and proprietary funds statements of net position. 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.

***R. 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 permanent, proprietary and fiduciary funds is retained by the respective funds.

***S. 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.

***T. Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Waltham Contributory Retirement System (System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***U. 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.

***V. 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.

***W. 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 2015 approved budget for the general fund authorized \$203,741,259 in appropriations. During fiscal year 2015, supplemental appropriations totaling \$14,982,719 were authorized. The original fiscal year 2015 approved budget for the community preservation fund authorized \$131,052 in appropriations. During fiscal year 2015, supplemental appropriations totaling \$2,529,812 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, 2015, the following governmental fund deficits exist:

Fund	Amount	Funding Source
City Capital Projects Major Fund.....	\$ 5,380,518	Issuance of long-term debt
Health Claims Trust.....	2,015,723	Employer contributions
Highway Projects Major Fund.....	839,275	State grant
Police and Fire Detail.....	340,175	User charges and available funds
CDBG Block Grant Major Fund.....	22,183	Federal grant
City Federal Grants.....	<u>6,598</u>	Federal grant
Total.....	<u>\$ 8,604,472</u>	

#### **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 Treasurer also has expanded investment powers as it relates to certain trust funds (as defined by the Commonwealth), permanent funds and fiduciary funds, which permits investments in equity and other securities.

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 the permanent funds, 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, 2015, \$18,163,250 of the City's bank balance of \$129,200,305 was uninsured, uncollateralized and exposed to custodial credit risk.

#### Investments Summary

The City's investments at June 30, 2015 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.....	\$ 7,399,647	\$ 1,220,158	\$ 3,500,711	\$ 2,678,778
U.S. Agencies.....	7,475,795	1,373,736	5,330,539	771,520
Corporate bonds.....	947,188	-	947,188	-
Municipal bonds.....	96,126	29,817	66,309	-
Money market mutual funds.....	1,227,790	1,227,790	-	-
External investment pools.....	5,997,776	5,997,776	-	-
Total investments.....	<u>23,144,322</u>	<u>\$ 9,849,277</u>	<u>\$ 9,844,747</u>	<u>\$ 3,450,298</u>
<u>Other Investments:</u>				
Equity securities.....	<u>10,553,118</u>			
Total investments.....	<u>\$ 33,697,440</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 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.

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, 2015, 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.....	\$ 7,399,647	\$ 7,399,647
U.S. Agencies.....	7,475,795	7,475,795
Corporate bonds.....	947,188	947,188
Municipal bonds.....	96,126	96,126
Total.....	\$ 15,918,756	\$ 15,918,756

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, 2015, the credit quality ratings of the City's debt securities are as follows:

Investment Type	Fair Value	Quality Ratings *								
		AAA	AA+	AA-	A+	A-	BBB+	BB	Unrated	
U.S. Agencies.....	\$ 7,475,795	\$ 3,248,675	\$ 4,227,120	-	\$ -	\$ -	\$ -	\$ -	\$ -	-
Corporate bonds.....	947,188	-	-	-	32,806	211,143	703,239	-	-	-
Money market mutual funds.....	1,227,790	1,227,790	-	-	-	-	-	-	-	-
Municipal bonds.....	96,126	-	-	66,309	-	-	-	29,817	-	-
External investment pools.....	5,997,776	-	-	-	-	-	-	-	5,997,776	-
Total.....	\$ 15,744,675	\$ 4,476,465	\$ -	\$ 66,309	\$ 32,806	\$ 211,143	\$ 703,239	\$ 29,817	\$ 5,997,776	-

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

Investments – Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City does not have a policy for concentration of credit risk. As of June 30, 2015, the City was not exposed to concentration of credit risk.

**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, 2014, the System is not exposed to custodial credit risk.

**Investments Summary**

The System's investments at December 31, 2014 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
<b><u>Debt Securities:</u></b>		
Money market mutual funds.....	\$ 3,279,604	\$ 3,279,604
External investment pools (PRIT).....	<u>184,410,213</u>	<u>184,410,213</u>
Total debt securities.....	<u>187,689,817</u>	<u>\$ 187,689,817</u>
<b><u>Other Investments:</u></b>		
Real estate investments.....	10,333,994	
Alternative investments.....	<u>4,414,269</u>	
Total other investments.....	<u>14,748,263</u>	
Total investments.....	<u>\$ 202,438,080</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, 2014, \$14,748,263 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, 2014, the System's debt securities were unrated by a national credit rating organization.

Investments - Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. The System does not have a policy for concentration of credit risk. As of December 31, 2014, the System was not exposed to concentration of credit risk.

**NOTE 4 - ACCOUNTS RECEIVABLE**

At June 30, 2015, 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:

<u>Receivables:</u>	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
Real estate and personal property taxes.....	\$ 1,429,801	\$ -	\$ 1,429,801
Real estate tax deferrals.....	528,311	-	528,311
Tax liens.....	1,470,756	-	1,470,756
Motor vehicle and other excise taxes.....	1,882,283	(1,110,131)	772,152
Community preservation surcharges.....	57,632	-	57,632
Special assessments.....	122,031	-	122,031
Departmental and other.....	1,329,845	(367,367)	962,478
Intergovernmental.....	3,737,620	-	3,737,620
Loans.....	<u>2,072,741</u>	<u>-</u>	<u>2,072,741</u>
	<u>\$ 12,631,020</u>	<u>\$ (1,477,498)</u>	<u>\$ 11,153,522</u>

At June 30, 2015, receivables for the water and sewer enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<b>Receivables:</b>			
User charges.....	\$ 5,613,716	\$ -	\$ 5,613,716
Water and Sewer liens.....	<u>221,578</u>	<u>-</u>	<u>221,578</u>
	<u>\$ 5,835,294</u>	<u>\$ -</u>	<u>\$ 5,835,294</u>

## NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 20,273,587	\$ 4,166,575	\$ -	\$ 24,440,162
<u>Capital assets being depreciated:</u>				
Land improvements.....	21,660,721	948,636	-	22,609,357
Buildings and improvements.....	247,610,028	1,673,088	-	249,283,116
Equipment.....	27,496,798	2,095,972	(252,981)	29,339,789
Infrastructure.....	55,550,555	5,537,830	-	61,088,385
Library books.....	1,293,941	251,276	(276,471)	1,268,746
Total capital assets being depreciated.....	<u>353,612,043</u>	<u>10,506,802</u>	<u>(529,452)</u>	<u>363,589,393</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(9,285,801)	(1,080,405)	-	(10,366,206)
Buildings and improvements.....	(76,234,911)	(5,991,478)	-	(82,226,389)
Equipment.....	(19,117,960)	(1,828,052)	252,981	(20,693,031)
Infrastructure.....	(31,985,642)	(2,428,798)	-	(34,414,440)
Library books.....	(656,902)	(256,268)	276,471	(636,699)
Total accumulated depreciation.....	<u>(137,281,216)</u>	<u>(11,585,001)</u>	<u>529,452</u>	<u>(148,336,765)</u>
Total capital assets being depreciated, net.....	<u>216,330,828</u>	<u>(1,078,199)</u>	<u>-</u>	<u>215,252,628</u>
Total governmental activities capital assets, net.....	<u>\$ 236,604,415</u>	<u>\$ (1,078,199)</u>	<u>\$ -</u>	<u>\$ 239,692,790</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Sewer Enterprise Fund:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 38,550	\$ -	\$ -	\$ 38,550
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	3,185,587	-	-	3,185,587
Equipment.....	1,111,510	411,211	-	1,522,721
Infrastructure.....	<u>38,259,193</u>	<u>1,589,150</u>	<u>-</u>	<u>39,848,343</u>
Total capital assets being depreciated.....	<u>42,556,290</u>	<u>2,000,361</u>	<u>-</u>	<u>44,556,651</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(1,578,538)	(87,673)	-	(1,666,211)
Equipment.....	(887,116)	(89,412)	-	(976,528)
Infrastructure.....	<u>(21,939,914)</u>	<u>(542,683)</u>	<u>-</u>	<u>(22,482,597)</u>
Total accumulated depreciation.....	<u>(24,405,568)</u>	<u>(719,768)</u>	<u>-</u>	<u>(25,125,336)</u>
Total capital assets being depreciated, net.....	<u>18,150,722</u>	<u>1,280,593</u>	<u>-</u>	<u>19,431,315</u>
Total sewer enterprise capital assets, net.....	<u>\$ 18,189,272</u>	<u>\$ 1,280,593</u>	<u>\$ -</u>	<u>\$ 19,469,865</u>
 <b>Water Enterprise Fund:</b>				
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	\$ 1,104,422	\$ -	\$ -	\$ 1,104,422
Equipment.....	2,203,917	589,013	-	2,792,930
Infrastructure.....	<u>20,797,001</u>	<u>794,295</u>	<u>-</u>	<u>21,591,296</u>
Total capital assets being depreciated.....	<u>24,105,340</u>	<u>1,383,308</u>	<u>-</u>	<u>25,488,648</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(1,007,785)	(27,611)	-	(1,035,396)
Equipment.....	(1,512,231)	(176,402)	-	(1,688,633)
Infrastructure.....	<u>(12,384,474)</u>	<u>(367,499)</u>	<u>-</u>	<u>(12,751,973)</u>
Total accumulated depreciation.....	<u>(14,904,490)</u>	<u>(571,512)</u>	<u>-</u>	<u>(15,476,002)</u>
Total water enterprise capital assets, net.....	<u>\$ 9,200,850</u>	<u>\$ 811,796</u>	<u>\$ -</u>	<u>\$ 10,012,646</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Veterans Memorial Rink Enterprise Fund:</b>				
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	\$ 102,355	\$ 29,500	\$ -	\$ 102,355
Equipment.....	<u>113,789</u>	<u>29,500</u>	<u>-</u>	<u>143,289</u>
Total capital assets being depreciated.....	<u>216,144</u>	<u>29,500</u>	<u>-</u>	<u>245,644</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(18,292)	(6,279)	-	(24,571)
Equipment.....	<u>(94,675)</u>	<u>(12,362)</u>	<u>-</u>	<u>(107,037)</u>
Total accumulated depreciation.....	<u>(112,967)</u>	<u>(18,641)</u>	<u>-</u>	<u>(131,608)</u>
Total Veterans Memorial Rink enterprise capital assets, net.....	<u>\$ 103,176</u>	<u>\$ 10,859</u>	<u>\$ -</u>	<u>\$ 114,036</u>
Total business-type activities capital assets, net.....	<u>\$ 27,493,298</u>	<u>\$ 2,103,248</u>	<u>\$ -</u>	<u>\$ 29,596,547</u>

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

#### Governmental Activities:

General government.....	\$ 362,761
Public safety.....	1,084,350
Education.....	5,587,808
Public works.....	2,438,359
Health and human services.....	37,864
Culture and recreation.....	1,182,361
Community development.....	<u>891,498</u>

Total depreciation expense - governmental activities..... \$ 11,585,001

#### Business-Type Activities:

Sewer.....	\$ 719,768
Water.....	571,512
Veterans Memorial Rink.....	<u>18,641</u>

Total depreciation expense - business-type activities..... \$ 1,309,921

**NOTE 6 – NET INVESTMENT IN CAPITAL ASSETS**

The City's net investment in capital assets at June 30, 2015, is summarized as follows:

*Governmental Activities*

Capital assets.....	\$ 388,029,555
Less accumulated depreciation.....	(148,336,765)
Less outstanding bonds and notes payable.....	(74,105,614)
Add unspent proceeds of capital related debt.....	<u>3,320,050</u>
Net investment in capital assets.....	<u>\$ 168,907,226</u>

*Business-Type Activities*

Capital assets.....	\$ 70,329,493
Less accumulated depreciation.....	(40,732,946)
Less outstanding bonds and notes payable.....	(24,095,219)
Add unspent proceeds of capital related debt.....	<u>8,591,209</u>
Net investment in capital assets.....	<u>\$ 14,092,537</u>

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

Receivables and payables between funds at June 30, 2015 are summarized as follows:

Receivable Fund	Payable Fund	Amount
General Fund.....	Highway projects major fund.....	\$ 331,103 (1)
General Fund.....	Police and fire detail nonmajor fund.....	297,887 (1)
General Fund.....	School federal grants nonmajor fund.....	161,901 (1)
General Fund.....	City public safety federal grants nonmajor fund.....	71,295 (1)
General Fund.....	City state grants nonmajor fund.....	3,667 (1)
		<b>\$ 865,853</b>

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

Interfund transfers for the fiscal year ended June 30, 2015 are summarized as follows:

Transfers Out:	Transfers In:						Total
	General Fund	Nonmajor Governmental Funds	Sewer Enterprise Funds	Water Enterprise Fund	Veterans Memorial Rink Enterprise Fund		
General Fund.....	\$ -	\$ 1,435,568	\$ 19,150	\$ 86,680	\$ 78,375	\$ 1,619,773	(1)
Nonmajor Governmental Funds.....	<u>153,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,390</u> (2)
	<b>\$ 153,390</b>	<b>\$ 1,435,568</b>	<b>\$ 19,150</b>	<b>\$ 86,680</b>	<b>\$ 78,375</b>	<b>\$ 1,773,163</b>	

(1) Represents budgeted transfers to parking management fund (\$3,568), housing trust fund (\$1,432,000), sewer enterprise fund (\$19,150), water enterprise fund (\$86,680) and Veterans Memorial Rink enterprise fund (\$78,375).

(2) Represents budgeted transfers from the library state aid (\$40,143), law enforcement (\$66,577), public safety federal grants (\$29), and insurance recovery (\$46,641) special revenue funds.

**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, 2015, is as follows:

**Notes Payable - Governmental Funds**

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2014	Increases	Decreases	Balance at June 30, 2015
BAN	Building Renovations (Banks School).....	6/27/14	6/24/15	1.00%	\$ 3,500,000	\$ -	(3,500,000)	\$ -
BAN	Building Renovations (Banks School).....	6/24/15	6/24/16	0.60%	-	3,500,000	-	3,500,000
BAN	Renovations and equipment purchase.....	6/24/15	6/24/16	2.00%	-	4,573,000	-	4,573,000
	Total.....				\$ 3,500,000	\$ 8,073,000	\$ (3,500,000)	\$ 8,073,000

**Notes Payable - Sewer Enterprise Fund**

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2014	Increases	Decreases	Balance at June 30, 2015
BAN	Renovations and equipment purchase.....	6/24/15	6/24/16	2.00%	\$ -	\$ 1,332,000	\$ -	\$ 1,332,000

**Notes Payable - Water Enterprise Fund**

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2014	Increases	Decreases	Balance at June 30, 2015
BAN	Water Mains (Trapelo Road).....	6/24/15	6/24/16	2.00%	\$ -	\$ 45,000	\$ -	\$ 45,000

## NOTE 9 – LONG-TERM OBLIGATIONS

The following represents a summary of changes that occurred in long-term obligations during the fiscal year ended June 30, 2015:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion
<b>Governmental Activities:</b>					
Bonds and notes payable.....	\$ 72,422,628	\$ -	\$ (7,634,498)	\$ 64,788,130	\$ 7,425,238
Unamortized deferred premium....	1,371,494	-	(127,010)	1,244,484	127,009
Bonds and notes payable, gross....	73,794,122	-	(7,761,508)	66,032,614	7,552,247
Workers' compensation claims.....	287,887	832,062	(447,889)	672,060	672,060
Net OPEB obligation.....	102,971,993	36,276,218	(20,575,877)	118,672,334	-
Net Pension Liability.....	138,004,001	13,346,953	(15,461,160)	135,889,794	-
Compensated absences.....	7,004,453	4,707,004	(3,593,047)	8,118,410	3,434,759
Total.....	\$ 322,062,456	\$ 55,162,237	\$ (47,839,481)	\$ 329,385,212	\$ 11,659,066
<b>Business-type Activities:</b>					
Bonds and notes payable.....	\$ 22,519,950	\$ 1,734,820	\$ (2,159,608)	\$ 22,095,162	\$ 2,335,457
Unamortized deferred premium....	662,307	-	(39,250)	623,057	38,483
Bonds and notes payable, gross....	23,182,257	1,734,820	(2,198,858)	22,718,219	2,373,940
Workers' compensation claims.....	33,331	21,060	(21,751)	32,640	32,640
Net OPEB obligation.....	1,870,810	627,858	(356,121)	2,142,547	-
Net Pension Liability.....	6,750,933	652,911	(756,339)	6,647,505	-
Compensated absences.....	310,321	144,544	(157,166)	297,699	130,665
Total.....	\$ 32,147,652	\$ 3,181,193	\$ (3,490,235)	\$ 31,838,610	\$ 2,537,245

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, 2015, and the debt service requirements are as follows:

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

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2014	Issued	Redeemed	Outstanding at June 30, 2015
Building Renovations.....	9/17/27	2.00 - 5.00%	\$ 1,421,000	-	\$ (196,000)	\$ 1,225,000
School Construction.....	9/15/28	2.00 - 5.00%	36,866,568	-	(2,962,638)	33,903,930
Land Development.....	9/15/23	2.00 - 5.00%	3,080,000	-	(417,000)	2,663,000
Land Acquisition.....	9/15/27	2.00 - 5.00%	4,735,000	-	(465,000)	4,270,000
City Equipment.....	9/15/18	2.00 - 5.00%	1,073,000	-	(219,000)	854,000
Signals and Communications.....	9/15/17	2.00 - 5.00%	163,000	-	(52,000)	111,000
Streets.....	9/15/28	3.00 - 5.00%	695,000	-	(65,000)	630,000
Drainage.....	9/15/28	3.00 - 5.00%	182,000	-	(21,000)	161,000
Land Acquisition.....	2/1/32	3.00 - 5.00%	2,880,000	-	(160,000)	2,720,000
Building Renovations.....	2/1/32	3.00 - 5.00%	2,341,800	-	(156,600)	2,185,200
City Equipment.....	2/1/21	3.00 - 5.00%	1,565,500	-	(403,500)	1,162,000
Streets.....	2/1/17	3.00 - 5.00%	1,007,000	-	(354,000)	653,000
Land Development.....	2/1/27	3.00 - 5.00%	1,328,000	-	(114,000)	1,214,000
Removal of Incinerator Facility.....	2/1/27	3.00 - 5.00%	900,000	-	(85,000)	815,000
Yard Structures.....	2/1/27	3.00 - 5.00%	467,000	-	(37,000)	430,000
Design/Engineering.....	2/1/25	3.00 - 5.00%	234,000	-	(82,000)	152,000
City Technology.....	2/1/19	3.00 - 5.00%	31,000	-	(7,000)	24,000
School Building Renovations.....	2/1/33	2.00 - 4.25%	420,000	-	(25,000)	395,000
School Equipment.....	2/1/22	2.00 - 4.00%	500,000	-	(75,000)	425,000
City Building Renovations.....	2/1/28	2.00 - 4.00%	1,060,000	-	(165,000)	895,000
Equipment.....	2/1/22	2.00 - 4.00%	1,455,000	-	(445,000)	1,010,000
Land Development.....	2/1/27	2.00 - 4.00%	1,245,000	-	(100,000)	1,145,000
Streets.....	2/1/28	2.00 - 4.00%	1,675,000	-	(155,000)	1,520,000
Technology.....	2/1/22	2.00 - 4.00%	205,000	-	(55,000)	150,000
Land Acquisition.....	2/1/33	2.00 - 4.25%	925,000	-	(50,000)	875,000
Land Acquisition Refunding.....	2/1/22	2.00 - 4.00%	1,400,000	-	(190,000)	1,210,000
School Architectural Services.....	5/1/34	2.50 - 5.00%	163,000	-	(13,000)	150,000
Building Renovations Feasibility Study.....	5/1/30	2.50 - 5.00%	82,000	-	(7,000)	75,000
Building Renovations.....	5/1/24	3.00 - 5.00%	49,000	-	(4,000)	45,000
Computer Equipment.....	5/1/19	4.00 - 5.00%	90,000	-	(20,000)	70,000
Street Resurfacing & Sidewalks.....	5/1/24	3.00 - 5.00%	2,129,000	-	(219,000)	1,910,000
Road Reconstruction & Resurfacing.....	5/1/18	4.00 - 5.00%	21,000	-	(6,000)	15,000
Sidewalk Improvements.....	5/1/19	4.00 - 5.00%	24,000	-	(4,000)	20,000
Traffic Signal Improvements.....	5/1/24	3.00 - 5.00%	77,000	-	(12,000)	65,000
Equipment - Fire Truck.....	5/1/19	4.00 - 5.00%	222,000	-	(42,000)	180,000
Playground Design.....	5/1/19	4.00 - 5.00%	150,000	-	(30,000)	120,000
Equipment - Pick-Up Truck.....	5/1/19	4.00 - 5.00%	34,000	-	(9,000)	25,000
Police Cruisers.....	5/1/19	4.00 - 5.00%	282,000	-	(62,000)	220,000
Assessor Revaluation.....	5/1/24	3.00 - 5.00%	144,200	-	(14,200)	130,000
Equipment - Trackless Tractors.....	5/1/19	4.00 - 5.00%	300,000	-	(60,000)	240,000
Equipment - Truck Lift.....	5/1/19	4.00 - 5.00%	47,000	-	(7,000)	40,000
Parking Lot Reconstruction.....	5/1/24	3.00 - 5.00%	247,000	-	(22,000)	225,000
Equipment - Bucket Truck.....	5/1/19	4.00 - 5.00%	106,560	-	(26,560)	80,000
Land Acquisition.....	5/1/34	2.50 - 5.00%	400,000	-	(20,000)	380,000
Sub-total.....			72,422,628	-	(7,634,498)	64,788,130
Add: unamortized premium.....			1,371,494	-	(127,010)	1,244,484
Total governmental funds.....			\$ 73,794,122	\$ -	\$ (7,761,508)	\$ 66,032,614

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

Fiscal Year	Principal	Interest	Total
2016.....	\$ 7,425,238	\$ 2,410,315	\$ 9,835,553
2017.....	7,197,238	2,107,567	9,304,805
2018.....	6,432,238	1,810,161	8,242,399
2019.....	6,176,238	1,550,698	7,726,936
2020.....	5,651,238	1,297,663	6,948,901
2021.....	5,371,238	1,077,828	6,449,066
2022.....	5,171,238	873,709	6,044,947
2023.....	4,362,238	679,974	5,042,212
2024.....	4,232,238	527,765	4,760,003
2025.....	3,907,238	381,922	4,289,160
2026.....	2,873,238	250,936	3,124,174
2027.....	2,163,238	168,187	2,331,425
2028.....	1,398,238	106,446	1,504,684
2029.....	1,234,236	68,474	1,302,710
2030.....	367,600	39,192	406,792
2031.....	362,600	27,352	389,952
2032.....	357,600	15,597	373,197
2033.....	80,000	4,057	84,057
2034.....	25,000	872	25,872
<b>Total.....</b>	<b>\$ 64,788,130</b>	<b>\$ 13,398,715</b>	<b>\$ 78,186,845</b>

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

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2014	Issued	Redeemed	Outstanding at June 30, 2015
Sewer Projects.....	11/15/2026	2.00 - 5.00%	\$ 2,565,000	\$ -	\$ (210,000)	\$ 2,355,000
Sewer Improvements.....	9/15/2028	4.00%	539,000	-	(40,000)	499,000
Sewer Equipment.....	9/15/2028	2.00 - 5.00%	495,000	-	(78,000)	417,000
MCWT.....	7/8/2030	2.00%	2,436,759	-	(227,293)	2,209,466
MWRA.....	11/15/2015	0.00%	670,120	-	(335,060)	335,060
Sewer Projects.....	2/1/2032	3.00 - 5.00%	2,394,900	-	(133,550)	2,261,350
Sewer Improvements.....	2/1/2032	3.00 - 5.00%	3,480,500	-	(193,750)	3,286,750
MCWT.....	7/15/2018	2.00%	91,545	-	(25,481)	66,064
Traffic & Signal Improvements....	2/1/2022	3.00 - 5.00%	296,000	-	(42,000)	254,000
Sewer Improvements.....	2/1/2033	2.00 - 4.25%	1,345,000	-	(80,000)	1,265,000
Drainage Improvements.....	5/1/2017	4.00 - 5.00%	15,000	-	(5,000)	10,000
MCWT.....	7/15/2032	2.00%	263,218	-	(11,337)	251,881
MWRA.....	2/15/2025	0.00%	-	588,750	-	588,750
MWRA.....	2/15/2020	0.00%	-	667,700	-	667,700
Sub-total.....			14,592,042	1,256,450	(1,381,471)	14,467,021
Add: unamortized premium.....			511,785	-	(29,245)	482,540
Total sewer enterprise.....			\$ 15,103,827	\$ 1,256,450	\$ (1,410,716)	\$ 14,949,561

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

Fiscal Year	Principal	Interest	Total
2016.....	\$ 1,560,223	\$ 473,936	\$ 2,034,159
2017.....	1,227,440	431,127	1,658,567
2018.....	1,232,826	385,822	1,618,648
2019.....	1,235,319	341,064	1,576,382
2020.....	1,045,392	299,380	1,344,772
2021.....	914,869	268,910	1,183,778
2022.....	887,943	238,449	1,126,393
2023.....	885,083	202,160	1,087,243
2024.....	888,287	173,220	1,061,507
2025.....	901,555	143,934	1,045,489
2026.....	785,013	115,315	900,329
2027.....	608,415	91,096	699,511
2028.....	477,963	72,834	550,797
2029.....	472,697	56,868	529,566
2030.....	427,448	42,772	470,220
2031.....	428,212	29,069	457,281
2032.....	406,640	15,783	422,423
2033.....	81,695	2,931	84,626
Total.....	\$ 14,467,021	\$ 3,384,671	\$ 17,851,692

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. During fiscal year 2015, the City issued \$1,256,450 of MWRA bonds, and received approximately \$2,300,000 in MWRA grants, for sewer improvement projects. MWRA bonds outstanding at June 30, 2015, totals \$1,591,510.

### Water Enterprise

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2014		Issued	Redeemed	Outstanding at June 30, 2015	
Water Mains.....	9/15/28	4.10 - 5.00%	\$ 200,000	\$ -	\$ (15,000)	\$ 185,000		
Water Improvements.....	9/15/28	4.00%	1,395,000	-	(121,000)		1,274,000	
Water Tower.....	4/1/14	2.00 - 4.00%	-	-	-	-	-	
Water Projects.....	9/15/18	3.00 - 5.00%	70,000	-	(42,000)		28,000	
MWRA.....	11/15/21	0.00%	1,201,563	-	(171,652)		1,029,911	
Water Mains.....	2/1/32	3.00 - 5.00%	358,200	-	(19,900)		338,300	
Water Improvements.....	2/1/32	3.00 - 5.00%	1,031,800	-	(58,100)		973,700	
Water Projects.....	2/1/32	3.00 - 5.00%	451,800	-	(25,100)		426,700	
MWRA.....	5/15/18	0.00%	1,940,805	-	(215,645)		1,725,160	
Water Improvements.....	2/1/33	2.00 - 4.25%	1,005,000	-	(70,000)		935,000	
Water Improvements.....	5/1/21	4.00 - 5.00%	36,100	-	(6,100)		30,000	
Water.....	5/1/34	2.50 - 5.00%	200,140	-	(10,140)		190,000	
MWRA.....	8/15/24	0.00%	-	478,370	-		478,370	
Sub-total.....			7,890,408	478,370	(754,637)		7,614,141	
Add: unamortized premium.....			148,218	-	(8,469)		139,749	
Total water enterprise.....			\$ 8,038,626	\$ 478,370	\$ (763,106)		\$ 7,753,890	

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

Fiscal Year	Principal	Interest	Total
2016.....	\$ 761,234	\$ 163,601	\$ 924,835
2017.....	761,233	150,643	911,876
2018.....	736,234	137,632	873,866
2019.....	730,234	124,557	854,791
2020.....	723,234	111,059	834,293
2021.....	708,234	100,026	808,260
2022.....	531,582	90,123	621,705
2023.....	526,582	78,478	605,060
2024.....	310,937	69,425	380,362
2025.....	305,937	60,516	366,453
2026.....	258,100	51,584	309,684
2027.....	258,100	42,458	300,558
2028.....	258,100	33,091	291,191
2029.....	208,100	24,723	232,823
2030.....	157,100	18,477	175,577
2031.....	157,100	13,202	170,302
2032.....	157,100	7,904	165,004
2033.....	55,000	2,600	57,600
2034.....	10,000	346	10,346
Total.....	\$ 7,614,141	\$ 1,280,445	\$ 8,894,586

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 ten equal annual installments) and, in some instances, grants. MWRA bonds outstanding at June 30, 2015, totals \$3,233,441.

During fiscal year 2015, the City issued \$478,370 of MWRA bonds for water improvement projects.

#### Veterans Memorial Rink Enterprise

Project	Maturity Date	Interest Rate	Outstanding at June 30,			Outstanding at June 30, 2015
			2014	Issued	Redeemed	
Equipment.....	2/1/2016	3.00 - 5.00%	\$ 37,500	\$ -	\$ (23,500)	\$ 14,000
Add: unamortized premium.....			2,304	-	(1,536)	768
Total Veterans Memorial Rink.....			\$ 39,804	\$ -	\$ (25,036)	\$ 14,768

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

Fiscal Year	Principal	Interest	Total
2016.....	\$ 14,000	\$ 560	\$ 14,560

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, 2015, the City had the following authorized and unissued debt:

Purpose	Amount
Sewer.....	\$ 10,398,490
Street & traffic improvements.....	4,647,095
School design/construction.....	3,908,274
Water.....	1,917,972
Building renovations.....	2,113,905
Planning.....	943,000
Technology.....	79,000
Land development.....	51,000
Police communication system.....	45,220
Recreation facilities.....	1,040,000
Equipment.....	692,000
Total.....	\$ 25,835,956

## 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, 2014, the latest actuarial valuation, is as follows:

Active employees.....	1,435
Retirees and Survivors....	<u>1,247</u>
Total.....	<u>2,682</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 1.0% to 12.5% and 87.5% to 99.0%, 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.....	\$ 36,205,124
Interest on net OPEB obligation.....	4,193,712
Adjustment to annual required contribution....	<u>(3,494,760)</u>
Annual OPEB cost.....	36,904,076
Contributions made.....	<u>(20,931,998)</u>
Increase in net OPEB obligation.....	15,972,078
Net OPEB obligation at beginning of year.....	<u>104,842,803</u>
Net OPEB obligation at end of year.....	<u>\$ 120,814,881</u>

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

Fiscal Year Ending	Annual OPEB Cost (AOPEBC)	Percentage of AOPEBC Contributed	Net OPEB Obligation
June 30, 2013.....	40,971,815	56.0%	87,488,981
June 30, 2014.....	35,476,378	51.1%	104,842,803
June 30, 2015.....	36,904,076	56.7%	120,814,881

**Funded Status and Funding Progress** – The funded status of the Plan at June 30, 2014, the most recent actuarial valuation, was as follows:

Actuarial Valuation Date	Actuarial		Accrued		UAAL as a Percentage of Covered Payroll		
	Actuarial Value of Assets (A)	Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	Percentage of Covered Payroll ((B-A)/C)	
06/30/14	\$ -	\$ 600,635,042	\$ 600,635,042	0%	\$ 89,853,532	668%	

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, 2014
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level percentage of projected payroll
Remaining amortization period:	30 years (open)
Interest discount rate:	4.0%
Healthcare/Medical cost inflation rate:	7.0% decreasing a half percent annually for 5 years to an ultimate level of 4.5% per year

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

**Governmental Activities:**

General government.....	\$ 2,189,207
Public safety.....	10,719,207
Education.....	20,161,200
Public works.....	1,421,292
Health and human services.....	412,137
Culture and recreation.....	931,847
Community development.....	<u>441,327</u>
Total AOPEBC - governmental activities.....	<u>36,276,217</u>

**Business-Type Activities:**

Sewer.....	187,735
Water.....	393,150
Veterans Memorial Rink.....	<u>46,974</u>
Total AOPEBC - business-type activities.....	<u>627,859</u>
Total.....	<u>\$ 36,904,076</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 approximately one month claims paid average. The City purchases individual stop loss insurance for claims in excess of the coverage provided by the City in the amount of \$250,000 per claim. At June 30, 2015, the amount of the liability for health insurance claims totaled \$2,734,956. Changes in the reported liability since July 1, 2013, are as follows:

	Balance at Beginning of Fiscal Year	Current Year			Balance at Fiscal Year-end
		Claims and Changes in Estimate	Claims Payments		
Fiscal year 2014.....	\$ 2,687,104	\$ 42,056,752	\$ (41,449,024)	\$ 3,294,832	
Fiscal year 2015.....	3,294,832	43,049,361	(43,609,237)		2,734,956

#### **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, 2015, totaled \$704,700. Changes in the reported liability since July 1, 2013, are as follows:

	Balance at Beginning of Fiscal Year	Current Year			Balance at Fiscal Year-end
		Claims and Changes in Estimate	Claims Payments		
Fiscal year 2014.....	\$ 279,250	\$ 692,221	\$ (650,253)	\$ 321,218	
Fiscal year 2015.....	321,218	853,122	(469,640)		704,700

**NOTE 13 – FUND BALANCES**

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

	<u>General</u>	<u>Highway Projects</u>	<u>Community Development</u>	<u>Community Preservation</u>	<u>City Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>							
Permanent fund principal.....	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ 2,228,014	\$ 2,228,014
<b>Restricted:</b>							
Community preservation.....	-	-	-	22,659,526	-	-	22,659,526
OPEB.....	8,845,058	-	-	-	-	3,893,477	8,845,058
Other special revenue.....	-	-	-	-	-	18,790	3,893,477
School federal grants.....	-	-	-	-	-	238,093	18,790
City state grants.....	-	-	-	-	-	31,362	238,093
School state grants.....	-	-	-	-	-	648,865	31,362
Gifts.....	-	-	-	-	-	1,375,512	648,865
Sale of lots/graves.....	-	-	-	-	-	1,707,649	1,375,512
Revenue reserve.....	-	-	-	-	-	774,531	1,707,649
School lunch.....	-	-	-	-	-	1,884,628	774,531
Parking meters.....	-	-	-	-	-	29,454	1,884,628
UDAG nova biomedical.....	-	-	-	-	-	793	29,454
Vocational school reserve.....	-	-	-	-	-	1,079,554	793
Public safety trust funds.....	-	-	-	-	-	3,113,626	1,079,554
Traffic impact fund.....	-	-	-	-	-	1,618,264	3,113,626
Waltham housing.....	-	-	-	-	-	227,286	1,618,264
School capital projects.....	-	-	-	-	-	22,925	227,286
Cemetery trust funds.....	-	-	-	-	-	268,538	22,925
Other permanent funds.....	-	-	-	-	-	268,538	268,538
Sub-total - Restricted.....	8,845,058	-	-	22,659,526	-	16,933,347	48,437,931
<b>Committed:</b>							
Debt service.....	1,039,163	-	-	-	-	-	1,039,163
General government.....	353,907	-	-	-	-	-	353,907
Public safety.....	3,000,000	-	-	-	-	-	3,000,000
Education.....	3,000,000	-	-	-	-	-	3,000,000
Community development.....	464,611	-	-	-	-	-	464,611
Other.....	274,740	-	-	-	-	-	274,740
Sub-total - Committed.....	8,132,421	-	-	-	-	-	8,132,421
<b>Assigned:</b>							
General government.....	723,571	-	-	-	-	-	723,571
Public safety.....	5,633,057	-	-	-	-	-	5,633,057
Education.....	1,690,586	-	-	-	-	-	1,690,586
Public works.....	783,784	-	-	-	-	-	783,784
Other.....	314,767	-	-	-	-	-	314,767
Sub-total - Assigned.....	9,145,765	-	-	-	-	-	9,145,765
Unassigned.....	26,208,145	(839,275)	(22,183)	-	(5,380,518)	(346,773)	19,619,396
	<u>\$ 52,331,389</u>	<u>\$ (839,275)</u>	<u>\$ (22,183)</u>	<u>\$ 22,659,526</u>	<u>\$ (5,380,518)</u>	<u>\$ 18,814,588</u>	<u>\$ 87,563,527</u>

**NOTE 14 – STABILIZATION FUNDS**

The City maintains stabilization funds that were 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 totals \$467,477 at June 30, 2015 and is reported in the general fund as unassigned fund balance. The balances of the debt service, open space, historical preservation, police, fire and school stabilization funds total \$1,039,163, \$36,913, \$25,000, \$1,500,000, \$1,500,000 and \$3,000,000, respectively, at June 30, 2015, and are reported committed fund balance in the general fund.

## NOTE 15 – PENSION PLAN

### General Information about the Pension Plan

*Plan Description.* The City contributes to the System, a cost-sharing multiple-employer defined benefit pension plan administered by the Waltham Contributory Retirement Board. Substantially all employees 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 (See Note 16).

Membership in the System was as follows at December 31, 2014:

Active Members	898
Inactive Members	130
Disabled Members	105
Retirees and Beneficiaries currently receiving benefits	<u>666</u>
 Total	 <u>1,799</u>

As identified in Note 1, the System is reported as a pension trust fund in these financial statements. The System also 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 30 Third Street, Suite 301, Fall River, Massachusetts 02720.

*Benefits provided.* Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The plan provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are three classes of membership in the plan; Group 1, Group 2 and Group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have been specified as hazardous. Lastly, Group 4 consists of police officers, firefighters, and other hazardous positions.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service if hired after 1978 and if classified in groups 1 or 2. A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance upon reaching the age of 60 with 10 years of service if in group 1, 50 years of age with 10 years of service if in group 2, and 55 years of age if hired prior to 1978 or if classified in group 4. Normal retirement for most employees occurs at age 65 (except for certain hazardous duty and public safety positions, whose normal retirement is at age 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

When a member's retirement becomes effective, their deductions and related interest are transferred to the Annuity Reserve Fund. Any cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth of Massachusetts' state law during those years are borne by the Commonwealth and are deposited into the Pension Fund. Cost-of-living adjustments granted after 1997 must be approved by the System and all costs are borne by the System.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent on several factors, including whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veterans' status and group classification.

Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

*Contributions.* 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. Members hired in 1979 or subsequent contribute an additional 2% of regular compensation in excess of \$30,000. 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.

For the year ended December 31, 2014, active member contributions totaled \$5,222,151 and employer contributions totaled \$15,728,477. Contributions to the System from the City were \$15,289,594 for the year ended June 30, 2015.

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The components of the net pension liability of the System at December 31, 2014, were as follows:

Total Pension Liability	\$ 349,080,213
Plan Fiduciary Net Position	<u>(202,451,426)</u>
Net Pension Liability	<u><u>\$ 146,628,787</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.0%

At June 30, 2015, the City reported a liability of \$142,537,299 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2014, the City's proportion was 97.2096 percent, which was an increase of 0.14256 percent from its proportion measure as of December 31, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$13,999,864 and support provided by nonemployer contributing entities totaled \$1,087,689. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 14,259
Changes in proportion	<u>173,943</u>	-
<b>Totals</b>	<b>\$ 173,943</b>	<b>\$ 14,259</b>

The amount reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>		
2016	\$	35,089
2017		35,089
2018		35,089
2019		35,089
2020		19,328
<b>Total</b>	<b>\$</b>	<b>159,684</b>

*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation performed as of January 1, 2015 and measured as of December 31, 2014. The following actuarial methods and assumptions apply to all periods included in the measurement.

Methods:

Actuarial Cost Method	Entry Age Normal Cost
Asset Valuation Method	Fair Value

Assumptions:

Salary Increases	3.5% per year
Investment Rate of Return	8.25%
Cost of Living Adjustment	3.0% per year
Mortality	Pre-Retirement - The RP-2000 mortality table for males and females, adjusted to 2015 with scale AA
	Post-Retirement - The RP-2000 mortality table for males and females, adjusted to 2015 with scale AA
Retirement Rates	Disabled Retiree - The RP-2000 mortality table set forward 2 years
	General Employees - 1.0% and 1.5% for males and females, respectively, beginning at age 50 ranging to 100.0% and 100.0% for males and females, respectively, ending at age 70
	Police and Fire - 2.0% beginning at age 50 ranging to 100.0% at age 65

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2013 to December 31, 2014.

*Investment Policy and Rates of Return.* Approximately 91% of the System's investments are in the Pension Reserve Investment Trust (PRIT), which was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board. The fair values of the positions in each investment Pool are the same as the value of each Pool's shares. The System does not have the ability to control any of the investment decisions relative to its funds in PRIT.

Approximately 9% of the System's investments are in money market mutual funds, real estate and alternative investments.

The System's annual money-weighted rate of return on pension plan investments was 9.07%. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested, measured monthly.

The pension plan's policy regarding the allocation of invested assets is established by PRIT. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Equities	14.5%	4.61%
Mid/Small Cap Equities	3.5%	4.85%
International Equities	16.0%	5.10%
Emerging Market Equities	6.0%	6.31%
Core Fixed Income	13.0%	0.97%
Value-Added Fixed Income	10.0%	3.80%
Private Equity	10.0%	6.55%
Real Estate	10.0%	3.40%
Timber/Natural Resources	4.0%	3.64%
Hedge Funds	9.0%	3.64%
Portfolio Completion Strategies	4.0%	0.00%
Totals	<u><u>100.0%</u></u>	

*Discount rate.* The discount rate used to measure the total pension liability was 8.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the System calculated using the discount rate of 8.25%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.25%) or 1-percentage-point higher (9.25%) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
System's Net Pension Liability	\$ 181,851,525	\$ 146,628,787	\$ 116,330,384

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 8.25 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.25 percent) or 1-percentage-point higher (9.25 percent) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's Proportionate Share of the Net Pension Liability	\$ 176,777,140	\$ 142,537,299	\$ 113,084,301

*Legally Required Reserve Accounts.* The balance in the System's legally required reserves as of December 31, 2014 are as follows:

Description	Amount	Purpose
Annuity Savings Fund	\$ 60,175,803	Active members' contribution balance
Annuity Reserve Fund	17,402,785	Retired members' contribution account
Pension Reserve Fund	106,388,327	Amounts appropriated to fund future retirement
Pension Fund	<u>18,484,511</u>	Remaining Net Position
Total	<u><u>\$ 202,451,426</u></u>	

All reserve accounts are funded at levels required by state law.

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in this financial report.

## NOTE 16 - MASSACHUSETTS TEACHERS RETIREMENT SYSTEM

### General Information about the Pension Plan

*Plan description.* Public school teachers and certain administrators are provided with pensions through the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Massachusetts Teachers' Retirement Board. The MTRS is part of the Commonwealth of Massachusetts' (Commonwealth) reporting entity and does not issue a stand-alone audited financial report. The MTRS is reported as a Pension Trust Fund in the Commonwealth's audited financial statements that can be obtained at <http://www.mass.gov/osc/publications-and-reports/financial-reports/cafr-reports.html>.

*Benefits provided.* MTRS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit requirements. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

*Contributions.* The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Member contributions for MTRS vary depending on the most recent date of membership, ranging from 5-11% of regular compensation. Members hired in 1979 or subsequent contribute an additional 2% of regular compensation in excess of \$30,000.

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributing entity in MTRS.

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Since the City does not contribute directly to MTRS, the City does not report a proportionate share of the net pension liability of the MTRS at June 30, 2015. The Commonwealth's net pension liability associated with the City was \$110,096,513.

The MTRS' net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 rolled forward to June 30, 2014.

For the year ended June 30, 2015, the City recognized pension expense of \$7,648,933 associated with MTRS and revenue of the same amount for support provided by the Commonwealth.

*Actuarial assumptions.* The MTRS' total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of January 1, 2014 rolled forward to June 30, 2014. This valuation used the following assumptions:

Investment rate of return - 8.0%

Salary increases - Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service

Mortality Rates - Pre-retirement reflects RP-2000 Employees table adjusted for "white-collar" employment projected 22 years with Scale AA (gender distinct). Post-retirement reflects RP-2000 Healthy Annuitant table adjusted for large annuity amounts and projected 17 years with Scale AA (gender distinct). Disability reflects RP-2000 Healthy Annuitant table adjusted for large annuity amounts and projected 17 years with Scale AA (gender distinct) set forward 3 years for males.

Other - 3.5% interest rate credited to the annuity savings fund and 3.0% cost of living increase per year.

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43%	7.20%
Core Fixed Income	13%	2.50%
Hedge Funds	10%	5.50%
Private Equity	10%	8.80%
Real Estate	10%	6.30%
Value Added Fixed Income	10%	6.30%
Timber/Natural Resources	4%	5.00%
Totals	<u><u>100%</u></u>	

*Discount rate.* The discount rate used to measure the MTRS' total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the Commonwealth's net pension liability associated with the City using the discount rate of 8.0%, as well as what the Commonwealth's net pension liability associated with the City would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0%) or 1-percentage-point higher (9.0%) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Commonwealths Net Pension Liability Associated with the City	\$ 140,228,697	\$ 110,096,513	\$ 84,495,980

*Pension plan fiduciary net position.* Detailed information about the MTRS' fiduciary net position is available in the Commonwealth's audited financial statements.

**NOTE 17 - COMMITMENTS**

The City has entered into, or is planning to enter into, contracts totaling approximately \$39,900,244 for equipment, street and sidewalks, buildings and improvements, and water and 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 \$10,239,023 at June 30, 2015.

**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, 2015, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the City at June 30, 2015.

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, 2015, 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. 72, Fair Value Measurement and Application, which is required to be implemented during fiscal year 2016. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, which is required to be implemented during fiscal year 2017. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, which is required to be implemented during fiscal year 2017. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which is required to be implemented during fiscal year 2018. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which is required to be implemented during fiscal year 2016. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 77, Tax Abatement Disclosures, which is required to be implemented during fiscal year 2017. Management is evaluating the Statement's future impact on the basic financial statements.

These pronouncements will be implemented by their respective implementation dates.

## **Required Supplementary Information**

CITY OF WALTHAM, MASSACHUSETTS  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 (NON-GAAP BUDGETARY BASIS)  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>REVENUES</b>				
Real estate and personal property taxes.....	\$ -	\$ 160,506,920	\$ -	\$ 160,506,920
Motor vehicle and other excise taxes.....	-	7,000,000	-	7,000,000
Hotel/motel tax.....	-	3,825,000	-	3,825,000
Meals taxes.....	-	1,200,000	-	1,200,000
Tax liens.....	-	-	-	-
Payments in lieu of taxes.....	-	40,000	-	40,000
Intergovernmental .....	-	18,474,071	-	18,474,071
Special assessments.....	-	75,000	-	75,000
Penalties and interest on taxes.....	-	710,000	-	710,000
Licenses and permits.....	-	4,000,000	-	4,000,000
Fines and forfeitures.....	-	635,000	-	635,000
Departmental and other.....	-	1,900,000	-	1,900,000
Investment income.....	-	115,000	-	115,000
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>198,480,991</b>	<b>-</b>	<b>198,480,991</b>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
City Council				
Personnel.....	-	289,160	-	289,160
General.....	-	63,192	-	63,192
Equipment/Unusual.....	-	110,000	-	110,000
Capital Improvement.....	24,283	-	-	24,283
<b>Total.....</b>	<b>24,283</b>	<b>462,352</b>	<b>-</b>	<b>486,635</b>
Mayor's Office				
Personnel.....	-	294,389	-	294,389
General.....	-	25,000	-	25,000
Equipment/Unusual.....	525,750	3,900,000	(3,906,988)	518,762
Capital Improvement.....	102,200	-	895,668	997,868
<b>Total.....</b>	<b>627,950</b>	<b>4,219,389</b>	<b>(3,011,320)</b>	<b>1,836,019</b>
Auditors				
Personnel.....	-	512,648	-	512,648
General.....	-	6,100	-	6,100
Capital Improvement.....	2,221	-	-	2,221
<b>Total.....</b>	<b>2,221</b>	<b>518,748</b>	<b>-</b>	<b>520,969</b>
Treasurer and Collector				
Personnel.....	-	824,727	-	824,727
General.....	8,409	293,600	-	302,009
Capital Improvement.....	19,537	-	-	19,537
<b>Total.....</b>	<b>27,946</b>	<b>1,118,327</b>	<b>-</b>	<b>1,146,273</b>
Assessors				
Personnel.....	-	414,089	-	414,089
General.....	-	139,195	-	139,195
Capital Improvement.....	-	-	144,200	144,200
<b>Total.....</b>	<b>-</b>	<b>553,284</b>	<b>144,200</b>	<b>697,484</b>
Certification and Interest on Refunds*	77,455	74,531	(80,000)	71,986

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

Actual Expenditures	Encumbrances and Continuing Appropriations	Actual Expenditures and Encumbrances and Continuing Appropriations	Variance Positive/(Negative)
\$ 161,334,361	\$ -	\$ 161,334,361	\$ 827,441
7,535,378	-	7,535,378	535,378
3,837,715	-	3,837,715	12,715
1,278,394	-	1,278,394	78,394
1,143,807	-	1,143,807	1,143,807
58,763	-	58,763	18,763
19,386,122	-	19,386,122	912,051
88,261	-	88,261	13,261
682,945	-	682,945	(27,055)
6,548,176	-	6,548,176	2,548,176
557,651	-	557,651	(77,349)
1,284,356	-	1,284,356	(615,644)
106,260	-	106,260	(8,740)
<b>203,842,189</b>	<b>-</b>	<b>203,842,189</b>	<b>5,361,198</b>
 286,065	 -	 286,065	 3,095
57,649	4,974	62,623	569
16,930	32,790	49,720	60,280
676	23,607	24,283	-
<b>361,320</b>	<b>61,371</b>	<b>422,691</b>	<b>63,944</b>
 273,759	 -	 273,759	 20,630
21,036	-	21,036	3,964
329,199	122,157	451,356	67,406
991,668	6,200	997,868	-
<b>1,615,662</b>	<b>128,357</b>	<b>1,744,019</b>	<b>92,000</b>
 495,405	 -	 495,405	 17,243
4,167	-	4,167	1,933
1,403	818	2,221	-
<b>500,975</b>	<b>818</b>	<b>501,793</b>	<b>19,176</b>
 823,400	 -	 823,400	 1,327
265,463	17,717	283,180	18,829
9,897	9,640	19,537	-
<b>1,098,760</b>	<b>27,357</b>	<b>1,126,117</b>	<b>20,156</b>
 372,388	 -	 372,388	 41,701
102,777	18,450	121,227	17,968
144,200	-	144,200	-
<b>619,365</b>	<b>18,450</b>	<b>637,815</b>	<b>59,669</b>
 63,601	 -	 63,601	 8,385

(continued)

CITY OF WALTHAM, MASSACHUSETTS  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 (NON-GAAP BUDGETARY BASIS)  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
Purchasing				
Personnel.....	-	220,605		220,605
General.....	(4,050)	6,923	(1,554)	1,319
Special.....	-	252,010		252,010
Capital Improvement.....	-	-	1,554	1,554
Total.....	<u>(4,050)</u>	<u>479,538</u>	<u>-</u>	<u>475,488</u>
Trust Funds				
Personnel.....	-	4,000		4,000
Law Department				
Personnel.....	-	799,265		799,265
General.....	4,023	83,000		87,023
Equipment/Unusual.....	101,332	48,500		149,832
Capital Improvement.....	19,422	-		19,422
Total.....	<u>124,777</u>	<u>930,765</u>	<u>-</u>	<u>1,055,542</u>
Building				
Personnel.....	51,995	1,415,324	76,968	1,544,287
General.....	28,492	280,950	50,698	360,140
Equipment/Unusual.....	4,210	-		4,210
Capital Improvement.....	24,419	-	240,000	264,419
Total.....	<u>109,116</u>	<u>1,696,274</u>	<u>367,666</u>	<u>2,173,056</u>
Utilities				
General.....	<u>190,174</u>	<u>1,149,344</u>	<u>-</u>	<u>1,339,518</u>
Central Telephone Service				
Personnel.....	-	27,707		27,707
General.....	7,274	180,000		187,274
Total.....	<u>7,274</u>	<u>207,707</u>	<u>-</u>	<u>214,981</u>
Personnel				
Personnel.....	-	268,017		268,017
General.....	-	6,250		6,250
Equipment/Unusual.....	-	29,000		29,000
Total.....	<u>-</u>	<u>303,267</u>	<u>-</u>	<u>303,267</u>
Work Study				
General.....	-	6,000		6,000
City Clerk				
Personnel.....	-	337,554	15,631	353,185
General.....	4,721	98,100		102,821
Capital Improvement.....	35,061	-		35,061
Total.....	<u>39,782</u>	<u>435,654</u>	<u>15,631</u>	<u>491,067</u>
Information Technology				
Personnel.....	500	974,569	117,674	1,092,743
General.....	9,593	311,975		321,568
Equipment/Unusual.....	-	10,000		10,000
Capital Improvement.....	24,856	-		24,856
Total.....	<u>34,949</u>	<u>1,296,544</u>	<u>117,674</u>	<u>1,449,167</u>

Actual Expenditures	Encumbrances and Continuing Appropriations	Actual Expenditures and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
200,043	-	200,043	20,562
7,083	(6,196)	887	432
240,094	-	240,094	11,916
1,346	208	1,554	-
<u>448,566</u>	<u>(5,988)</u>	<u>442,578</u>	<u>32,910</u>
 3,000	 -	 3,000	 1,000
 792,609	 -	 792,609	 6,656
69,193	9,769	78,962	8,061
4,671	51,332	56,003	93,829
<u>13,905</u>	<u>5,517</u>	<u>19,422</u>	<u>-</u>
<u>880,378</u>	<u>66,618</u>	<u>946,996</u>	<u>108,546</u>
 1,444,318	 60,621	 1,504,939	 39,348
282,546	77,594	360,140	-
4,210	-	4,210	-
7,773	256,646	264,419	-
<u>1,738,847</u>	<u>394,861</u>	<u>2,133,708</u>	<u>39,348</u>
 1,165,069	 81,733	 1,246,802	 92,716
 25,151	 -	 25,151	 2,556
<u>169,065</u>	<u>15,253</u>	<u>184,318</u>	<u>2,956</u>
<u>194,216</u>	<u>15,253</u>	<u>209,469</u>	<u>5,512</u>
 267,007	 -	 267,007	 1,010
5,918	286	6,204	46
9,474	-	9,474	19,526
<u>282,399</u>	<u>286</u>	<u>282,685</u>	<u>20,582</u>
 5,210	 -	 5,210	 790
 287,302	 15,631	 302,933	 50,252
95,332	7,470	102,802	19
2,518	32,543	35,061	-
<u>385,152</u>	<u>55,644</u>	<u>440,796</u>	<u>50,271</u>
 1,007,745	 68,570	 1,076,315	 16,428
304,721	11,144	315,865	5,703
9,909	-	9,909	91
16,128	8,728	24,856	-
<u>1,338,503</u>	<u>88,442</u>	<u>1,426,945</u>	<u>22,222</u>

(continued)

CITY OF WALTHAM, MASSACHUSETTS  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 (NON-GAAP BUDGETARY BASIS)  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>Voter Registration</b>				
Personnel.....	-	229,157	9,407	238,564
General.....	175	136,700	-	136,875
Capital Improvement.....	10,000	-	-	10,000
Total.....	<u>10,175</u>	<u>365,857</u>	<u>9,407</u>	<u>385,439</u>
<b>TOTAL GENERAL GOVERNMENT</b> .....	<b>1,272,052</b>	<b>13,821,581</b>	<b>(2,436,742)</b>	<b>12,656,891</b>
<b>PUBLIC SAFETY</b>				
<b>Police and Animal Control</b>				
Personnel.....	103,744	13,225,973	3,385,047	16,714,764
General.....	9,227	310,985	89,225	409,437
Equipment/Unusual.....	19,878	194,200	-	214,078
Special.....	9,942	153,225	6,500	169,667
Capital Improvement.....	67,028	-	30,457	97,485
Total.....	<u>209,819</u>	<u>13,884,383</u>	<u>3,511,229</u>	<u>17,605,431</u>
<b>Dispatch</b>				
Personnel.....	204,866	1,443,782	192,914	1,841,562
General.....	-	44,280	-	44,280
Special.....	2,940	7,290	2,940	13,170
Total.....	<u>207,806</u>	<u>1,495,352</u>	<u>195,854</u>	<u>1,899,012</u>
<b>Fire</b>				
Personnel.....	635,000	13,741,771	1,430,536	15,807,307
General.....	70,135	392,716	-	462,851
Equipment/Unusual.....	23,781	63,700	-	87,481
Special.....	38,920	151,425	-	190,345
Capital Improvement.....	30,827	-	-	30,827
Total.....	<u>798,663</u>	<u>14,349,612</u>	<u>1,430,536</u>	<u>16,578,811</u>
<b>Emergency Management</b>				
Personnel.....	-	69,063	-	69,063
General.....	379	2,700	-	3,079
Equipment/Unusual.....	113	7,490	-	7,603
Special.....	-	400	-	400
Capital Improvement.....	27,000	-	-	27,000
Total.....	<u>27,492</u>	<u>79,653</u>	<u>-</u>	<u>107,145</u>
<b>Wires</b>				
Personnel.....	17,900	631,728	28,663	678,291
General.....	21,898	246,600	200	268,698
Equipment/Unusual.....	1,893	8,000	-	9,893
Capital Improvement.....	-	-	25,000	25,000
Total.....	<u>41,691</u>	<u>886,328</u>	<u>53,863</u>	<u>981,882</u>
<b>Licensing</b>				
Personnel.....	-	15,600	-	15,600
General.....	-	3,925	-	3,925
Total.....	<u>-</u>	<u>19,525</u>	<u>-</u>	<u>19,525</u>
<b>TOTAL PUBLIC SAFETY</b> .....	<b>1,285,471</b>	<b>30,714,853</b>	<b>5,191,482</b>	<b>37,191,806</b>

Actual Expenditures	Encumbrances and Continuing Appropriations	Actual Expenditures and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
203,474	9,407	212,881	25,683
87,904	-	87,904	48,971
-	10,000	10,000	-
<u>291,378</u>	<u>19,407</u>	<u>310,785</u>	<u>74,654</u>
<u>10,992,401</u>	<u>952,609</u>	<u>11,945,010</u>	<u>711,881</u>
<hr/>			
13,062,264	3,461,516	16,523,780	190,984
343,648	46,028	389,676	19,761
149,573	40,450	190,023	24,055
142,887	17,973	160,860	8,807
36,953	60,532	97,485	-
<u>13,735,325</u>	<u>3,626,499</u>	<u>17,361,824</u>	<u>243,607</u>
<hr/>			
1,817,272	9,716	1,826,988	14,574
29,603	620	30,223	14,057
11,600	-	11,600	1,570
<u>1,858,475</u>	<u>10,336</u>	<u>1,868,811</u>	<u>30,201</u>
<hr/>			
13,994,372	1,812,935	15,807,307	-
321,081	110,746	431,827	31,024
49,670	36,360	86,030	1,451
160,408	24,106	184,514	5,831
5,006	25,821	30,827	-
<u>14,530,537</u>	<u>2,009,968</u>	<u>16,540,505</u>	<u>38,306</u>
<hr/>			
69,037	-	69,037	26
3,078	-	3,078	1
4,422	734	5,156	2,447
400	-	400	-
1,860	25,140	27,000	-
<u>78,797</u>	<u>25,874</u>	<u>104,671</u>	<u>2,474</u>
<hr/>			
640,914	21,502	662,416	15,875
253,603	15,095	268,698	-
5,401	2,099	7,500	2,393
-	25,000	25,000	-
<u>899,918</u>	<u>63,696</u>	<u>963,614</u>	<u>18,268</u>
<hr/>			
15,600	-	15,600	-
3,601	55	3,656	269
<u>19,201</u>	<u>55</u>	<u>19,256</u>	<u>269</u>
<u>31,122,253</u>	<u>5,736,428</u>	<u>36,858,681</u>	<u>333,125</u>

(continued)

CITY OF WALTHAM, MASSACHUSETTS  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 (NON-GAAP BUDGETARY BASIS)  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>EDUCATION</b>				
Personnel.....	28,977	56,989,662	-	57,018,639
General.....	1,470,943	10,134,428	-	11,605,371
Professional Development.....	-	440,666	-	440,666
Equipment/Unusual.....	-	989,509	-	989,509
Special.....	-	5,955,059	-	5,955,059
Capital Improvement.....	-	66,522	60,000	126,522
<b>TOTAL EDUCATION</b> .....	<b>1,499,920</b>	<b>74,575,846</b>	<b>60,000</b>	<b>76,135,766</b>
<b>PUBLIC WORKS</b>				
Consolidated Public Works				
Personnel.....	201,125	3,719,600	197,282	4,118,007
General.....	13,551	1,212,900	72,400	1,298,851
Equipment/Unusual.....	147,252	223,000	34,000	404,252
Capital Improvement.....	121,901	-	55,000	176,901
Total.....	<b>483,829</b>	<b>5,155,500</b>	<b>358,682</b>	<b>5,998,011</b>
Snow and Ice Removal				
Personnel.....	9,800	110,000	344,139	463,939
General.....	-	1,518,000	3,214,000	4,732,000
Capital Improvement.....	-	-	-	-
Total.....	<b>9,800</b>	<b>1,628,000</b>	<b>3,558,139</b>	<b>5,195,939</b>
Street Lighting				
General.....	<b>39,414</b>	<b>530,000</b>	<b>-</b>	<b>569,414</b>
Collection and Disposal of Rubbish				
Equipment/Unusual.....	306	5,015,000	(104,000)	4,911,306
Cemetery Commission				
Personnel.....	-	3,000	-	3,000
<b>TOTAL PUBLIC WORKS</b> .....	<b>533,349</b>	<b>12,331,500</b>	<b>3,812,821</b>	<b>16,677,670</b>
<b>COMMUNITY DEVELOPMENT</b>				
Planning				
Personnel.....	-	164,442	1,975	166,417
General.....	114	2,650	-	2,764
Equipment/Unusual.....	-	35,000	-	35,000
Capital Improvement.....	534,617	-	-	534,617
Total.....	<b>534,731</b>	<b>202,092</b>	<b>1,975</b>	<b>738,798</b>
Housing				
Personnel.....	-	147,034	-	147,034
General.....	27	1,550	-	1,577
Total.....	<b>27</b>	<b>148,584</b>	<b>-</b>	<b>148,611</b>
Board of Survey and Planning				
Personnel.....	-	17,000	-	17,000
General.....	-	5,100	-	5,100
Total.....	<b>-</b>	<b>22,100</b>	<b>-</b>	<b>22,100</b>
Zoning Board of Appeals				
Personnel.....	-	18,000	-	18,000
General.....	-	21,500	-	21,500
Capital Improvement.....	1,814	-	-	1,814
Total.....	<b>1,814</b>	<b>39,500</b>	<b>-</b>	<b>41,314</b>

Actual Expenditures	Encumbrances and Continuing Appropriations	Actual Expenditures and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
56,549,758	-	56,549,758	468,881
10,550,349	1,690,587	12,240,936	(635,565)
470,711	-	470,711	(30,045)
914,901	-	914,901	74,608
5,495,052	-	5,495,052	460,007
-	-	-	126,522
<b>73,980,771</b>	<b>1,690,587</b>	<b>75,671,358</b>	<b>464,408</b>
3,799,556	112,649	3,912,205	205,802
1,206,592	34,501	1,241,093	57,758
168,533	179,451	347,984	56,268
24,399	152,502	176,901	-
<b>5,199,080</b>	<b>479,103</b>	<b>5,678,183</b>	<b>319,828</b>
451,069	9,139	460,208	3,731
4,364,755	113,427	4,478,182	253,818
-	-	-	-
<b>4,815,824</b>	<b>122,566</b>	<b>4,938,390</b>	<b>257,549</b>
536,292	33,122	569,414	-
<b>4,298,258</b>	<b>334,617</b>	<b>4,632,875</b>	<b>278,431</b>
2,600	-	2,600	400
<b>14,852,054</b>	<b>969,408</b>	<b>15,821,462</b>	<b>856,208</b>
141,579	-	141,579	24,838
2,734	-	2,734	30
-	33,040	33,040	1,960
10,432	55,512	65,944	468,673
<b>154,745</b>	<b>88,552</b>	<b>243,297</b>	<b>495,501</b>
146,006	-	146,006	1,028
1,535	-	1,535	42
<b>147,541</b>	<b>-</b>	<b>147,541</b>	<b>1,070</b>
13,300	-	13,300	3,700
4,705	-	4,705	395
<b>18,005</b>	<b>-</b>	<b>18,005</b>	<b>4,095</b>
12,400	1,300	13,700	4,300
19,567	225	19,792	1,708
-	1,814	1,814	-
<b>31,967</b>	<b>3,339</b>	<b>35,306</b>	<b>6,008</b>

CITY OF WALTHAM, MASSACHUSETTS  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 (NON-GAAP BUDGETARY BASIS)  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
Traffic Engineering				
Personnel.....	7,150	331,887	2,950	341,987
General.....	283	58,790	50	59,123
Equipment/Unusual.....	100,000	50,000	-	150,000
Capital Improvement.....	-	-	294,106	294,106
Total.....	<u>107,433</u>	<u>440,677</u>	<u>297,106</u>	<u>845,216</u>
Conservation Commission				
Personnel.....	-	39,845	-	39,845
General.....	-	3,900	-	3,900
Capital Improvement.....	53,915	-	-	53,915
Total.....	<u>53,915</u>	<u>43,745</u>	<u>-</u>	<u>97,660</u>
Historical Commission				
Personnel.....	-	30,500	-	30,500
General.....	225	3,875	-	4,100
Equipment/Unusual.....	1,275	8,500	-	9,775
Total.....	<u>1,500</u>	<u>42,875</u>	<u>-</u>	<u>44,375</u>
Paine Estate				
Personnel.....	-	171,472	8,797	180,269
General.....	500	32,600	-	33,100
Capital Improvement.....	3,830	-	-	3,830
Total.....	<u>4,330</u>	<u>204,072</u>	<u>8,797</u>	<u>217,199</u>
Engineering				
Personnel.....	-	377,654	(8,249)	369,405
General.....	53	8,450	-	8,503
Total.....	<u>53</u>	<u>386,104</u>	<u>(8,249)</u>	<u>377,908</u>
<b>TOTAL COMMUNITY DEVELOPMENT.....</b>	<b><u>703,803</u></b>	<b><u>1,529,749</u></b>	<b><u>299,629</u></b>	<b><u>2,533,181</u></b>
<b>HEALTH AND HUMAN SERVICES</b>				
Health				
Personnel.....	-	717,206	39,125	756,331
General.....	335	44,219	-	44,554
Equipment/Unusual.....	63	600	-	663
Total.....	<u>398</u>	<u>762,025</u>	<u>39,125</u>	<u>801,548</u>
Veterans				
Personnel.....	-	165,160	-	165,160
General.....	-	251,825	-	251,825
Total.....	<u>-</u>	<u>416,985</u>	<u>-</u>	<u>416,985</u>
Council on Aging				
Personnel.....	3,445	386,910	1,505	391,860
General.....	6,121	165,710	7,702	179,533
Capital Improvement.....	18,435	-	-	18,435
Total.....	<u>28,001</u>	<u>552,620</u>	<u>9,207</u>	<u>589,828</u>
Celebration of Holidays				
General.....	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>20,000</u>

Actual Expenditures	Encumbrances and Continuing Appropriations	Actual Expenditures and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
(continued)			
333,154	-	333,154	8,833
56,626	1,924	58,550	573
33,113	-	33,113	116,887
2,659	291,447	294,106	-
<u>425,552</u>	<u>293,371</u>	<u>718,923</u>	<u>126,293</u>
27,714	1,600	29,314	10,531
477	104	581	3,319
-	53,915	53,915	-
<u>28,191</u>	<u>55,619</u>	<u>83,810</u>	<u>13,850</u>
6,200	700	6,900	23,600
3,007	351	3,358	742
6,225	3,388	9,613	162
<u>15,432</u>	<u>4,439</u>	<u>19,871</u>	<u>24,504</u>
171,003	8,797	179,800	469
29,692	3,059	32,751	349
3,823	7	3,830	-
<u>204,518</u>	<u>11,863</u>	<u>216,381</u>	<u>818</u>
304,285	12,490	316,775	52,630
8,239	100	8,339	164
<u>312,524</u>	<u>12,590</u>	<u>325,114</u>	<u>52,794</u>
<u>1,338,475</u>	<u>469,773</u>	<u>1,808,248</u>	<u>724,933</u>
640,281	39,425	679,706	76,625
40,289	40	40,329	4,225
63	484	547	116
<u>680,633</u>	<u>39,949</u>	<u>720,582</u>	<u>80,966</u>
165,093	-	165,093	67
<u>175,070</u>	<u>160</u>	<u>175,230</u>	<u>76,595</u>
<u>340,163</u>	<u>160</u>	<u>340,323</u>	<u>76,662</u>
384,938	-	384,938	6,922
162,217	15,249	177,466	2,067
273	18,162	18,435	-
<u>547,428</u>	<u>33,411</u>	<u>580,839</u>	<u>8,989</u>
<u>10,000</u>	<u>10,000</u>	<u>20,000</u>	<u>-</u>

(continued)

CITY OF WALTHAM, MASSACHUSETTS  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 (NON-GAAP BUDGETARY BASIS)  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>Disabilities Services Commission</b>				
Personnel.....	-	7,000	-	7,000
General.....	-	200	-	200
Total.....	<u>-</u>	<u>7,200</u>	<u>-</u>	<u>7,200</u>
<b>TOTAL HEALTH AND HUMAN SERVICES.....</b>	<b>38,399</b>	<b>1,748,830</b>	<b>48,332</b>	<b>1,835,561</b>
<b>CULTURE AND RECREATION</b>				
<b>Library</b>				
Personnel.....	6,850	2,023,289	228,250	2,258,389
General.....	7,633	271,200	40,218	319,051
Equipment/Unusual.....	-	61,000	-	61,000
Capital Improvement.....	34,192	-	-	34,192
Total.....	<u>48,675</u>	<u>2,355,489</u>	<u>268,468</u>	<u>2,672,632</u>
<b>Recreation</b>				
Personnel.....	2,665	688,559	3,035	694,259
General.....	440	17,750	25	18,215
Equipment/Unusual.....	70,509	102,000	(49,104)	123,405
Capital Improvement.....	21,000	-	-	21,000
Total.....	<u>94,614</u>	<u>808,309</u>	<u>(46,044)</u>	<u>856,879</u>
<b>Playgrounds</b>				
Personnel.....	-	61,950	-	61,950
General.....	57,956	326,000	-	383,956
Equipment/Unusual.....	-	3,000	-	3,000
Total.....	<u>57,956</u>	<u>390,950</u>	<u>-</u>	<u>448,906</u>
<b>Summer Fun</b>				
Personnel.....	-	67,300	-	67,300
General.....	334	13,800	-	14,134
Total.....	<u>334</u>	<u>81,100</u>	<u>-</u>	<u>81,434</u>
<b>Support of Recreation Activities</b>				
General.....	7,003	105,000	-	112,003
Equipment/Unusual.....	-	10,500	-	10,500
Total.....	<u>7,003</u>	<u>115,500</u>	<u>-</u>	<u>122,503</u>
<b>TOTAL CULTURE AND RECREATION.....</b>	<b>208,582</b>	<b>3,751,348</b>	<b>222,424</b>	<b>4,182,354</b>
<b>PENSION BENEFITS</b>				
Contributory Retirement System.....	-	15,289,594	-	15,289,594
Non-Contributory Pension Benefits.....	-	750	-	750
<b>TOTAL PENSION BENEFITS.....</b>	<b>-</b>	<b>15,290,344</b>	<b>-</b>	<b>15,290,344</b>
<b>EMPLOYEE BENEFITS</b>				
Worker's Compensation.....	668	440,000	70,000	510,668
Optional Medical Extension.....	-	2,300,000	-	2,300,000
Hospital and Medical Insurance.....	8,956	34,886,000	200,000	35,094,956
Group Life Insurance.....	-	77,000	-	77,000
Social Security.....	-	30,000	-	30,000
Unemployment.....	3,475	40,000	-	43,475
<b>TOTAL EMPLOYEE BENEFITS.....</b>	<b>13,099</b>	<b>37,773,000</b>	<b>270,000</b>	<b>38,056,099</b>

Actual Expenditures	Encumbrances and Continuing Appropriations	Actual Expenditures and Encumbrances and Continuing Appropriations	Variance Positive/(Negative)
6,500	-	6,500	500
-	-	-	200
<u>6,500</u>	<u>-</u>	<u>6,500</u>	<u>700</u>
<u>1,584,724</u>	<u>83,520</u>	<u>1,668,244</u>	<u>167,317</u>
2,000,282	-	2,000,282	258,107
302,324	16,727	319,051	-
54,022	-	54,022	6,978
10,069	24,123	34,192	-
<u>2,366,697</u>	<u>40,850</u>	<u>2,407,547</u>	<u>265,085</u>
639,083	-	639,083	55,176
17,274	944	18,218	(3)
31,356	92,030	123,386	19
15,625	5,375	21,000	-
<u>703,338</u>	<u>98,349</u>	<u>801,687</u>	<u>55,192</u>
47,948	-	47,948	14,002
330,552	50,670	381,222	2,734
2,344	122	2,466	534
<u>380,844</u>	<u>50,792</u>	<u>431,636</u>	<u>17,270</u>
59,172	-	59,172	8,128
12,720	987	13,707	427
<u>71,892</u>	<u>987</u>	<u>72,879</u>	<u>8,555</u>
79,344	19,251	98,595	13,408
7,255	1,600	8,855	1,645
<u>86,599</u>	<u>20,851</u>	<u>107,450</u>	<u>15,053</u>
<u>3,609,370</u>	<u>211,829</u>	<u>3,821,199</u>	<u>361,155</u>
15,289,594	-	15,289,594	-
<u>554</u>	<u>-</u>	<u>554</u>	<u>196</u>
<u>15,290,148</u>	<u>-</u>	<u>15,290,148</u>	<u>196</u>
474,882	35,786	510,668	-
2,300,000	-	2,300,000	-
35,007,420	83,499	35,090,919	4,037
77,000	-	77,000	-
30,000	-	30,000	-
18,289	5,584	23,873	19,602
<u>37,907,591</u>	<u>124,869</u>	<u>38,032,460</u>	<u>23,639</u>

(continued)

CITY OF WALTHAM, MASSACHUSETTS  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 (NON-GAAP BUDGETARY BASIS)  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>STATE AND COUNTY CHARGES.....</b>	-	<u>1,761,502</u>	-	<u>1,761,502</u>
<b>DEBT SERVICE</b>				
Principal.....	-	7,657,998	-	7,657,998
Interest.....	-	<u>2,709,708</u>	(30,000)	<u>2,679,708</u>
<b>TOTAL DEBT SERVICE.....</b>	-	<u>10,367,706</u>	(30,000)	<u>10,337,706</u>
<b>TOTAL EXPENDITURES.....</b>	<u>5,554,675</u>	<u>203,666,259</u>	<u>7,437,946</u>	<u>216,658,880</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<u>(5,554,675)</u>	<u>(5,185,268)</u>	<u>(7,437,946)</u>	<u>(18,177,889)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Premium from issuance of bonds.....	-	-	-	-
Transfers in.....	-	4,200,000	47,820	4,247,820
Transfers out.....	-	(75,000)	(7,544,773)	(7,619,773)
Total other financing sources (uses).....	-	<u>4,125,000</u>	<u>(7,496,953)</u>	<u>(3,371,953)</u>
<b>NET CHANGE IN FUND BALANCE.....</b>	<u>(5,554,675)</u>	<u>(1,060,268)</u>	<u>(14,934,899)</u>	<u>(21,549,842)</u>
<b>FUND BALANCE AT BEGINNING OF YEAR.....</b>	<u>39,136,835</u>	<u>39,136,835</u>	<u>39,136,835</u>	<u>39,136,835</u>
<b>FUND BALANCE AT END OF YEAR.....</b>	\$ <u>33,582,160</u>	\$ <u>38,076,567</u>	\$ <u>24,201,936</u>	\$ <u>17,586,993</u>

See accompanying notes to required supplementary information.

Actual Expenditures	Encumbrances and Continuing Appropriations	Actual Expenditures and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
1,708,001	-	1,708,001	53,501
7,657,998	-	7,657,998	-
2,670,654	-	2,670,654	9,054
10,328,652	-	10,328,652	9,054
202,714,440	10,239,023	212,953,463	3,705,417
1,127,749	(10,239,023)	(9,111,274)	9,066,615
105,368	-	105,368	105,368
3,943,106	-	3,943,106	(304,714)
(7,619,773)	-	(7,619,773)	-
(3,571,299)	-	(3,571,299)	(199,346)
(2,443,550)	(10,239,023)	(12,682,573)	8,867,269
39,136,835	-	39,136,835	-
\$ 36,693,285	\$ (10,239,023)	\$ 26,454,262	\$ 8,867,269

(concluded)

CITY OF WALTHAM, MASSACHUSETTS  
 COMMUNITY PRESERVATION FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 (NON-GAAP BUDGETARY BASIS)  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>REVENUES</b>				
Community preservation surcharges.....	\$ -	\$ 2,368,600	\$ -	\$ 2,368,600
Intergovernmental .....	-	796,422	-	796,422
Penalties and interest on taxes.....	-	-	-	-
Investment income.....	-	142,623	-	142,623
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>3,307,645</b>	<b>-</b>	<b>3,307,645</b>
<b>EXPENDITURES</b>				
Personnel.....	-	43,824	-	43,824
General.....	-	22,728	-	22,728
Equipment/Unusual.....	-	64,500	-	64,500
Capital Improvement.....	4,374,192	-	2,529,812	6,904,004
<b>TOTAL EXPENDITURES.....</b>	<b>4,374,192</b>	<b>131,052</b>	<b>2,529,812</b>	<b>7,035,056</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
OVER EXPENDITURES.....	(4,374,192)	3,176,593	(2,529,812)	(3,727,411)
<b>FUND BALANCE AT BEGINNING OF YEAR.....</b>	<b>22,739,165</b>	<b>22,739,165</b>	<b>22,739,165</b>	<b>22,739,165</b>
<b>FUND BALANCE AT END OF YEAR.....</b>	<b>\$ 18,364,973</b>	<b>\$ 25,915,758</b>	<b>\$ 20,209,353</b>	<b>\$ 19,011,754</b>

See accompanying notes to required supplementary information.

Actual Expenditures	Encumbrances and Continuing Appropriations	Actual Expenditures and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
\$ 2,606,804	\$ -	\$ 2,606,804	\$ 238,204
796,422	-	796,422	-
4,801	-	4,801	4,801
100,953	-	100,953	(41,670)
<hr/> 3,508,980	<hr/> -	<hr/> 3,508,980	<hr/> 201,335
34,835	-	34,835	8,989
15,859	-	15,859	6,869
-	-	-	64,500
3,496,716	3,407,288	6,904,004	-
<hr/> 3,547,410	<hr/> 3,407,288	<hr/> 6,954,698	<hr/> 80,358
<hr/> (38,430)	<hr/> (3,407,288)	<hr/> (3,445,718)	<hr/> 281,693
<hr/> 22,739,165	<hr/> -	<hr/> 22,739,165	<hr/> -
<hr/> \$ 22,700,735	<hr/> \$ (3,407,288)	<hr/> \$ 19,293,447	<hr/> \$ 281,693

## PENSION PLAN SCHEDULES

### SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS (SYSTEM) (1)

	December 31, 2014
<u>Total Pension Liability</u>	
Service Cost	\$ 7,040,834
Interest	27,535,037
Benefit Payments, including refunds of member contributions	<u>(23,951,108)</u>
Net Change in Total Pension Liability	<u>10,624,763</u>
 Total Pension Liability - Beginning	<u>338,455,450</u>
 Total Pension Liability - Ending (a)	<u>\$ 349,080,213</u>
 <u>Plan Fiduciary Net Position</u>	
Contributions - Employer	\$ 15,728,477
Contributions - Member	5,222,151
Other Additions	1,118,908
Net Investment Income	15,528,118
Benefit Payments and Transfers to Other Systems	<u>(23,951,107)</u>
Administrative Expense	<u>(521,690)</u>
Net Change in Plan Fiduciary Net Position	<u>13,124,857</u>
 Plan Fiduciary Net Position - Beginning	<u>189,326,569</u>
 Plan Fiduciary Net Position - Ending (b)	<u>\$ 202,451,426</u>
 Net Pension Liability - Ending (a) - (b)	<u>\$ 146,628,787</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.0%
 Covered - Employee Payroll	\$ 55,578,341
 Net Pension Liability as a Percentage of Covered Employee Payroll	263.8%

(1) Data is being accumulated annually to present 10 years of the reported information

### **SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)**

	2014	2013	2012	2011	2010
Actuarially Determined Contribution	15,728,477	14,735,293	14,289,286	14,133,617	14,106,542
Contributions in Relation to the Actuarially Determined Contribution	<u>15,728,477</u>	<u>14,735,293</u>	<u>14,289,286</u>	<u>14,133,617</u>	<u>14,106,542</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Employee Payroll	\$ 55,578,341	\$ 50,696,522	\$ 50,696,522	\$ 48,493,764	\$ 48,493,764
Contributions as a Percentage of Covered Employee Payroll	28.30%	29.07%	28.19%	29.15%	29.09%
					(Continued)
	2009	2008	2007	2006	2005
Actuarially Determined Contribution	13,752,867	13,192,164	12,695,230	11,408,000	10,986,000
Contributions in Relation to the Actuarially Determined Contribution	<u>13,752,867</u>	<u>13,192,164</u>	<u>12,695,230</u>	<u>11,408,000</u>	<u>10,986,000</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Employee Payroll	\$ 47,443,385	\$ 45,141,147	\$ 45,141,147	\$ 43,804,722	\$ 43,804,722
Contributions as a Percentage of Covered Employee Payroll	28.99%	29.22%	28.12%	26.04%	25.08%
					(Concluded)

### **SCHEDULE OF INVESTMENT RETURNS (SYSTEM) (1)**

2014

Annual money-weighted rate of return, net of investment expense	9.07%
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(1) Data is being accumulated annually to present 10 years of the reported information

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY (SYSTEM) (1)(2)**

	2015
City's proportion of the net pension liability	97.2096%
City's proportionate share of the net pension liability	\$ 142,537,299
City's covered-employee payroll	\$ 53,948,267
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	264.21%
Plan fiduciary net position as a percentage of the total pension liability	58.0%

(1) Amounts presented were determined as of December 31, 2014

(2) Data is being accumulated annually to present 10 years of the reported information

**SCHEDULE OF CITY CONTRIBUTIONS**

	2015	2014	2013	2012	2011
Actuarially Required Contribution	\$ 15,289,594	\$ 14,303,117	\$ 13,857,860	\$ 13,738,814	\$ 13,720,343
Contributions in Relation to the Actuarially Required Contribution	<u>15,289,594</u>	<u>14,303,117</u>	<u>13,857,860</u>	<u>13,738,814</u>	<u>13,720,343</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
City's Covered-Employee Payroll	\$ 53,948,267	\$ 49,280,385	\$ 49,280,385	\$ 47,345,883	\$ 47,345,883
Contributions as a Percentage of Covered Employee Payroll	28.34%	29.02%	28.12%	29.02%	28.98%
				(Continued)	
	2010	2009	2008	2007	2006
Actuarially Required Contribution	\$ 13,427,327	\$ 12,878,477	\$ 12,412,792	\$ 11,132,517	\$ 10,702,599
Contributions in Relation to the Actuarially Required Contribution	<u>13,427,327</u>	<u>12,878,477</u>	<u>12,412,792</u>	<u>11,132,517</u>	<u>10,702,599</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
City's Covered-Employee Payroll	\$ 46,315,263	\$ 44,051,068	\$ 44,051,068	\$ 42,568,036	\$ 42,568,036
Contributions as a Percentage of Covered Employee Payroll	28.99%	29.24%	28.18%	26.15%	25.14%

(Concluded)

**SCHEDULE OF SPECIAL FUNDING AMOUNTS OF THE NET PENSION LIABILITY  
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (1) (2)**

	<u>2015</u>
Commonwealth's 100% Share of the Net Pension Liability Associated with the City	\$ 110,096,513
City's Expense and Revenue Recognized for the Commonwealth's Support	\$ 7,648,933
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	61.64%

(1) Amounts presented were determined as of June 30, 2014

(2) Data is being accumulated annually to present 10 years of the reported information

## OTHER POSTEMPLOYMENT BENEFITS SCHEDULE

### SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial		Accrued					UAAL as a Percentage of Covered Payroll
	Actuarial Value of Assets	(A)	Liability (AAL) Projected Unit Credit	(B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	
06/30/14	\$ -	\$ 600,635,042	\$ 600,635,042		0%	\$ 89,853,532		668%
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%

**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, 2015, is presented below:

***General Fund***

	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balance
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 203,842,189	\$ 212,953,463	\$ (3,571,299)	\$ 26,454,262
<b><u>Adjustments and Reclassifications</u></b>				
Net change in recording 60-day receipts.....	109,997	-	-	378,923
Net change in recording tax refunds payable.....	(865,000)	-	-	(990,000)
Net change in recording other revenues.....	(156,753)	-	-	(156,753)
To allocate indirect costs to functional line items.....	-	(3,782,035)	(3,782,035)	-
To record encumbrances and continuing appropriations.....	-	(10,239,023)	-	10,239,023
To reclassify the stabilization fund to the general fund.....	7,734	-	5,992,319	7,560,876
To reclassify the other postemployment benefit fund to the general fund.....	321,654	(157,347)	-	8,845,058
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	<u>\$ 203,259,821</u>	<u>\$ 198,775,058</u>	<u>\$ (1,361,015)</u>	<u>\$ 52,331,389</u>

***Community Preservation Fund***

	Revenues	Expenditures	Fund Balance
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 3,508,980	\$ 6,954,698	\$ 19,293,447
<b><u>Adjustments</u></b>			
Net change in recording revenues.....	(2,487)	-	(2,487)
Net change in recording investment income.....	(38,726)	-	(38,722)
To record encumbrances and continuing appropriations.....	-	<u>(3,407,288)</u>	<u>3,407,288</u>
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	<u>\$ 3,467,767</u>	<u>\$ 3,547,410</u>	<u>\$ 22,659,526</u>

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## **Combining and Individual Fund 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.

### ***Special Revenue Funds (continued)***

*Waltham Housing Fund* – This fund is used to account for the City's affordable housing program.

### ***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 category:

*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.

CITY OF WALTHAM, MASSACHUSETTS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2015

---

*Special Revenue Funds*

<b>ASSETS</b>	<b>Other Special Revenue</b>	<b>City Federal Grants</b>	<b>School Federal Grants</b>	<b>City State Grants</b>	<b>School State Grants</b>	<b>Insurance Recovery</b>	<b>Gifts</b>
Restricted cash and cash equivalents.....	\$ 3,902,527	\$ 67	\$ -	\$ 248,958	\$ 48,235	\$ 1,390	\$ 649,596
Restricted investments.....	-	-	-	-	-	-	-
Receivables, net of uncollectibles:							
Departmental and other.....	306	-	-	-	-	-	-
Intergovernmental.....	-	64,630	323,222	241,370	-	-	-
TOTAL ASSETS.....	<u>\$ 3,902,833</u>	<u>\$ 64,697</u>	<u>\$ 323,222</u>	<u>\$ 490,328</u>	<u>\$ 48,235</u>	<u>\$ 1,390</u>	<u>\$ 649,596</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
LIABILITIES:							
Warrants payable.....	\$ 7,443	\$ -	\$ 142,531	\$ 248,568	\$ 16,873	\$ 1,390	\$ 731
Accrued payroll.....	1,607	-	-	-	-	-	-
Due to other funds.....	-	71,295	161,901	3,667	-	-	-
Short-term notes payable.....	-	-	-	-	-	-	-
TOTAL LIABILITIES.....	<u>9,050</u>	<u>71,295</u>	<u>304,432</u>	<u>252,235</u>	<u>16,873</u>	<u>1,390</u>	<u>731</u>
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenue.....	<u>306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:							
Nonspendable.....	-	-	-	-	-	-	-
Restricted.....	3,893,477		18,790	238,093	31,362	-	648,865
Unassigned.....	-	(6,598)	-	-	-	-	-
TOTAL FUND BALANCES.....	<u>3,893,477</u>	<u>(6,598)</u>	<u>18,790</u>	<u>238,093</u>	<u>31,362</u>	<u>-</u>	<u>648,865</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	<u>\$ 3,902,833</u>	<u>\$ 64,697</u>	<u>\$ 323,222</u>	<u>\$ 490,328</u>	<u>\$ 48,235</u>	<u>\$ 1,390</u>	<u>\$ 649,596</u>

***Special Revenue Funds***

Sale of Lots/Graves	Revenue Reserve	School Lunch	Parking Meters	UDAG Nova Biomedical	Vocational School Reserve
\$ 1,375,512	\$ 1,174,440	\$ 803,253	\$ 1,892,275	\$ 29,454	\$ 5,411
-	-	-	-	-	-
-	538,433	-	-	-	-
<u>\$ 1,375,512</u>	<u>\$ 1,712,873</u>	<u>\$ 803,253</u>	<u>\$ 1,892,275</u>	<u>\$ 29,454</u>	<u>\$ 5,411</u>
 <hr/>					
\$ -	\$ 5,224	\$ 28,722	\$ 3,132	\$ -	\$ 4,618
-	-	-	4,515	-	-
-	-	-	-	-	-
<u>-</u>	<u>5,224</u>	<u>28,722</u>	<u>7,647</u>	<u>-</u>	<u>4,618</u>
 <hr/>					
1,375,512	1,707,649	774,531	1,884,628	29,454	793
<u>1,375,512</u>	<u>1,707,649</u>	<u>774,531</u>	<u>1,884,628</u>	<u>29,454</u>	<u>793</u>
<u>\$ 1,375,512</u>	<u>\$ 1,712,873</u>	<u>\$ 803,253</u>	<u>\$ 1,892,275</u>	<u>\$ 29,454</u>	<u>\$ 5,411</u>

(continued)

CITY OF WALTHAM, MASSACHUSETTS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2015

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	<i>Special Revenue Funds</i>					<i>Capital Projects</i>
	Public Safety	Traffic Impact Fund	Police and Fire Detail	Waltham Housing	Sub-total	School Capital Projects
<b>ASSETS</b>						
Restricted cash and cash equivalents.....	\$ 1,120,752	\$ 3,113,626	\$ -	\$ 1,618,264	\$ 15,983,760	\$ 568,480
Restricted investments.....	-	-	-	-	-	-
Receivables, net of uncollectibles:						
Departmental and other.....	-	-	268,827	-	269,133	-
Intergovernmental.....	-	-	-	-	1,167,655	-
<b>TOTAL ASSETS.....</b>	<b>\$ 1,120,752</b>	<b>\$ 3,113,626</b>	<b>\$ 268,827</b>	<b>\$ 1,618,264</b>	<b>\$ 17,420,548</b>	<b>\$ 568,480</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Warrants payable.....	\$ 41,198	\$ -	\$ -	\$ -	\$ 500,430	\$ 194
Accrued payroll.....	-	-	42,288	-	48,410	-
Due to other funds.....	-	-	297,887	-	534,750	-
Short-term notes payable.....	-	-	-	-	-	341,000
<b>TOTAL LIABILITIES.....</b>	<b>41,198</b>	<b>-</b>	<b>340,175</b>	<b>-</b>	<b>1,083,590</b>	<b>341,194</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable revenue.....	-	-	268,827	-	269,133	-
<b>FUND BALANCES:</b>						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	1,079,554	3,113,626	-	1,618,264	16,414,598	227,286
Unassigned.....	-	-	(340,175)	-	(346,773)	-
<b>TOTAL FUND BALANCES.....</b>	<b>1,079,554</b>	<b>3,113,626</b>	<b>(340,175)</b>	<b>1,618,264</b>	<b>16,067,825</b>	<b>227,286</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 1,120,752</b>	<b>\$ 3,113,626</b>	<b>\$ 268,827</b>	<b>\$ 1,618,264</b>	<b>\$ 17,420,548</b>	<b>\$ 568,480</b>

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<i>Permanent Funds</i>			Total
Cemetery Trust Funds	Other Permanent Funds	Sub-total	Nonmajor Governmental Funds
\$ 239,974	\$ 146,687	\$ 386,661	\$ 16,938,901
1,761,342	371,474	2,132,816	2,132,816
-	-	-	269,133
-	-	-	1,167,655
<b>\$ 2,001,316</b>	<b>\$ 518,161</b>	<b>\$ 2,519,477</b>	<b>\$ 20,508,505</b>

\$	\$	-	\$	-	\$	500,624
-	-	-	-	-	\$	48,410
-	-	-	-	-	\$	534,750
-	-	-	-	-	\$	341,000
-	-	-	-	-	\$	1,424,784
-	-	-	-	-	\$	269,133
1,978,391	249,623	2,228,014	2,228,014			
22,925	268,538	291,463	16,933,347			
-	-	-	(346,773)			
<b>\$ 2,001,316</b>	<b>\$ 518,161</b>	<b>\$ 2,519,477</b>	<b>\$ 18,814,588</b>			
<b>\$ 2,001,316</b>	<b>\$ 518,161</b>	<b>\$ 2,519,477</b>	<b>\$ 20,508,505</b>			

(concluded)

CITY OF WALTHAM, MASSACHUSETTS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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	<i>Special Revenue Funds</i>						
	Other Special Revenue	City Federal Grants	School Federal Grants	City State Grants	School State Grants	Insurance Recovery	Gifts
<b>REVENUES</b>							
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental .....	71,888	83,092	2,737,013	1,129,270	265,557	-	-
Fines and forfeitures.....	1,232	-	-	-	-	-	-
Departmental and other.....	498,806	-	-	-	-	60,999	-
Contributions.....	646,374	-	-	950	-	-	290,520
Investment income.....	-	-	-	29	-	-	106
TOTAL REVENUES.....	<u>1,218,300</u>	<u>83,092</u>	<u>2,737,013</u>	<u>1,130,249</u>	<u>265,557</u>	<u>60,999</u>	<u>290,626</u>
<b>EXPENDITURES</b>							
Current:							
General government.....	704,131	-	-	14,753	-	-	12,504
Public safety.....	-	88,037	-	311,879	-	688	8,555
Education.....	4,314	-	2,686,187	-	281,763	1,390	-
Public works.....	-	-	-	482,740	-	13,670	223,858
Health and human services.....	70,864	-	-	79,736	-	-	14,341
Culture and recreation.....	214,884	-	-	-	-	-	-
Community development.....	-	-	-	200,000	-	-	66,849
TOTAL EXPENDITURES.....	<u>994,193</u>	<u>88,037</u>	<u>2,686,187</u>	<u>1,089,108</u>	<u>281,763</u>	<u>15,748</u>	<u>326,107</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	<u>224,107</u>	<u>(4,945)</u>	<u>50,826</u>	<u>41,141</u>	<u>(16,206)</u>	<u>45,251</u>	<u>(35,481)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in.....	-	-	-	-	-	-	-
Transfers out.....	<u>(40,143)</u>	<u>(29)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,641)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)....	<u>(40,143)</u>	<u>(29)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,641)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES.....	<u>183,964</u>	<u>(4,974)</u>	<u>50,826</u>	<u>41,141</u>	<u>(16,206)</u>	<u>(1,390)</u>	<u>(35,481)</u>
FUND BALANCES AT BEGINNING OF YEAR.....	<u>3,709,513</u>	<u>(1,624)</u>	<u>(32,036)</u>	<u>196,952</u>	<u>47,568</u>	<u>1,390</u>	<u>684,346</u>
FUND BALANCES AT END OF YEAR.....	<u>\$ 3,893,477</u>	<u>\$ (6,598)</u>	<u>\$ 18,790</u>	<u>\$ 238,093</u>	<u>\$ 31,362</u>	<u>\$ -</u>	<u>\$ 648,865</u>

<i><b>Special Revenue Funds</b></i>						
Sale of Lots/Graves	Revenue Reserve	School Lunch	Parking Meters	UDAG Nova Biomedical	Vocational School Reserve	
\$ - \$ 285,431	\$ 1,819,345	\$ 729,827	\$ -	\$ -	\$ -	-
-	-	1,407,707	-	-	-	-
-	-	-	70,260	-	-	-
62,175	377,012	-	427,196	-	73,875	
-	185,569	-	-	-	-	-
-	156	102	-	56	-	-
<b>62,175</b>	<b>2,667,513</b>	<b>2,137,636</b>	<b>497,456</b>	<b>56</b>	<b>73,875</b>	
-	-	-	-	-	-	-
-	2,575,365	2,235,744	-	-	66,979	
46,825	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	490,452	8,220	-	-
<b>46,825</b>	<b>2,575,365</b>	<b>2,235,744</b>	<b>490,452</b>	<b>8,220</b>	<b>66,979</b>	
<b>15,350</b>	<b>92,148</b>	<b>(98,108)</b>	<b>7,004</b>	<b>(8,164)</b>	<b>6,896</b>	
-	-	-	3,568	-	-	-
-	-	-	-	-	-	-
-	-	-	3,568	-	-	-
<b>15,350</b>	<b>92,148</b>	<b>(98,108)</b>	<b>10,572</b>	<b>(8,164)</b>	<b>6,896</b>	
<b>1,360,162</b>	<b>1,615,501</b>	<b>872,639</b>	<b>1,874,056</b>	<b>37,618</b>	<b>(6,103)</b>	
<b>\$ 1,375,512</b>	<b>\$ 1,707,649</b>	<b>\$ 774,531</b>	<b>\$ 1,884,628</b>	<b>\$ 29,454</b>	<b>\$ 793</b>	

(continued)

CITY OF WALTHAM, MASSACHUSETTS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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	<i>Special Revenue Funds</i>					<i>Capital Projects</i>
	<i>Public Safety</i>	<i>Traffic Impact Fund</i>	<i>Police and Fire Detail</i>	<i>Waltham Housing</i>	<i>Sub-total</i>	<i>School Capital Projects</i>
<b>REVENUES</b>						
Charges for services.....	\$ -	\$ -	\$ 2,322,642	\$ -	\$ 3,337,900	\$ -
Intergovernmental .....	-	-	-	-	7,513,872	-
Fines and forfeitures.....	-	-	-	-	71,492	-
Departmental and other.....	226,465	1,037,284	-	184,562	2,948,374	-
Contributions.....	-	-	-	-	1,123,413	-
Investment income.....	2,038	1,894	-	1,702	6,083	-
<b>TOTAL REVENUES.....</b>	<b>228,503</b>	<b>1,039,178</b>	<b>2,322,642</b>	<b>186,264</b>	<b>15,001,134</b>	<b>-</b>
<b>EXPENDITURES</b>						
Current:						
General government.....	-	-	-	-	731,388	-
Public safety.....	363,374	-	2,175,451	-	2,947,984	-
Education.....	-	-	-	-	7,851,742	485,866
Public works.....	-	-	-	-	767,093	-
Health and human services.....	-	-	-	-	164,941	-
Culture and recreation.....	-	-	-	-	214,884	-
Community development.....	-	187,168	-	-	952,689	-
<b>TOTAL EXPENDITURES.....</b>	<b>363,374</b>	<b>187,168</b>	<b>2,175,451</b>	<b>-</b>	<b>13,630,721</b>	<b>485,866</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>						
	(134,871)	852,010	147,191	186,264	1,370,413	(485,866)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in.....	-	-	-	1,432,000	1,435,568	-
Transfers out.....	(66,577)	-	-	-	(153,390)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)....</b>	<b>(66,577)</b>	<b>-</b>	<b>-</b>	<b>1,432,000</b>	<b>1,282,178</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(201,448)</b>	<b>852,010</b>	<b>147,191</b>	<b>1,618,264</b>	<b>2,652,591</b>	<b>(485,866)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>1,281,002</b>	<b>2,261,616</b>	<b>(487,366)</b>	<b>-</b>	<b>13,415,234</b>	<b>713,152</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 1,079,554</b>	<b>\$ 3,113,626</b>	<b>\$ (340,175)</b>	<b>\$ 1,618,264</b>	<b>\$ 16,067,825</b>	<b>\$ 227,286</b>

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<i>Permanent Funds</i>			Total	
Cemetery Trust Funds	Other Permanent Funds	Sub-total	Nonmajor Governmental Funds	
\$ -	\$ -	- \$	- \$	3,337,900
-	-	-	-	7,513,872
-	-	-	-	71,492
-	-	-	-	2,948,374
24,650	-	24,650	1,148,063	
<u>59,174</u>	<u>12,671</u>	<u>71,845</u>	<u>77,928</u>	
<u>83,824</u>	<u>12,671</u>	<u>96,495</u>	<u>15,097,629</u>	
<hr/>				
-	604	604	731,992	
-	-	-	2,947,984	
-	-	-	8,337,608	
6,274	-	6,274	773,367	
-	-	-	164,941	
-	722	722	215,606	
-	-	-	952,689	
<u>6,274</u>	<u>1,326</u>	<u>7,600</u>	<u>14,124,187</u>	
<u>77,550</u>	<u>11,345</u>	<u>88,895</u>	<u>973,442</u>	
<hr/>				
-	-	-	1,435,568	
<u>-</u>	<u>-</u>	<u>-</u>	<u>(153,390)</u>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,282,178</u>	
77,550	11,345	88,895	2,255,620	
<u>1,923,766</u>	<u>506,816</u>	<u>2,430,582</u>	<u>16,558,968</u>	
<u>\$ 2,001,316</u>	<u>\$ 518,161</u>	<u>\$ 2,519,477</u>	<u>\$ 18,814,588</u>	

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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.

CITY OF WALTHAM, MASSACHUSETTS  
PRIVATE PURPOSE TRUST FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015

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	<u>Scholarship Trust Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents.....	\$ 60,205
Investments:	
U.S. Treasuries and agencies.....	2,718,876
Receivables, net of allowance for uncollectibles:	
Loans.....	<u>89,740</u>
Total assets.....	<u>2,868,821</u>
<b>NET POSITION</b>	
Held in trust for other purposes.....	<u>\$ 2,868,821</u>

**CITY OF WALTHAM, MASSACHUSETTS**  
**PRIVATE PURPOSE TRUST FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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Scholarship  
Trust Funds

**ADDITIONS**

Contributions:

Private donations.....	\$	24,460
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Net investment income:

Interest.....	\$	<u>92,231</u>
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<b>TOTAL ADDITIONS.....</b>		116,691
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**DEDUCTIONS**

Educational scholarships & awards.....	\$	<u>243,310</u>
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<b>CHANGE IN NET POSITION.....</b>		(126,619)
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<b>NET POSITION AT BEGINNING OF YEAR.....</b>	\$	<u>2,995,440</u>
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<b>NET POSITION AT END OF YEAR.....</b>	\$	<u>2,868,821</u>
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# **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.

**CITY OF WALTHAM, MASSACHUSETTS**  
**AGENCY FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ <u>921,199</u>	\$ <u>1,918,645</u>	\$ <u>(2,049,341)</u>	\$ <u>790,503</u>
<b>LIABILITIES</b>				
Warrants payable.....	33,020	2,443	(29,613)	5,850
Other liabilities.....	6,374	189,516	(187,863)	8,027
Liabilities due depositors.....	<u>881,805</u>	<u>542,828</u>	<u>(648,007)</u>	<u>776,626</u>
<b>TOTAL LIABILITIES</b> .....	<b>\$ <u>921,199</u></b>	<b>\$ <u>734,787</u></b>	<b>\$ <u>(865,483)</u></b>	<b>\$ <u>790,503</u></b>

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## *Statistical Section*



**The Mill at the Moody Street Dam**

## ***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 126 – 130)**

*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 131 – 133)**

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

### **Debt Capacity (pages 134 – 136)**

*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 137 – 138)**

*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 139 – 141)**

*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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities</b>										
Net investment in capital assets.....	\$ 152,292,512	\$ 151,715,584	\$ 167,046,725	\$ 166,859,105	\$ 169,360,245	\$ 169,551,297	\$ 167,006,050	\$ 165,312,712	\$ 164,015,843	\$ 168,907,226
Restricted.....	6,684,687	6,772,208	8,155,442	8,967,296	7,547,471	30,065,242	40,566,045	46,282,436	52,842,407	49,579,791
Unrestricted.....	48,221,543	54,748,751	38,856,595	22,706,711	12,459,498	(10,932,512)	(35,115,909)	(49,699,586)	(67,714,757)	(214,483,584)
Total governmental activities net position.....	<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>	<u>\$ 149,143,493</u>	<u>\$ 4,003,433</u>
<b>Business-type activities</b>										
Net investment in capital assets.....	\$ 18,461,108	\$ 13,954,222	\$ 15,605,526	\$ 14,475,464	\$ 11,605,346	\$ 12,188,286	\$ 11,726,473	\$ 9,399,319	\$ 10,482,833	\$ 14,092,537
Unrestricted.....	9,336,814	14,469,972	16,754,344	16,923,713	13,507,266	17,253,879	16,365,651	23,952,132	27,383,479	23,759,048
Total business-type activities net position.....	<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>	<u>\$ 37,866,312</u>	<u>\$ 37,851,585</u>
<b>Primary government</b>										
Net investment in capital assets.....	\$ 170,753,620	\$ 165,669,806	\$ 187,511,336	\$ 181,334,569	\$ 180,965,591	\$ 181,739,583	\$ 178,732,523	\$ 174,712,031	\$ 174,498,676	\$ 182,999,763
Restricted.....	6,684,687	6,772,208	8,155,442	8,967,296	7,547,471	30,065,242	40,566,045	46,282,436	52,842,407	49,579,791
Unrestricted.....	57,558,357	69,218,723	50,751,854	39,630,424	25,966,764	6,321,367	(18,750,258)	(25,747,454)	(40,331,278)	(190,724,536)
Total primary government net position.....	<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>	<u>\$ 187,009,805</u>	<u>\$ 41,855,018</u>

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

	<b>Fiscal Year</b>						
	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>							
Governmental activities:							
General government.....	\$ 11,977,216	\$ 10,808,307	\$ 12,828,297	\$ 12,936,686	\$ 12,548,346	\$ 12,803,207	\$ 12,839,887
Public safety.....	46,731,199	49,652,433	57,670,691	56,145,799	57,363,358	56,774,590	54,892,255
Education.....	89,112,944	95,343,997	109,656,513	113,953,264	112,799,898	117,168,957	125,803,368
Public works.....	14,542,384	15,607,027	17,408,819	18,303,644	17,436,688	18,582,134	17,620,280
Community development.....	5,313,135	4,922,180	5,796,409	5,810,281	5,034,910	5,463,838	3,921,262
Health and human services.....	2,190,954	2,373,030	2,717,555	2,696,784	2,818,957	2,817,765	4,043,942
Culture and recreation.....	4,254,812	4,227,546	4,705,448	4,230,997	5,028,081	5,655,542	6,019,224
Interest.....	3,236,060	2,709,385	2,596,363	2,448,936	3,054,071	2,523,696	2,631,033
Total government activities expenses.....	<u>177,358,704</u>	<u>185,643,905</u>	<u>213,380,095</u>	<u>216,526,391</u>	<u>216,084,309</u>	<u>221,789,729</u>	<u>227,771,251</u>
Business-type activities:							
Sewer.....	11,965,061	13,777,149	14,657,691	15,512,343	17,385,085	16,806,067	17,381,941
Water.....	9,393,920	10,217,450	10,077,596	11,198,348	11,129,805	11,431,049	11,796,251
Veterans Memorial Rink.....	333,078	347,630	419,504	434,579	384,013	402,304	397,385
Total business-type activities expenses.....	<u>21,692,059</u>	<u>24,342,229</u>	<u>25,154,791</u>	<u>27,145,270</u>	<u>28,898,903</u>	<u>28,639,420</u>	<u>29,575,577</u>
Total primary government expenses.....	<u>\$ 199,050,763</u>	<u>\$ 209,986,134</u>	<u>\$ 238,534,886</u>	<u>\$ 243,671,661</u>	<u>\$ 244,983,212</u>	<u>\$ 250,429,149</u>	<u>\$ 257,346,828</u>
<b>Program Revenues</b>							
Governmental activities:							
General government charges for services.....	\$ 5,558,844	\$ 4,646,711	\$ 5,228,939	\$ 5,163,594	\$ 1,969,326	\$ 3,934,076	\$ 2,450,923
Public Safety charges for services.....	2,291,049	2,438,923	2,552,702	2,857,635	3,443,664	3,493,485	4,071,301
Education charges for services.....	2,747,252	2,834,459	2,961,479	3,700,154	3,908,483	4,567,355	1,434,279
Public works charges for services.....	382,803	622,572	975,061	415,032	666,730	714,008	333,956
Other charges for services.....	1,459,806	1,510,571	1,674,251	1,723,028	1,721,146	1,678,380	1,757,353
Operating grants and contributions.....	28,774,027	30,656,882	31,048,318	33,649,763	33,503,809	37,611,357	33,232,551
Capital grants and contributions.....	10,409,121	6,498,738	24,884,028	1,915,581	2,246,744	(1,684,833)	(2,404,439)
Total government activities program revenues.....	<u>51,622,902</u>	<u>49,208,856</u>	<u>69,324,778</u>	<u>49,424,787</u>	<u>47,459,902</u>	<u>50,313,828</u>	<u>40,875,924</u>
Business-type activities:							
Sewer charges for services.....	11,953,817	13,764,259	16,311,578	14,557,425	14,029,718	18,222,159	15,854,586
Water charges for services.....	9,313,013	10,456,605	12,353,427	10,869,955	10,089,418	13,175,501	11,864,008
Veterans Memorial Rink charges for services.....	277,761	345,096	351,698	355,196	379,428	381,936	398,769
Operating grants and contributions.....	-	-	-	-	-	-	33,173
Capital grants and contributions.....	-	270,000	-	247,500	-	1,370,700	-
Total business-type activities program revenues.....	<u>21,544,591</u>	<u>24,835,960</u>	<u>29,016,703</u>	<u>26,030,076</u>	<u>24,498,564</u>	<u>33,150,296</u>	<u>28,150,536</u>
Total primary government program revenues.....	<u>\$ 73,167,493</u>	<u>\$ 74,044,816</u>	<u>\$ 98,341,481</u>	<u>\$ 75,454,863</u>	<u>\$ 71,958,466</u>	<u>\$ 83,464,124</u>	<u>\$ 69,026,460</u>
<b>Net (Expense)/Revenue</b>							
Governmental activities.....	<u>\$ (120,276,934)</u>	<u>\$ (136,435,049)</u>	<u>\$ (138,596,449)</u>	<u>\$ (162,808,858)</u>	<u>\$ (168,624,407)</u>	<u>\$ (171,475,901)</u>	<u>\$ (186,895,327)</u>
Business-type activities.....	<u>(147,468)</u>	<u>493,731</u>	<u>3,861,912</u>	<u>(1,115,194)</u>	<u>(4,400,339)</u>	<u>4,510,876</u>	<u>(1,425,041)</u>
Total primary government net expense.....	<u>\$ (120,424,402)</u>	<u>\$ (135,941,318)</u>	<u>\$ (134,734,537)</u>	<u>\$ (163,924,052)</u>	<u>\$ (173,024,746)</u>	<u>\$ (166,965,025)</u>	<u>\$ (188,320,368)</u>
<b>General Revenues and other Changes in Net Position</b>							
Governmental activities:							
Real estate and personal property taxes, net of tax refunds payable.....	\$ 111,968,375	\$ 115,203,646	\$ 117,562,447	\$ 128,225,929	\$ 137,055,385	\$ 144,687,551	\$ 147,941,835
Motor vehicle and other excise taxes.....	6,405,194	6,223,714	6,585,465	6,039,430	6,013,280	6,233,152	6,372,776
Hotel/motel tax.....	1,791,211	1,983,506	2,177,556	1,916,727	1,974,863	2,665,704	3,061,233
Community preservation tax.....	1,835,071	2,126,162	2,215,987	2,088,829	2,217,436	2,319,559	2,393,595
Meals tax.....	-	-	-	-	-	862,461	1,128,180
Penalties and interest on taxes.....	404,635	449,572	449,873	440,482	510,939	481,134	518,982
Payments in lieu of taxes.....	95,301	33,200	9,600	45,834	33,586	46,350	53,905
Grants and contributions not restricted to specific programs.....	11,050,883	13,152,486	13,611,256	11,841,812	9,319,430	8,357,186	9,147,352
Unrestricted investment income.....	2,846,099	3,359,616	2,265,352	976,911	388,780	277,404	124,628
Gain on sale of capital assets.....	-	-	-	-	-	-	-
Transfers, net.....	(100,000)	(59,052)	-	-	1,944,810	(116,154)	(75,000)
Total governmental activities.....	<u>136,296,769</u>	<u>142,472,850</u>	<u>144,877,536</u>	<u>151,575,954</u>	<u>159,458,509</u>	<u>165,814,347</u>	<u>170,667,486</u>
Business-type activities:							
Unrestricted investment income.....	75,456	73,489	73,764	154,501	58,584	40,938	-
Other.....	-	-	-	-	-	-	-
Transfers, net.....	100,000	59,052	-	-	(1,944,810)	116,154	75,000
Total business-type activities.....	<u>175,456</u>	<u>132,541</u>	<u>73,764</u>	<u>154,501</u>	<u>(1,886,226)</u>	<u>157,092</u>	<u>75,000</u>
Total primary government.....	<u>\$ 136,472,225</u>	<u>\$ 142,605,391</u>	<u>\$ 144,951,300</u>	<u>\$ 151,730,455</u>	<u>\$ 157,572,283</u>	<u>\$ 165,971,439</u>	<u>\$ 170,742,486</u>
<b>Changes in Net Position</b>							
Governmental activities.....	<u>\$ 16,019,835</u>	<u>\$ 6,037,801</u>	<u>\$ 6,281,087</u>	<u>\$ (11,232,904)</u>	<u>\$ (9,165,898)</u>	<u>\$ (813,086)</u>	<u>\$ (16,227,841)</u>
Business-type activities.....	<u>27,988</u>	<u>626,272</u>	<u>3,935,676</u>	<u>(960,693)</u>	<u>(6,286,565)</u>	<u>4,329,553</u>	<u>(1,350,041)</u>
Total primary government.....	<u>\$ 16,047,823</u>	<u>\$ 6,664,073</u>	<u>\$ 10,216,763</u>	<u>\$ (12,193,597)</u>	<u>\$ (15,452,463)</u>	<u>\$ 3,516,467</u>	<u>\$ (17,577,882)</u>

	2013	2014	2015
\$	14,431,751	14,141,084	14,516,477
56,396,153	60,787,241	59,675,967	
127,632,730	133,882,547	127,306,510	
19,107,437	21,990,015	19,928,652	
4,332,865	4,198,865	4,399,974	
6,327,318	6,532,446	4,022,919	
-	3,902,190	6,843,362	
2,581,037	2,550,610	2,450,774	
<u>234,852,093</u>	<u>247,984,998</u>	<u>239,144,635</u>	
 17,382,177	 17,537,836	 17,792,313	
11,995,289	12,161,194	12,623,659	
457,608	503,830	563,324	
<u>29,835,074</u>	<u>30,202,860</u>	<u>30,979,296</u>	
 <u>\$ 264,687,167</u>	 <u>\$ 278,187,858</u>	 <u>\$ 270,123,931</u>	
 \$ 4,225,256	 \$ 5,679,098	 \$ 6,540,791	
3,910,093	3,966,696	4,049,827	
1,217,100	1,442,388	1,486,402	
448,072	318,133	380,549	
2,105,916	1,821,190	2,004,880	
33,044,593	36,885,652	28,018,652	
2,820,119	1,955,479	1,786,940	
<u>47,771,149</u>	<u>52,068,636</u>	<u>44,268,041</u>	
 19,582,834	 19,389,533	 19,615,814	
14,875,449	14,687,995	15,102,116	
385,832	397,985	390,878	
124,881	43,857	101,988	
-	22,901	2,320,501	
<u>34,968,996</u>	<u>34,542,271</u>	<u>37,531,297</u>	
 <u>\$ 82,740,145</u>	 <u>\$ 86,610,907</u>	 <u>\$ 81,799,338</u>	
 \$ (187,080,944)	 \$ (195,916,362)	 \$ (194,876,594)	
<u>5,133,922</u>	<u>4,339,411</u>	<u>6,552,001</u>	
 <u>\$ (181,947,022)</u>	 <u>\$ (191,576,951)</u>	 <u>\$ (188,324,593)</u>	
 \$ 153,272,077	 \$ 159,052,033	 \$ 161,059,057	
6,650,738	7,002,622	7,588,970	
3,298,311	3,535,326	3,837,715	
1,167,324	1,195,490	3,365,262	
702,090	705,407	1,278,394	
54,812	43,151	687,747	
2,475,978	2,535,235	58,763	
 8,835,809	 9,064,858	 9,557,090	
135,838	181,321	491,842	
52,748	24,300	-	
(125,405)	(175,450)	(184,205)	
<u>176,520,320</u>	<u>183,164,293</u>	<u>187,740,635</u>	
 -	 -	 -	
 125,405	 175,450	 184,205	
 125,405	 175,450	 184,205	
 <u>\$ 176,645,725</u>	 <u>\$ 183,339,743</u>	 <u>\$ 187,924,840</u>	
 \$ (10,560,624)	 \$ (12,752,069)	 \$ (7,135,959)	
<u>5,259,327</u>	<u>4,514,861</u>	<u>6,736,206</u>	
 <u>\$ (5,301,297)</u>	 <u>\$ (8,237,208)</u>	 <u>\$ (399,753)</u>	

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund</b>										
Reserved.....	\$ 13,343,295	\$ 10,491,290	\$ 10,889,750	\$ 9,203,972	\$ 10,558,086	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	18,951,797	21,677,383	17,315,054	16,381,705	13,377,626	-	-	-	-	-
Nonspendable.....	-	-	-	-	-	-	-	-	-	-
Restricted.....	-	-	-	-	-	-	135,799	8,132,094	8,351,922	8,845,058
Committed.....	-	-	-	-	-	-	3,198,284	4,804,214	1,492,937	8,132,421
Assigned.....	-	-	-	-	-	6,852,796	850,771	1,677,650	4,378,117	9,145,765
Unassigned.....	-	-	-	-	-	18,459,773	30,818,389	29,196,820	34,984,665	26,208,145
Total general fund.....	<u>\$ 32,295,092</u>	<u>\$ 32,168,673</u>	<u>\$ 28,204,804</u>	<u>\$ 25,585,677</u>	<u>\$ 23,935,712</u>	<u>\$ 25,312,569</u>	<u>\$ 35,003,243</u>	<u>\$ 43,810,778</u>	<u>\$ 49,207,641</u>	<u>\$ 52,331,389</u>
<b>All Other Governmental Funds</b>										
Reserved.....	\$ 1,664,119	\$ 1,697,219	\$ 1,719,969	\$ 1,751,907	\$ 1,770,206	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	18,455,420	22,165,402	24,975,115	24,272,725	23,780,763	-	-	-	-	-
Capital projects funds.....	(38,767,997)	(1,254,426)	6,907,731	349,087	(1,760,707)	-	-	-	-	-
Permanent funds.....	320,541	318,782	353,057	340,878	332,261	-	-	-	-	-
Nonspendable.....	-	-	-	-	-	1,797,623	2,034,590	2,047,898	2,150,692	2,228,014
Restricted.....	-	-	-	-	-	28,267,619	32,807,347	38,252,137	37,642,538	39,592,873
Unassigned.....	-	-	-	-	-	(8,951,524)	(963,267)	(543,674)	(1,372,518)	(6,588,749)
Total all other governmental funds.....	<u>\$ (18,327,917)</u>	<u>\$ 22,926,977</u>	<u>\$ 33,955,872</u>	<u>\$ 26,714,597</u>	<u>\$ 24,122,523</u>	<u>\$ 21,113,718</u>	<u>\$ 33,878,670</u>	<u>\$ 39,756,361</u>	<u>\$ 38,420,712</u>	<u>\$ 35,232,138</u>

**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**

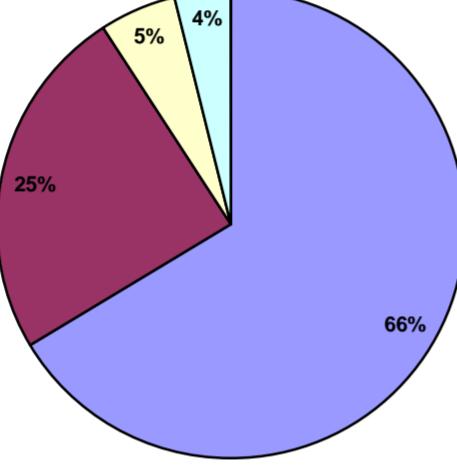
	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues:</b>										
Real estate and personal property taxes,										
net of tax refunds.....	\$ 111,573,036	\$ 114,743,267	\$ 116,937,707	\$ 126,844,968	\$ 136,176,138	\$ 143,866,481	\$ 146,798,161	\$ 152,293,138	\$ 158,221,522	\$ 160,422,604
Tax liens.....	388,786	271,339	249,893	509,178	685,462	760,070	645,263	1,203,258	1,010,349	1,143,807
Motor vehicle and other excise taxes.....	6,360,950	5,989,376	6,826,127	6,149,014	5,822,906	6,295,833	6,233,321	6,567,957	7,127,054	7,535,378
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	2,534,651	2,604,317
Hotel/motel tax.....	1,791,211	1,983,506	2,177,556	1,916,727	1,974,863	2,665,704	3,061,233	3,298,311	3,535,326	3,837,715
Meals tax.....	-	-	-	-	-	862,461	1,128,180	1,167,324	1,195,490	1,278,394
Charges for services.....	350,460	342,937	436,355	469,206	498,741	496,126	3,244,260	3,036,615	3,312,082	3,337,900
Penalties and interest on taxes.....	404,635	449,572	449,873	440,482	510,939	481,134	518,981	702,090	705,407	687,746
Fees and rentals (A).....	405,660	501,438	536,719	450,611	2,032,365	2,036,252	-	-	-	-
Payment in lieu of taxes.....	95,301	33,200	9,600	45,834	33,586	46,350	53,905	54,812	43,151	58,763
Licenses and permits.....	3,535,083	4,355,487	4,946,886	4,219,961	2,165,567	4,082,752	2,546,547	4,259,773	5,830,674	6,548,176
Fines and forfeitures.....	482,128	544,149	585,032	640,202	1,045,306	900,391	845,065	828,483	752,024	629,143
Intergovernmental .....	84,495,059	72,937,451	70,472,597	43,890,085	43,542,464	43,814,540	44,625,132	43,539,794	45,280,990	29,750,004
Departmental and other.....	4,073,952	2,157,758	2,307,716	3,085,503	1,215,368	1,427,206	3,245,342	3,666,098	3,510,429	4,376,307
Special assessments.....	121,514	118,998	106,883	98,438	282,434	150,294	124,392	130,820	96,635	88,261
Contributions.....	539,784	155,691	260,074	281,259	314,517	667,361	689,869	652,141	637,428	1,148,063
Investment income.....	2,497,639	2,921,715	1,979,159	889,116	350,319	244,587	228,116	132,533	324,485	575,822
Miscellaneous (B).....	2,006,458	2,448,795	3,075,317	2,127,933	2,222,469	2,479,952	-	-	-	-
Total Revenue.....	<b>220,918,939</b>	<b>212,080,841</b>	<b>213,573,481</b>	<b>194,147,346</b>	<b>201,090,880</b>	<b>213,597,053</b>	<b>216,374,447</b>	<b>224,002,269</b>	<b>234,117,697</b>	<b>224,022,400</b>
<b>Expenditures:</b>										
General government.....	8,447,755	8,414,315	8,806,897	9,409,274	9,082,529	9,929,386	8,722,040	9,202,807	11,733,712	11,290,176
Public safety.....	28,279,739	30,092,856	30,177,858	30,867,119	31,106,507	33,719,409	32,018,623	32,623,739	35,972,040	34,350,115
Education.....	68,856,050	73,644,435	75,244,100	81,547,267	81,477,625	84,383,623	76,313,058	73,395,683	79,102,762	82,125,372
Public works.....	11,944,107	10,393,362	11,582,087	11,424,619	11,414,663	14,344,728	12,889,605	13,786,096	16,951,921	19,472,720
Community development.....	4,490,448	3,452,090	5,186,866	5,996,538	4,177,061	5,742,353	3,345,993	4,617,505	4,069,878	6,612,450
Health and human services.....	1,525,335	1,571,631	1,569,112	1,591,448	1,751,057	1,747,913	1,982,168	1,900,486	1,872,328	1,749,666
Culture and recreation.....	2,896,147	2,856,531	3,050,634	3,211,970	3,149,481	3,553,233	3,879,349	5,326,138	4,625,983	4,602,862
Pension benefits.....	10,116,370	10,556,442	12,081,677	12,282,098	12,747,613	13,152,472	29,490,180	30,328,370	31,040,342	14,577,088
Employee benefits.....	26,429,630	28,246,033	33,074,839	32,072,199	34,768,726	37,191,542	35,823,260	35,055,370	37,367,643	37,023,287
Claims and judgments.....	-	-	-	-	-	-	-	-	-	193,000
State and county charges.....	1,325,343	1,419,642	1,438,294	1,556,523	1,507,037	1,560,299	1,524,202	1,597,185	1,763,919	1,708,001
Capital outlay.....	14,582,399	10,815,801	46,058,616	11,598,644	5,348,663	-	-	-	-	-
Debt service.....										
Principal.....	25,055,000	5,520,000	5,270,000	5,115,000	7,556,538	7,128,638	6,623,638	9,346,738	7,745,398	7,634,498
Interest.....	3,432,451	3,000,128	2,638,497	2,901,122	3,225,848	2,885,832	2,542,952	2,772,464	2,603,692	2,669,154
Total Expenditures.....	<b>207,380,774</b>	<b>189,983,266</b>	<b>236,179,477</b>	<b>209,573,821</b>	<b>207,313,348</b>	<b>215,339,428</b>	<b>215,155,068</b>	<b>219,952,581</b>	<b>234,849,618</b>	<b>224,008,389</b>
Excess of revenues over (under) expenditures.....	<b>13,538,165</b>	<b>22,097,575</b>	<b>(22,605,996)</b>	<b>(15,426,475)</b>	<b>(6,222,468)</b>	<b>(1,742,375)</b>	<b>1,219,379</b>	<b>4,049,688</b>	<b>(731,921)</b>	<b>14,011</b>
<b>Other Financing Sources (Uses)</b>										
Issuance of bonds and notes.....	10,355,000	18,470,000	29,633,658	5,040,000	-	-	13,638,500	8,603,460	4,567,760	-
Premium from issuance of bonds and notes.....	95,134	619,952	37,364	526,073	35,619	226,581	1,413,931	362,232	376,525	105,368
Proceeds of refunding bonds.....	-	-	-	-	-	-	-	1,615,200	-	-
Premium from issuance of refunding bonds.....	-	-	-	-	-	-	-	127,303	-	-
Sale of capital assets.....	-	-	-	-	-	-	-	52,748	24,300	-
Transfers in.....	1,813,554	1,700,597	1,903,390	2,864,687	5,317,960	248,365	252,236	88,406	162,666	1,588,958
Transfers out.....	(1,913,554)	(1,759,649)	(1,903,390)	(2,864,687)	(3,373,150)	(364,519)	(327,236)	(213,811)	(338,116)	(1,773,163)
Total other financing sources (uses).....	<b>10,350,134</b>	<b>19,030,900</b>	<b>29,671,022</b>	<b>5,566,073</b>	<b>1,980,429</b>	<b>110,427</b>	<b>14,977,431</b>	<b>10,635,538</b>	<b>4,793,135</b>	<b>(78,837)</b>
Net change in fund balance.....\$	<b>23,888,299</b>	<b>\$ 41,128,475</b>	<b>\$ 7,065,026</b>	<b>\$ (9,860,402)</b>	<b>\$ (4,242,039)</b>	<b>\$ (1,631,948)</b>	<b>\$ 16,196,810</b>	<b>\$ 14,685,226</b>	<b>\$ 4,061,214</b>	<b>\$ (64,826)</b>
Debt service as a percentage of noncapital expenditures.....	4.47%	4.76%	4.22%	4.11%	5.43%	4.85%	4.44%	5.71%	4.64%	4.92%

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

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

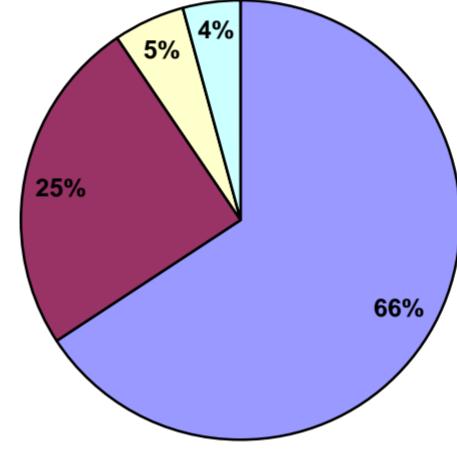
Fiscal Year	Assessed and Actual Values and Tax Rates									
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate	Total City Value	
2006	\$5,943,352,380	\$10.33	\$1,592,360,048	\$500,429,864	\$280,132,600	\$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 (1)	\$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	
2014	\$5,772,320,361	\$13.43	\$2,127,776,189	\$461,112,274	\$336,977,250	\$2,925,865,713	\$31.97	\$19.67	\$8,698,186,074	
2015	\$5,900,062,585	\$13.13	\$2,220,696,817	\$471,070,238	\$380,479,990	\$3,072,247,045	\$31.79	\$19.52	\$8,972,309,630	

**Total Assessed Value by Classification  
Fiscal Year Ended June 30, 2014**

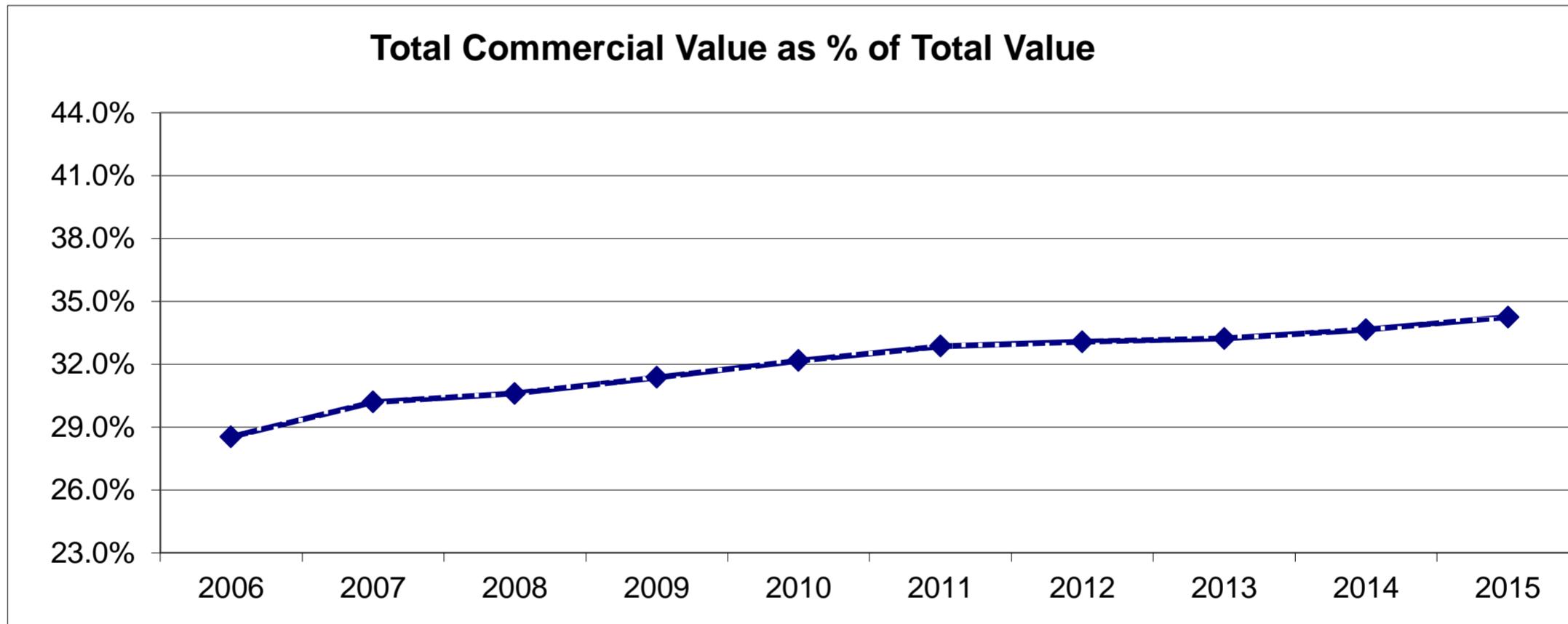


Residential	Commercial	Industrial	Personal Property
-------------	------------	------------	-------------------

**Total Assessed Value by Classification  
Fiscal Year Ended June 30, 2015**



Residential	Commercial	Industrial	Personal Property
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(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.

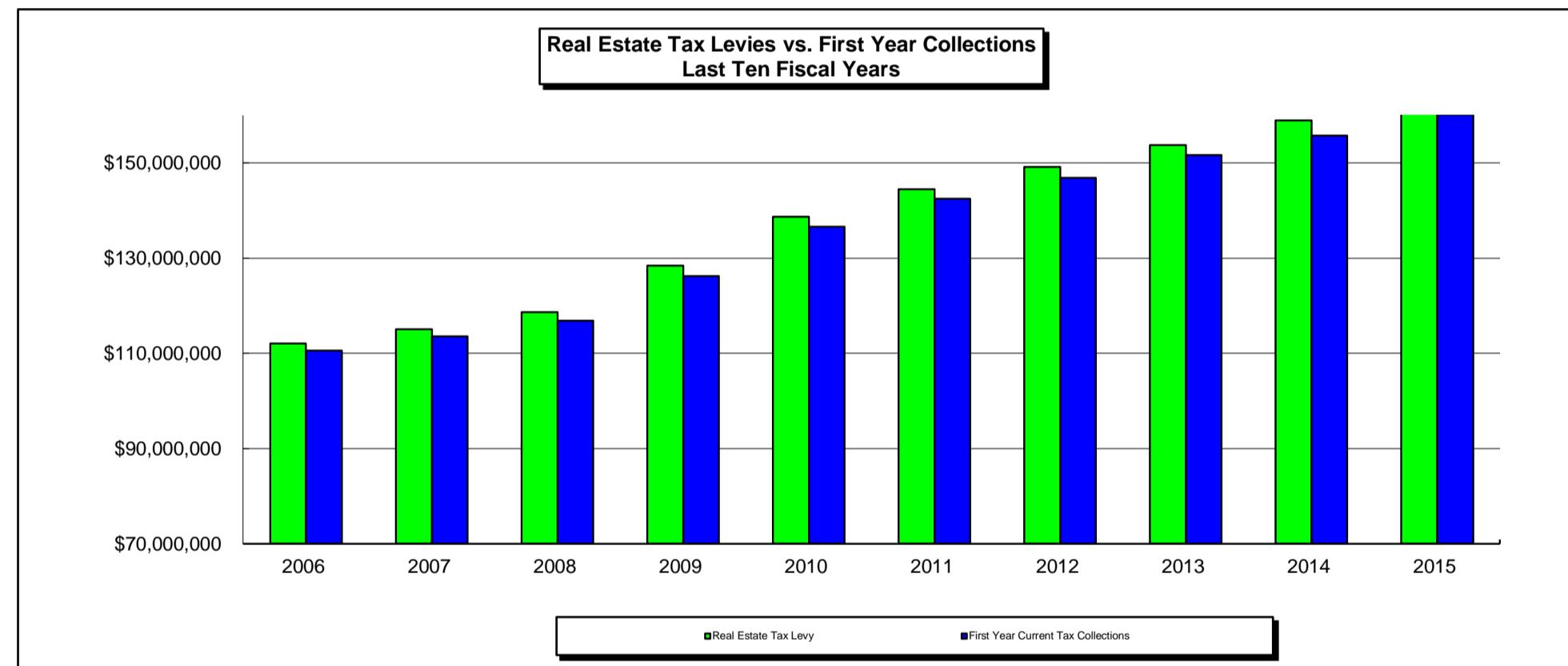
**City of Waltham, Massachusetts**  
**Principal Taxpayers**  
**Current Year and Nine Years Ago**

Name	Nature of Business	2015			2006		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
BCCC Property LLC	Office Building	\$139,669,690	1	1.56%			
Astra	Office Building	\$101,391,020	2	1.13%	\$85,245,150	3	1.03%
NSTAR	Utility	\$102,212,770	3	1.14%	\$63,763,690	7	0.77%
BP Reservoir Place, LLC	Office Building	\$73,386,310	4	0.82%			
DMP RE II LLC	Office Building	\$65,839,200	5	0.73%			
PD Winter Street Trust	Office Building	\$63,857,400	6	0.71%			
Windsor Village	Apartments	\$60,763,670	7	0.68%	\$70,538,620	4	0.85%
404 Wyman St.	Office Building	\$59,326,480	8	0.66%	\$53,192,500	10	0.64%
Starwood LLC	Hotel	\$57,352,190	9	0.64%			
Verizon New England	Utility	\$56,990,220	10	0.64%			
SRI Two Realty Trust Bay Colony	Office Building				\$139,673,280	1	1.68%
Boston Properties	Office Building				\$129,710,410	2	1.56%
Gardencrest Apts	Apartments				\$68,672,300	5	0.83%
ASN-MA Holdings, Inc	Apartments				\$67,636,900	6	0.81%
MMS Lost & MMS Winter St LLC	Office Building				\$57,746,130	8	0.69%
Cronin's Landing	Mixed Use				\$54,777,400	9	0.66%
<b>Totals</b>		<b>\$780,788,950</b>		<b>8.70%</b>	<b>\$790,956,380</b>		<b>9.51%</b>

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
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%
2014	\$ 158,922,344	\$ 1,454,831	\$ 157,467,513	99.08%	\$ 155,789,875	98.93%	\$ 2,058,441	\$ 157,848,316	100.24%	\$ (380,803)	-0.24%
2015	\$ 163,000,697	\$ 1,221,598	\$ 161,779,099	99.25%	\$ 160,147,707	98.99%	\$ 2,065,561	\$ 162,213,268	100.27%	\$ (434,169)	-0.27%



(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
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%
2014	60,632	\$1,823,593,000	\$9,539,477,600	\$72,689,629	\$0	\$1,199	3.99%	0.76%
2015	60,632	\$1,904,528,000	\$9,539,477,600	\$64,788,130	\$0	\$1,069	3.40%	0.68%

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
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%
2014	\$22,519,950	\$0	\$95,209,579	\$1,570	5.22%	1.00%
2015	\$22,095,162	\$0	\$86,883,292	\$1,433	4.56%	0.91%

(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, 2015**

<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.....	\$ 2,111,387,000	3.843%	\$ 81,140,602	\$ 4,699,577
MWRA Sewer.....	3,998,585,000	2.978%	119,077,861	8,287,315
MBTA.....	5,499,988,000	0.023%	<u>1,264,997</u>	<u>1,317,678</u>
Subtotal.....			201,483,461	<u>\$ 14,304,570</u>
City direct debt.....			<u>64,788,130</u>	
Total direct and overlapping debt.....			<u>\$ 266,271,591</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**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Equalized Valuation.....	\$ 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	\$ 9,539,477,600	\$ 9,539,477,600
Debt Limit -5% of Equalized Valuation.....	462,790,435	463,221,090	496,703,320	496,703,320	460,290,200	460,649,305	463,959,100	486,459,100	476,973,880	476,973,880
<b>Less:</b>										
Outstanding debt applicable to limit.....	47,902,291	66,632,569	73,510,840	92,277,513	83,760,995	77,849,194	89,831,227	91,143,839	104,094,203	\$86,883,292
Authorized and unissued debt.....	84,412,854	70,903,551	39,822,677	16,099,973	29,314,022	30,413,485	14,962,927	19,086,016	19,638,776	25,835,956
Legal debt margin.....	<u>\$ 330,475,290</u>	<u>\$ 325,684,970</u>	<u>\$ 383,369,803</u>	<u>\$ 388,325,834</u>	<u>\$ 347,215,183</u>	<u>\$ 352,386,626</u>	<u>\$ 359,164,946</u>	<u>\$ 376,229,245</u>	<u>\$ 353,240,901</u>	<u>\$ 364,254,632</u>
Total debt applicable to the limit as a percentage of debt limit.....	28.59%	29.69%	22.82%	21.82%	24.57%	23.50%	22.59%	22.66%	25.94%	23.63%

Source: City Auditor's Office, City of Waltham

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

Employer	Nature of Business	2015		2006	
		Employees	Rank	Employees	Rank
Brandeis University	Higher Education	1,000-4,999	1	1,512	1
Bentley University	Higher Education	1,000-4,999	2	800	3
National Grid	Utility	1,000-4,999	3		
Novell Inc	Pharmaceuticals	1,000-4,999	4		
Automatic Data Processing	Financial Services	500-999	5		
AM-FM Cleaning Corporation	Janitorial Contracting	500-999	6	600	6
Education Development Cntr	Educational Software	500-999	7		
Fresenius Medical Care	Pharmaceuticals	500-999	8		
Glaxosmithkline	Pharmaceuticals	500-999	9		
Multi Plan Inc	Health Insurance	500-999	10		
Tufts Health Plan	Health Care			1,500	2
Bank of America	Financial Services			660	4
Keyspan	Utility			650	5
Nova Biomedical Corporation	BioTech Research			600	7
Raytheon	Electronics			587	8
Verizon	Communications			520	9
Parexel International Corporation	R&D Consultant			500	10
		<u>~28,000</u>		<u>8,349</u>	

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
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%
2014	61,918	1,823,593,000	\$29,692	33.9	5,271	5.0%
2015	62,227	1,904,528,000	\$30,606	34.0	5,281	3.6%

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Function:</b>										
General government.....	110	107	107	106	102	96	93	94	94	99
Public safety.....	374	369	370	359	358	355	350	354	355	376
Education.....	869	913	906	918	911	927	932	896	904	930
Consolidated public works.....	72	71	71	67	63	60	61	61	61	62
Community development.....	31	28	30	27	26	25	23	22	22	22
Health and human services.....	20	20	20	19	18	18	16	15	16	17
Culture and recreation.....	23	25	26	25	24	25	26	37	38	56
Water/sewer.....	33	32	32	27	27	27	28	28	28	33
Total .....	<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>	<u>1,518</u>	<u>1,595</u>

Source: City records.

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

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>General Government</b>										
Cash flow (millions).....	480	500	520	540	550	580	600	620	640	660
Accounts payable invoices processed.....	37,000	37,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000
Payroll checks processed.....	73,000	73,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	73,000
<b>Police</b>										
Arrests.....	1,193	1,137	1,194	1,006	1,181	1,097	1,049	928	912	800
Traffic citations.....	16,496	14,569	13,914	11,140	10,363	11,260	8,067	8,698	7,243	6,000
Parking violations.....	5,170	5,181	4,939	5,150	5,247	4,546	4,947	3,837	3,500	2,800
Service calls.....	35,119	34,494	34,694	35,000	35,000	35,000	35,000	35,000	35,000	35,500
Major investigations.....	1,607	1,721	1,826	1,880	1,880	1,607	1,607	1,495	1,450	1,850
<b>Fire</b>										
Inspections - schools/nursing homes/hospitals.....	200	100	100	100	100	100	100	100	100	110
Inspections - commercial/industrial.....	260	525	520	550	550	550	550	550	550	550
Emergency responses - box alarms.....	1,150	1,200	1,200	1,200	1,360	1,800	1,900	1,900	1,900	2,000
Emergency responses - still alarms.....	5,800	5,650	5,500	6,000	5,990	6,500	6,300	6,300	6,600	6,700
Emergency responses - false alarms.....	150	160	170	190	150	200	150	150	150	150
<b>Water</b>										
Consumption in gallons (billions/year).....	3	3	3	3	2.8	2.8	3	3	2.4	2.5
Leak detection (miles).....	160	151	165	165	165	165	165	150	340	256
Service repairs.....	183	225	150	155	91	100	100	115	121	107
<b>Sewer</b>										
Service repairs.....	30	45	43	40	26	30	29	29	54	40
Stoppages - mains.....	18	150	125	100	79	72	92	124	120	159
Stoppages - services.....	41	275	249	300	238	175	253	281	270	343
<b>Health and Human Services</b>										
Permits - public health.....	771	760	746	885	853	850	831	780	772	920
Senior citizen programs.....	26	26	26	26	26	26	26	26	27	29
Senior citizen programs - participants.....	2,400	2,500	2,351	2,200	2,613	2,615	2,650	2,822	2,653	2,735
Recreation activities.....	170	230	195	200	220	230	230	227	230	325
Recreation activities - participants.....	17,125	15,050	13,000	14,000	13,982	14,225	19,670	26,249	27,275	22,050
Veterans cases.....	750	850	950	1,050	1,050	1,050	1,065	1,065	1,080	1,080
Cemetery burials.....	230	215	168	100	200	200	210	200	210	214
<b>Libraries</b>										
Items circulated.....	645,000	640,000	578,192	575,000	527,956	507,500	513,041	463,251	425,000	424,500
Registered borrowers.....	32,500	32,500	30,268	32,000	28,991	28,900	28,223	27,418	27,000	27,500

Source: Various City Departments

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

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>General Government</b>										
Number of Buildings.....	59	59	59	59	59	59	59	59	59	59
<b>Police</b>										
Number of Stations.....	3	3	3	3	3	3	3	3	3	3
<b>Fire</b>										
Number of Stations.....	6	6	6	6	6	6	6	6	6	6
<b>Education</b>										
Number of elementary schools.....	7	7	6	6	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
<b>Public Works</b>										
Water mains (miles).....	159	159	159	159	159	159	159	159	159	159
Fire hydrants.....	1,176	1,176	1,176	1,176	1,176	1,176	1,176	1,176	1,176	1,176
Sanitary sewers (miles).....	160	160	160	160	160	160	160	160	160	160
Storm sewers (miles).....	121	121	121	121	121	121	121	121	121	121
<b>Culture and Recreation</b>										
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).....	7	7	7	7	7	7	7	7	7	7
Fields (soccer/multi-purpose).....	8	8	8	8	8	8	8	8	8	8
Wading pools/spray parks.....	5	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