

TOWN OF WELLESLEY, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED JUNE 30, 2014

On the cover: Wellesley Town Hall



Fuller Brook peacefully meanders through Town, and residents enjoy its walking path. The associated Fuller Brook Park is undergoing significant construction.

TOWN OF WELLESLEY, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2014



Prepared by:

The Finance Department of the Town of Wellesley, Massachusetts

TOWN OF WELLESLEY, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2014

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Introductory Section



The chimney on the historic Hills Branch Library has recently been repaired.

Town of Wellesley, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2014

Introductory Section

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Town of Wellesley

525 Washington Street
Wellesley, MA 02482

Letter of Transmittal

November 17, 2014

To the Honorable Board of Selectmen and Citizens of the Town of Wellesley:

State law requires the Town of Wellesley to publish at the close of each year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 this Comprehensive Annual Financial Report (CAFR) of the Town of Wellesley, Massachusetts, for the year ending June 30, 2014 for your review.

This report consists of management's representations concerning the finances of the Town. 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 Town has established a comprehensive internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town's financial statements for the year ended June 30, 2014, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town 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 Town's separately issued Single Audit Report.

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

Profile of the Town

The Town of Wellesley was incorporated in 1881 and is located in Norfolk County. It is approximately 15 miles west of Boston and is bordered by Natick on the west, Weston and Newton on the north, Needham on the east and southeast, and Dover on the south. It is approximately 10.51 square miles in area and, according to the 2010 U.S. Census records, has a population of 27,982 persons.

The main highways serving the Town are State Routes 9, 16, 135, 128 and the Massachusetts Turnpike. The Massachusetts Bay Transportation Authority (MBTA) provides railroad services to Boston and Framingham.

The Town operates under the Representative Town Meeting form of government with public officers serving as ex-officio members of the town meeting. The legislative body consists of 240 members elected by precincts. Administrative affairs are managed by a five member Board of Selectmen, with the assistance of an Executive Director.

The administration of the general government is the responsibility of a five-member Board of Selectmen; local school affairs are administered by a five-member School Committee; public works are administered by a three-member Board of Public Works; the Municipal Light Plant is administered by a five-member Municipal Light Board that is comprised of the three-member Board of Public Works and two members appointed by the Board of Selectmen; and library affairs are administered by a six-member Board of Library Trustees.

General governmental services are provided within the town's boundaries; including public education in grades kindergarten through twelve, police and fire protection, collection and treatment of sewage, water distribution, electric services, public works, streets, parks and recreation, veteran's services, health and sanitation, and libraries. The water and sewer enterprise funds are self-supporting. The Town maintains a solid waste recycling and disposal facility.

The Town owns and operates a self-supporting municipal light plant. The Municipal Light Board carries out the responsibilities of the Municipal Electric Commissioners as provided for in Massachusetts General Laws, Chapter 164.

Local Economy

The Town continues to reflect a stronger economic condition than other communities - both within the Commonwealth and nationally. Massachusetts unemployment continues to be less than the national average, and Wellesley's rate is almost half the state's rate. According to Department of Revenue statistics, Wellesley's unemployment rate was 4.2% in 2014.

Because of its proximity to Boston and the quality of services provided, Wellesley remains attractive to urban professionals whose wealth levels are among the highest in the Commonwealth. While the average per capita income in Massachusetts is higher than national levels, Wellesley's (\$138,406) is among the top five in the Commonwealth and more than three times the average. The relative wealth is also seen in the owner occupied median housing value, which, at \$896,000 is more than twice that of the state and four times that of the nation. The town is relatively densely populated (37th most dense in the Commonwealth) and land is increasingly valuable. Tear downs and residential improvements continue to contribute to increased permit fee revenue and taxable new growth. Although the Town is 87% residential, commercial activity is diversified and the presence of Wellesley College, Babson College, and Massachusetts Bay Community College contribute to a lower unemployment rate and greater economic stability.

The Town continues to manage its financial affairs in a prudent manner. It has maintained its “excellent” bond rating of Aaa by incorporating long range planning tools such as a Town-wide Financial Plan; maintaining reserve levels despite tight budgets; investing in technology to ensure efficient operations; maintaining its facilities to avoid costly emergency repairs; and continuing an aggressive pay-as-you-go financing strategy for capital improvements.

The Town has also enhanced its revenue flexibility by establishing enterprise funds. This has allowed the Town to shift one hundred percent of the operating cost and capital improvements to the users of electric, water, and sewer services so that no tax support goes towards providing these services. All related debt is funded through user fees. By doing so the Town is able to provide the maximum tax dollars available to all other services.

Financial Planning and Internal Controls

The Town has intentionally increased its financial reserves during the last six years and the town’s management has adopted a formal reserve policy to inform its recommendations in its annual Town-Wide Financial Plan (TWFP). Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 15.3 percent of the total general fund revenues. The total was comparable to the prior year.

The Board of Selectmen (Board) is responsible for preparing the Town-Wide Financial Plan (TWFP) which includes a forecast of the Town’s sources and uses of funds for the current year (annual budget) and for the two following years. The Selectmen establish current year budget guidelines, cognizant of reserve implications, and work with the various boards within the Town to achieve a balanced budget. Projections are developed for the subsequent year so that the Board may determine whether or not there will be sufficient funds to meet needs or any requests for new initiatives. The TWFP also includes projected capital needs for the next five years for the various departments and information regarding the financing for these items.

The annual pension contribution to the Wellesley Contributory Retirement System, a defined benefit pension plan administered by the Wellesley Contributory Retirement Board, represents a significant portion of the town’s annual budget. An independent actuary engaged by the Retirement Board calculates the amount of the annual contribution the Town must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees. The recent economic downturn in the financial markets and several significant fiduciary changes has reduced the systems’ funded status to 67.5% as reflected in the actuarial valuation performed as of January 1, 2013. The Retirement Board has reduced the assumed actuarial rate of return on investment from 7.75% to 7.00%. It has also adopted a small increase to retirees’ cost of living base. In addition, there have been favorable changes to salary assumptions and unfavorable changes to mortality assumptions. These factors may cause an increase in annual pension contributions, which town management continues to factor into its TWFP.

Likewise, health insurance costs and the liability for postemployment health care benefits for certain retirees and their dependents (OPEB) are key considerations in the TWFP. The Town has undertaken a number of proactive steps over the last five years to reduce current costs and amortize the OPEB liability in the TWFP. Today the Town’s funded status of 29.54% remains at the very top compared with other communities in the Commonwealth. The balance in this fund increased 30% in 2014.

We refer you to the notes to the basic financial statements for more information on the above two matters.

Once balanced, the annual budget is then presented to the Annual Town Meeting for authorization by the Selectmen, together with comments and recommendations of the Advisory Committee. The level of budgetary control is established by Town Meeting and this approval defines the level at which expenditures may not exceed appropriations. This level is typically at the individual department salary and expense level. The state of the art

financial system has a number of built in controls and department managers have ready access to their budgets. Once payment requests are reviewed and approved by department heads, the Finance Director/Town Accountant is responsible for further review - ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at subsequent Town Meetings. The Advisory Committee may approve a transfer (during the budget year) from a reserve fund established at Town Meeting. These controls ensure compliance with the budget approved by Town Meeting.

The Town has implemented formal policies on cash control and investment, and continues to evaluate the risk of fraud and adequacy of internal controls. An active audit committee oversees the annual audit and raises any related concerns to management and the governing boards.

New Initiatives

In June 2012, Town Meeting appropriated \$4.2 million for costs associated with the purchase of a large parcel of land currently owned by the Roman Catholic Archdiocese of Boston. As of this writing the Town has appropriated an additional \$876,000 to cover higher than anticipated building demolition costs, and has replaced transferred Community Preservation Funds with a borrowing authorization. The new financing structure will be more flexible to allow a creative public/private partnership to be considered as the land use plan is developed.

The Town recently completed a 10 year School Facilities Master Plan. As of this writing, Town meeting has authorized (October 2014) \$19.6 million in debt to improve the Fiske and Schofield Schools, and \$4.9 million in debt to replace windows in the Middle School. Both authorizations are subject to a debt exclusion vote which will occur in December 2014. The Middle School Window project may receive partial (31%) reimbursement under the MSBA Accelerated Repair Program. Looking forward, the Town is continuing to study various scenarios for addressing the needs of the Hardy, Hunnewell, and Upham elementary schools, and a Statement of Interest with respect to the Hardy Elementary School has been filed with the MSBA.

The Town was notified in June 2014 of Wellesley College's desire to sell 46 acres of previously protected forested lands. A portion of the land includes a landfill formerly operated by the Town. The Board of Selectmen are currently in negotiations to purchase this land, but the outcome is unknown at this time.

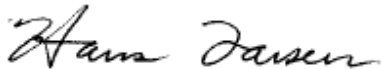
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Wellesley for its Comprehensive Annual Financial Reports (CAFR) for the prior ten years. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

We would like to express our appreciation to the Finance Department and the members of the other departments who assisted and contributed to the preparation of this report. Credit must also be given to the Board of Selectmen for their unfailing support for maintaining the highest standards of professionalism in the management of the Town's finances.

Respectively submitted,



Hans Larsen
Executive Director of General Government Services



Sheryl Strother
Finance Director/Town Accountant



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Wellesley
Massachusetts**

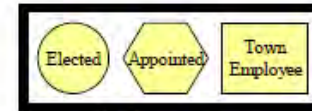
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

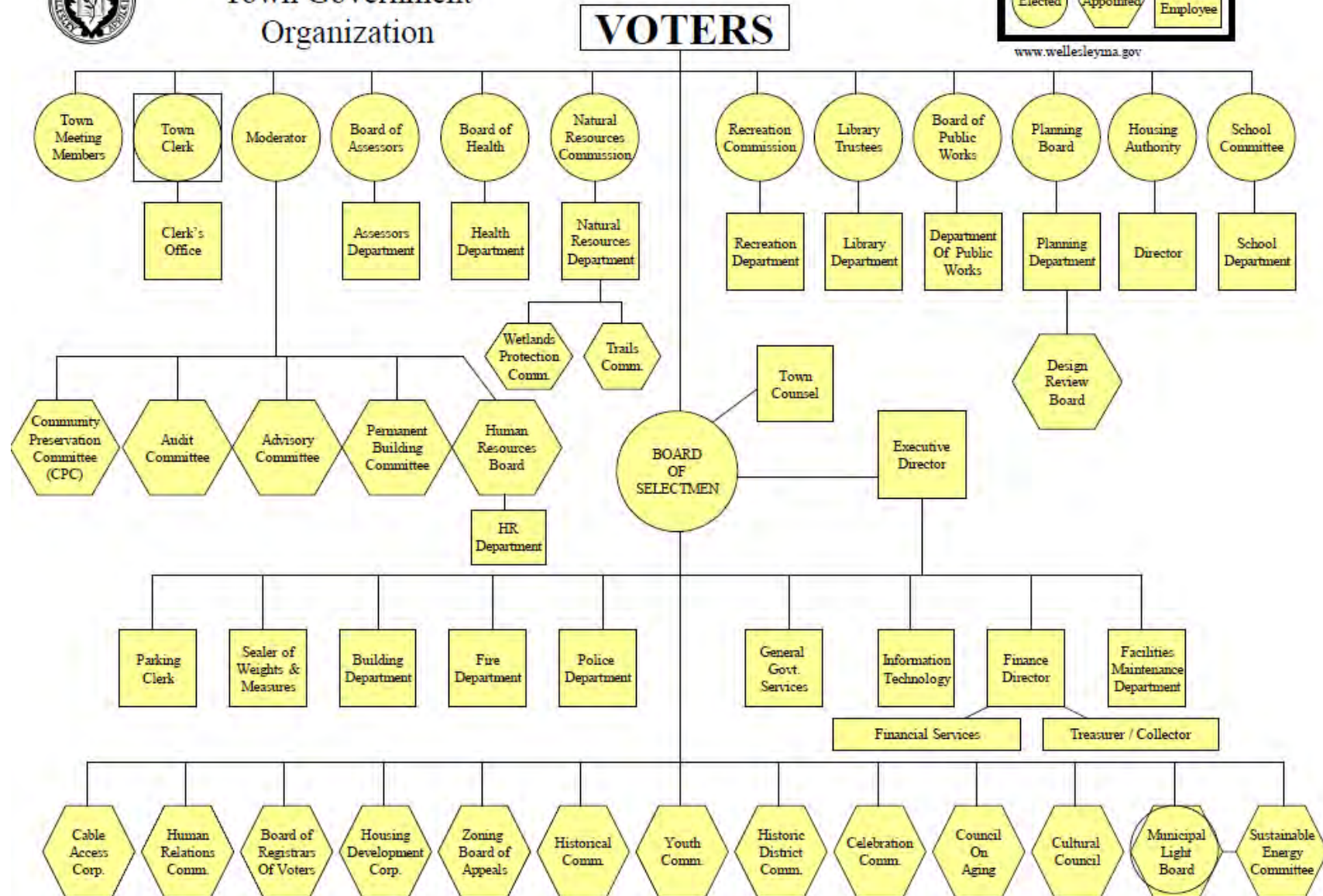
Executive Director/CEO



Wellesley Town Government Organization



www.wellesleyma.gov



Principal Town Officials

| <u>Elected Officials</u> | | <u>Term Expires</u> |
|--------------------------|------------------------------|---------------------|
| Board of Selectmen | Barbara Searle, Chair | 2017 |
| | Ellen F Gibbs, Vice Chair | 2016 |
| | Terri Tsagaris, Secretary | 2015 |
| | Donald S. McCauley | 2015 |
| | David L. Murphy | 2017 |
| Moderator Town Clerk | Margaret Ann (Peg) Metzger | 2015 |
| | Kathleen F. Nagle | 2015 |
| School Committee | Patti Quigley, Chairperson | 2016 |
| | Wendy Paul, Vice Chairperson | 2017 |
| | Matt Kelley, Secretary | 2017 |
| | Tere Ramos | 2015 |
| | KC Kato | 2015 |

Appointed Officials

| | |
|---|------------------------|
| Executive Director of General Government Services | Hans Larsen |
| Superintendent of Public Schools | Dr. David F. Lussier |
| Finance Director/Town Accountant | Sheryl Strother |
| Chief Assessor | Donna Lee McCabe |
| Treasurer/Collector | Marc V. Waldman |
| Fire Chief | Richard DeLorie |
| Police Chief | Terrence M. Cunningham |
| Human Resources Director | Scott Szczebak |
| Assistant Library Director | Elise MacLennan |
| Public Works Director | Michael Pakstis |
| Municipal Light Plant Manager | Richard F. Joyce |
| Information Technology | Thomas J. D'Orazio |
| Building Inspector and Zoning Enforcement Officer | Michael Grant |
| Planning Director | Michael Zehner |

Other Officials

| | |
|--------------|----------------------|
| Town Counsel | Thomas J. Harrington |
|--------------|----------------------|

Financial Section



Aerial View of Babson College Campus

**Town of Wellesley, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2014**

Financial Section

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Independent Auditor's Report

To the Honorable Board of Selectmen
and the Audit Committee
Town of Wellesley, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Wellesley, Massachusetts, as of and for the year ended June 30, 2014 (except for the Wellesley Contributory Retirement System which is as of and for the year ended December 31, 2013), and the related notes to the financial statements, which collectively comprise the Town's 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 the 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 of 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Wellesley, Massachusetts, as of June 30, 2014 (except for the Wellesley Contributory Retirement System which is as of December 31, 2013), and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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 Town of Wellesley's basic financial statements. The introductory section, combining and individual fund 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 and individual fund 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 November 17, 2014 on our consideration of the Town of Wellesley, 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 Town of Wellesley's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Powers + Juliani, LLC". The signature is written in a cursive, flowing style.

November 17, 2014

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Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Wellesley, Massachusetts, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town of Wellesley for the year ended June 30, 2014. This is the twelfth year our financial statements have been prepared under the Government Accounting Standards Board Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. We encourage readers to consider the information presented in this report in conjunction with additional information that we have furnished in our letter of transmittal.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Governments must adhere to GASB pronouncements in order to issue their financial statements in conformity with GAAP. The users of financial statements also rely on the independent auditor's opinion. If the Town's financial statements have significant departures from GAAP the independent auditors may issue a modified opinion or a disclaimer (where no opinion is given). These types of opinions may have an adverse effect on the Town's bond rating and its ability to borrow money at favorable interest rates. The Town has enjoyed an unmodified opinion on its financial statements for many years.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Wellesley's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary 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 Town's finances, in a manner similar to private-sector businesses.

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, public education, public works, health and human services, library, recreation, traffic and parking management, community preservation, and interest. The business-type activities include the activities of the sewer, water, and electric enterprise funds.

In addition to the primary government the Town has also included the financial statements of the Wellesley Housing Development Corporation; a component unit of the Town. Although the Corporation is a separate legal entity, it receives a significant portion of its operating budget from the Town of Wellesley, and therefore the financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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 Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the 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 government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains four major governmental funds that are presented separately in the governmental fund financial statements. The remaining non-major funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary funds. The Town maintains two types of proprietary funds.

Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer, water, and electric operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for sewer, water, and electric operations, all of which are considered major funds of the Town.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The Town maintains an internal service fund to account for health insurance, self-insured worker's compensation, information technology services, and fleet maintenance and fuel.

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

Notes to 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.

Financial Highlights

- The government-wide assets of the Town of Wellesley exceeded its liabilities and deferred inflows at the close of the recent year by \$192.8 million and \$100.3 million for governmental activities and business-type activities, respectively. The business-type activities include the activities of the sewer, water, and electric enterprise funds.
- Of these amounts, 19% or \$57 million (total primary governmental unrestricted net position) may be used to meet the government's on-going obligations to citizens and creditors.
- At the close of the current year, the Town of Wellesley's general fund reported an ending fund balance of \$22.3 million, an increase of \$574,000 over the prior year. Total fund balance represents 15.3% of total general fund expenditures, which management considers adequate and within expectations as compared to the Town's Financial Reserve Policy. Approximately \$15 million of this total amount is unassigned and available for appropriation at the Town's discretion.
- The Town of Wellesley's total governmental debt was reduced by approximately \$8.9 million during the current year as a result of principal payments.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Wellesley, total net position amounted to \$293 million at the close of 2014.

Government-wide net position of \$222.8 million (76%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in 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. Net position is further restricted for funded depreciation in the amount of \$2 million (1%)

An additional portion of the Town of Wellesley's net position, \$11.4 million (4%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$57 million (19%), may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current year, the Town of Wellesley is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Details related to the Town's governmental and business-type activities follow.

Governmental activities. The governmental activities net position increased by \$2.7 million during the current year as compared to an increase in net position of \$4.6 million during the prior year. The change is mostly related to a decrease in the amount of capital grant funding and higher pension costs. Overall revenues were up 3% while expenses rose by 4% over last year's amounts.

| | 2014 | 2013 |
|--|-----------------------|-----------------------|
| Assets: | | |
| Current assets..... | \$ 67,102,096 | \$ 64,211,300 |
| Noncurrent assets (excluding capital)..... | 5,715,804 | 4,654,544 |
| Capital assets, non depreciable..... | 12,442,943 | 9,252,436 |
| Capital assets, net of accumulated depreciation..... | 216,860,389 | 224,680,693 |
| Total assets..... | 302,121,232 | 302,798,973 |
| Liabilities: | | |
| Current liabilities (excluding debt)..... | 8,791,217 | 11,002,834 |
| Noncurrent liabilities (excluding debt)..... | 441,210 | 441,635 |
| Current debt..... | 17,744,313 | 9,034,380 |
| Noncurrent debt..... | 81,855,507 | 90,923,088 |
| Total liabilities..... | 108,832,247 | 111,401,937 |
| Total Deferred Inflows of Resources..... | 480,502 | 1,320,688 |
| Net Position: | | |
| Net investment in capital assets..... | 139,229,485 | 140,647,943 |
| Restricted..... | 11,350,777 | 9,177,754 |
| Unrestricted..... | 42,228,221 | 40,250,651 |
| Total net position..... | \$ 192,808,483 | \$ 190,076,348 |

Governmental capital assets decreased \$4.6 million; resulting from \$7.1 million of additions, primarily attributable to Town and School Facilities improvements, the land purchase for the proposed new Tolles-Parsons Senior Center; Fuller Brook improvements, and roadway infrastructure work, less \$11.7 million of depreciation expense.

Non-current assets consist of a \$5.7 million asset relating to the Town's pre-funding of the Other Postemployment Benefit (OPEB) liability.

| | 2014 | 2013 |
|--|--------------------|-----------------------|
| Program revenues: | | |
| Charges for services..... \$ | 11,565,676 | \$ 9,819,363 |
| Operating grants and contributions..... | 26,274,297 | 25,593,424 |
| Capital grants and contributions..... | 990,827 | 2,345,265 |
| General Revenues: | | |
| Real estate and personal property taxes..... | 112,155,012 | 108,975,300 |
| Motor vehicle and other excise taxes..... | 5,371,847 | 5,008,641 |
| Community preservation tax..... | 1,019,365 | 982,069 |
| Nonrestricted grants and contributions, and other..... | 1,919,920 | 1,761,581 |
| Unrestricted investment income..... | 297,426 | 342,128 |
| Total revenues..... | 159,594,370 | 154,827,771 |
| Expenses: | | |
| General government..... | 14,414,151 | 12,874,364 |
| Public safety..... | 17,710,263 | 16,973,654 |
| Public education..... | 102,344,740 | 99,210,900 |
| Public works..... | 10,865,268 | 9,709,246 |
| Health and human services..... | 1,683,576 | 1,597,225 |
| Library..... | 4,004,455 | 3,853,620 |
| Recreation..... | 2,717,234 | 2,456,850 |
| Traffic and parking management..... | 659,832 | 598,789 |
| Community preservation..... | 19,992 | 105,345 |
| Interest..... | 3,442,724 | 3,816,585 |
| Total expenses..... | 157,862,235 | 151,196,578 |
| Excess before transfers..... | 1,732,135 | 3,631,193 |
| Transfers..... | 1,000,000 | 1,000,000 |
| Change in net position..... | 2,732,135 | 4,631,193 |
| Net position - beginning..... | 190,076,348 | 185,445,155 |
| Net position - ending..... \$ | 192,808,483 | \$ 190,076,348 |

Other financial notes related to governmental activities:

- Charges for services represented 7% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Town are included in this category. This revenue category increased in FY2014 by about 18% due to increased building permit fees, and education related activities.
- Operating grants and contributions accounted for 16% percent of the governmental activities resources. Most of these resources apply to educational operations. These resources offset costs within the school department and supplement their general fund operating budget.
- Property taxes are by far the most significant revenue source for the Town's governmental activities. They comprised 70% of the governmental activities resources. A significant portion of property taxes relates to excluded debt and a capital exclusion to fund the OPEB liability.

- Other taxes and other revenues comprised a total of 7% percent of the governmental activities resources. These primarily include capital grants, motor vehicle and other excise taxes, non-restricted grants and contributions, and investment earnings. Capital grants were lower this year mainly as a result of the decreased Chapter 90 revenue and in 2013 the Town received a grant to purchase fire truck and this grant was not repeated in 2014.
- Education is by far the largest governmental activity of the Town. Approximately \$73.3 million in general revenues were needed to cover its 2014 operating expenses, net of related program revenues. A pension contribution of approximately \$11.9 million was made by the state on-behalf of Wellesley teachers. Operating grants and educational expenses are grossed-up by recording this contribution.
- Public safety and general government are the second and third largest activities of the Town. Approximately \$13.5 million and \$13.4 million, respectively, of general revenues were needed to cover their 2014 operating expenses, net of related program revenues.

Business-type activities. Business-type activities increased the Town's net position by \$1.5 million compared to an increase of \$3.3 million during the previous year. Total operating revenues increased \$674,000 mainly due to increased collections on sewer accounts. Total operating expenses increased by over \$2.6 million because of increased purchased power and transmission costs in the electric department and increased in the MWRA assessments charged to the water and sewer funds.

As shown below, business-type activities assets exceeded liabilities by \$100.3 million at the close of 2014. Our net investment in capital assets was \$83.6 million (83%), net position is restricted for depreciation in the amount of \$2 million (2%), and unrestricted net position was \$14.7 million (15%). The Electric Light department experienced a \$505,000 increase in net position, while the water and sewer funds recovered all of their costs through rates. The sewer and water departments' net position each increased by \$526,000 and \$425,000, respectively. These results continue to reflect management's goal of maintaining the systems while only charging users for the cost of operations.

| | <u>2014</u> | <u>2013</u> |
|--|------------------------------|-----------------------------|
| Assets: | | |
| Current assets..... | \$ 20,085,049 | \$ 20,005,481 |
| Noncurrent assets (excluding capital)..... | 394,233 | 392,458 |
| Capital assets, non depreciable..... | 1,144,116 | 2,187,741 |
| Capital assets, net of accumulated depreciation..... | <u>89,443,974</u> | <u>88,243,722</u> |
| Total assets..... | <u>111,067,372</u> | <u>110,829,402</u> |
| Liabilities: | | |
| Current liabilities (excluding debt)..... | 2,916,975 | 3,321,913 |
| Noncurrent liabilities (excluding debt)..... | 831,844 | 863,376 |
| Current debt..... | 779,857 | 780,517 |
| Noncurrent debt..... | <u>6,198,626</u> | <u>6,978,483</u> |
| Total liabilities..... | <u>10,727,302</u> | <u>11,944,289</u> |
| Net Position: | | |
| Net investment in capital assets..... | 83,609,607 | 82,672,463 |
| Restricted..... | 2,000,000 | 2,000,000 |
| Unrestricted..... | <u>14,730,463</u> | <u>14,212,650</u> |
| Total net position..... | <u>\$ 100,340,070</u> | <u>\$ 98,885,113</u> |

Non-current assets (excluding capital) consist primarily of the Electric Light Department's \$150,000 investment in a local purchasing consortium for its power sources and the enterprise funds' other postemployment benefits asset of \$244,000.

| | 2014 | 2013 |
|---------------------------------------|--------------------|----------------------|
| Program revenues: | | |
| Charges for services..... \$ | 47,647,271 | \$ 47,135,029 |
| Capital grants and contributions..... | 602,671 | 441,013 |
| Total revenues..... | 48,249,942 | 47,576,042 |
| Expenses: | | |
| Sewer..... | 7,010,402 | 6,799,922 |
| Water..... | 5,938,980 | 5,189,293 |
| Electric department..... | 32,845,603 | 31,253,122 |
| Total expenses..... | 45,794,985 | 43,242,337 |
| Excess before transfers..... | 2,454,957 | 4,333,705 |
| Transfers..... | (1,000,000) | (1,000,000) |
| Change in net position..... | 1,454,957 | 3,333,705 |
| Net position - beginning..... | 98,885,113 | 95,551,408 |
| Net position - ending..... \$ | 100,340,070 | \$ 98,885,113 |

Financial Analysis of the Government's Major Funds

As noted earlier, The Town of Wellesley uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current year, governmental funds reported combined ending fund balances of \$40.1 million; down \$2.9 million from the prior year mainly relating to capital project expenditures financed with short-term debt that doesn't provide a funding source until it is permanently financed.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current year, the unassigned fund balance of the general fund was \$15.2 million, while the total fund balance was \$22.3 million. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures. The unassigned fund balance represents 10.4% of total general fund expenditures, while the total fund balance represents 15.3% of that same amount.

Fund balance of the General Fund was essentially unchanged as a result of current year activities.

Highway Chapter 90 Major Fund

This fund is a special revenue fund that accounts for activities associated with on-going road and sidewalk projects that are funded with grants from the Commonwealth of Massachusetts. At June 30, 2014, the fund has a receivable due from the Commonwealth in the amount of \$3.5 million; however, the associated revenue is not available but will be recognized and realized by the Town as future grant reimbursement requests are submitted to the granting agency. Expenditures exceeded revenues by \$9,700 and the ending fund balance is zero.

Capital Projects Major Fund

This fund is used to account for resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds. During the fiscal year the fund incurred expenditures for various general government and public works projects. At June 30, 2014, the fund had a deficit of approximately \$807,000 due to financing current expenditures with short-term debt as previously discussed.

High School Construction Major Fund

This fund is a capital project fund that accounts for activities and resources associated with the construction of a new high school for the Town. During the year, the fund recognized \$950,000 in expenditures. The ending fund balance was \$2.5 million, and this balance will be used to fund future construction costs. The fund is also anticipating a final grant reimbursement of \$863,000 from the MSBA.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

The final budget increased from the original budget by approximately \$1.8 million. This mainly relates to supplemental appropriations of \$435,000 to fund capital articles under the control of the Permanent Building Committee, \$165,000 for Facilities Maintenance purposes, \$650,000 for snow and ice removal costs, \$250,000 to establish a Special Purpose Stabilization Fund and \$124,000 for the Wellesley Free Library.

Revenues of the general fund were \$1.3 million higher than budget expectations and this is mainly due to departmental revenues, motor vehicle excise tax revenues and unbudgeted tax liens. Total expenditures and carryovers were less than budget by approximately \$2 million (1.4%) because of turn backs in a number of functions.

Capital Assets and Debt Management

In conjunction with the operating budget, the Town annually prepares a capital budget which includes detailed information concerning those capital requests for the upcoming year as well as summary information for the following four years to identify current projections of what level of capital outlay will be required in future years.

As part of the capital plan the Town has historically financed the acquisition of a portion of its capital assets from current revenue. As noted earlier, this policy will continue to improve the financial position as net position will increase by the amount of acquisitions less the current depreciation.

Major capital assets are funded by the issuance of long-term debt. Outstanding long-term debt of the general government, as of June 30, 2014, totaled \$89.6 million, of which, \$80.5 million is related to school projects,

\$1.8 million is related to the library, \$1.7 million is related to the Warren building renovation, leaving a balance of \$5.7 million for other Town projects.

The enterprise funds have \$2.7 million in sewer enterprise debt and \$4.2 million in water enterprise debt that is fully supported by the rates and do not rely on a general fund subsidy.

Please refer to notes 4, 6, and 7 to the financial statements for further discussion of the major capital and debt activity.

Pension Trust Fund

The Pension Trust Fund (System) recognized net investment income of \$18.1 million for the calendar year ended December 31, 2013. The System paid out \$11.5 million of retirement benefits, administration costs and transfers to other systems. Total net position of the System amounted to \$142 million at December 31, 2013. Based on the most recent actuarial valuation performed as of January 1, 2013, the System's Funded Ratio was 67.5%, down from 75.8% in the previous valuation dated January 1, 2012. The decrease relates various changes in actuarial assumptions including lowering the investment rate of return to 7% from 7.75%, certain mortality changes, and other plan provision changes.

Other Postemployment Benefits

As of June 30, 2014 the Town has recognized an asset for other postemployment benefits in the amount of \$6 million. The current year Annual OPEB Cost amounted to \$9.6 million and the Town contributed \$10.6 million through a combination of benefit payments and pre-funding contributions to the OPEB Trust fund. The assets set aside in trust for future benefits amounted to \$35.1 million at year end. Based on the most recent actuarial valuation performed as of June 30, 2014, the Plan's funded ratio was 29.54%.

Discretely Presented Component Unit

The Town has included the activities of the Wellesley Housing Development Corporation, a component unit of the Town. The Corporation's mission is to sponsor and assist in the development of affordable housing opportunities for persons of low and moderate income in the Town of Wellesley in order to implement the Town's Affordable Housing Policy. The Corporation had very little activity in the current year as this varies based on the availability of housing opportunities.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, 525 Washington Street, Wellesley, MA 02482.

Basic Financial Statements

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STATEMENT OF NET POSITION

JUNE 30, 2014

| | Primary Government | | | Component Unit |
|---|--------------------------------|---------------------------------|-----------------------|--|
| | Governmental Activities | Business-type Activities | Total | Wellesley Housing Development Corporation |
| ASSETS | | | | |
| CURRENT: | | | | |
| Cash and cash equivalents..... | \$ 54,470,846 | \$ 11,352,416 | \$ 65,823,262 | \$ 100,278 |
| Restricted cash and cash equivalents..... | - | 2,000,000 | 2,000,000 | - |
| Investments..... | 3,545,626 | - | 3,545,626 | - |
| Receivables, net of allowance for uncollectibles: | | | | |
| Real estate, personal property and tax deferrals..... | 2,971,488 | - | 2,971,488 | - |
| Tax liens..... | 929,706 | - | 929,706 | - |
| Motor vehicle excise taxes..... | 352,306 | - | 352,306 | - |
| User charges..... | - | 4,273,577 | 4,273,577 | - |
| Departmental and other..... | 211,327 | - | 211,327 | - |
| Intergovernmental..... | 4,620,797 | - | 4,620,797 | 1,400 |
| Inventory..... | - | 826,279 | 826,279 | - |
| Purchased power advance deposits..... | - | 1,524,039 | 1,524,039 | - |
| Other assets..... | - | 108,738 | 108,738 | - |
| Total Current Assets..... | 67,102,096 | 20,085,049 | 87,187,145 | 101,678 |
| NONCURRENT: | | | | |
| Investment in Energy New England, LLC..... | - | 150,000 | 150,000 | - |
| Other postemployment benefits asset..... | 5,715,804 | 244,233 | 5,960,037 | - |
| Capital assets, non depreciable..... | 12,442,943 | 1,144,116 | 13,587,059 | - |
| Capital assets, net of accumulated depreciation..... | 216,860,389 | 89,443,974 | 306,304,363 | - |
| Total Noncurrent Assets..... | 235,019,136 | 90,982,323 | 326,001,459 | - |
| TOTAL ASSETS..... | 302,121,232 | 111,067,372 | 413,188,604 | 101,678 |
| LIABILITIES | | | | |
| CURRENT: | | | | |
| Warrants payable..... | 2,480,108 | 2,415,632 | 4,895,740 | 1,400 |
| Accrued payroll..... | 4,484,398 | 121,207 | 4,605,605 | - |
| Tax refunds payable..... | 734,194 | - | 734,194 | - |
| Accrued interest..... | 551,317 | 18,280 | 569,597 | - |
| Other liabilities..... | - | 36,520 | 36,520 | - |
| Customer advances for construction..... | - | 302,148 | 302,148 | - |
| Compensated absences..... | 225,200 | 23,188 | 248,388 | - |
| Workers' compensation..... | 316,000 | - | 316,000 | - |
| Notes payable..... | 8,746,030 | - | 8,746,030 | - |
| Bonds payable..... | 8,998,283 | 779,857 | 9,778,140 | - |
| Total Current Liabilities..... | 26,535,530 | 3,696,832 | 30,232,362 | 1,400 |
| NONCURRENT: | | | | |
| Customer deposits..... | - | 816,339 | 816,339 | - |
| Compensated absences..... | 150,210 | 15,505 | 165,715 | - |
| Workers' compensation..... | 291,000 | - | 291,000 | - |
| Bonds payable..... | 81,855,507 | 6,198,626 | 88,054,133 | - |
| Total Noncurrent Liabilities..... | 82,296,717 | 7,030,470 | 89,327,187 | - |
| TOTAL LIABILITIES..... | 108,832,247 | 10,727,302 | 119,559,549 | 1,400 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Advance collections - taxes..... | 480,502 | - | 480,502 | - |
| NET POSITION | | | | |
| Net investment in capital assets..... | 139,229,485 | 83,609,607 | 222,839,092 | - |
| Restricted for: | | | | |
| Depreciation..... | - | 2,000,000 | 2,000,000 | - |
| Permanent funds: | | | | |
| Expendable..... | 1,716,704 | - | 1,716,704 | - |
| Nonexpendable..... | 357,953 | - | 357,953 | - |
| Grants and gifts..... | 2,755,691 | - | 2,755,691 | - |
| Community preservation..... | 6,520,429 | - | 6,520,429 | - |
| Unrestricted..... | 42,228,221 | 14,730,463 | 56,958,684 | 100,278 |
| TOTAL NET POSITION..... | \$ 192,808,483 | \$ 100,340,070 | \$ 293,148,553 | \$ 100,278 |

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue |
|--|-----------------------|-------------------------|--|--|--------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary Government: | | | | | |
| <i>Governmental Activities:</i> | | | | | |
| General government..... | \$ 14,414,151 | \$ 953,523 | \$ 79,527 | \$ - | \$ (13,381,101) |
| Public safety..... | 17,710,263 | 3,991,467 | 181,316 | - | (13,537,480) |
| Public education..... | 102,344,740 | 3,780,607 | 25,190,552 | - | (73,373,581) |
| Public works..... | 10,865,268 | 610,661 | 238,324 | 758,584 | (9,257,699) |
| Health and human services..... | 1,683,576 | 131,564 | 32,799 | - | (1,519,213) |
| Library..... | 4,004,455 | 86,324 | 44,863 | - | (3,873,268) |
| Recreation..... | 2,717,234 | 1,175,558 | 506,916 | - | (1,034,760) |
| Traffic and parking management..... | 659,832 | 835,972 | - | - | 176,140 |
| Community preservation..... | 19,992 | - | - | 232,243 | 212,251 |
| Interest..... | 3,442,724 | - | - | - | (3,442,724) |
| Total Governmental Activities..... | 157,862,235 | 11,565,676 | 26,274,297 | 990,827 | (119,031,435) |
| <i>Business-Type Activities:</i> | | | | | |
| Sewer..... | 7,010,402 | 7,535,975 | - | - | 525,573 |
| Water..... | 5,938,980 | 6,363,737 | - | - | 424,757 |
| Electric department..... | 32,845,603 | 33,747,559 | - | 602,671 | 1,504,627 |
| Total Business-Type Activities..... | 45,794,985 | 47,647,271 | - | 602,671 | 2,454,957 |
| Total Primary Government..... | \$ 203,657,220 | \$ 59,212,947 | \$ 26,274,297 | \$ 1,593,498 | \$ (116,576,478) |
| Component Unit: | | | | | |
| Wellesley Housing Development Corporation..... | \$ 3,165 | \$ - | \$ - | \$ - | \$ (3,165) |

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

| | Primary Government | | | Component Unit |
|--|---------------------------------|-----------------------------|------------------|---|
| | Governmental Activities | Business-Type Activities | Total | Wellesley Housing Development Corporation |
| | Changes in net position: | | | |
| Net (expense) revenue from previous page..... | \$ (119,031,435) | \$ 2,454,957 | \$ (116,576,478) | \$ (3,165) |
| <i>General revenues:</i> | | | | |
| Real estate and personal property taxes, net of tax refunds..... | 111,773,113 | - | 111,773,113 | - |
| Tax liens..... | 381,899 | - | 381,899 | - |
| Motor vehicle and other excise taxes..... | 5,371,847 | - | 5,371,847 | - |
| Community preservation tax..... | 1,019,365 | - | 1,019,365 | - |
| Penalties and interest on taxes..... | 247,489 | - | 247,489 | - |
| Payments in lieu of taxes..... | 226,439 | - | 226,439 | - |
| Grants and contributions not restricted to specific programs..... | 1,445,992 | - | 1,445,992 | - |
| Unrestricted investment income..... | 297,426 | - | 297,426 | 423 |
| Miscellaneous..... | - | - | - | 2,975 |
| <i>Transfers, net</i> | 1,000,000 | (1,000,000) | - | - |
| Total general revenues and transfers..... | 121,763,570 | (1,000,000) | 120,763,570 | 3,398 |
| Change in net position..... | 2,732,135 | 1,454,957 | 4,187,092 | 233 |
| <i>Net Position:</i> | | | | |
| Beginning of year..... | 190,076,348 | 98,885,113 | 288,961,461 | 100,045 |
| End of year..... | \$ 192,808,483 | \$ 100,340,070 | \$ 293,148,553 | \$ 100,278 |

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2014

| | General | Highway Chapter 90 | Capital Projects Fund | High School Construction Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|-----------------------|-----------------------------|-------------------------------------|-----------------------------------|--------------------------------|
| ASSETS: | | | | | | |
| Cash and cash equivalents..... | \$ 26,335,506 | \$ - | \$ 8,099,039 | \$ 1,587,944 | \$ 15,894,168 | \$ 51,916,657 |
| Investments..... | 2,531,113 | - | - | - | 976,089 | 3,507,202 |
| Receivables, net of uncollectibles: | | | | | | |
| Real estate, personal property and tax deferrals | 2,971,488 | - | - | - | - | 2,971,488 |
| Tax liens..... | 929,706 | - | - | - | - | 929,706 |
| Motor vehicle excise taxes..... | 352,306 | - | - | - | - | 352,306 |
| Departmental and other..... | 31,697 | - | - | - | 170,662 | 202,359 |
| Intergovernmental..... | - | 3,502,956 | - | 863,000 | 254,841 | 4,620,797 |
| Due from other funds..... | 2,318 | - | - | - | - | 2,318 |
| TOTAL ASSETS..... | \$ 33,154,134 | \$ 3,502,956 | \$ 8,099,039 | \$ 2,450,944 | \$ 17,295,760 | \$ 64,502,833 |
| LIABILITIES: | | | | | | |
| Warrants payable..... | \$ 1,542,675 | \$ 13,766 | \$ 158,987 | \$ 2,023 | \$ 691,948 | \$ 2,409,399 |
| Accrued payroll..... | 4,163,250 | 321 | 1,378 | 204 | 54,889 | 4,220,042 |
| Tax refunds payable..... | 734,194 | - | - | - | - | 734,194 |
| Due to other funds..... | - | 2,318 | - | - | - | 2,318 |
| Notes payable..... | - | - | 8,746,030 | - | - | 8,746,030 |
| TOTAL LIABILITIES..... | 6,440,119 | 16,405 | 8,906,395 | 2,227 | 746,837 | 16,111,983 |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | |
| Advance collections - taxes..... | 474,570 | - | - | - | 5,932 | 480,502 |
| Unavailable revenues..... | 3,903,197 | 3,486,551 | - | - | 385,494 | 7,775,242 |
| TOTAL DEFERRED INFLOWS OF RESOURCES..... | 4,377,767 | 3,486,551 | - | - | 391,426 | 8,255,744 |
| FUND BALANCES: | | | | | | |
| Nonspendable..... | - | - | - | - | 357,953 | 357,953 |
| Restricted..... | - | - | - | 2,448,717 | 15,799,544 | 18,248,261 |
| Committed..... | 1,936,883 | - | - | - | - | 1,936,883 |
| Assigned..... | 5,169,365 | - | - | - | - | 5,169,365 |
| Unassigned..... | 15,230,000 | - | (807,356) | - | - | 14,422,644 |
| TOTAL FUND BALANCES..... | 22,336,248 | - | (807,356) | 2,448,717 | 16,157,497 | 40,135,106 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES..... | \$ 33,154,134 | \$ 3,502,956 | \$ 8,099,039 | \$ 2,450,944 | \$ 17,295,760 | \$ 64,502,833 |

See notes to basic financial statements.

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

JUNE 30, 2014

| | | |
|--|------------------|-----------------------|
| Total governmental fund balances..... | | \$ 40,135,106 |
| Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds..... | | 229,303,332 |
| Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds..... | | 7,775,242 |
| Other postemployment benefits asset..... | | 5,715,804 |
| Internal service funds are used by management to account for health insurance activities, workers' compensation activities, and for information technology services and fleet maintenance services. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets..... | | 1,659,516 |
| In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due..... | | (551,317) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds Bonds payable..... | (90,853,790) | |
| Compensated absences..... | <u>(375,410)</u> | |
| Net effect of reporting long-term liabilities..... | | <u>(91,229,200)</u> |
| Net position of governmental activities..... | | \$ <u>192,808,483</u> |

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2014

| | General | Highway Chapter 90 | Capital Projects Fund | High School Construction Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|-----------------------|-----------------------------|-------------------------------------|-----------------------------------|--------------------------------|
| REVENUES: | | | | | | |
| Real estate and personal property taxes, net of tax refunds..... | \$ 112,191,310 | \$ - | \$ - | \$ - | \$ - | \$ 112,191,310 |
| Tax liens..... | 381,899 | - | - | - | - | 381,899 |
| Motor vehicle and other excise taxes..... | 5,382,154 | - | - | - | - | 5,382,154 |
| Payments in lieu of taxes..... | 226,439 | - | - | - | - | 226,439 |
| Penalties and interest on taxes..... | 247,489 | - | - | - | - | 247,489 |
| Charges for services..... | - | - | - | - | 1,118,806 | 1,118,806 |
| Parking meter receipts..... | - | - | - | - | 835,972 | 835,972 |
| Intergovernmental..... | 20,937,863 | 107,926 | - | - | 5,850,655 | 26,896,444 |
| Departmental and other..... | 4,308,125 | - | - | - | 5,338,070 | 9,646,195 |
| Community preservation tax..... | - | - | - | - | 1,019,365 | 1,019,365 |
| Contributions..... | - | - | - | - | 1,404,849 | 1,404,849 |
| Investment income..... | 203,080 | - | - | - | 94,346 | 297,426 |
| TOTAL REVENUES..... | 143,878,359 | 107,926 | - | - | 15,662,063 | 159,648,348 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government..... | 11,385,953 | - | 2,255,357 | - | 114,621 | 13,755,931 |
| Public safety..... | 10,877,844 | - | - | - | 935,793 | 11,813,637 |
| Public education..... | 60,302,991 | - | - | 946,996 | 9,015,780 | 70,265,767 |
| Public works..... | 8,395,507 | 117,620 | 2,689,329 | - | 442,045 | 11,644,501 |
| Health and human services..... | 1,150,725 | - | - | - | 184,565 | 1,335,290 |
| Recreation..... | 319,953 | - | - | - | 1,252,717 | 1,572,670 |
| Library..... | 2,350,355 | - | - | - | 261,773 | 2,612,128 |
| Teachers pension benefits - state funded..... | 11,910,914 | - | - | - | - | 11,910,914 |
| Town pension..... | 5,024,893 | - | - | - | - | 5,024,893 |
| Employee benefits..... | 19,003,216 | - | - | - | 109,103 | 19,112,319 |
| Traffic and parking management..... | - | - | - | - | 659,832 | 659,832 |
| Community preservation..... | - | - | - | - | 168,408 | 168,408 |
| State and county charges..... | 1,139,836 | - | - | - | - | 1,139,836 |
| Debt service: | | | | | | |
| Principal..... | 8,915,000 | - | - | - | - | 8,915,000 |
| Interest..... | 3,665,637 | - | - | - | - | 3,665,637 |
| TOTAL EXPENDITURES..... | 144,442,824 | 117,620 | 4,944,686 | 946,996 | 13,144,637 | 163,596,763 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | (564,465) | (9,694) | (4,944,686) | (946,996) | 2,517,426 | (3,948,415) |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in..... | 1,338,218 | - | - | - | 200,000 | 1,538,218 |
| Transfers out..... | (200,000) | - | - | - | (338,218) | (538,218) |
| TOTAL OTHER FINANCING SOURCES (USES)..... | 1,138,218 | - | - | - | (138,218) | 1,000,000 |
| NET CHANGE IN FUND BALANCES..... | 573,753 | (9,694) | (4,944,686) | (946,996) | 2,379,208 | (2,948,415) |
| FUND BALANCES AT BEGINNING OF YEAR..... | 21,762,495 | 9,694 | 4,137,330 | 3,395,713 | 13,778,289 | 43,083,521 |
| FUND BALANCES AT END OF YEAR..... | \$ 22,336,248 | \$ - | \$ (807,356) | \$ 2,448,717 | \$ 16,157,497 | \$ 40,135,106 |

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2014

| | | |
|--|---------------------|-------------------------|
| Net change in fund balances - total governmental funds..... | \$ | (2,948,415) |
| <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p> | | |
| Capital outlay..... | 7,076,881 | |
| Depreciation expense..... | <u>(11,706,678)</u> | |
| Net effect of reporting capital assets..... | | (4,629,797) |
| <p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue.....</p> | | |
| | | (53,978) |
| Other postemployment benefits asset..... | | 1,061,260 |
| <p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p> | | |
| Debt service principal payments..... | <u>8,915,000</u> | |
| Net effect of reporting long-term debt..... | | 8,915,000 |
| <p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p> | | |
| Net change in compensated absences accrual..... | (93,775) | |
| Net change in accrued interest on long-term debt..... | 34,235 | |
| Amortization of bond premiums..... | <u>188,678</u> | |
| Net effect of recording long-term liabilities..... | | 129,138 |
| <p>Internal service funds are used by management to account for health insurance activities, workers' compensation activities, and for information technology services and fleet maintenance services.</p> | | |
| The net activity of internal service funds is reported with Governmental Activities..... | | <u>258,927</u> |
| Change in net assets of governmental activities..... | \$ | <u><u>2,732,135</u></u> |

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2014

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|--|---|----------------------|------------------------|-----------------------|---|
| | Sewer | Water | Electric Department | Total | |
| ASSETS | | | | | |
| CURRENT: | | | | | |
| Cash and cash equivalents..... | \$ 2,789,815 | \$ 4,077,677 | \$ 4,484,924 | \$ 11,352,416 | \$ 2,554,189 |
| Restricted cash and short-term investments..... | - | - | 2,000,000 | 2,000,000 | - |
| Investments..... | - | - | - | - | 38,424 |
| Receivables, net of allowance for uncollectibles: | | | | | |
| User charges..... | 581,004 | 577,383 | 3,115,190 | 4,273,577 | - |
| Departmental and other..... | - | - | - | - | 8,968 |
| Inventory..... | - | 161,956 | 664,323 | 826,279 | - |
| Purchased power advance deposits..... | - | - | 1,524,039 | 1,524,039 | - |
| Other assets..... | - | - | 108,738 | 108,738 | - |
| Total current assets..... | 3,370,819 | 4,817,016 | 11,897,214 | 20,085,049 | 2,601,581 |
| NONCURRENT: | | | | | |
| Investment in Energy New England, LLC..... | - | - | 150,000 | 150,000 | - |
| Other postemployment benefits asset..... | 15,816 | 15,816 | 212,601 | 244,233 | - |
| Capital assets, nondepreciable..... | 397,698 | 608,648 | 137,770 | 1,144,116 | - |
| Capital assets, net of accumulated depreciation..... | 14,840,106 | 16,598,135 | 58,005,733 | 89,443,974 | - |
| Total noncurrent assets..... | 15,253,620 | 17,222,599 | 58,506,104 | 90,982,323 | - |
| TOTAL ASSETS..... | 18,624,439 | 22,039,615 | 70,403,318 | 111,067,372 | 2,601,581 |
| LIABILITIES | | | | | |
| CURRENT: | | | | | |
| Warrants payable..... | 3,399 | 68,433 | 2,343,800 | 2,415,632 | 70,709 |
| Accrued payroll..... | 6,146 | 27,825 | 87,236 | 121,207 | 264,356 |
| Accrued interest..... | 7,461 | 10,819 | - | 18,280 | - |
| Other liabilities..... | 2,075 | 34,445 | - | 36,520 | - |
| Customer advances for construction..... | - | - | 302,148 | 302,148 | - |
| Compensated absences..... | - | 5,888 | 17,300 | 23,188 | - |
| Workers' compensation..... | - | - | - | - | 316,000 |
| Bonds payable..... | 318,437 | 461,420 | - | 779,857 | - |
| Total current liabilities..... | 337,518 | 608,830 | 2,750,484 | 3,696,832 | 651,065 |
| NONCURRENT: | | | | | |
| Customer deposits..... | - | - | 816,339 | 816,339 | - |
| Compensated absences..... | - | 3,927 | 11,578 | 15,505 | - |
| Workers' compensation..... | - | - | - | - | 291,000 |
| Bonds payable..... | 2,363,879 | 3,834,747 | - | 6,198,626 | - |
| Total noncurrent liabilities..... | 2,363,879 | 3,838,674 | 827,917 | 7,030,470 | 291,000 |
| TOTAL LIABILITIES..... | 2,701,397 | 4,447,504 | 3,578,401 | 10,727,302 | 942,065 |
| NET POSITION | | | | | |
| Net investment in capital assets..... | 12,555,488 | 12,910,616 | 58,143,503 | 83,609,607 | - |
| Restricted for: | | | | | |
| Depreciation..... | - | - | 2,000,000 | 2,000,000 | - |
| Unrestricted..... | 3,367,554 | 4,681,495 | 6,681,414 | 14,730,463 | 1,659,516 |
| TOTAL NET POSITION..... | \$ 15,923,042 | \$ 17,592,111 | \$ 66,824,917 | \$ 100,340,070 | \$ 1,659,516 |

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2014

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---|---|----------------------|------------------------|-----------------------|---|
| | Sewer | Water | Electric Department | Total | |
| OPERATING REVENUES: | | | | | |
| Charges for services | \$ 7,479,875 | \$ 6,046,947 | \$ 31,289,259 | \$ 44,816,081 | \$ 16,232,496 |
| Contracted services..... | - | - | 1,411,479 | 1,411,479 | - |
| Employee contributions | - | - | - | - | 7,864,989 |
| Other..... | 56,100 | 316,790 | 1,046,821 | 1,419,711 | - |
| TOTAL OPERATING REVENUES | 7,535,975 | 6,363,737 | 33,747,559 | 47,647,271 | 24,097,485 |
| OPERATING EXPENSES: | | | | | |
| MWRA assessment..... | 5,246,821 | 1,423,735 | - | 6,670,556 | - |
| Purchase power..... | - | - | 19,099,283 | 19,099,283 | - |
| Transmission..... | - | 1,210,116 | 7,694,043 | 8,904,159 | - |
| Cost of contracted services..... | - | - | 770,912 | 770,912 | - |
| Other source of supply..... | - | 393,527 | - | 393,527 | - |
| Pumping and treatment..... | 235,473 | 887,459 | - | 1,122,932 | - |
| Distribution..... | - | - | 1,100,032 | 1,100,032 | - |
| Collection..... | 369,825 | - | - | 369,825 | - |
| Customer accounts..... | 121,261 | 216,729 | 583,062 | 921,052 | - |
| Supplies and services..... | - | - | - | - | 23,845,319 |
| Administration and general..... | 538,267 | 829,919 | 484,999 | 1,853,185 | - |
| Depreciation..... | 412,440 | 845,419 | 3,112,032 | 4,369,891 | - |
| TOTAL OPERATING EXPENSES | 6,924,087 | 5,806,904 | 32,844,363 | 45,575,354 | 23,845,319 |
| OPERATING INCOME..... | 611,888 | 556,833 | 903,196 | 2,071,917 | 252,166 |
| NONOPERATING REVENUES (EXPENSES): | | | | | |
| Investment income..... | - | - | - | - | 6,761 |
| Interest expense..... | (86,315) | (132,076) | (1,240) | (219,631) | - |
| TOTAL NONOPERATING REVENUES (EXPENSES), NET..... | (86,315) | (132,076) | (1,240) | (219,631) | 6,761 |
| INCOME BEFORE CONTRIBUTIONS AND TRANSFERS..... | 525,573 | 424,757 | 901,956 | 1,852,286 | 258,927 |
| CAPITAL CONTRIBUTIONS..... | - | - | 602,671 | 602,671 | - |
| TRANSFERS: | | | | | |
| Transfers out..... | - | - | (1,000,000) | (1,000,000) | - |
| CHANGE IN NET POSITION..... | 525,573 | 424,757 | 504,627 | 1,454,957 | 258,927 |
| NET POSITION AT BEGINNING OF YEAR..... | 15,397,469 | 17,167,354 | 66,320,290 | 98,885,113 | 1,400,589 |
| NET POSITION AT END OF YEAR..... | \$ 15,923,042 | \$ 17,592,111 | \$ 66,824,917 | \$ 100,340,070 | \$ 1,659,516 |

See notes to basic financial statements.

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2014

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|--|---|---------------------|------------------------|----------------------|---|
| | Sewer | Water | Electric Department | Total | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Receipts from customers and users..... | \$ 7,513,851 | \$ 6,368,805 | \$ 33,591,624 | \$ 47,474,280 | \$ 7,871,423 |
| Receipts from interfund services provided..... | - | - | - | - | 16,223,528 |
| Payments to vendors..... | (5,790,272) | (3,046,436) | (29,022,970) | (37,859,678) | - |
| Payments to employees..... | (729,112) | (2,047,824) | (919,342) | (3,696,278) | (489,277) |
| Payments for interfund services used..... | - | - | - | - | (23,540,205) |
| NET CASH FROM OPERATING ACTIVITIES..... | 994,467 | 1,274,545 | 3,649,312 | 5,918,324 | 65,469 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Transfers out..... | - | - | (1,000,000) | (1,000,000) | - |
| Refunding transfer for other postemployment benefits..... | - | - | (3,449) | (3,449) | - |
| NET CASH FROM NONCAPITAL FINANCING ACTIVITIES..... | - | - | (1,003,449) | (1,003,449) | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Capital contributions..... | - | - | 602,671 | 602,671 | - |
| Acquisition and construction of capital assets..... | (484,793) | (643,255) | (3,398,470) | (4,526,518) | - |
| Principal payments on bonds and notes..... | (311,602) | (454,585) | - | (766,187) | - |
| Interest expense..... | (93,838) | (140,434) | (1,240) | (235,512) | - |
| NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES..... | (890,233) | (1,238,274) | (2,797,039) | (4,925,546) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Proceeds from sales and maturities of investments..... | - | - | - | - | 39,005 |
| Purchase of investments..... | - | - | - | - | (38,424) |
| Investment income..... | - | - | - | - | 6,761 |
| NET CASH FROM INVESTING ACTIVITIES..... | - | - | - | - | 7,342 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS..... | 104,234 | 36,271 | (151,176) | (10,671) | 72,811 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR..... | 2,685,581 | \$ 4,041,406 | \$ 6,636,100 | 13,363,087 | 2,481,378 |
| CASH AND CASH EQUIVALENTS, END OF YEAR..... | \$ 2,789,815 | \$ 4,077,677 | \$ 6,484,924 | \$ 13,352,416 | \$ 2,554,189 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES: | | | | | |
| Operating income..... | \$ 611,888 | \$ 556,833 | \$ 903,196 | \$ 2,071,917 | \$ 252,166 |
| Adjustments to reconcile operating income to net cash from operating activities: | | | | | |
| Depreciation..... | 412,440 | 845,419 | 3,112,032 | 4,369,891 | - |
| Changes in assets and liabilities: | | | | | |
| User charges..... | (22,124) | 5,068 | (113,722) | (130,778) | - |
| Department and other..... | - | - | - | - | (2,534) |
| Inventory..... | - | (16,931) | 6,353 | (10,578) | - |
| Purchased power advance deposits..... | - | - | 63,350 | 63,350 | - |
| Other assets..... | - | - | (12,233) | (12,233) | - |
| Warrants payable..... | (1,745) | (57,462) | (241,958) | (301,165) | (17,904) |
| Refunds due customers..... | - | - | (19,277) | (19,277) | - |
| Accrued payroll..... | (6,829) | (37,232) | (41,197) | (85,258) | (87,259) |
| Customer advances for construction..... | - | - | 6,125 | 6,125 | - |
| Compensated absences..... | - | (21,987) | 15,704 | (6,283) | - |
| Workers' compensation..... | - | - | - | - | (79,000) |
| Customer deposits..... | - | - | (29,061) | (29,061) | - |
| Other postemployment benefits asset..... | 837 | 837 | - | 1,674 | - |
| Total adjustments..... | 382,579 | 717,712 | 2,746,116 | 3,846,407 | (186,697) |
| NET CASH FROM OPERATING ACTIVITIES..... | \$ 994,467 | \$ 1,274,545 | \$ 3,649,312 | \$ 5,918,324 | \$ 65,469 |

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2014

| | Pension Trust Fund (as of December 31, 2013) | Other Postemployment Benefit Trust Fund | Private Purpose Trust Fund | Agency Fund |
|---|---|--|----------------------------------|------------------|
| ASSETS | | | | |
| Cash and cash equivalents..... | \$ 1,104,935 | \$ - | \$ 64,848 | \$ 1,770,312 |
| Investments: | | | | |
| Equity securities..... | - | - | 260,154 | - |
| PRIT funds..... | 141,265,918 | 35,118,607 | - | - |
| Receivables, net of allowance for uncollectibles: | | | | |
| Departmental and other receivables..... | 342,959 | - | - | - |
| Prepaid expenses..... | 1,512 | - | - | - |
| TOTAL ASSETS..... | 142,715,324 | 35,118,607 | 325,002 | 1,770,312 |
| LIABILITIES | | | | |
| Accrued liabilities..... | 376,903 | - | - | - |
| Liabilities due depositors..... | - | - | - | 1,770,312 |
| TOTAL LIABILITIES..... | 376,903 | - | - | 1,770,312 |
| NET POSITION | | | | |
| Restricted for pensions..... | 142,338,421 | - | - | - |
| Held in trust for OPEB benefits and other purposes..... | - | 35,118,607 | 325,002 | - |
| TOTAL NET POSITION..... | \$ 142,338,421 | \$ 35,118,607 | \$ 325,002 | \$ - |

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2014

| | Pension Trust Fund (as of December 31, 2013) | Other Postemployment Benefit Trust Fund | Private Purpose Trust Fund |
|---|---|--|----------------------------------|
| ADDITIONS: | | | |
| Contributions: | | | |
| Employer..... | \$ 5,944,279 | \$ 3,461,406 | \$ - |
| Plan members..... | 3,162,974 | - | - |
| Private donations..... | - | - | 835 |
| Total contributions..... | 9,107,253 | 3,461,406 | 835 |
| Net investment income: | | | |
| Net change in fair value of investments..... | 15,028,001 | 1,873,801 | - |
| Interest..... | 2,753 | 2,828,464 | 31,778 |
| Dividends..... | 3,831,172 | - | - |
| Total investment income..... | 18,861,926 | 4,702,265 | 31,778 |
| Less: investment expense..... | (744,248) | (83,584) | - |
| Net investment income..... | 18,117,678 | 4,618,681 | 31,778 |
| Intergovernmental..... | 180,764 | - | - |
| Transfers from other systems..... | 673,036 | - | - |
| TOTAL ADDITIONS..... | 28,078,731 | 8,080,087 | 32,613 |
| DEDUCTIONS: | | | |
| Administration..... | 215,146 | - | - |
| Transfers to other systems..... | 964,849 | - | - |
| Retirement benefits and refunds..... | 10,275,078 | - | - |
| Educational scholarships..... | - | - | 13,325 |
| TOTAL DEDUCTIONS..... | 11,455,073 | - | 13,325 |
| CHANGE IN NET POSITION..... | 16,623,658 | 8,080,087 | 19,288 |
| NET POSITION AT BEGINNING OF YEAR..... | 125,714,763 | 27,038,520 | 305,714 |
| NET POSITION AT END OF YEAR..... | \$ 142,338,421 | \$ 35,118,607 | \$ 325,002 |

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Wellesley, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

A. Reporting Entity

The Town was incorporated in 1881 under the statutes of the Commonwealth of Massachusetts (the "Commonwealth"). The Town is a municipal corporation governed by an elected Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. Two entities have been included as component units in the reporting entity, because of the significance of their operational and financial relationships.

Component Unit Presented as a Fiduciary Fund – The following component unit is presented as a Fiduciary Fund of the primary government due to the nature and significance of the relationship between the Town and the component unit.

In the Fiduciary Funds:

- (1) The Wellesley Contributory Retirement System (the System) was established to provide retirement benefits to Town employees and the Wellesley Housing Authority employees, and their beneficiaries. The System is governed by a five-member board comprised of the Finance Director (ex-officio), two members elected by the System's participants, one member appointed by the Board of Selectmen and one member appointed by the Board members. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

Discretely Presented Component Unit – Discretely presented component units are entities that are legally separate from the Town, but are financially accountable to the Town, or whose relationships with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete. The Town has included the following Discretely Presented Component Unit because of its fiscal dependency on the Town and because the nature and significance of its relationship with the Town is such that exclusion would cause the Town's financial statements to be misleading or incomplete:

- (2) The Wellesley Housing Development Corporation (Corporation) is a private non-profit corporation established by special legislation to preserve and create affordable housing in Wellesley, Massachusetts. The Board of Directors of the Corporation are residents of the Town of Wellesley who are appointed by the Town's Board of Selectmen. The Corporation is financially accountable to the Town as a result of fiscal dependency.

Availability of Financial Information for Component Units

The System issues a publicly available audited 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 525 Washington Street, Wellesley, MA 02482.

The Wellesley Housing Development Corporation issues a publicly available financial report. That report may be obtained by contacting the Corporation, at 525 Washington Street, Wellesley, MA 02482.

B. Government-Wide and Fund-Level Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units.

Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows of resources, liabilities and deferred inflows of resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.
- Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when 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 amounts have matured or are due and payable.

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

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

The following major governmental funds are reported:

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

The *highway chapter 90 fund* is used to account for activities associated with on-going road and sidewalk projects that are funded with grants from the Commonwealth.

The *capital projects fund* is used to account for resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *high school construction fund* is a capital project fund used to account for the construction of the new high school.

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

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than permanent funds or major capital projects. The special revenue funds are reported in the nonmajor funds column of the governmental fund financial statements.

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs. The permanent funds are also reported in the nonmajor funds column of the governmental funds financial statements.

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

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

The following major proprietary funds are reported:

The *electric fund* is used to account for operations of the municipal light department that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The *water fund* is used to account for water distribution operations of the department of public works that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

The *sewer fund* is used to account for sewage treatment operations of the department of public works that are financed and operated in a manner similar to private business enterprises where the intent of the governing body

is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Additionally, the following proprietary fund type is reported:

The *internal service fund* is used to account for the financing of goods or services provided by one department to other departments of the town on a cost-reimbursement basis. The Town's internal service fund is used to account for the financing of medical claims of all covered town employees and their covered dependents, the financing of the self-insured workers' compensation plan, information technology services, fleet maintenance and fuel.

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

The following fiduciary fund types are reported:

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

The *other postemployment benefit trust fund* accumulates resources to provide funding for future OPEB (other postemployment benefits) liabilities.

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

The *agency fund* is used to account for payroll withholding and other assets held in a purely custodial capacity. Agency funds apply the accrual basis of accounting but do not have a measurement focus.

D. Cash and Investments

Government-Wide and Fund Financial Statements

The Town's 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. The fair values were determined by the closing price for those securities traded on national stock exchanges and at the average bid-and-asked quotation for those securities traded in the over-the-counter market.

E. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

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

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

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

Motor Vehicle Excise

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

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

User Charges

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. Liens are processed in December of every year and included as a lien on the property owner's tax bill.

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

Departmental and Other

Departmental and other receivables are recorded net of an allowance for uncollectible accounts. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Intergovernmental

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

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

Community Preservation Surcharge

The Town has adopted the State Community Preservation Act and the provisions of this Act allow the Town to assess property owners an additional 1% - 3% of the total real estate commitment. The Town has voted for an additional surcharge of 1% with the first \$100,000 of valuation for each parcel being exempt. Revenues from this surcharge are credited to the Community Preservation Fund, a component of the nonmajor governmental funds, to fund open space acquisitions, affordable housing initiatives, historic preservation, and recreational uses.

F. Inventories

Government-Wide and Fund Financial Statements

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

Materials and supplies held by the Enterprise Funds are generally recorded at the lower of cost or market, using the weighted average method.

G. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

For the Town of Wellesley capital assets are defined as buildings and infrastructure with a cost greater than \$100,000, improvements other than buildings with a cost greater than \$50,000, and equipment with a cost greater than \$25,000 and an estimated useful life of greater than three years. The Town has elected not to consider books and other materials purchased for the library as capital assets.

Capital assets (excluding land and construction-in-progress) are depreciated over the estimated useful lives using the straight-line method. The estimated useful lives of capital assets being depreciated are as follows:

| <u>Capital Asset Type</u> | <u>Estimated Useful Life (in years)</u> |
|--|---|
| Public domain infrastructure..... | 50 |
| Buildings..... | 10-40 |
| Improvements other than buildings..... | 20-30 |
| Equipment..... | 3-21 |

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

Governmental Fund Financial Statements

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

H. Deferred Outflows/Inflows of Resources*Government-Wide Financial Statements (Net Position)*

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 then. The Town did not have any items that qualify for reporting in this category.

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 Town has recorded advanced tax collections as deferred inflows of resources in the government-wide statement of net position.

Governmental Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents assets that have been recorded in the governmental fund financial statements but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue and advanced tax collections as deferred inflows of resources in the governmental funds balance sheet.

I. Interfund Receivables and Payables

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

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net 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 and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Advances from/to other funds" on the balance sheet.

J. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Unavailable revenue

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting, i.e. receivables that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

L. Net Position and Fund Equity*Government-Wide Financial Statements (Net position)*

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

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

Net position has been "restricted for" the following:

"Depreciation" - represents amounts restricted in the Electric department for the statutory reserve for funded depreciation.

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

"Permanent funds - nonexpendable" represents the endowment portion of donor restricted trusts.

"Grants and gifts" represents amounts held for school, library, and other grants and gift funds.

"Community preservation" represents amounts held for uses restricted by law for community preservation purposes.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption

must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Financial Statements (Fund Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments' or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Town Meeting is the highest level of decision making authority that can, by adoption of a Town Meeting warrant article, commit funds for a specific purpose. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a vote is taken to rescind the commitment.

“Assigned” fund balance includes amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. The Town's by-laws authorize the Town Accountant to assign fund balance. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Town will, from time to time, fund outlays for a particular purpose from different components of fund balance. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balances in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. When different components of fund balance can be used for the same purpose, it is the Town's policy to consider restricted fund balance to have been depleted first, followed by committed fund balance, and assigned fund balance. Unassigned fund balance is applied last.

M. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

N. Compensated Absences

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

Compensated absences are reported in the governmental funds only if they have matured, i.e. unused reimbursable leave still outstanding following an employee's resignation or retirement. Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

O. Investment Income

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

Investment income from proprietary funds is voluntarily assigned and transferred to the general fund.

P. Individual Fund Deficits

Fund deficits exist within the Capital Projects Major Fund and the Worker's Compensation Fund. These deficits will be funded by grants, user charges and other available funds during 2015.

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

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions 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 year. Actual results could vary from estimates that were used.

R. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

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

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

The Retirement System participates, as a Participating member, in the Pension Reserves Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves Investment Management Board, which was established by the Treasurer of the Commonwealth of Massachusetts who serves as trustee. The fair value of the position in the PRIT is the same as the value of the PRIT shares.

The PRIT fund, as a pool, invests in various products including, but not limited to, money market mutual funds, equities, pooled foreign and domestic fixed income and equity funds, United States government sponsored enterprises and Treasury notes, real estate, and commodities. The underlying components of PRIT's fixed income portfolio had an effective weighted duration rate ranging from .25 to 10.78 years.

MMDT maintains a cash portfolio and a short-term bond portfolio with combined average maturities of approximately 3 months. Credit ratings associated with the Town's investment in MMDT ranged from A1/P1 to A2/P2. Approximately 91% of the total was rated A1/P1 and approximately 9% rated A2/P2.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town policy for mitigating custodial credit risk is that the Town will not have on deposit amounts exceeding 10% of capital and surplus and 10% of net equity, unless those deposits carry full FDIC insurance or are collateralized. In addition, it is the Towns' policy that at no time shall any single bank or bank holding company hold an excess of 25% of the cash balance under the control of the Treasurer for more than three consecutive days.

At year-end the carrying amount (book value) of the Town’s deposits totaled \$43,810,910 and the bank balances totaled \$45,602,914. Of the bank balance, \$34,301,638 was covered by FDIC insurance and \$11,301,276 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2013 the carrying amount (book value) of the Retirement System’s deposits totaled \$680,299 and the bank balance totaled \$935,508. The bank balance was fully covered by FDIC insurance.

As of June 30, 2014 the Town had the following investments:

| Investment Type | Fair Value | Maturity | | Rating |
|--|----------------------|---------------------|-------------------|--------|
| | | Under 1 Year | 1 - 5 Years | |
| <u>Debt Securities</u> | | | | |
| Government Sponsored Enterprises (1)..... | \$ 2,461,758 | \$ 1,942,386 | \$ 519,372 | AAA |
| U.S. Treasury Notes..... | 531,430 | 111,482 | 419,948 | AAA |
| Total Debt Securities..... | 2,993,188 | <u>\$ 2,053,868</u> | <u>\$ 939,320</u> | |
| <u>Other Investments</u> | | | | |
| Equity Securities..... | 812,592 | | | |
| Money Market Mutual Funds..... | 3,899,199 | | | |
| PRIT State Retirees Benefits Trust Fund..... | 35,118,607 | | | |
| MMDT..... | 21,948,313 | | | |
| Total Investments..... | <u>\$ 64,771,899</u> | | | |

(1) Government Sponsored Enterprises include various short-term investments in financial services corporations created by the United States Congress. These investments primarily consist of investments in Federal Home Loan Banks (FHLB), Federal Financing Corporation (FICO) Strips, and Federal Home Loan Mortgage Corporation Notes.

As of December 31, 2013, the Retirement System had investments in PRIT totaling \$141,265,918. The Retirement System also maintains a short term investment portfolio with MMDT. At December 31, 2013, the Retirement System’s investment with MMDT was \$424,636 which is classified as a cash equivalent.

The following table reconciles total cash and investments as of June 30, 2014, except for the Pension Trust Fund which is as of December 31, 2013:

| | Primary Government | | Fiduciary Funds | | | | Totals |
|---|-------------------------|--------------------------|--|---|----------------------------|---------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Pension Trust Fund (as of December 31, 2013) | Other Postemployment Benefit Trust Fund | Private Purpose Trust Fund | Agency Fund | |
| Cash and cash equivalents..... | \$ 54,470,846 | \$ 11,352,416 | \$ 1,104,935 | \$ - | \$ 64,848 | \$ 1,770,312 | \$ 68,763,357 |
| Restricted cash and cash equivalents..... | - | 2,000,000 | - | - | - | - | 2,000,000 |
| Investments..... | 3,545,626 | - | 141,265,918 | 35,118,607 | 260,154 | - | 180,190,305 |
| Total cash and investments..... | \$ 58,016,472 | \$ 13,352,416 | \$ 142,370,853 | \$ 35,118,607 | \$ 325,002 | \$ 1,770,312 | \$ 250,953,662 |
| Carrying value of cash: | | | | | | | |
| Primary government..... | \$ 43,810,910 | | | | | | |
| Pension trust..... | 680,299 | | | | | | |
| Investments considered cash and cash equivalents: | | | | | | | |
| Money market mutual funds..... | 3,899,199 | | | | | | |
| MMDT..... | 22,372,949 | | | | | | |
| Cash and cash equivalents..... | 70,763,357 | | | | | | |
| Debt securities..... | 2,993,188 | | | | | | |
| Equity securities..... | 812,592 | | | | | | |
| PRIM State Retirees Benefits Trust Fund..... | 35,118,607 | | | | | | |
| PRIT fund..... | 141,265,918 | | | | | | |
| Investments..... | 180,190,305 | | | | | | |
| Total cash and investments..... | \$ 250,953,662 | | | | | | |

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. Of the Town’s total investments there was custodial credit risk exposure of \$3,274,350 which is equal to the investments in Government Sponsored Enterprises and Equity Securities because the related securities are uninsured, unregistered and held by the counterparty.

The Town will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Statutory Authority section of the Town’s Investment Policy; and obtaining necessary documentation (e.g. broker certification forms and documentation of perfected security interests in pledged collateral) from the financial institutions, broker/dealers, intermediaries and advisors, as applicable, with which the Town will do business in accordance with this Investment Policy. Some of this risk will be managed requiring that the above referenced financial institutions, broker/dealers, intermediaries and advisors have Securities Investor Protection Corporation (SIPC) and excess SIPC coverage.

At December 31, 2013, the System’s \$141,265,918 investment in PRIT is not subject to custodial credit risk exposure because it is not evidenced by securities that exist in physical or book-entry form.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Town and the System’s investment policy is to follow state statutes, which limits investment maturities as a means of managing its exposure to fair value losses arising from increasing rates.

Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to meet its obligations. The Town's policy for credit risk requires all financial institutions wishing to do business with the Town to read the Town's Investment Policy and to agree to comply with it. This policy requires minimum standards of credit worthiness as well as guidance for the types of investment allowed. The Town has disclosed the credit ratings of its investments in accordance with GASB Statement No. 40.

Concentration of Credit Risk

The Town has adopted a formal policy to mitigate concentration of credit risk by mandating that the Town may not at any one time have on deposit in a bank or trust company an amount exceeding 60% of the capital and surplus of that institution. The Town will not deposit amounts exceeding 10% of capital and surplus and 10% of net equity unless the deposits are fully collateralized.

NOTE 3 – RECEIVABLES

At June 30, 2014, receivables for the individual major, non-major governmental funds, and the proprietary internal service fund, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>Gross Amount</u> | <u>Allowance for Uncollectibles</u> | <u>Net Amount</u> |
|--|-------------------------|---|-------------------------|
| <u>Receivables:</u> | | | |
| Real estate, personal property and tax deferrals | \$ 3,035,429 | \$ (63,941) | \$ 2,971,488 (1) |
| Tax liens..... | 929,706 | - | 929,706 |
| Motor vehicle excise taxes..... | 806,839 | (454,533) | 352,306 |
| Departmental and other..... | 202,359 | - | 202,359 |
| Intergovernmental..... | <u>4,620,797</u> | <u>-</u> | <u>4,620,797</u> |
| Total..... | <u>\$ 9,595,130</u> | <u>\$ (518,474)</u> | <u>\$ 9,076,656</u> |

(1) The allowance for uncollectible accounts of \$63,941 relates only to personal property taxes.

At June 30, 2014, receivables for the sewer, water, electric enterprise funds and the internal service fund consist of the following:

| | <u>Gross Amount</u> | <u>Allowance for Uncollectibles</u> | <u>Net Amount</u> |
|---------------------------|-------------------------|---|-------------------------|
| <u>Receivables:</u> | | | |
| Sewer fees..... | \$ 581,004 | \$ - | \$ 581,004 |
| Water fees..... | 577,383 | - | 577,383 |
| Electric light fees..... | 3,115,190 | - | 3,115,190 |
| Department and other..... | <u>8,968</u> | <u>-</u> | <u>8,968</u> |
| Total..... | <u>\$ 4,282,545</u> | <u>\$ -</u> | <u>\$ 4,282,545</u> |

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

| | General Fund | Other Governmental Funds | Total |
|---|---------------------|--------------------------------|---------------------|
| <u>Receivable type:</u> | | | |
| Real estate, personal property and tax deferrals..... | \$ 3,091,079 | \$ - | \$ 3,091,079 |
| Tax liens..... | 929,706 | - | 929,706 |
| Motor vehicle excise..... | 352,306 | - | 352,306 |
| Departmental and other..... | 4,676 | 141,559 | 146,235 |
| Intergovernmental..... | - | 3,736,418 | 3,736,418 |
| Total..... | <u>\$ 4,377,767</u> | <u>\$ 3,877,977</u> | <u>\$ 8,255,744</u> |

Included in unavailable revenues above is approximately \$481,000 of advance collections for FY2015 taxes.

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital asset activity for the year ended June 30, 2014, is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|-----------------------|-----------------------|---------------------|-----------------------|
| Governmental Activities: | | | | |
| <u>Capital assets not being depreciated:</u> | | | | |
| Land..... | \$ 7,343,156 | \$ 1,290,000 | \$ - | \$ 8,633,156 |
| Construction in progress..... | 1,909,280 | 2,794,412 | (893,905) | 3,809,787 |
| Total capital assets not being depreciated..... | <u>9,252,436</u> | <u>4,084,412</u> | <u>(893,905)</u> | <u>12,442,943</u> |
| <u>Capital assets being depreciated:</u> | | | | |
| Improvements other than buildings..... | 19,351,326 | 1,300,072 | - | 20,651,398 |
| Buildings..... | 228,947,639 | 1,007,821 | - | 229,955,460 |
| Machinery and equipment..... | 14,974,429 | 939,900 | (403,825) | 15,510,504 |
| Public domain infrastructure..... | 61,704,886 | 638,581 | - | 62,343,467 |
| Total capital assets being depreciated..... | <u>324,978,280</u> | <u>3,886,374</u> | <u>(403,825)</u> | <u>328,460,829</u> |
| <u>Less accumulated depreciation for:</u> | | | | |
| Improvements other than buildings..... | (6,964,528) | (1,752,787) | - | (8,717,315) |
| Buildings..... | (54,519,828) | (7,349,958) | - | (61,869,786) |
| Machinery and equipment..... | (9,832,676) | (1,092,255) | 403,825 | (10,521,106) |
| Public domain infrastructure..... | (28,980,555) | (1,511,678) | - | (30,492,233) |
| Total accumulated depreciation..... | <u>(100,297,587)</u> | <u>(11,706,678)</u> | <u>403,825</u> | <u>(111,600,440)</u> |
| Total capital assets being depreciated, net..... | <u>224,680,693</u> | <u>(7,820,304)</u> | <u>-</u> | <u>216,860,389</u> |
| Total governmental activities capital assets, net..... | <u>\$ 233,933,129</u> | <u>\$ (3,735,892)</u> | <u>\$ (893,905)</u> | <u>\$ 229,303,332</u> |

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|---------------------|-----------------------|----------------------|
| Business Type Activities: | | | | |
| <u>Capital assets not being depreciated:</u> | | | | |
| Land and land rights..... | \$ 267,946 | \$ - | \$ - | \$ 267,946 |
| Construction in progress..... | 1,919,795 | 525,856 | (1,569,481) | 876,170 |
| Total capital assets not being depreciated..... | <u>2,187,741</u> | <u>525,856</u> | <u>(1,569,481)</u> | <u>1,144,116</u> |
| <u>Capital assets being depreciated:</u> | | | | |
| Plant in service..... | 144,024,896 | 5,087,131 | (160,623) | 148,951,404 |
| Vehicles and other equipment..... | 6,661,185 | 483,012 | (297,342) | 6,846,855 |
| Total capital assets being depreciated..... | <u>150,686,081</u> | <u>5,570,143</u> | <u>(457,965)</u> | <u>155,798,259</u> |
| <u>Less accumulated depreciation for:</u> | | | | |
| Plant in service..... | (57,953,079) | (3,989,171) | 160,623 | (61,781,627) |
| Vehicles and other equipment..... | (4,489,280) | (380,720) | 297,342 | (4,572,658) |
| Total accumulated depreciation..... | <u>(62,442,359)</u> | <u>(4,369,891)</u> | <u>457,965</u> | <u>(66,354,285)</u> |
| Total capital assets being depreciated, net..... | <u>88,243,722</u> | <u>1,200,252</u> | <u>-</u> | <u>89,443,974</u> |
| Total business-type activities capital assets, net..... | <u>\$ 90,431,463</u> | <u>\$ 1,726,108</u> | <u>\$ (1,569,481)</u> | <u>\$ 90,588,090</u> |

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

Governmental Activities:

| | |
|-------------------------|----------------|
| General government..... | \$ 1,220,978 |
| Public safety..... | 777,502 |
| Education..... | 7,209,052 |
| Public works..... | 1,489,459 |
| Library..... | 388,142 |
| Recreation..... | <u>621,545</u> |

Total depreciation expense - governmental activities..... \$ 11,706,678

Business-Type Activities:

| | |
|---------------------|------------------|
| Sewer..... | \$ 412,440 |
| Water..... | 845,419 |
| Electric light..... | <u>3,112,032</u> |

Total depreciation expense - business-type activities..... \$ 4,369,891

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2014, the Town has an interfund receivable/payable of \$2,318 between the general fund and the highway chapter 90 fund, the purpose of which was to meet temporary cash flow needs.

Interfund transfers for the year ended June 30, 2014, are summarized as follows:

| Transfers Out: | Transfers In: | | |
|----------------------------------|---------------------|-----------------------------|----------------------|
| | General Fund | Nonmajor Governmental Funds | Total |
| General Fund..... | \$ - | \$ 200,000 | \$ 200,000 (1) |
| Nonmajor Governmental Funds..... | 338,218 | - | 338,218 (2) |
| Electric Light Department..... | <u>1,000,000</u> | <u>-</u> | <u>1,000,000</u> (3) |
| Total..... | <u>\$ 1,338,218</u> | <u>\$ 200,000</u> | <u>\$ 1,538,218</u> |

- (1) Represents a budgeted transfer to the nonmajor funds for unemployment compensation claims.
- (2) Represents budgeted transfers between various nonmajor funds and the general fund.
- (3) Represents transfers in from the Electric Department as a payment in lieu of taxes.

NOTE 6 – SHORT-TERM FINANCING

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

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

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

Details related to the short-term debt activity for the year ended June 30, 2014, are as follows:

| Type | Purpose | Rate (%) | Due Date | Balance at June 30, 2013 | Renewed/ Issued | Retired/ Redeemed | Balance at June 30, 2014 |
|--------------------|---|----------|-----------|--------------------------|-----------------|-------------------|--------------------------|
| Governmental Funds | | | | | | | |
| BAN | General Obligation Multi-Purpose BAN..... | 0.75% | 12/5/2014 | \$ - | \$ 8,746,030 | \$ - | \$ 8,746,030 |

The Town expects to roll these BANs into new BANs on their December 5, 2014 maturity date.

NOTE 7 – LONG-TERM DEBT

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

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2014, the Town had the following authorized and un-issued debt:

| Purpose | Amount |
|---|----------------------|
| Water and Sewer Projects..... | \$ 64,744 |
| Storm Water Drainage..... | 456,000 |
| Drainage & Road Repairs..... | 380,000 |
| Various Building Repairs..... | 2,714,226 |
| Fire Truck..... | 500,000 |
| Police & Fire Station HVAC..... | 1,475,880 |
| DPW Building HVAC..... | 1,075,400 |
| Sewer System Reconstruction..... | 271,700 |
| MWRA Sewer..... | 272,800 |
| Fire Station #2 Floor Repair..... | 173,140 |
| MWRA Water..... | 2,108,431 |
| Fiske/Schofield Elementary Engineering..... | 2,432,000 |
| Various School Repair Projects..... | 831,676 |
| High School Project..... | 22,966,866 |
| District Telephone System Replacement..... | 411,000 |
| Fuller Brook Park Preservation (Final Phase)..... | 970,205 |
| Warren Building Repairs..... | 70,630 |
| Wales Street Bridge Planning..... | 400,000 |
| Land Acquisition (St. James)..... | 1,560,000 |
| Land Acquisition (Crevo)..... | 1,365,000 |
| | <hr/> |
| Total..... | \$ <u>40,499,698</u> |

Details related to the Town's outstanding general obligation indebtedness at June 30, 2014, and the debt service requirements for the governmental activities are as follows:

| Project | Date of Issue | Interest Rate (%) | Outstanding at June 30, 2013 | Issued | Redeemed | Outstanding at June 30, 2014 |
|--|---------------|-------------------|------------------------------|-------------|---------------------|------------------------------|
| Sprague School Renovation (Refunding)... | 2013 | 1.46 | \$ 885,000 | \$ - | \$ 305,000 | \$ 580,000 |
| New Library..... | 2004 | 3.83 | 2,350,000 | - | 595,000 | 1,755,000 |
| Warren Building Design..... | 2004 | 3.83 | 15,000 | - | 15,000 | - |
| Hunnewell Field/Courts..... | 2004 | 3.83 | 25,000 | - | 25,000 | - |
| Warren Renovation..... | 2004 | 3.83 | 2,260,000 | - | 565,000 | 1,695,000 |
| Middle School..... | 2005 | 3.68 | 1,490,000 | - | 745,000 | 745,000 |
| Middle School (Refunding)..... | 2013 | 1.46 | 4,345,000 | - | - | 4,345,000 |
| Modular Classrooms..... | 2005 | 3.68 | 500,000 | - | - | 500,000 |
| Modular Classrooms (Refunding)..... | 2013 | 1.46 | 500,000 | - | 250,000 | 250,000 |
| Roads..... | 2005 | 3.68 | 230,000 | - | 115,000 | 115,000 |
| Middle School Construction..... | 2006 | 4.08 | 4,955,000 | - | 295,000 | 4,660,000 |
| Modular Classrooms..... | 2006 | 4.08 | 690,000 | - | 230,000 | 460,000 |
| DPW Electric Repairs..... | 2006 | 4.08 | 330,000 | - | 110,000 | 220,000 |
| DPW Surface Drains..... | 2006 | 4.08 | 90,000 | - | 30,000 | 60,000 |
| Middle School Construction..... | 2008 | 3.49 | 6,995,000 | - | 700,000 | 6,295,000 |
| Streets and Sidewalks..... | 2008 | 3.49 | 250,000 | - | 50,000 | 200,000 |
| Fire Truck..... | 2008 | 3.49 | 225,000 | - | 45,000 | 180,000 |
| Sprague Field..... | 2008 | 3.49 | 300,000 | - | 60,000 | 240,000 |
| School Building Infrastructure..... | 2008 | 3.49 | 2,250,000 | - | 450,000 | 1,800,000 |
| High School Expansion-Seaver Street..... | 2009 | 3.40 | 2,845,000 | - | 190,000 | 2,655,000 |
| High School Planning..... | 2009 | 3.40 | 635,000 | - | 40,000 | 595,000 |
| High School Feasibility..... | 2009 | 3.40 | 2,070,000 | - | 130,000 | 1,940,000 |
| High School Project..... | 2009 | 3.40 | 6,400,000 | - | 400,000 | 6,000,000 |
| Elementary Infrastructure..... | 2009 | 3.40 | 1,740,000 | - | 435,000 | 1,305,000 |
| Woodside Avenue..... | 2009 | 3.40 | 240,000 | - | 40,000 | 200,000 |
| Parking Meters..... | 2009 | 3.40 | 60,000 | - | 10,000 | 50,000 |
| High School Construction..... | 2010 | 3.68 | 30,800,000 | - | 1,400,000 | 29,400,000 |
| Morse Pond Management..... | 2011 | 3.60 | 35,000 | - | 35,000 | - |
| High School Construction..... | 2011 | 3.60 | 19,800,000 | - | 1,100,000 | 18,700,000 |
| DPW Storm Water Drainage..... | 2011 | 3.60 | 400,000 | - | 50,000 | 350,000 |
| Fire Truck..... | 2013 | 1.46 | 591,000 | - | 61,000 | 530,000 |
| Kingsbury Street..... | 2013 | 1.46 | 620,000 | - | 65,000 | 555,000 |
| RDF Structure..... | 2013 | 1.46 | 570,000 | - | 60,000 | 510,000 |
| Town Hall HVAC..... | 2013 | 1.46 | 235,000 | - | 25,000 | 210,000 |
| Bacon Street..... | 2013 | 1.46 | 100,000 | - | 10,000 | 90,000 |
| Surface Drainage..... | 2013 | 1.46 | 214,000 | - | 29,000 | 185,000 |
| Morses Pond Dredging..... | 2013 | 1.46 | 485,000 | - | 50,000 | 435,000 |
| DPW Operations Building..... | 2013 | 1.46 | 1,960,000 | - | 200,000 | 1,760,000 |
| Subtotal | | | 98,485,000 | - | 8,915,000 | 89,570,000 |
| Unamortized Premiums on Bonds..... | | | 1,472,468 | - | 188,678 | 1,283,790 |
| Total | | | <u>\$ 99,957,468</u> | <u>\$ -</u> | <u>\$ 9,103,678</u> | <u>\$ 90,853,790</u> |

The Town has recently completed construction of a new High School which was funded with long-term debt and a construction grant from the MSBA. At the time of the grant approval the project carried an expected total cost of approximately \$116 million. The MSBA previously approved grant assistance for this project at a reimbursement rate of 40% of eligible construction costs not to exceed approximately \$40 million. To date the Town has

submitted reimbursement requests for approximately \$105.7 million of eligible construction costs and has received reimbursements of \$36 million, including \$863,000 of current receivables at June 30, 2014.

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

| Year | Principal | Interest | Total |
|-------|----------------------|----------------------|-----------------------|
| 2015 | \$ 8,825,000 | \$ 3,594,121 | \$ 12,419,121 |
| 2016 | 8,405,000 | 3,236,184 | 11,641,184 |
| 2017 | 7,760,000 | 2,878,283 | 10,638,283 |
| 2018 | 5,920,000 | 2,588,413 | 8,508,413 |
| 2019 | 5,330,000 | 2,367,851 | 7,697,851 |
| 2020 | 5,295,000 | 2,149,725 | 7,444,725 |
| 2021 | 5,305,000 | 1,930,725 | 7,235,725 |
| 2022 | 5,260,000 | 1,716,227 | 6,976,227 |
| 2023 | 5,275,000 | 1,504,063 | 6,779,063 |
| 2024 | 4,135,000 | 1,296,600 | 5,431,600 |
| 2025 | 4,145,000 | 1,133,563 | 5,278,563 |
| 2026 | 3,745,000 | 967,563 | 4,712,563 |
| 2027 | 3,260,000 | 819,298 | 4,079,298 |
| 2028 | 3,250,000 | 688,900 | 3,938,900 |
| 2029 | 3,060,000 | 558,900 | 3,618,900 |
| 2030 | 2,500,000 | 436,500 | 2,936,500 |
| 2031 | 2,500,000 | 333,750 | 2,833,750 |
| 2032 | 1,400,000 | 231,000 | 1,631,000 |
| 2033 | 1,400,000 | 175,000 | 1,575,000 |
| 2034 | 1,400,000 | 119,000 | 1,519,000 |
| 2035 | 1,400,000 | 59,500 | 1,459,500 |
| Total | \$ <u>89,570,000</u> | \$ <u>28,785,165</u> | \$ <u>118,355,165</u> |

Details related to the Town's outstanding general obligation indebtedness at June 30, 2014, and the debt service requirements for the enterprise funds are as follows:

| Project | Date of Issue | Interest Rate (%) | Outstanding at June 30, 2013 | Issued | Redeemed | Outstanding at June 30, 2014 |
|------------------------------------|---------------|-------------------|------------------------------|--------|------------|------------------------------|
| MWRA-Water Bond..... | 2006 | 0.00 | \$ 155,085 | \$ - | \$ 51,696 | \$ 103,389 |
| MWRA-Water Bond..... | 2007 | 0.00 | 127,796 | - | 31,949 | 95,847 |
| MWRA-Water Bond..... | 2008 | 0.00 | 82,992 | - | 16,599 | 66,393 |
| Water Garage..... | 2009 | 3.40 | 2,560,000 | - | 172,500 | 2,387,500 |
| Sewer Garage..... | 2009 | 3.40 | 2,560,000 | - | 172,500 | 2,387,500 |
| MWRA-Sewer Bond..... | 2010 | 0.00 | 128,810 | - | 64,405 | 64,405 |
| MWRA-Water Bond..... | 2011 | 0.00 | 183,271 | - | 22,909 | 160,362 |
| MWRA-Sewer Bond..... | 2011 | 0.00 | 137,874 | - | 45,958 | 91,916 |
| MWRA-Sewer Bond..... | 2012 | 0.00 | 114,955 | - | 28,739 | 86,216 |
| MWRA-Water Bond..... | 2013 | 1.46 | 1,300,000 | - | 130,000 | 1,170,000 |
| MWRA-Water Bond..... | 2013 | 0.00 | 289,323 | - | 28,932 | 260,391 |
| Subtotal | | | 7,640,106 | - | 766,187 | 6,873,919 |
| Unamortized Premiums on Bonds..... | | | 118,894 | - | 14,330 | 104,564 |
| Total | | | \$ 7,759,000 | \$ - | \$ 780,517 | \$ 6,978,483 |

Debt service requirements for principal and interest for enterprise fund bonds and notes payable in future years are as follows:

| Year | Principal | Interest | Total |
|-------|--------------|--------------|--------------|
| 2015 | \$ 766,187 | \$ 179,050 | \$ 945,237 |
| 2016 | 701,779 | 161,800 | 863,579 |
| 2017 | 604,127 | 151,450 | 755,577 |
| 2018 | 538,440 | 141,100 | 679,540 |
| 2019 | 521,841 | 130,050 | 651,891 |
| 2020 | 521,841 | 119,000 | 640,841 |
| 2021 | 521,841 | 107,100 | 628,941 |
| 2022 | 498,932 | 94,350 | 593,282 |
| 2023 | 498,935 | 81,600 | 580,535 |
| 2024 | 340,000 | 68,000 | 408,000 |
| 2025 | 340,000 | 54,400 | 394,400 |
| 2026 | 340,000 | 40,800 | 380,800 |
| 2027 | 340,000 | 27,200 | 367,200 |
| 2028 | 339,996 | 13,600 | 353,596 |
| Total | \$ 6,873,919 | \$ 1,369,500 | \$ 8,243,419 |

The Massachusetts Water Resource Authority (MWRA) operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the program, financial assistance consists of a grant and non-interest bearing loan. In prior periods \$2,562,650 of loans subject to repayment were received from this program. At June 30, 2014, the outstanding principal amount of these loans totaled \$928,919.

Changes in Long-term Liabilities

During the year ended June 30, 2014, the following changes occurred in long-term liabilities:

| | Balance June 30, 2013 | Bonds and Notes Issued | Bonds and Notes Redeemed | Other Increases | Other Decreases | Balance June 30, 2014 | Due Within One Year |
|-------------------------------------|-----------------------------|------------------------------|--------------------------------|--------------------|--------------------|-----------------------------|---------------------------|
| Governmental Activities: | | | | | | | |
| Long-Term Bonds..... | \$ 98,485,000 | \$ - | \$ (8,915,000) | \$ - | \$ - | \$ 89,570,000 | \$ 8,825,000 |
| Unamortized Bond Premium..... | 1,472,468 | - | (188,678) | - | - | 1,283,790 | 173,283 |
| Workers' Compensation..... | 686,000 | - | - | 278,000 | (357,000) | 607,000 | 316,000 |
| Compensated Absences..... | 281,635 | - | - | 262,775 | (169,000) | 375,410 | 225,200 |
| Total Governmental Activities..... | 100,925,103 | - | (9,103,678) | 540,775 | (526,000) | 91,836,200 | 9,539,483 |
| Business Type Activities: | | | | | | | |
| Long-Term Bonds..... | 7,640,106 | - | (766,187) | - | - | 6,873,919 | 766,187 |
| Unamortized Bond Premium..... | 118,894 | - | (14,330) | - | - | 104,564 | 13,670 |
| Compensated Absences..... | 44,976 | - | - | 20,717 | (27,000) | 38,693 | 23,188 |
| Total Business Type Activities..... | 7,803,976 | - | (780,517) | 20,717 | (27,000) | 7,017,176 | 803,045 |
| Total..... | \$ 108,729,079 | \$ - | \$ (9,884,195) | \$ 561,492 | \$ (553,000) | \$ 98,853,376 | \$ 10,342,528 |

Internal service funds predominantly serve the governmental funds. Accordingly, the internal service fund's long-term liabilities are included as part of the governmental activities totals above. At year end, \$607,000 of internal service funds accrued workers compensation liability is included above. Except for the amounts related to the internal service funds, the governmental activities long-term liabilities are generally liquidated by the general fund. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures, namely the general fund and the water and electric enterprise funds.

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The intention of the Statement is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

At June 30, 2014, \$3,134,152 and \$250,220 has been set aside in general and special purpose stabilization funds, respectively, that are classified as part of the general fund in the governmental funds financial statements. Municipal finance laws of the Commonwealth of Massachusetts authorize municipalities to establish stabilization funds on an as needed basis. The number of and exact purpose of the stabilization funds of the Town are dependent upon authorization and approval of Town Meeting. During 2014, the general and special purpose funds recognized investment earnings of \$40,076 and \$220, respectively. The general stabilization fund balance

can be used for general and/or capital purposes upon approval of Town Meeting. The special purpose stabilization fund can only be used to offset police and fire workers compensation claim payments. Additions and withdrawals from the funds can only be made in accordance with Town Meeting approval.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The Town's highest level of decision making authority is the Annual Town Meeting.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

The Town has classified its fund balances with the following hierarchy:

| | Governmental Funds | | | | Total Governmental Funds |
|--|----------------------|---------------------|-------------------------------|-----------------------------|--------------------------|
| | General | Capital Projects | High School Construction Fund | Nonmajor Governmental Funds | |
| Fund Balances | | | | | |
| Nonspendable: | | | | | |
| Permanent fund principal..... | \$ - | \$ - | \$ - | \$ 357,953 | \$ 357,953 |
| Restricted for: | | | | | |
| High school construction fund..... | - | - | 2,448,717 | - | 2,448,717 |
| School lunch..... | - | - | - | 312,291 | 312,291 |
| Community preservation fund..... | - | - | - | 6,520,429 | 6,520,429 |
| Grants..... | - | - | - | 219,081 | 219,081 |
| Receipts reserved..... | - | - | - | 1,772,121 | 1,772,121 |
| Revolving..... | - | - | - | 2,348,608 | 2,348,608 |
| Recreation revolving..... | - | - | - | 373,700 | 373,700 |
| Other special revenue..... | - | - | - | 2,536,610 | 2,536,610 |
| Permanent funds..... | - | - | - | 1,716,704 | 1,716,704 |
| Committed for special articles to: | | | | | |
| Town clerk/election registration..... | 79,550 | - | - | - | 79,550 |
| Natural resources commission..... | 223,673 | - | - | - | 223,673 |
| Permanent building committee..... | 670,660 | - | - | - | 670,660 |
| Facilities maintenance..... | 677,539 | - | - | - | 677,539 |
| Human services..... | 10,000 | - | - | - | 10,000 |
| Public safety and protective services - Police..... | 37,226 | - | - | - | 37,226 |
| Public safety and protective services - Fire..... | 81,542 | - | - | - | 81,542 |
| Education..... | 102,783 | - | - | - | 102,783 |
| Public works..... | 51,281 | - | - | - | 51,281 |
| Wellesley free library and branches thereof..... | 2,629 | - | - | - | 2,629 |
| Assigned for carryover encumbrances to: | | | | | |
| Selectmen/Executive director..... | 1,004 | - | - | - | 1,004 |
| General and management services..... | 2,817 | - | - | - | 2,817 |
| Treasurer/Collector..... | 7,900 | - | - | - | 7,900 |
| Legal services and expenses..... | 4,424 | - | - | - | 4,424 |
| Permanent building committee..... | 68 | - | - | - | 68 |
| Planning board..... | 865 | - | - | - | 865 |
| Zoning board of appeals..... | 203 | - | - | - | 203 |
| Facilities maintenance..... | 48,434 | - | - | - | 48,434 |
| Public safety and protective services - Police..... | 8,961 | - | - | - | 8,961 |
| Public safety and protective services - Fire..... | 606 | - | - | - | 606 |
| Public safety and protective services - All other..... | 1,778 | - | - | - | 1,778 |
| Education..... | 998,543 | - | - | - | 998,543 |
| Public works..... | 1,707,362 | - | - | - | 1,707,362 |
| Board of health..... | 2,875 | - | - | - | 2,875 |
| Wellesley free library and branches thereof..... | 118,300 | - | - | - | 118,300 |
| Historical commission..... | 75 | - | - | - | 75 |
| Historical district commission..... | 150 | - | - | - | 150 |
| Risk management..... | 15,000 | - | - | - | 15,000 |
| Subsequent year expenditures..... | 2,250,000 | - | - | - | 2,250,000 |
| Unassigned..... | 15,230,000 | (807,356) | - | - | 14,422,644 |
| Total Fund Balances..... | \$ 22,336,248 | \$ (807,356) | \$ 2,448,717 | \$ 16,157,497 | \$ 40,135,106 |

NOTE 9 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has purchased commercial insurance for these risks, except for those risks identified in the following paragraphs, which the Town accounts for in its Internal Service Fund. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

During 1991, the Town entered into an agreement with certain suburban communities and other governmental units forming the West Suburban Health Group (the “Group). The purpose of the Group is for the joint negotiation and purchase of health insurance coverage with various carriers. Under these agreements, the insurance claims of the covered employees are paid for by the insurance carrier and are subsequently reimbursed by the Group. The Group charges monthly premiums to each governmental unit based upon requirements established through underwriting or actuarial estimates. The Group also maintains a deposit with the insurance carrier which is sufficient to cover two months of claims paid by the carrier for the Group. In addition, the Group provides full reinsurance coverage for all claim costs in excess of \$225,000 per covered employee.

In the event of a dissolution of the Group or if the assets of the Group are insufficient to pay claims which occur, the Town remains liable. The Group had a fund balance of approximately \$18 million at June 30, 2013 (based on the most recent audited information available), which appears sufficient to cover future claims. The Town’s total potential liability is not based on its participants’ claims but on the pro rata share of any deficit based on the ratio of the Town’s members to total participants at the time of dissolution. At June 30, 2014, the Group’s mandatory deposit, discussed above, is sufficient to cover the Town’s projected liability for incurred but not reported claims as of that date.

The Town is self-insured for workers’ compensation claims. The Town has recorded an actuarially determined loss liability in its Internal Service Fund to reserve against future losses. This liability includes a provision for estimated claims incurred but not reported. In addition to these reserves, the Town retains insurance against claims in excess of \$250,000 per employee.

Changes in the Workers’ Compensation Fund claims liability amount for the years ended June 30 were as follows:

| | Balance at Beginning of Year | Current Year Claims and Changes in Estimate | Claims Payments | Balance at Year-End | Current Portion |
|-----------|------------------------------------|--|--------------------|------------------------|--------------------|
| 2013..... | \$ 732,000 | \$ 310,741 | (356,741) | \$ 686,000 | \$ 357,000 |
| 2014..... | 686,000 | 410,676 | (489,676) | 607,000 | 316,000 |

NOTE 10 – PENSION PLAN

Plan Description - The Town contributes to the Wellesley Contributory Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan administered by the Wellesley Contributory Retirement Board. Substantially all employees are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$11.9 million for the year ended June 30, 2014, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Wellesley Contributory Retirement Board and are borne by the System. The System issues a publicly available audited financial report that may be obtained by contacting the System at 525 Washington Street, Wellesley, MA 02482.

At December 31, 2013, the System's membership consists of the following:

| | |
|--|------------------|
| Active members..... | 675 |
| Inactive members..... | 205 |
| Disabled members..... | 36 |
| Retirees and beneficiaries currently receiving benefits..... | <u>372</u> |
| Total..... | <u>1,288</u> |

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

Annual Pension Cost - The Town's contributions to the System for the last three years ended June 30, 2014, 2013, and 2012 were \$5,902,341, \$3,793,846 and \$3,000,000, respectively, which equaled its required contribution for each year. The required contribution was determined as part of the January 1, 2013 actuarial valuation using the entry age normal actuarial cost method. The 2013 actuarial assumptions included a 7% investment rate of return and projected salary increases based on years of service, ranging from 7% decreasing to 3.5% after 19 years of service for Group 1 and 2 employees, and ranging from 8% decreasing to 4% after 19 years for Group 4 employees.

The actuarial value of the System's assets equals current market value. In the two previous actuarial valuations (January 1, 2010 and 2012) the actuarial value of assets were valued at market less unrecognized returns in each of the in each of the last five years. Unrecognized return was equal to the difference between the expected return and the actuarial investment return on a market value and was recognized over a five year period. The actuarial value of assets was adjusted, if necessary, to be within 20% of the market value.

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Actuarial Accrued Liability (AAL) Entry Age (B) | Unfunded AAL (UAAL) (B-A) | Funded Ratio (A/B) | Covered Payroll (C) | UAAL as a Percentage of Covered Payroll ((B-A)/C) |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| 01/01/13 | \$ 125,714,763 | \$ 186,235,650 | \$ 60,520,887 | 67.5% | \$ 34,036,988 | 177.8% |
| 01/01/12 | 125,424,614 | 165,408,231 | 39,983,617 | 75.8% | 33,919,655 | 117.9% |
| 01/01/10 | 129,514,453 | 149,447,086 | 19,932,633 | 86.7% | 32,053,329 | 62.2% |
| 01/01/08 | 144,298,124 | 136,021,926 | (8,276,198) | 106.1% | 30,256,013 | -27.4% |
| 01/01/06 | 127,011,492 | 123,086,217 | (3,925,275) | 103.2% | 26,392,253 | -14.9% |
| 01/01/04 | 116,792,365 | 112,846,159 | (3,946,206) | 103.5% | 23,172,848 | -17.0% |

The UAAL amounts bracketed in the table above represented an over-funding of the actuarial accrued liability.

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – The Town maintains a single employer defined benefit healthcare plan (“The Other Postemployment Benefit Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the Plan. The plan provides the benefits by participating in the West Suburban Health Group. Medical and prescription drug benefits are provided to all eligible retirees through a variety of plans offered by Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim Health Care, Tufts Health Plan, and Fallon Community Health Plan, as well as an out-of-area indemnity plan administered by North American Administrators. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The plan also pays 50% of the retiree life insurance premiums. The Other Postemployment Benefit Plan does not issue a publicly available financial report.

The Town adopted MGL, Chapter 32B, Section 18 in April 2006, requiring all Medicare-eligible retirees to enroll in a Medicare supplement plan. The effects of this adoption have been included in the determination of OPEB liabilities by the Town’s actuary.

At June 30, 2014, the Plan’s membership consisted of the following:

| | |
|--|---------------------|
| Current retirees, beneficiaries, and dependents..... | 926 |
| Current active members..... | <u>920</u> |
| Total..... | <u><u>1,846</u></u> |

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. Retired plan members and beneficiaries currently receiving benefits are required to contribute between 17.7% and 50% of the cost of benefits provided depending on the plan they choose. The Town is required to contribute the balance of the current premiums and may contribute additional amounts to pre-fund benefits. The Town contributed \$10,644,000 during 2014 towards these benefits including the pre-funding amount discussed below. Administrative costs of the Plan are assumed to be included in the fully insured premium rates.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the Postemployment Benefit Trust Fund and to enable the Town to raise taxes necessary to pre-fund its OPEB liabilities. During 2014, the Town pre-funded future OPEB liabilities in the amount of \$3,458,000.

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

The components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligations/(assets) are summarized in the following table:

| | | |
|--|----|-------------------------|
| Annual required contribution..... | \$ | (9,646,584) |
| Interest on net OPEB obligation/(asset)..... | | 367,275 |
| Adjustments to annual required contribution..... | | <u>(301,576)</u> |
| Annual OPEB cost..... | | (9,580,885) |
| Contributions made..... | | <u>10,643,920</u> |
| (Increase)/Decrease)in net OPEB obligation..... | | 1,063,035 |
| Net OPEB asset/(obligation) - beginning of year..... | | <u>4,897,002</u> |
| Net OPEB asset/(obligation) - end of year..... | \$ | <u><u>5,960,037</u></u> |

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two most recent preceding years are as follows:

| Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation/ (Asset) |
|------------|------------------|--|------------------------------|
| 6/30/2014 | \$ (9,580,885) | 111% | \$ 5,960,037 |
| 6/30/2013 | (9,246,224) | 110% | 4,897,002 |
| 6/30/2012 | (9,636,485) | 105% | 3,952,034 |

Funded Status and Funding Progress – The funded status of the Plan as of the most recent and two previous actuarial valuation dates is as follows:

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Actuarial Accrued Liability (AAL) (B) | Unfunded AAL (UAAL) (B-A) | Funded Ratio (A/B) | Covered Payroll (C) | UAAL as a Percentage of Covered Payroll ((B-A)/C) |
|--------------------------|-------------------------------|---------------------------------------|---------------------------|--------------------|---------------------|---|
| 06/30/14 | \$ 32,806,387 | \$ 111,075,197 | \$ 78,268,810 | 29.54% | \$ 87,164,071 | 89.79% |
| 06/30/12 | 21,313,571 | 127,611,942 | 106,298,371 | 16.70% | 80,220,910 | 132.51% |
| 06/30/10 | 11,133,131 | 125,582,243 | 114,449,112 | 8.87% | 65,958,264 | 173.52% |

Actual 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 basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

The following additional information is provided as of the latest actuarial valuation:

| | |
|------------------------------------|--|
| Valuation date..... | June 30, 2014 |
| Actuarial cost method..... | Projected Unit Credit |
| Amortization method..... | Payments increasing at 3.5%, level % of payroll |
| Remaining amortization period..... | 23 years as of July 1, 2014, closed (8 years as of July 1, 2014, closed for the Municipal Light Plant) |
| Asset valuation method..... | Market value of assets less unrecognized returns in each of the last five years, beginning with the year ended June 30, 2013. Unrecognized return is equal to the difference between the actual market return and the expected market value return, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value. |
| Actuarial assumptions: | |
| Investment rate of return..... | 7.0% pre-funding scenario |
| Inflation rate..... | 3.5% |
| Projected salary increases..... | 3.5% |
| Medical/Drug cost trend rate..... | 7.5% decreasing by 0.50% for 5 years to an ultimate level of 5.0% per year |

NOTE 12 – COMMITMENTS

The Town is committed to completing various projects throughout the Town which will be funded with long-term debt totaling approximately \$40.5 million.

The Wellesley Municipal Light Plant’s future purchase commitments at June 30, 2014 are as follows:

**Energy Purchase Commitments
Megawatt-Hour (MWH)**

| <u>Fiscal Year</u> | <u>Projected MWH's</u> | <u>Committed MWH's</u> | <u>Average Cost Per MWH</u> | <u>Total Commitments</u> |
|--------------------|------------------------|------------------------|-----------------------------|--------------------------|
| 2015 | 252,943 | 208,446 | \$ 54.73 | \$ 11,408,250 |
| 2016 | 256,898 | 193,293 | 53.14 | 10,271,590 |
| 2017 | <u>257,717</u> | <u>182,928</u> | 48.94 | <u>8,952,496</u> |
| | <u>767,558</u> | <u>584,667</u> | | <u>\$ 30,632,336</u> |

Based on Energy New England's analysis through December 2017 of the Plant's firm commitment with respect to future energy purchases, the WMLP has locked-in energy prices through this period that are currently approximately \$4.1 million below market prices as of June 30, 2014.

NOTE 13 - CONTINGENCIES

The Town 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, 2014, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2014, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2014.

NOTE 14 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2014, the following GASB pronouncements were implemented:

- GASB Statement #65, *Items Previously Reported as Assets and Liabilities*. Financial statement changes include the presentation of deferred outflows and inflows in the Statement of Net Position and Balance Sheet. The notes to the basic financial statements were changed to provide additional disclosure on deferred outflows of resources and deferred inflows of resources.
- GASB Statement #70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The implementation of this pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in future years:

- The GASB issued Statement #67, *Financial Reporting for Pension Plans*, which is required to be implemented in year 2015.
- The GASB issued Statement #68, *Accounting and Financial Reporting for Pensions*, which is required to be implemented in year 2015.
- The GASB issued Statement #69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented in year 2015.
- The GASB issued Statement #71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which is required to be implemented simultaneously with GASB Statement #68 in 2015.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements. Except as discussed below, management does not expect that these new GASB statements will have a significant effect on the basic financial statements.

GASB Statements #67 and #68 will substantially change the reporting for pension liabilities and expenses. Certain changes in pension liabilities will be immediately recognized and reported as pension expense or reported as deferred outflows/inflows of resources depending on the nature of the changes. Substantial changes to methods and assumptions used to determine information for GAAP reporting purposes will be required. Current actuarial methods may continue to be used to determine future amounts.

Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Actual Amounts | Amounts Carried Forward To Next Year | Variance to Final Budget |
|---|--------------------|--------------------|--------------------|--|-----------------------------|
| | Original Budget | Final Budget | | | |
| REVENUES: | | | | | |
| Real estate and personal property taxes, net of tax refunds..... | \$ 111,980,667 | \$ 111,980,667 | \$ 111,982,968 | \$ - | \$ 2,301 |
| Tax liens..... | - | - | 381,899 | - | 381,899 |
| Motor vehicle and other excise taxes..... | 4,910,000 | 4,910,000 | 5,382,154 | - | 472,154 |
| Penalties and interest on taxes..... | 185,000 | 185,000 | 247,489 | - | 62,489 |
| Payments in lieu of taxes..... | 225,000 | 225,000 | 226,439 | - | 1,439 |
| Intergovernmental..... | 9,022,255 | 9,022,255 | 9,026,949 | - | 4,694 |
| Departmental and other..... | 3,688,477 | 3,688,477 | 4,308,125 | - | 619,648 |
| Interest income..... | 200,000 | 200,000 | 162,784 | - | (37,216) |
| TOTAL REVENUES..... | 130,211,399 | 130,211,399 | 131,718,807 | - | 1,507,408 |
| EXPENDITURES: | | | | | |
| Selectmen/Executive Director: | | | | | |
| Personal Services..... | 406,257 | 407,667 | 398,835 | - | 8,832 |
| Expenses..... | 42,750 | 42,750 | 32,043 | 1,004 | 9,703 |
| | <u>449,007</u> | <u>450,417</u> | <u>430,878</u> | <u>1,004</u> | <u>18,535</u> |
| Finance Department: | | | | | |
| Personal Services..... | 356,878 | 356,878 | 349,215 | - | 7,663 |
| Expenses..... | 8,067 | 8,067 | 6,907 | - | 1,160 |
| | <u>364,945</u> | <u>364,945</u> | <u>356,122</u> | <u>-</u> | <u>8,823</u> |
| General and Management Services: | | | | | |
| Personal Services..... | 15,033 | 15,033 | 3,159 | - | 11,874 |
| Expenses..... | 49,811 | 49,811 | 41,740 | 2,817 | 5,254 |
| | <u>64,844</u> | <u>64,844</u> | <u>44,899</u> | <u>2,817</u> | <u>17,128</u> |
| Treasurer/Collector: | | | | | |
| Personal Services..... | 262,222 | 265,011 | 254,802 | - | 10,209 |
| Expenses..... | 134,863 | 132,263 | 111,689 | 7,900 | 12,674 |
| | <u>397,085</u> | <u>397,274</u> | <u>366,491</u> | <u>7,900</u> | <u>22,883</u> |
| Facilities Maintenance: | | | | | |
| Personal Services..... | 3,489,275 | 3,537,909 | 3,391,251 | - | 146,658 |
| Expenses..... | 2,900,966 | 2,894,786 | 2,721,113 | 48,434 | 125,239 |
| Capital Outlay..... | 1,543,478 | 1,708,478 | 996,111 | 677,539 | 34,828 |
| | <u>7,933,719</u> | <u>8,141,173</u> | <u>7,108,475</u> | <u>725,973</u> | <u>306,725</u> |
| Network Information Services: | | | | | |
| Personal Services..... | 460,950 | 475,905 | 475,905 | - | - |
| Expenses..... | 215,563 | 215,563 | 215,563 | - | - |
| Capital Outlay..... | 20,000 | 20,000 | 20,000 | - | - |
| | <u>696,513</u> | <u>711,468</u> | <u>711,468</u> | <u>-</u> | <u>-</u> |
| Human Services: | | | | | |
| Personal Services..... | 292,535 | 303,467 | 300,263 | - | 3,204 |
| Expenses..... | 262,048 | 255,198 | 242,425 | - | 12,773 |
| Capital Outlay..... | 10,000 | 10,000 | - | 10,000 | - |
| | <u>564,583</u> | <u>568,665</u> | <u>542,688</u> | <u>10,000</u> | <u>15,977</u> |
| Public Safety and Protective Services - Police: | | | | | |
| Personal Services..... | 4,716,181 | 4,786,437 | 4,785,932 | - | 505 |
| Expenses..... | 630,094 | 633,294 | 624,325 | 8,961 | 8 |
| Capital Outlay..... | 146,528 | 146,528 | 107,838 | 37,226 | 1,464 |
| | <u>5,492,803</u> | <u>5,566,259</u> | <u>5,518,095</u> | <u>46,187</u> | <u>1,977</u> |
| Public Safety and Protective Services - Fire: | | | | | |
| Personal Services..... | 4,570,007 | 4,571,638 | 4,486,349 | - | 85,289 |
| Expenses..... | 267,545 | 267,545 | 254,647 | 606 | 12,292 |
| Capital Outlay..... | 137,663 | 137,663 | 40,756 | 81,542 | 15,365 |
| | <u>4,975,215</u> | <u>4,976,846</u> | <u>4,781,752</u> | <u>82,148</u> | <u>112,946</u> |

(Continued)

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

YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Actual Amounts | Amounts Carried Forward To Next Year | Variance to Final Budget |
|---|--------------------|------------------|-------------------|--|-----------------------------|
| | Original Budget | Final Budget | | | |
| Public Safety and Protective Services - All Other: | | | | | |
| Personal Services..... | 539,521 | 545,830 | 495,371 | - | 50,459 |
| Expenses..... | 32,104 | 32,104 | 23,572 | 1,778 | 6,754 |
| | <u>571,625</u> | <u>577,934</u> | <u>518,943</u> | <u>1,778</u> | <u>57,213</u> |
| Historical Commission..... | 750 | 750 | 436 | 75 | 239 |
| Historical District Commission..... | 275 | 275 | 87 | 150 | 38 |
| Zoning Board of Appeals: | | | | | |
| Personal Services..... | 48,587 | 49,559 | 49,559 | - | - |
| Expenses..... | 7,315 | 7,315 | 5,852 | 203 | 1,260 |
| | <u>55,902</u> | <u>56,874</u> | <u>55,411</u> | <u>203</u> | <u>1,260</u> |
| Advisory Committee: | | | | | |
| Personal Services..... | 8,782 | 3,682 | 3,682 | - | - |
| Expenses..... | 14,000 | 21,700 | 21,700 | - | - |
| | <u>22,782</u> | <u>25,382</u> | <u>25,382</u> | <u>-</u> | <u>-</u> |
| Audit Committee..... | 56,250 | 56,250 | 56,250 | - | - |
| Permanent Building Committee: | | | | | |
| Personal Services..... | 15,074 | 27,781 | 27,771 | - | 10 |
| Expenses..... | 6,450 | 6,450 | 1,344 | 68 | 5,038 |
| Capital Outlay..... | 615,423 | 1,050,403 | 379,743 | 670,660 | - |
| | <u>636,947</u> | <u>1,084,634</u> | <u>408,858</u> | <u>670,728</u> | <u>5,048</u> |
| Human Resources Board: | | | | | |
| Personal Services..... | 403,227 | 312,715 | 276,507 | - | 36,208 |
| Expenses..... | 18,803 | 18,803 | 9,700 | - | 9,103 |
| | <u>422,030</u> | <u>331,518</u> | <u>286,207</u> | <u>-</u> | <u>45,311</u> |
| Assessors: | | | | | |
| Personal Services..... | 248,776 | 255,981 | 239,095 | - | 16,886 |
| Expenses..... | 82,770 | 82,770 | 63,436 | - | 19,334 |
| | <u>331,546</u> | <u>338,751</u> | <u>302,531</u> | <u>-</u> | <u>36,220</u> |
| Board of Health: | | | | | |
| Personal Services..... | 343,684 | 351,440 | 335,374 | - | 16,066 |
| Expenses..... | 70,205 | 70,205 | 57,057 | 2,875 | 10,273 |
| Mental Health Services..... | 215,691 | 215,691 | 215,608 | - | 83 |
| | <u>629,580</u> | <u>637,336</u> | <u>608,039</u> | <u>2,875</u> | <u>26,422</u> |
| Natural Resources Commission: | | | | | |
| Personal Services..... | 194,739 | 196,245 | 162,663 | - | 33,582 |
| Expenses..... | 167,283 | 167,283 | 149,620 | - | 17,663 |
| Capital Outlay..... | 317,823 | 317,823 | 90,515 | 223,673 | 3,635 |
| | <u>679,845</u> | <u>681,351</u> | <u>402,798</u> | <u>223,673</u> | <u>54,880</u> |
| Planning Board: | | | | | |
| Personal Services..... | 220,191 | 225,321 | 209,121 | - | 16,200 |
| Expenses..... | 42,900 | 42,900 | 31,706 | 865 | 10,329 |
| | <u>263,091</u> | <u>268,221</u> | <u>240,827</u> | <u>865</u> | <u>26,529</u> |
| Recreation Commission: | | | | | |
| Personal Services..... | 297,937 | 301,531 | 296,845 | - | 4,686 |
| Expenses..... | 20,000 | 20,000 | 15,972 | - | 4,028 |
| | <u>317,937</u> | <u>321,531</u> | <u>312,817</u> | <u>-</u> | <u>8,714</u> |
| Town Clerk/Election and Registration: | | | | | |
| Personal Services..... | 226,880 | 226,880 | 214,213 | - | 12,667 |
| Expenses..... | 48,090 | 48,090 | 29,646 | - | 18,444 |
| Capital Outlay..... | 79,550 | 79,550 | - | 79,550 | - |
| | <u>354,520</u> | <u>354,520</u> | <u>243,859</u> | <u>79,550</u> | <u>31,111</u> |
| Legal Services and Expenses..... | 327,480 | 352,480 | 345,500 | 4,424 | 2,556 |
| Reserve Fund..... | 175,000 | 150,000 | - | - | 150,000 |

(Continued)

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

YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Actual Amounts | Amounts Carried Forward To Next Year | Variance to Final Budget |
|---|----------------------|----------------------|----------------------|--|-----------------------------|
| | Original Budget | Final Budget | | | |
| Memorial Day..... | 2,500 | 2,500 | 1,912 | - | 588 |
| Celebrations..... | 4,700 | 4,700 | 4,700 | - | - |
| Risk Management..... | 504,120 | 504,120 | 387,365 | 15,000 | 101,755 |
| Employee Group Life and Health Insurance..... | 17,899,564 | 17,939,564 | 17,939,564 | - | - |
| Pensions and Annuities..... | 5,024,905 | 5,024,905 | 5,024,893 | - | 12 |
| Workers Compensation..... | 720,209 | 720,209 | 720,209 | - | - |
| Compensated Absences..... | 90,000 | 90,000 | 15,132 | - | 74,868 |
| Wellesley Free Library and branches thereof: | | | | | |
| Personal Services..... | 1,737,349 | 1,858,609 | 1,724,546 | 118,300 | 15,763 |
| Expenses..... | 590,476 | 590,476 | 588,439 | - | 2,037 |
| Capital Outlay..... | 40,000 | 43,000 | 37,371 | 2,629 | 3,000 |
| | <u>2,367,825</u> | <u>2,492,085</u> | <u>2,350,356</u> | <u>120,929</u> | <u>20,800</u> |
| Public Works: | | | | | |
| Personal Services..... | 3,996,102 | 3,958,687 | 3,892,829 | 480 | 65,378 |
| Expenses..... | 2,186,766 | 2,186,766 | 2,095,656 | 32,102 | 59,008 |
| Street lights..... | 225,300 | 225,300 | 219,649 | - | 5,651 |
| Winter Maintenance..... | 348,703 | 998,703 | 980,003 | 18,700 | - |
| Capital Outlay..... | 2,858,742 | 2,914,730 | 1,207,368 | 1,707,362 | - |
| | <u>9,615,613</u> | <u>10,284,186</u> | <u>8,395,505</u> | <u>1,758,644</u> | <u>130,037</u> |
| Education..... | 64,857,905 | 64,864,085 | 60,116,703 | 4,313,600 | 433,782 |
| State and County Charges..... | 1,211,018 | 1,211,018 | 1,139,836 | - | 71,182 |
| Debt service: | | | | | |
| Principal..... | 9,195,278 | 9,195,278 | 8,915,000 | - | 280,278 |
| Interest..... | 3,665,637 | 3,665,637 | 3,665,637 | - | - |
| | <u>12,860,915</u> | <u>12,860,915</u> | <u>12,580,637</u> | <u>-</u> | <u>280,278</u> |
| TOTAL EXPENDITURES..... | 140,943,548 | 142,477,985 | 132,345,625 | 8,068,523 | 2,063,837 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | (10,732,149) | (12,266,586) | (626,818) | (8,068,523) | 3,571,245 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Free cash voted to fund fiscal year 2014 budget..... | 3,088,158 | 4,872,595 | - | - | (4,872,595) |
| Use of prior year fund balance to fund carryovers..... | 6,579,409 | 6,579,409 | - | - | (6,579,409) |
| Transfers in..... | 1,264,582 | 1,264,582 | 1,338,218 | - | 73,636 |
| Transfers out..... | (200,000) | (450,000) | (450,000) | - | - |
| | <u>10,732,149</u> | <u>12,266,586</u> | <u>888,218</u> | <u>-</u> | <u>(11,378,368)</u> |
| NET CHANGE IN FUND BALANCE..... | - | - | 261,400 | (8,068,523) | (7,807,123) |
| BUDGETARY FUND BALANCE, Beginning of year..... | 22,254,943 | 22,254,943 | 22,254,943 | - | - |
| BUDGETARY FUND BALANCE, End of year..... | \$ 22,254,943 | \$ 22,254,943 | \$ 22,516,343 | \$ (8,068,523) | \$ (7,807,123) |

(Concluded)

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

The Schedule of Employer Contributions compares, over time, the Annual Required Contributions to the Actual Contributions made.

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

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

JUNE 30, 2014

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Actuarial Accrued Liability (AAL) Projected Unit Credit (B) | Unfunded AAL (UAAL) (B-A) | Funded Ratio (A/B) | Covered Payroll (C) | UAAL as a Percentage of Covered Payroll ((B-A)/C) |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| 6/30/2014 | \$ 32,806,387 | \$ 111,075,197 | \$ 78,268,810 | 29.54% | \$ 87,164,071 | 89.79% |
| 6/30/2012 | 21,313,571 | 127,611,942 | 106,298,371 | 16.70% | 80,220,910 | 132.51% |
| 6/30/2010 | 11,133,131 | 125,582,243 | 114,449,112 | 8.87% | 65,958,264 | 173.52% |
| 6/30/2008 | 3,961,548 | 109,103,295 | 105,141,747 | 3.63% | 61,221,013 | 171.74% |

Schedule of Employer Contributions

| Year Ended | Annual Required Contribution (ARC) | Actual Contributions Made | Percentage Contributed |
|---------------|--|---------------------------------|---------------------------|
| 2014 | \$ (9,646,584) | \$ 10,643,920 | 110.3% |
| 2013 | (9,305,607) | 10,191,192 | 109.5% |
| 2012 | (9,764,460) | 10,162,826 | 104.1% |

The Town implemented GASB Statement No. 45 for the year ended June 30, 2008.

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

YEAR ENDED JUNE 30, 2014

Actuarial Methods:

| | |
|------------------------------------|--|
| Valuation date..... | June 30, 2014 |
| Actuarial cost method..... | Projected Unit Credit |
| Amortization method..... | Amortization payments increasing at 3.5%, level % of payroll |
| Remaining amortization period..... | 23 years as of July 1, 2014, closed (8 years as of July 1, 2014, closed for the Municipal Light Plant) |
| Asset valuation method..... | Market value of assets less unrecognized returns in each of the last five years, beginning with the year ended June 30, 2013. Unrecognized return is equal to the difference between the actual market return and the expected market value return, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value. |

Actuarial Assumptions:

| | |
|-----------------------------------|--|
| Investment rate of return..... | 7.0% pre-funding scenario |
| Inflation rate..... | 3.5% |
| Projected salary increases..... | 3.5% |
| Medical/drug cost trend rate..... | 7.5% decreasing by 0.50% for 5 years to an ultimate level of 5.0% per year |

Plan Membership:

| | |
|--|---------------------|
| Current retirees, beneficiaries, and dependents..... | 926 |
| Current active members..... | <u>920</u> |
| Total..... | <u><u>1,846</u></u> |

See notes to required supplementary information.

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

Municipal Law requires the adoption of a balanced budget that is approved at the Annual Town Meeting. The Town has an Advisory Committee that submits reports on proposed appropriations at Town Meetings.

The appropriated budget is prepared by fund, function and department. Transfers of appropriations among departments require the approval of Town Meeting.

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2014 budget consisted of approximately \$141 million in appropriations and other amounts to be raised. Included in the original budget are approximately \$6.6 million in amounts carried over from previous years.

The Financial Services Department has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2014, is presented below:

| | | |
|--|----|-----------------------|
| Net change in fund balance, budgetary basis..... | \$ | - |
| <u>Perspective difference:</u> | | |
| Activity of the stabilization fund recorded in the general fund for GAAP..... | | 290,296 |
| <u>Basis of accounting differences:</u> | | |
| Net change in revenue accrual..... | | 77,000 |
| Net change in expenditure accrual..... | | (186,285) |
| Net change in tax refunds payable..... | | 131,342 |
| Recognition of revenue for on-behalf payments..... | | 11,910,914 |
| Recognition of expenditures for on-behalf payments..... | | <u>(11,910,914)</u> |
| Net change in fund balance, GAAP basis..... | \$ | <u><u>312,353</u></u> |

NOTE B – OTHER POSTEMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan (“The Other Postemployment Benefit Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members.

The Town currently finances its other postemployment benefits (OPEB) on combined pre-funded and a pay-as-you-go basis whereby the funding schedule is designed to pay the normal cost currently and amortizes the unfunded liability over a period of 30 years. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarially accrued liability) as of the most recent valuation was 29.54%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of Employer Contributions presents multiyear trend information of contributions relating to the plan.

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

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

Combining and Individual Fund Statements

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Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenue sources that are restricted by law or administrative action to expenditures for specific purposes.

School Lunch Fund – This fund accounts for the school cafeteria activities and is funded by user fees and grants.

Community Preservation Fund – This fund is used to account for funds received in accordance with the Community Preservation Act (the CPA). Funds are received under the CPA through a surcharge of 1% of the real property tax levy and matching state grants. The funds are spent for the acquisition, creation and preservation of open space, historic resources and affordable housing.

Grants Fund – This fund accounts for Federal and state grants which are designated for specific programs.

Receipts Reserved Fund – This fund accounts for specific receipts identified by the Commonwealth that are to be held until appropriated.

Revolving Fund – This fund accounts for self-supporting programs sponsored by the Town.

Recreation Revolving Fund – This fund accounts for self-supporting recreational programs sponsored by the Town's recreation department.

Other – This fund accounts for all other legally established special revenues where the funds are spent on governmental purposes.

PERMANENT FUND

The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Town's programs. The Town maintains one fund to account for nonexpendable contributions and expendable earnings that can be spent on governmental purposes.

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2014

| | Special Revenue Funds | | | |
|--|------------------------------|---------------------------|-------------------|----------------------|
| | School Lunch | Community Preservation | Grants | Receipts Reserved |
| ASSETS: | | | | |
| Cash and cash equivalents..... | \$ 533,662 | \$ 6,519,032 | \$ 326,284 | \$ 1,793,346 |
| Investments..... | - | - | - | - |
| Receivables, net of uncollectibles: | | | | |
| Departmental and other..... | - | 2,355 | - | - |
| Intergovernmental..... | - | 254,841 | - | - |
| TOTAL ASSETS..... | \$ 533,662 | \$ 6,776,228 | \$ 326,284 | \$ 1,793,346 |
| LIABILITIES: | | | | |
| Warrants payable..... | \$ 221,317 | \$ - | \$ 89,436 | \$ 18,259 |
| Accrued payroll..... | 54 | - | 17,767 | 2,966 |
| TOTAL LIABILITIES..... | 221,371 | - | 107,203 | 21,225 |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| Advance collections - taxes..... | - | 5,932 | - | - |
| Unavailable revenues..... | - | 249,867 | - | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES..... | - | 255,799 | - | - |
| FUND BALANCES: | | | | |
| Nonspendable..... | - | - | - | - |
| Restricted..... | 312,291 | 6,520,429 | 219,081 | 1,772,121 |
| TOTAL FUND BALANCES..... | 312,291 | 6,520,429 | 219,081 | 1,772,121 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES..... | \$ 533,662 | \$ 6,776,228 | \$ 326,284 | \$ 1,793,346 |

| Special Revenue Funds | | | | | | Total Nonmajor Governmental Funds |
|------------------------------|-------------------------|---------------------|----------------------|---------------------|----|--|
| Revolving | Recreation Revolving | Other | Sub-total | Permanent Fund | | |
| \$ 2,488,971 | \$ 409,346 | \$ 2,709,460 | \$ 14,780,101 | \$ 1,114,067 | \$ | 15,894,168 |
| - | - | - | - | 976,089 | | 976,089 |
| 168,307 | - | - | 170,662 | - | | 170,662 |
| - | - | - | 254,841 | - | | 254,841 |
| <u>\$ 2,657,278</u> | <u>\$ 409,346</u> | <u>\$ 2,709,460</u> | <u>\$ 15,205,604</u> | <u>\$ 2,090,156</u> | | <u>\$ 17,295,760</u> |
| \$ 145,800 | \$ 30,572 | \$ 171,409 | \$ 676,793 | \$ 15,155 | \$ | 691,948 |
| 27,243 | 5,074 | 1,441 | 54,545 | 344 | | 54,889 |
| 173,043 | 35,646 | 172,850 | 731,338 | 15,499 | | 746,837 |
| - | - | - | 5,932 | - | | 5,932 |
| 135,627 | - | - | 385,494 | - | | 385,494 |
| 135,627 | - | - | 391,426 | - | | 391,426 |
| - | - | - | - | 357,953 | | 357,953 |
| 2,348,608 | 373,700 | 2,536,610 | 14,082,840 | 1,716,704 | | 15,799,544 |
| 2,348,608 | 373,700 | 2,536,610 | 14,082,840 | 2,074,657 | | 16,157,497 |
| <u>\$ 2,657,278</u> | <u>\$ 409,346</u> | <u>\$ 2,709,460</u> | <u>\$ 15,205,604</u> | <u>\$ 2,090,156</u> | | <u>\$ 17,295,760</u> |

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 2014

| | Special Revenue Funds | | | |
|---|------------------------------|---------------------------|-------------------|----------------------|
| | School Lunch | Community Preservation | Grants | Receipts Reserved |
| REVENUES: | | | | |
| Charges for services..... | \$ 1,099,005 | \$ - | \$ - | \$ - |
| Parking meter receipts..... | - | - | - | 835,972 |
| Intergovernmental..... | 160,180 | 508,375 | 2,539,572 | - |
| Departmental and other..... | - | - | - | - |
| Community preservation tax..... | - | 1,019,365 | - | - |
| Contributions..... | - | - | - | - |
| Interest income..... | - | 11,557 | - | - |
| TOTAL REVENUES..... | 1,259,185 | 1,539,297 | 2,539,572 | 835,972 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government..... | - | - | 28 | - |
| Public safety..... | - | - | 96,717 | 33,586 |
| Public education..... | 1,231,617 | - | 2,126,352 | - |
| Public works..... | - | - | - | - |
| Health and human services..... | - | - | 5,155 | - |
| Recreation..... | - | - | 15,670 | - |
| Library..... | - | - | 27,722 | - |
| Employee benefits..... | - | - | - | - |
| Traffic and parking management..... | - | - | - | 659,832 |
| Community preservation..... | - | 168,408 | - | - |
| TOTAL EXPENDITURES..... | 1,231,617 | 168,408 | 2,271,644 | 693,418 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | 27,568 | 1,370,889 | 267,928 | 142,554 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in..... | - | - | - | - |
| Transfers out..... | - | (126,125) | (7,689) | - |
| TOTAL OTHER FINANCING SOURCES (USES)..... | - | (126,125) | (7,689) | - |
| NET CHANGE IN FUND BALANCES..... | 27,568 | 1,244,764 | 260,239 | 142,554 |
| FUND BALANCES AT BEGINNING OF YEAR..... | 284,723 | 5,275,665 | (41,158) | 1,629,567 |
| FUND BALANCES AT END OF YEAR..... | \$ 312,291 | \$ 6,520,429 | \$ 219,081 | \$ 1,772,121 |

| Special Revenue Funds | | | | | |
|------------------------------|---------------------------------|---------------------|----------------------|---------------------------|--|
| <u>Revolving</u> | <u>Recreation Revolving</u> | <u>Other</u> | <u>Sub-total</u> | <u>Permanent Fund</u> | <u>Total Nonmajor Governmental Funds</u> |
| \$ - | \$ - | \$ 19,801 | \$ 1,118,806 | \$ - | \$ 1,118,806 |
| - | - | - | 835,972 | - | 835,972 |
| 26,374 | - | 2,616,154 | 5,850,655 | - | 5,850,655 |
| 3,844,666 | 1,127,876 | 365,528 | 5,338,070 | - | 5,338,070 |
| - | - | - | 1,019,365 | - | 1,019,365 |
| 311,070 | - | 1,088,779 | 1,399,849 | 5,000 | 1,404,849 |
| - | - | - | 11,557 | 82,789 | 94,346 |
| <u>4,182,110</u> | <u>1,127,876</u> | <u>4,090,262</u> | <u>15,574,274</u> | <u>87,789</u> | <u>15,662,063</u> |
| 29,607 | - | 66,848 | 96,483 | 18,138 | 114,621 |
| 788,909 | - | 16,581 | 935,793 | - | 935,793 |
| 2,846,412 | - | 2,811,399 | 9,015,780 | - | 9,015,780 |
| 228,912 | - | 213,133 | 442,045 | - | 442,045 |
| 154,907 | - | 24,503 | 184,565 | - | 184,565 |
| 42,360 | 1,000,106 | 111,617 | 1,169,753 | 82,964 | 1,252,717 |
| - | - | 234,051 | 261,773 | - | 261,773 |
| - | - | - | - | 109,103 | 109,103 |
| - | - | - | 659,832 | - | 659,832 |
| - | - | - | 168,408 | - | 168,408 |
| <u>4,091,107</u> | <u>1,000,106</u> | <u>3,478,132</u> | <u>12,934,432</u> | <u>210,205</u> | <u>13,144,637</u> |
| 91,003 | 127,770 | 612,130 | 2,639,842 | (122,416) | 2,517,426 |
| - | - | - | - | 200,000 | 200,000 |
| (126,457) | (65,947) | (12,000) | (338,218) | - | (338,218) |
| <u>(126,457)</u> | <u>(65,947)</u> | <u>(12,000)</u> | <u>(338,218)</u> | <u>200,000</u> | <u>(138,218)</u> |
| (35,454) | 61,823 | 600,130 | 2,301,624 | 77,584 | 2,379,208 |
| <u>2,384,062</u> | <u>311,877</u> | <u>1,936,480</u> | <u>11,781,216</u> | <u>1,997,073</u> | <u>13,778,289</u> |
| \$ <u>2,348,608</u> | \$ <u>373,700</u> | \$ <u>2,536,610</u> | \$ <u>14,082,840</u> | \$ <u>2,074,657</u> | \$ <u>16,157,497</u> |

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

Network Information Services Fund – This fund is used to control the cost of providing network services to all Town departments.

Vehicle Maintenance Fund – This fund is used to account for the maintenance and fuel costs of all Town vehicles.

Health Insurance Fund – This fund is used to account for the payment of health and other employee benefit programs.

Workers Compensation Fund – This fund is used to account for self-insured activities of providing workers compensation benefits to Town employees.

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2014

| | Network Information Services | Fleet Maintenance | Health Insurance | Worker's Compensation | Total Internal Service Funds |
|---|------------------------------------|----------------------|---------------------|--------------------------|---------------------------------------|
| ASSETS | | | | | |
| CURRENT: | | | | | |
| Cash and cash equivalents..... | \$ 199,776 | \$ 158,784 | \$ 1,856,075 | \$ 339,554 | \$ 2,554,189 |
| Investments..... | - | - | - | 38,424 | 38,424 |
| Receivables, net of allowance for uncollectibles: | | | | | |
| Departmental and other..... | 8,968 | - | - | - | 8,968 |
| TOTAL ASSETS..... | 208,744 | 158,784 | 1,856,075 | 377,978 | 2,601,581 |
| LIABILITIES | | | | | |
| CURRENT: | | | | | |
| Warrants payable..... | 2,657 | 56,453 | 11,599 | - | 70,709 |
| Accrued payroll..... | 9,856 | 10,378 | 242,743 | 1,379 | 264,356 |
| Workers' compensation..... | - | - | - | 316,000 | 316,000 |
| Total current liabilities..... | 12,513 | 66,831 | 254,342 | 317,379 | 651,065 |
| NONCURRENT: | | | | | |
| Workers' compensation..... | - | - | - | 291,000 | 291,000 |
| TOTAL LIABILITIES..... | 12,513 | 66,831 | 254,342 | 608,379 | 942,065 |
| NET POSITION | | | | | |
| Unrestricted..... | \$ 196,231 | \$ 91,953 | \$ 1,601,733 | \$ (230,401) | \$ 1,659,516 |

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

YEAR ENDED JUNE 30, 2014

| | Network Information Services | Fleet Maintenance | Health Insurance | Worker's Compensation | Total Internal Service Funds |
|---|------------------------------------|----------------------|---------------------|--------------------------|---------------------------------------|
| OPERATING REVENUES: | | | | | |
| Employee contributions | \$ - | \$ - | \$ 7,864,989 | \$ - | \$ 7,864,989 |
| Charges for services | 979,224 | 1,138,011 | 13,362,564 | 752,697 | 16,232,496 |
| TOTAL OPERATING REVENUES | 979,224 | 1,138,011 | 21,227,553 | 752,697 | 24,097,485 |
| OPERATING EXPENSES: | | | | | |
| Supplies and services..... | 949,244 | 1,169,926 | 21,315,473 | 410,676 | 23,845,319 |
| OPERATING INCOME (LOSS)..... | 29,980 | (31,915) | (87,920) | 342,021 | 252,166 |
| NONOPERATING REVENUES (EXPENSES): | | | | | |
| Investment income..... | - | - | 4,254 | 2,507 | 6,761 |
| CHANGE IN NET POSITION..... | 29,980 | (31,915) | (83,666) | 344,528 | 258,927 |
| NET POSITION AT BEGINNING OF YEAR..... | 166,251 | 123,868 | 1,685,399 | (574,929) | 1,400,589 |
| NET POSITION AT END OF YEAR..... | \$ 196,231 | \$ 91,953 | \$ 1,601,733 | \$ (230,401) | \$ 1,659,516 |

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2014

| | Network Information Services | Fleet Maintenance | Health Insurance | Worker's Compensation | Total Internal Service Funds |
|--|------------------------------------|----------------------|---------------------|--------------------------|---------------------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | | | | |
| Receipts from customers and users..... | \$ - | \$ - | \$ 7,871,423 | \$ - | \$ 7,871,423 |
| Receipts from interfund services provided..... | 970,256 | 1,138,011 | 13,362,564 | 752,697 | 16,223,528 |
| Payments to employees..... | - | - | - | (489,277) | (489,277) |
| Payments for interfund services used..... | (961,278) | (1,206,029) | (21,372,898) | - | (23,540,205) |
| NET CASH FROM OPERATING ACTIVITIES..... | 8,978 | (68,018) | (138,911) | 263,420 | 65,469 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | | | | |
| Proceeds from sales and maturities of investments..... | - | - | - | 39,005 | 39,005 |
| Purchase of investments..... | - | - | - | (38,424) | (38,424) |
| Investment income..... | - | - | 4,254 | 2,507 | 6,761 |
| NET CASH FROM INVESTING ACTIVITIES..... | - | - | 4,254 | 3,088 | 7,342 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS..... | 8,978 | (68,018) | (134,657) | 266,508 | 72,811 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR..... | 190,798 | 226,802 | 1,990,732 | 73,046 | 2,481,378 |
| CASH AND CASH EQUIVALENTS, END OF YEAR..... | \$ 199,776 | \$ 158,784 | \$ 1,856,075 | \$ 339,554 | \$ 2,554,189 |
| <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u> | | | | | |
| Operating income (loss)..... | \$ 29,980 | \$ (31,915) | \$ (87,920) | \$ 342,021 | \$ 252,166 |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: | | | | | |
| Changes in assets and liabilities: | | | | | |
| Departmental and other..... | (8,968) | - | 6,434 | - | (2,534) |
| Warrants payable..... | (2,634) | (26,869) | 11,599 | - | (17,904) |
| Accrued payroll..... | (9,400) | (9,234) | (69,024) | 399 | (87,259) |
| Workers' compensation..... | - | - | - | (79,000) | (79,000) |
| Total adjustments..... | (21,002) | (36,103) | (50,991) | (78,601) | (186,697) |
| NET CASH FROM OPERATING ACTIVITIES..... | \$ 8,978 | \$ (68,018) | \$ (138,911) | \$ 263,420 | \$ 65,469 |

Fiduciary Funds

Agency Fund – This fund is used to account for payroll withholdings and other amounts held in a fiduciary capacity for nongovernmental purposes.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2014

| | Agency Accounts <u>July 1, 2013</u> | <u>Additions</u> | <u>Deletions</u> | Agency Accounts <u>June 30, 2014</u> |
|---------------------------------|---|------------------|------------------|--|
| ASSETS | | | | |
| Cash and cash equivalents..... | \$ 1,364,963 | \$ 17,632,575 | \$ (17,227,226) | \$ 1,770,312 |
| LIABILITIES | | | | |
| Liabilities due depositors..... | \$ 1,364,963 | \$ 17,632,575 | \$ (17,227,226) | \$ 1,770,312 |

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Statistical Section

Statistical tables differ from financial statements since they usually cover more than one fiscal year and may present non-accounting data. The following tables reflect social and economic data, financial trends, and fiscal capacity.



Tower Court on the campus of Wellesley College

**Town of Wellesley, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2014**

Statistical Section

This part of the Town of Wellesley'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 Town's overall financial health.

Financial Trends

- These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

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

Debt Capacity

- These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

- These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the audited financial reports for the relevant year.

**Net Position By Component
Last Ten Years**

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets..... | \$ 56,280,575 | \$ 59,460,936 | \$ 89,282,328 | \$ 90,783,718 | \$ 90,953,257 | \$ 98,914,209 | \$ 122,874,236 | \$ 136,010,244 | \$ 140,647,943 | \$ 139,229,485 |
| Restricted..... | 4,235,793 | 5,156,611 | 8,820,120 | 8,586,171 | 10,336,566 | 11,181,819 | 11,789,893 | 8,279,834 | 9,177,754 | 11,350,777 |
| Unrestricted..... | 13,819,989 | 16,306,929 | 22,970,214 | 29,431,407 | 34,229,972 | 36,333,715 | 37,090,605 | 41,155,077 | 40,250,651 | 42,228,221 |
| Total governmental activities net position..... | \$ 74,336,357 | \$ 80,924,476 | \$ 121,072,662 | \$ 128,801,296 | \$ 135,519,795 | \$ 146,429,743 | \$ 171,754,734 | \$ 185,445,155 | \$ 190,076,348 | \$ 192,808,483 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets..... | \$ 54,876,155 | \$ 59,462,054 | \$ 61,389,671 | \$ 70,218,356 | \$ 71,187,448 | \$ 73,118,249 | \$ 76,222,981 | \$ 79,158,029 | \$ 82,672,463 | \$ 83,609,607 |
| Restricted..... | - | - | - | - | - | - | - | 2,458,152 | 2,000,000 | 2,000,000 |
| Unrestricted..... | 18,463,745 | 17,200,472 | 23,033,350 | 15,308,496 | 12,999,282 | 12,491,865 | 13,714,674 | 13,935,227 | 14,212,650 | 14,730,463 |
| Total business-type activities net position..... | \$ 73,339,900 | \$ 76,662,526 | \$ 84,423,021 | \$ 85,526,852 | \$ 84,186,730 | \$ 85,610,114 | \$ 89,937,655 | \$ 95,551,408 | \$ 98,885,113 | \$ 100,340,070 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets..... | \$ 111,156,730 | \$ 118,922,990 | \$ 150,671,999 | \$ 161,002,074 | \$ 162,140,705 | \$ 172,032,458 | \$ 199,097,217 | \$ 215,168,273 | \$ 223,320,406 | \$ 222,839,092 |
| Restricted..... | 4,235,793 | 5,156,611 | 8,820,120 | 8,586,171 | 10,336,566 | 11,181,819 | 11,789,893 | 10,737,986 | 11,177,754 | 13,350,777 |
| Unrestricted..... | 32,283,734 | 33,507,401 | 46,003,564 | 44,739,903 | 47,229,254 | 48,825,580 | 50,805,279 | 55,090,304 | 54,463,301 | 56,958,684 |
| Total primary government net position..... | \$ 147,676,257 | \$ 157,587,002 | \$ 205,495,683 | \$ 214,328,148 | \$ 219,706,525 | \$ 232,039,857 | \$ 261,692,389 | \$ 280,996,563 | \$ 288,961,461 | \$ 293,148,553 |

**Changes in Net Position
Last Ten Years**

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government..... | \$ 5,934,146 | \$ 5,751,822 | \$ 5,684,079 | \$ 5,985,099 | \$ 7,647,280 | \$ 8,576,509 | \$ 8,039,353 | \$ 9,670,731 | \$ 12,874,364 | \$ 14,414,151 |
| Public safety..... | 10,515,879 | 11,210,299 | 12,196,439 | 12,304,806 | 12,840,721 | 14,139,090 | 14,807,588 | 16,064,398 | 16,973,654 | 17,710,263 |
| Public education..... | 68,110,742 | 66,774,878 | 72,434,095 | 80,998,592 | 83,694,291 | 86,694,832 | 90,309,800 | 99,679,399 | 99,210,900 | 102,344,740 |
| Public works..... | 8,060,375 | 7,765,401 | 8,910,481 | 10,256,928 | 9,764,169 | 10,280,799 | 10,574,130 | 10,315,238 | 9,709,246 | 10,865,268 |
| Health and human services..... | 911,381 | 926,992 | 1,099,860 | 1,173,751 | 1,173,751 | 1,319,220 | 1,481,237 | 1,558,985 | 1,597,225 | 1,683,576 |
| Library..... | 2,892,299 | 3,204,781 | 3,313,592 | 3,588,760 | 3,662,740 | 3,317,361 | 3,639,739 | 3,907,255 | 3,853,620 | 4,004,455 |
| Recreation..... | 1,591,944 | 1,563,683 | 1,859,635 | 2,317,498 | 2,223,767 | 2,701,249 | 2,535,659 | 2,548,867 | 2,456,850 | 2,717,234 |
| Traffic and parking management..... | 616,467 | 614,061 | 410,319 | 391,994 | 371,662 | 580,125 | 523,460 | 541,165 | 598,789 | 659,832 |
| Community preservation..... | 401,717 | 394,938 | 156,154 | 61,876 | 166,752 | 129,981 | 669,739 | 789,270 | 105,345 | 19,992 |
| Interest..... | 1,725,684 | 1,965,900 | 2,715,786 | 2,510,195 | 2,653,697 | 3,107,717 | 3,790,479 | 4,100,237 | 3,816,585 | 3,442,724 |
| Total government activities expenses..... | 100,850,634 | 100,172,755 | 108,780,430 | 119,588,898 | 124,198,830 | 130,846,883 | 136,371,184 | 149,175,545 | 151,196,578 | 157,862,235 |
| Business-type activities: | | | | | | | | | | |
| Sewer..... | 5,030,351 | 5,231,528 | 5,643,469 | 5,921,175 | 6,033,451 | 6,368,443 | 6,494,844 | 6,798,842 | 6,799,922 | 7,010,402 |
| Water..... | 3,473,977 | 3,776,231 | 4,091,223 | 4,431,064 | 5,060,034 | 5,101,386 | 5,341,473 | 5,414,502 | 5,189,293 | 5,938,980 |
| Electric..... | 15,675,397 | 18,305,554 | 16,090,148 | 30,975,657 | 33,736,181 | 32,292,755 | 30,330,724 | 28,865,770 | 31,253,122 | 32,845,603 |
| Total business-type activities expenses..... | 24,179,725 | 27,313,313 | 25,824,840 | 41,327,896 | 44,829,666 | 43,762,584 | 42,167,041 | 41,079,114 | 43,242,337 | 45,794,985 |
| Total primary government expenses..... | \$ 125,030,359 | \$ 127,486,068 | \$ 134,605,270 | \$ 160,916,794 | \$ 169,028,496 | \$ 174,609,467 | \$ 160,916,794 | \$ 190,254,659 | \$ 194,438,915 | \$ 203,657,220 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Education charges for services..... | \$ 2,195,309 | \$ 2,385,765 | \$ 2,462,304 | \$ 2,783,042 | \$ 2,790,239 | \$ 3,119,832 | \$ 2,945,519 | \$ 3,445,765 | \$ 3,284,351 | \$ 3,780,607 |
| Public safety charges for services..... | 2,514,000 | 2,829,868 | 3,287,869 | 3,013,488 | 2,994,109 | 3,028,707 | 3,139,731 | 3,083,319 | 2,894,844 | 3,991,467 |
| Other charges for services..... | 2,662,604 | 2,854,573 | 3,434,294 | 3,176,983 | 2,875,925 | 3,378,951 | 4,145,090 | 3,816,824 | 3,640,168 | 3,793,602 |
| Education operating grants and contributions..... | 13,448,572 | 14,537,555 | 15,788,954 | 18,252,263 | 20,819,345 | 21,666,819 | 23,240,231 | 24,030,559 | 24,201,659 | 25,190,552 |
| Other operating grants and contributions..... | 1,500,867 | 991,475 | 1,025,278 | 1,437,244 | 823,882 | 906,100 | 1,306,643 | 973,067 | 1,391,765 | 1,083,745 |
| Education capital grant and contributions..... | - | - | - | - | 940,950 | 5,047,729 | 16,833,405 | 13,255,854 | - | - |
| Other capital grant and contributions..... | 910,763 | 2,240,277 | 3,160,217 | 2,012,223 | 947,869 | 919,854 | 1,048,294 | 258,148 | 2,345,265 | 990,827 |
| Total government activities program revenues..... | 23,232,115 | 25,839,513 | 29,158,916 | 30,675,243 | 32,192,319 | 38,067,992 | 52,658,913 | 48,863,536 | 37,758,052 | 38,830,800 |
| Business-type activities: | | | | | | | | | | |
| Electric light charges for services..... | 20,612,378 | 22,006,910 | 23,884,664 | 30,558,977 | 32,563,804 | 33,846,698 | 33,971,542 | 33,845,457 | 33,775,820 | 33,747,559 |
| Sewer and water charges for services..... | 8,614,427 | 9,072,079 | 9,354,153 | 11,904,930 | 11,185,632 | 11,318,414 | 13,087,800 | 13,179,396 | 13,359,209 | 13,899,712 |
| Electric light capital grant and contributions..... | 512,127 | 533,944 | 1,094,051 | 709,035 | 667,821 | 757,381 | 1,110,888 | 550,447 | 441,013 | 602,671 |
| Other capital grant and contributions..... | 123,091 | 57,879 | 158,889 | 241,187 | 72,287 | 263,475 | 188,010 | 117,567 | - | - |
| Total business-type activities program revenues..... | 29,862,023 | 31,670,812 | 34,491,757 | 43,414,129 | 44,489,544 | 46,185,968 | 48,358,240 | 47,692,867 | 47,576,042 | 48,249,942 |
| Total primary government program revenues..... | \$ 53,094,138 | \$ 57,510,325 | \$ 63,650,673 | \$ 74,089,372 | \$ 76,681,863 | \$ 84,253,960 | \$ 101,017,153 | \$ 96,556,403 | \$ 85,334,094 | \$ 87,080,742 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities..... | \$ (77,618,519) | \$ (74,333,242) | \$ (79,621,514) | \$ (88,913,655) | \$ (92,006,511) | \$ (92,778,891) | \$ (83,712,271) | \$ (100,312,009) | \$ (113,438,526) | \$ (119,031,435) |
| Business-type activities..... | 5,682,298 | 4,357,499 | 8,666,917 | 2,086,233 | (340,122) | 2,423,384 | 6,191,199 | 6,613,753 | 4,333,705 | 2,454,957 |
| Total primary government net expense..... | \$ (71,936,221) | \$ (69,975,743) | \$ (70,954,597) | \$ (86,827,422) | \$ (92,346,633) | \$ (90,355,507) | \$ (77,521,072) | \$ (93,698,256) | \$ (109,104,821) | \$ (116,576,478) |
| General Revenues and other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Real estate and personal property taxes, net of tax refunds payable..... | \$ 67,205,004 | \$ 71,321,199 | \$ 78,163,604 | \$ 83,982,678 | \$ 88,861,087 | \$ 93,769,116 | \$ 99,994,520 | \$ 104,498,139 | \$ 108,975,300 | \$ 112,155,012 |
| Community preservation tax..... | 590,772 | 647,462 | 714,889 | 761,549 | 805,247 | 844,254 | 897,294 | 944,740 | 982,069 | 1,019,365 |
| Motor vehicle and other excise taxes..... | 3,992,408 | 4,024,721 | 4,208,500 | 4,447,163 | 4,061,173 | 4,081,451 | 4,722,416 | 4,751,494 | 5,008,641 | 5,371,847 |
| Nonrestricted grants, contributions, and other..... | 1,841,256 | 2,190,228 | 2,459,970 | 4,260,435 | 2,791,169 | 2,327,910 | 2,158,510 | 2,338,231 | 1,761,581 | 1,919,920 |
| Unrestricted investment income..... | 843,910 | 1,612,751 | 4,088,451 | 2,190,464 | 1,206,334 | 1,801,769 | 738,342 | 469,826 | 342,128 | 297,426 |
| Transfers..... | 1,391,000 | 1,125,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Total governmental activities..... | 75,864,350 | 80,921,361 | 90,635,414 | 96,642,289 | 98,725,010 | 103,824,500 | 109,511,082 | 114,002,430 | 118,069,719 | 121,763,570 |
| Business-type activities: | | | | | | | | | | |
| Unrestricted investment income..... | 59,231 | 90,127 | 93,578 | 17,598 | - | - | - | - | - | - |
| Transfers..... | (1,391,000) | (1,125,000) | (1,000,000) | (1,000,000) | (1,000,000) | (1,000,000) | (1,000,000) | (1,000,000) | (1,000,000) | (1,000,000) |
| Total business type activities..... | (1,331,769) | (1,034,873) | (906,422) | (982,402) | (1,000,000) | (1,000,000) | (1,000,000) | (1,000,000) | (1,000,000) | (1,000,000) |
| Total primary government..... | \$ 74,532,581 | \$ 79,886,488 | \$ 89,728,992 | \$ 95,659,887 | \$ 97,725,010 | \$ 102,824,500 | \$ 108,511,082 | \$ 113,002,430 | \$ 117,069,719 | \$ 120,763,570 |
| Changes in Net Position | | | | | | | | | | |
| Governmental activities..... | \$ (1,754,169) | \$ 6,588,119 | \$ 11,013,900 | \$ 7,728,634 | \$ 6,718,499 | \$ 11,045,609 | \$ 25,324,991 | \$ 13,690,421 | \$ 4,631,193 | \$ 2,732,135 |
| Business-type activities..... | 4,350,529 | 3,322,626 | 7,760,495 | 1,103,831 | (1,340,122) | 1,423,384 | 5,191,199 | 5,613,753 | 3,333,705 | 1,454,957 |
| Total primary government..... | \$ 2,596,360 | \$ 9,910,745 | \$ 18,774,395 | \$ 8,832,465 | \$ 5,378,377 | \$ 12,468,993 | \$ 30,516,190 | \$ 19,304,174 | \$ 7,964,898 | \$ 4,187,092 |

**Fund Balances, Governmental Funds
Last Ten Years**

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | | | | | | |
| Reserved..... | \$ 2,845,563 | \$ 2,014,113 | \$ 2,233,791 | \$ 2,298,533 | \$ 4,201,344 | \$ 5,003,837 | \$ - | \$ - | \$ - | \$ - |
| Unreserved..... | 4,399,672 | 6,480,373 | 11,898,962 | 13,588,148 | 12,443,909 | 12,366,774 | - | - | - | - |
| Committed..... | - | - | - | - | - | - | 4,579,461 | 2,106,100 | 2,785,748 | 1,936,883 |
| Assigned..... | - | - | - | - | - | - | 1,204,575 | 993,682 | 3,633,780 | 5,169,365 |
| Unassigned..... | - | - | - | - | - | - | 15,961,930 | 18,632,699 | 15,342,967 | 15,230,000 |
| Total general fund..... | \$ 7,245,235 | \$ 8,494,486 | \$ 14,132,753 | \$ 15,886,681 | \$ 16,645,253 | \$ 17,370,611 | \$ 21,745,966 | \$ 21,732,481 | \$ 21,762,495 | \$ 22,336,248 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved..... | \$ 220,419 | \$ 220,712 | \$ 220,399 | \$ 220,421 | \$ 210,612 | \$ 210,612 | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds..... | 7,838,882 | 9,533,391 | 13,136,539 | 13,888,098 | 14,656,232 | 16,874,079 | - | - | - | - |
| Capital projects funds..... | 11,510,107 | 8,544,779 | (4,458,393) | 6,433,306 | 16,535,624 | 30,983,269 | - | - | - | - |
| Permanent funds..... | 543,542 | 658,718 | 2,769,806 | 2,446,689 | 2,089,342 | 1,985,854 | - | - | - | - |
| Nonspendable..... | - | - | - | - | - | - | 210,612 | 210,612 | 210,612 | 357,953 |
| Restricted..... | - | - | - | - | - | - | 43,284,958 | 24,249,828 | 21,151,572 | 18,248,261 |
| Unassigned..... | - | - | - | - | - | - | - | - | (41,158) | (807,356) |
| Total all other governmental funds..... | \$ 20,112,950 | \$ 18,957,600 | \$ 11,668,351 | \$ 22,988,514 | \$ 33,491,810 | \$ 50,053,814 | \$ 43,495,570 | \$ 24,460,440 | \$ 21,321,026 | \$ 17,798,858 |

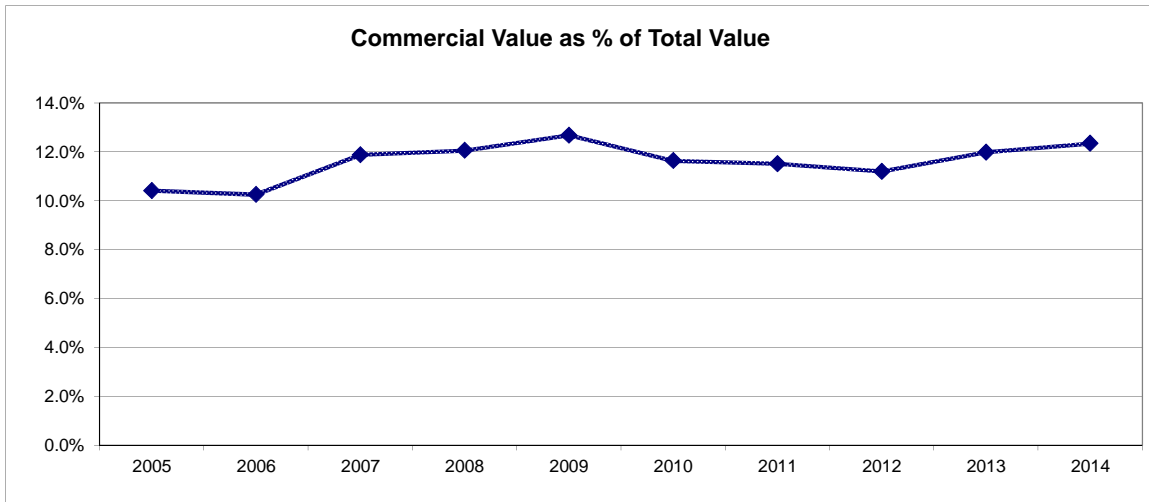
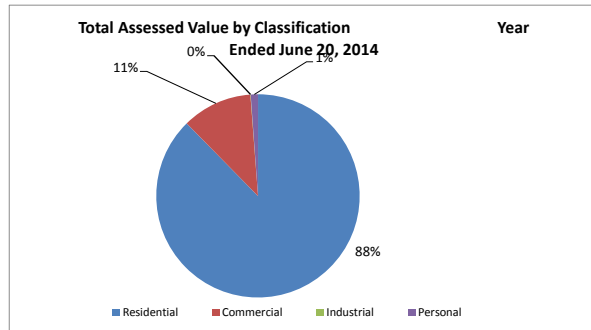
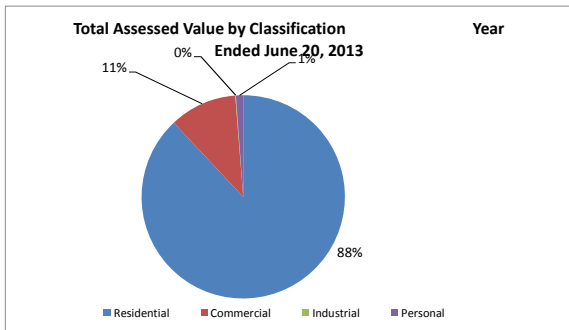
Note: The Town implemented GASB Statement #54 in fiscal year 2011. Statement #54 eliminated the use of "reserved" and "unreserved" designations of fund balance and introduced the terms "Nonspendable", "Restricted", "Committed", "Assigned", and "Unassigned".

**Changes in Fund Balances, Governmental Funds
Last Ten Years**

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|----------------------|--------------------|-----------------------|----------------------|---------------------|----------------------|-----------------------|------------------------|-----------------------|-----------------------|
| Revenues: | | | | | | | | | | |
| Real estate and personal property taxes, net of tax refunds..... | \$ 66,459,298 | \$ 71,217,505 | \$ 78,742,825 | \$ 82,815,734 | \$ 88,561,385 | \$ 93,608,197 | \$ 99,818,198 | \$ 104,226,073 | \$ 108,739,508 | \$ 112,573,209 |
| Motor vehicle and other excise taxes..... | 3,945,707 | 4,038,289 | 4,211,503 | 4,369,268 | 4,142,655 | 4,012,295 | 4,650,629 | 4,738,993 | 4,854,984 | 5,382,154 |
| Community preservation tax..... | 590,772 | 647,462 | 714,889 | 761,549 | 805,247 | 844,254 | 897,294 | 944,740 | 982,069 | 1,019,365 |
| Charges for service..... | 920,385 | 990,903 | 896,374 | 953,550 | 944,868 | 1,018,737 | 1,027,099 | 1,093,207 | 1,058,774 | 1,118,806 |
| Intergovernmental..... | 20,721,836 | 18,952,519 | 18,447,436 | 21,487,114 | 24,709,199 | 30,574,353 | 42,988,428 | 39,931,269 | 28,646,792 | 26,896,444 |
| Departmental and other..... | 8,483,502 | 11,931,673 | 18,075,693 | 14,032,126 | 10,736,481 | 12,320,816 | 11,664,631 | 11,542,943 | 10,967,308 | 12,658,370 |
| Total Revenue..... | 101,121,500 | 107,778,351 | 121,088,720 | 124,419,341 | 129,899,835 | 142,378,652 | 161,046,279 | 162,477,225 | 155,249,435 | 159,648,348 |
| Expenditures: | | | | | | | | | | |
| General government..... | 4,113,096 | 3,851,097 | 3,770,805 | 4,231,528 | 6,407,900 | 5,978,378 | 5,408,845 | 6,877,414 | 10,298,877 | 11,542,295 |
| Public safety..... | 8,979,145 | 9,430,067 | 9,731,124 | 9,722,790 | 10,665,820 | 10,859,400 | 11,083,552 | 10,816,829 | 11,460,664 | 11,565,484 |
| Education..... | 47,036,196 | 50,135,066 | 53,779,909 | 57,440,650 | 57,988,449 | 60,957,940 | 61,973,391 | 67,902,646 | 66,984,931 | 69,318,778 |
| Public works..... | 6,832,213 | 6,319,997 | 6,387,626 | 7,294,031 | 10,791,540 | 8,138,529 | 8,564,830 | 7,763,448 | 7,088,348 | 8,503,550 |
| Health and human services..... | 861,634 | 828,810 | 970,230 | 1,005,000 | 1,018,414 | 1,132,236 | 1,267,769 | 1,268,209 | 1,273,950 | 1,116,404 |
| Recreation..... | 1,170,948 | 1,228,227 | 1,533,224 | 1,933,308 | 1,531,872 | 1,558,161 | 1,732,633 | 1,671,069 | 1,558,082 | 1,572,670 |
| Library..... | 2,257,163 | 2,509,317 | 2,549,641 | 2,662,930 | 2,775,680 | 2,796,692 | 2,672,071 | 2,677,590 | 2,533,327 | 2,452,277 |
| Teachers pension benefits - state funded..... | 6,912,222 | 7,571,709 | 7,928,963 | 8,848,569 | 9,484,705 | 10,018,000 | 10,681,200 | 11,056,041 | 11,576,070 | 11,910,914 |
| Town pension..... | - | - | - | - | - | 900,540 | 1,714,065 | 2,647,015 | 3,226,373 | 5,024,893 |
| Employee benefits and insurances..... | 8,913,374 | 10,466,484 | 12,556,366 | 17,078,179 | 17,819,054 | 17,139,946 | 17,203,335 | 18,376,472 | 19,223,856 | 19,112,319 |
| Capital outlay..... | 6,129,829 | 18,907,402 | 13,805,180 | 9,770,283 | 11,864,260 | 29,738,436 | 49,457,590 | 35,072,030 | 12,426,663 | 7,076,881 |
| Community preservation..... | - | 394,938 | 149,825 | 61,876 | 166,752 | 129,981 | 669,739 | 789,270 | 105,345 | 19,993 |
| State and county charges..... | 989,645 | 932,492 | 993,897 | 1,009,686 | 1,018,870 | 1,051,076 | 1,054,462 | 1,087,753 | 1,140,498 | 1,139,836 |
| Other..... | 1,504,964 | 1,311,020 | 1,091,428 | 391,994 | 371,662 | 580,125 | 523,460 | 541,165 | 598,789 | 659,832 |
| Debt service..... | | | | | | | | | | |
| Principal..... | 3,750,000 | 4,520,000 | 5,781,000 | 5,570,000 | 6,760,000 | 8,026,000 | 9,395,000 | 9,740,000 | 11,390,000 | 8,915,000 |
| Interest..... | 1,679,941 | 1,938,444 | 2,729,042 | 2,498,646 | 2,619,287 | 2,812,934 | 3,784,370 | 4,262,024 | 3,970,894 | 3,665,637 |
| Total Expenditures..... | 101,130,370 | 120,345,070 | 123,758,260 | 129,519,470 | 141,284,265 | 161,818,374 | 187,186,312 | 182,548,975 | 164,856,667 | 163,596,763 |
| Excess (Deficiency) of revenues over (under) expenditures..... | (8,870) | (12,566,719) | (2,669,540) | (5,100,129) | (11,384,430) | (19,439,722) | (26,140,033) | (20,071,750) | (9,607,232) | (3,948,415) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Issuance of bonds and notes..... | 17,290,000 | 11,466,000 | - | 16,560,000 | 19,031,000 | 35,000,000 | 22,610,000 | - | 10,505,000 | - |
| Premium from issuance of bonds..... | 199,649 | 69,620 | 18,558 | 226,758 | 521,321 | 727,174 | 347,144 | 23,135 | 1,344,535 | - |
| Payments to refunded bond escrow agent..... | - | - | - | - | - | - | - | - | (6,351,703) | - |
| Transfers in..... | 1,663,932 | 2,272,628 | 1,176,825 | 5,486,031 | 2,432,932 | 1,625,968 | 1,596,641 | 5,135,568 | 2,512,416 | 1,538,218 |
| Transfers out..... | (663,932) | (1,147,628) | (176,825) | (4,098,569) | (1,432,932) | (625,962) | (596,641) | (4,135,568) | (1,512,416) | (538,218) |
| Total other financing sources (uses)..... | 18,489,649 | 12,660,620 | 1,018,558 | 18,174,220 | 20,552,321 | 36,727,180 | 23,957,144 | 1,023,135 | 6,497,832 | 1,000,000 |
| Net change in fund balance..... | \$ 18,480,779 | \$ 93,901 | \$ (1,650,982) | \$ 13,074,091 | \$ 9,167,891 | \$ 17,287,458 | \$ (2,182,889) | \$ (19,048,615) | \$ (3,109,400) | \$ (2,948,415) |
| Debt service as a percentage of noncapital expenditures..... | 5.72% | 6.37% | 7.74% | 6.74% | 7.25% | 8.21% | 9.57% | 9.49% | 10.08% | 8.04% |

**Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates
Last Ten Years**

| Year | Assessed and Actual Values and Tax Rates | | | | | | | | | |
|------|--|----------------------|------------------------------|------------------|------------------|-------------------|------------------------|---------------------|-----------------------------|------------------|
| | Residential Value | Residential Tax Rate | Residential % of Total Value | Commercial Value | Industrial Value | Personal Property | Total Commercial Value | Commercial Tax Rate | Commercial % of Total Value | Total Town Value |
| 2005 | \$7,073,527,000 | 8.40 | 89.58% | \$753,855,000 | \$5,896,000 | \$62,710,000 | \$822,461,000 | 8.40 | 10.42% | \$7,895,988,000 |
| 2006 | \$7,743,110,000 | 8.32 | 89.75% | \$815,399,000 | \$6,504,000 | \$62,828,500 | \$884,731,500 | 8.32 | 10.25% | \$8,627,841,500 |
| 2007 | \$7,946,702,000 | 8.87 | 88.12% | \$995,225,000 | \$7,047,000 | \$68,796,000 | \$1,071,068,000 | 8.87 | 11.88% | \$9,017,770,000 |
| 2008 | \$8,069,347,000 | 9.18 | 87.94% | \$1,026,983,000 | \$7,433,000 | \$71,884,000 | \$1,106,300,000 | 9.18 | 12.06% | \$9,175,647,000 |
| 2009 | \$8,226,771,000 | 9.47 | 87.32% | \$1,096,037,000 | \$7,488,000 | \$90,616,000 | \$1,194,141,000 | 9.47 | 12.68% | \$9,420,912,000 |
| 2010 | \$7,936,624,000 | 10.48 | 88.36% | \$947,998,000 | \$6,622,000 | \$90,687,000 | \$1,045,307,000 | 10.48 | 11.64% | \$8,981,931,000 |
| 2011 | \$7,753,180,000 | 11.43 | 88.49% | \$904,740,000 | \$6,622,000 | \$97,082,100 | \$1,008,444,100 | 11.43 | 11.51% | \$8,761,624,100 |
| 2012 | \$8,125,029,000 | 11.48 | 88.80% | \$921,119,000 | \$7,110,000 | \$96,383,800 | \$1,024,612,800 | 11.48 | 11.20% | \$9,149,641,800 |
| 2013 | \$8,234,182,000 | 11.70 | 88.01% | \$1,005,915,000 | \$7,438,000 | \$108,072,185 | \$1,121,425,185 | 11.70 | 11.99% | \$9,355,607,185 |
| 2014 | \$8,550,806,000 | 11.54 | 87.65% | \$1,087,234,000 | \$7,814,000 | \$109,281,300 | \$1,204,329,300 | 11.54 | 12.35% | \$9,755,135,300 |



Source: Assessor's Department, Town of Wellesley
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 Town. 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.

**Principal Taxpayers
Current Year and Nine Years Ago**

| Name | Nature of Business | 2014 | | | 2005 | | |
|--|----------------------------------|-----------------------|------|--|-----------------------|------|--|
| | | Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value | Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value |
| Beacon Properties | Office Buildings | \$ 154,889,000 | 1 | 1.59% | \$ 118,129,000 | 2 | 2.15% |
| Haynes Management | Office Buildings | 145,546,000 | 2 | 1.49% | 120,296,000 | 1 | 2.19% |
| Federal Realty FR Linden Square* | Retail/Real Estate | 102,784,000 | 3 | 1.05% | 47,472,000 | 6 | 0.66% |
| Sun Life Assurance | Insurance and Financial Services | 89,456,000 | 4 | 0.92% | 71,652,000 | 3 | 1.30% |
| Wellesley College | Higher Education | 80,332,000 | 5 | 0.82% | 63,500,000 | 4 | 1.15% |
| Harvard Pilgrim Health | Insurance Provider | 63,563,000 | 6 | 0.65% | 51,471,000 | 5 | 0.94% |
| National Development | Office Buildings | 44,442,000 | 7 | 0.46% | N/A | N/A | N/A |
| Newton Wellesley Executive Office Park | Office Buildings | 30,059,000 | 8 | 0.31% | 23,180,000 | 8 | 0.42% |
| Hunnewell Family | Residential | 29,893,000 | 9 | 0.31% | 32,440,000 | 7 | 0.59% |
| Grignaffini Construction Company | Real Estate Development | 21,670,000 | 10 | 0.22% | 19,114,000 | 10 | 0.35% |
| Totals | | <u>\$ 762,634,000</u> | | <u>7.82%</u> | <u>\$ 547,254,000</u> | | <u>9.75%</u> |

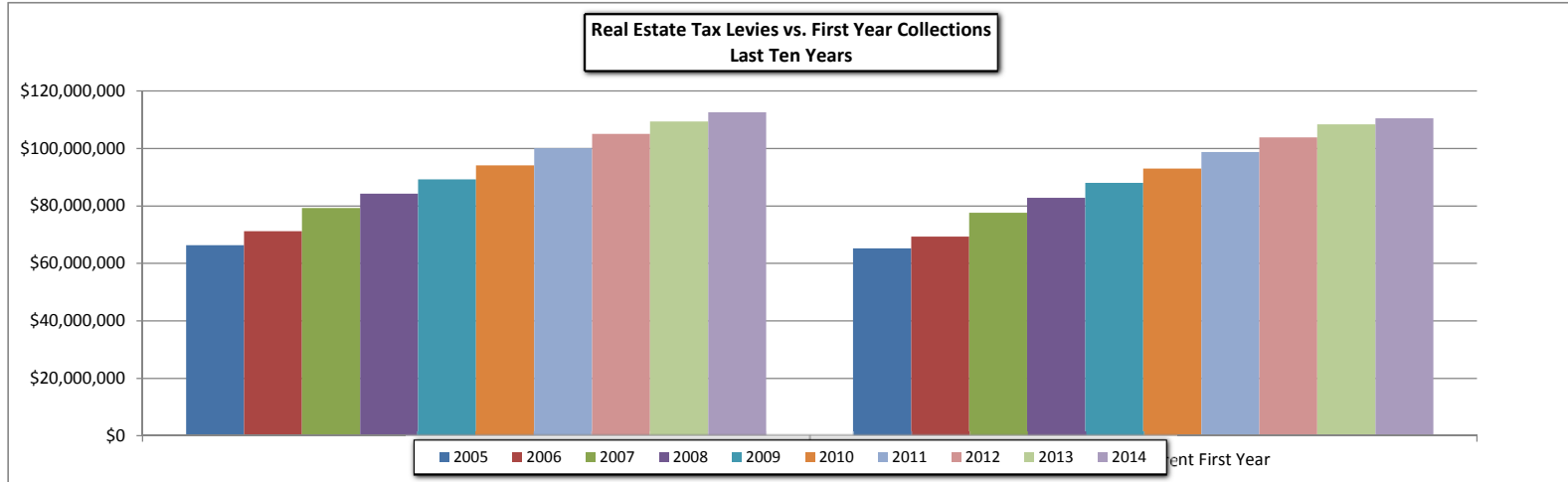
Source: Board of Assessors

* = Experienced considerable growth between 2005-2010 attributable to new construction.

N/A = Value not included because not in the Top 10 Tax Payers

**Property Tax Levies and Collections
Last Ten Years**

| Year | (2) Total Tax Levy | Less Abatements & Exemptions | (2) Net Tax Levy | 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 |
|----------|--------------------------|------------------------------------|------------------------|--|-------------------------------------|----------------------------------|-----------------------------|---|
| 2005 | \$66,326,299 | \$300,410 | \$66,025,889 | \$65,215,885 | 98.8% | \$164,911 | \$65,380,796 | 99.02% |
| 2006 (1) | \$71,260,908 | \$471,259 | \$70,789,649 | \$69,322,837 | 97.9% | \$601,879 | \$69,924,716 | 98.78% |
| 2007 | \$79,316,412 | \$255,505 | \$79,060,907 | \$77,624,632 | 98.2% | \$487,568 | \$78,112,200 | 98.80% |
| 2008 | \$84,232,439 | \$627,125 | \$83,605,314 | \$82,836,669 | 99.1% | \$260,531 | \$83,097,200 | 99.39% |
| 2009 (1) | \$89,216,037 | \$599,219 | \$88,616,818 | \$88,005,826 | 99.3% | \$385,198 | \$88,391,024 | 99.75% |
| 2010 | \$94,130,637 | \$542,260 | \$93,588,377 | \$93,074,651 | 99.5% | \$517,203 | \$93,591,854 | 100.00% |
| 2011 | \$100,145,363 | \$473,167 | \$99,672,196 | \$98,786,724 | 99.1% | \$548,280 | \$99,335,004 | 99.66% |
| 2012 (1) | \$105,037,888 | \$482,547 | \$104,555,341 | \$103,876,244 | 99.4% | \$574,623 | \$104,450,867 | 99.90% |
| 2013 | \$109,460,604 | \$511,863 | \$108,948,741 | \$108,403,084 | 99.5% | \$510,101 | \$108,913,185 | 99.97% |
| 2014 | \$112,574,261 | \$417,132 | \$112,157,130 | \$110,515,646 | 98.5% | \$0 | \$110,515,646 | 98.54% |



Source: Assessor's Department, Town of Wellesley

(1) Revaluation year.

(2) Includes tax liens.

**Ratios of Outstanding Debt and General Bonded Debt
Last Ten Years**

| Year | U. S. Census Population (1) | Personal Income | Assessed Value | Governmental Activities Debt | | | |
|------|-----------------------------------|--------------------|-------------------|--------------------------------|---------------|-------------------------------------|------------------------------------|
| | | | | General Obligation Bonds | Per Capita | Percentage of Personal Income | Percentage of Assessed Value |
| 2005 | 26,515 | \$1,578,589,151 | \$7,895,988,000 | \$50,400,000 | \$1,901 | 3.19% | 0.64% |
| 2006 | 26,978 | \$1,638,277,264 | \$8,627,841,500 | \$57,346,000 | \$2,126 | 3.50% | 0.66% |
| 2007 | 26,978 | \$1,671,044,298 | \$9,017,770,000 | \$51,565,000 | \$1,911 | 3.09% | 0.57% |
| 2008 | 26,985 | \$1,704,912,300 | \$9,175,647,000 | \$62,555,000 | \$2,318 | 3.67% | 0.68% |
| 2009 | 27,244 | \$1,755,694,873 | \$9,420,912,000 | \$74,826,000 | \$2,747 | 4.26% | 0.79% |
| 2010 | 27,412 | \$1,801,851,784 | \$8,981,931,000 | \$101,800,000 | \$3,714 | 5.65% | 1.13% |
| 2011 | 27,982 | \$1,876,105,536 | \$8,761,624,100 | \$115,015,000 | \$4,110 | 6.13% | 1.31% |
| 2012 | 27,982 | \$1,913,627,647 | \$9,149,641,800 | \$106,588,272 | \$3,809 | 5.57% | 1.16% |
| 2013 | 27,982 | \$1,951,900,200 | \$9,355,607,185 | \$99,957,468 | \$3,572 | 5.12% | 1.07% |
| 2014 | 27,892 | \$1,997,047,358 | \$9,755,135,300 | \$90,853,790 | \$3,257 | 4.55% | 0.93% |

| Year | Business-Type Activities (2) | Total Primary Government | | | |
|------|---------------------------------|------------------------------|---------------|-------------------------------------|------------------------------------|
| | General Obligation Bonds | Total Debt Outstanding | Per Capita | Percentage of Personal Income | Percentage of Assessed Value |
| 2005 | \$3,694,954 | \$54,094,954 | \$2,040 | 3.43% | 0.69% |
| 2006 | \$3,849,935 | \$61,195,935 | \$2,268 | 3.74% | 0.71% |
| 2007 | \$3,741,792 | \$55,306,792 | \$2,050 | 3.31% | 0.61% |
| 2008 | \$3,498,856 | \$66,053,856 | \$2,448 | 3.87% | 0.72% |
| 2009 | \$9,319,036 | \$84,145,036 | \$3,089 | 4.79% | 0.89% |
| 2010 | \$8,805,739 | \$110,605,739 | \$4,035 | 6.14% | 1.23% |
| 2011 | \$8,064,518 | \$123,079,518 | \$4,399 | 6.56% | 1.40% |
| 2012 | \$7,264,429 | \$113,852,701 | \$4,069 | 5.95% | 1.24% |
| 2013 | \$7,759,000 | \$107,716,468 | \$3,849 | 5.52% | 1.15% |
| 2014 | \$6,978,483 | \$97,832,273 | \$3,508 | 4.90% | 1.00% |

(1) 2010 Census, US Census Bureau

(2) Municipal Light Plant, Sewer Fund, and Water Fund.

Source: Audited Financial Statements, U. S. Census.

Direct and Overlapping Governmental Activities Debt

As of June 30, 2014

| <u>Town of Wellesley, Massachusetts</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|-----------------------------|--|--|
| Debt repaid with property taxes: | | | |
| Norfolk County..... | \$ 12,625,000 | 3.36% | \$ 424,200 |
| Town direct debt..... | <u>90,853,790</u> | | <u>-</u> |
| Total direct and overlapping debt..... | <u>\$ 103,478,790</u> | | <u>\$ 424,200</u> |

Source: Norfolk County Treasurer's Office

**Computation of Legal Debt Margin
Last Ten Years**

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|--|-------------------------|-------------------------|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------|-------------------------|--------------------------|
| Equalized Valuation..... | <u>\$ 8,211,971,900</u> | <u>\$ 9,523,566,700</u> | <u>\$ 9,523,566,700</u> | <u>\$ 10,029,555,000</u> | <u>\$ 10,029,555,000</u> | <u>\$ 10,032,866,400</u> | <u>\$ 10,032,866,400</u> | <u>\$ 9,773,806,800</u> | <u>\$ 9,773,806,800</u> | <u>\$ 10,212,968,600</u> |
| Debt Limit -5% of Equalized Valuation..... | \$ 410,598,595 | \$ 476,178,335 | \$ 476,178,335 | \$ 501,477,750 | \$ 501,477,750 | \$ 501,643,320 | \$ 501,643,320 | \$ 488,690,340 | \$ 488,690,340 | \$ 510,648,430 |
| Less: | | | | | | | | | | |
| Outstanding debt applicable to limit..... | \$ 52,370,890 | \$ 57,346,000 | \$ 51,565,000 | \$ 62,555,000 | \$ 74,826,000 | \$ 101,800,000 | \$ 115,015,000 | \$ 105,275,000 | \$ 97,670,000 | \$ 90,853,790 |
| Authorized and unissued debt..... | <u>20,457,974</u> | <u>11,722,323</u> | <u>35,453,000</u> | <u>27,091,842</u> | <u>95,374,071</u> | <u>45,046,853</u> | <u>25,450,146</u> | <u>27,406,452</u> | <u>22,360,581</u> | <u>40,499,698</u> |
| Legal debt margin..... | <u>\$ 337,769,731</u> | <u>\$ 407,110,012</u> | <u>\$ 389,160,335</u> | <u>\$ 411,830,908</u> | <u>\$ 331,277,679</u> | <u>\$ 354,796,467</u> | <u>\$ 361,178,174</u> | <u>\$ 356,008,888</u> | <u>\$ 368,659,759</u> | <u>\$ 379,294,942</u> |
| Total debt applicable to the limit as a percentage of debt limit..... | 17.74% | 14.50% | 18.27% | 17.88% | 33.94% | 29.27% | 28.00% | 27.15% | 24.56% | 25.72% |

Source: Massachusetts Department of Revenue - Equalized valuations are established as of January 1 of even-numbered years for the next two years

**Demographic and Economic Statistics
Last Ten Years**

| Year | Population Estimates | Personal Income | Per Capita Personal Income | Median Age | School Enrollment | Unemployment Rate |
|------|-------------------------|--------------------|-------------------------------------|---------------|----------------------|----------------------|
| 2005 | 26,515 | \$1,578,589,151 | \$59,536 | 37.6 | 4,385 | 3.00% |
| 2006 | 26,978 | \$1,638,277,264 | \$60,726 | 37.6 | 4,547 | 2.80% |
| 2007 | 26,978 | \$1,671,042,810 | \$61,941 | 37.6 | 4,610 | 2.80% |
| 2008 | 26,985 | \$1,704,905,924 | \$63,180 | 37.6 | 4,678 | 4.30% |
| 2009 | 27,244 | \$1,755,694,873 | \$64,443 | 37.6 | 4,799 | 7.00% |
| 2010 | 27,412 | \$1,801,851,784 | \$65,732 | 37.0 | 4,868 | 5.60% |
| 2011 | 27,982 | \$1,876,105,536 | \$67,047 | 37.0 | 4,892 | 4.00% |
| 2012 | 27,982 | \$1,913,627,647 | \$68,388 | 37.0 | 4,986 | 4.00% |
| 2013 | 27,982 | \$1,951,900,200 | \$69,756 | 37.0 | 4,857 | 5.80% |
| 2014 | 27,982 | \$1,997,047,358 | \$71,369 | 38.2 | 4,940 | 4.20% |

Sources: 2010 US Census, Wellesley Public Schools, Mass. Executive Office of Labor and Workforce Development

**Principal Employers (excluding the Town)
Current Year and Nine Years Ago**

| Employer | Nature of Business | 2014 | | | 2005 | | |
|-------------------------------------|-------------------------|--------------|------|-------------------------------------|--------------|------|-------------------------------------|
| | | Employees | Rank | Percentage of Total Town Employment | Employees | Rank | Percentage of Total Town Employment |
| Sun Life Assurance | Insurance Company | 1,661 | 1 | 12.23% | 1,900 | 1 | 15.38% |
| Wellesley College | Higher Education | 1,200 | 2 | 8.84% | 1,500 | 2 | 12.15% |
| Babson College | Higher Education | 975 | 3 | 7.18% | 750 | 3 | 6.07% |
| Harvard Pilgrim Health Care | Insurance Company | 414 | 4 | 3.05% | 490 | 5 | 3.97% |
| Mass Bay Community College | Higher Education | 350 | 5 | 2.58% | 250 | 7 | 2.02% |
| Harvard Vanguard Medical Associates | Healthcare | 343 | 6 | 2.53% | - | - | N/A |
| Roche Brothers | Grocery | 253 | 7 | 1.86% | 254 | 6 | 2.06% |
| Dana Hall School | Private School | 236 | 8 | 1.74% | 236 | 8 | 1.91% |
| Wellesley Country Club | Private Recreation Club | 222 | 9 | 1.63% | - | - | - |
| Elizabeth Seaton Residence | Healthcare | 140 | 10 | 1.03% | - | - | - |
| Accenture | Management Consulting | - | - | - | 700 | 4 | 5.67% |
| Towers Watson | Actuary | - | - | - | 200 | 9 | 1.62% |
| Amica Mutual Life | Insurance Company | - | - | - | 165 | 10 | 1.34% |
| | | <u>5,794</u> | | <u>42.67%</u> | <u>6,445</u> | | <u>52.19%</u> |

According to the Massachusetts Workforce Development Data, in June 2014 Wellesley had a total labor force of 14,178 of whom 13,578 were employed and 600 were unemployed.

Sources: Mass. Labor and Workforce Development, Wellesley local employers

**Operating Indicators by Function/Program
Last Ten Years**

| Function/Program | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | | | | | | | | | | |
| New home building permits..... | 83 | 59 | 51 | 58 | 50 | 53 | 33 | 61 | 71 | 67 |
| Police | | | | | | | | | | |
| Physical arrests..... | 375 | 403 | 282 | 173 | 185 | 256 | 234 | 190 | 190 | 199 |
| Motor vehicle violations..... | 8,183 | 8,136 | 6,804 | 7,373 | 8,359 | 8,106 | 7,541 | 7,524 | 6,984 | 8,596 |
| Police personnel and officers..... | 57 | 58 | 53 | 54 | 56 | 57 | 57 | 56 | 56 | 57 |
| Fire | | | | | | | | | | |
| Inspections..... | 2,565 | 2,628 | 2,856 | 2,118 | 1,871 | 2,013 | 1,864 | 2,076 | 2,160 | 2,024 |
| Emergency responses..... | 4,019 | 4,208 | 4,208 | 4,041 | 3,943 | 4,022 | 3,894 | 3,924 | 3,881 | 3,924 |
| Fire personnel and officers..... | 55 | 54 | 57 | 57 | 57 | 57 | 58 | 55 | 55 | 58 |
| Education | | | | | | | | | | |
| Number of public school students..... | 4,385 | 4,547 | 4,610 | 4,678 | 4,799 | 4,868 | 4,892 | 4,986 | 4,857 | 4,940 |
| Health and human services | | | | | | | | | | |
| Number of vaccinations..... | 1,640 | 1,790 | 1,596 | 1,489 | 2,039 | 5,585 | 1,716 | 1,162 | 942 | 771 |
| Library | | | | | | | | | | |
| Volumes in circulation..... | 557,402 | 560,258 | 575,651 | 605,900 | 644,277 | 667,173 | 672,094 | 730,474 | 741,704 | 758,179 |
| Recreation | | | | | | | | | | |
| Total program revenue..... | \$843,347 | \$779,317 | \$1,506,886 | \$1,260,132 | \$989,018 | \$909,217 | 963,609 | 1,002,059 | 914,214 | 1,061,929 |
| Traffic and parking management | | | | | | | | | | |
| Total parking revenue..... | \$344,554 | \$440,348 | \$607,826 | \$587,919 | \$522,861 | \$634,513 | \$647,623 | \$784,911 | \$882,648 | \$835,971 |
| Sewer | | | | | | | | | | |
| Number of accounts..... | 8,053 | 8,133 | 8,160 | 8,156 | 8,156 | 8,190 | 8,125 | 8,126 | 8,122 | 8,130 |
| Feet rodded/flushed..... | 295,470 | 307,069 | 297,711 | 353,698 | 256,083 | 297,780 | 305,337 | 398,951 | 275,776 | 327,635 |
| Water | | | | | | | | | | |
| Number of accounts..... | 11,368 | 11,663 | 11,711 | 11,804 | 11,894 | 12,016 | 12,006 | 12,041 | 12,100 | 12,188 |
| Consumption in gallons (millions)..... | 811 | 924 | 884 | 968 | 841 | 780 | 871 | 847 | 864 | 1,036 |
| Daily consumption (millions)..... | 2.22 | 2.53 | 2.42 | 2.65 | 2.31 | 2.14 | 2.39 | 2.21 | 2.11 | 2.84 |
| Electric | | | | | | | | | | |
| Total kilowatt hour sales..... | 235,275,937 | 245,544,223 | 243,375,963 | 245,565,820 | 239,369,643 | 237,220,172 | 241,443,224 | 238,399,850 | 248,169,479 | 247,815,724 |
| Municipal kilowatt hour usage..... | 10,522,834 | 10,772,991 | 11,141,705 | 11,145,742 | 10,646,521 | 10,990,228 | 10,898,822 | 10,880,167 | 11,214,680 | 11,617,297 |
| Streetlight kilowatt hour usage..... | 2,478,078 | 2,513,676 | 2,487,320 | 2,457,164 | 2,436,957 | 2,361,425 | 2,256,278 | 1,875,180 | 1,879,056 | 1,879,380 |

Source: Various Town Departments

**Full-time Equivalent Town Employees by Function
Last Ten Years**

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Function | | | | | | | | | | |
| General government..... | 47 | 46 | 47 | 47 | 60 | 60 | 53 | 53 | 71 | 71 |
| Public safety..... | 110 | 112 | 120 | 123 | 121 | 122 | 122 | 118 | 116 | 117 |
| School Custodians..... | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 40 | 40 |
| * Public education..... | 659 | 665 | 681 | 700 | 691 | 724 | 742 | 744 | 749 | 773 |
| Public works..... | 91 | 90 | 90 | 93 | 88 | 88 | 87 | 88 | 88 | 88 |
| Health and human services..... | 4 | 4 | 5 | 5 | 5 | 5 | 6 | 6 | 5 | 5 |
| Library..... | 27 | 27 | 39 | 32 | 34 | 34 | 34 | 34 | 33 | 34 |
| Recreation..... | 6 | 7 | 6 | 7 | 5 | 5 | 7 | 7 | 5 | 5 |
| Water/Sewer..... | 28 | 28 | 28 | 28 | 27 | 27 | 25 | 28 | 28 | 27 |
| Electric light..... | 33 | 37 | 37 | 35 | 36 | 35 | 34 | 32 | 32 | 33 |
| Total | <u>1,040</u> | <u>1,051</u> | <u>1,088</u> | <u>1,105</u> | <u>1,102</u> | <u>1,135</u> | <u>1,145</u> | <u>1,145</u> | <u>1,167</u> | <u>1,193</u> |

Source: Various Town Departments, Payroll count

*School Lunch outsourced in FY12, therefore FTE count omits these employees.

**Capital Asset Statistics by Function/Program
Last Ten Years**

| Function/Program | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | | | | | | | | | | |
| Number of buildings..... | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 |
| Police | | | | | | | | | | |
| Number of stations..... | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire | | | | | | | | | | |
| Number of stations..... | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Education | | | | | | | | | | |
| Number of elementary schools..... | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Number of preschools..... | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of middle schools..... | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of high schools..... | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Works | | | | | | | | | | |
| Streets to maintain (miles)..... | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 |
| Sidewalks to maintain (miles)..... | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 | 118 |
| Library | | | | | | | | | | |
| Buildings..... | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Recreation | | | | | | | | | | |
| Park and playground (acreage)..... | 365 | 365 | 365 | 365 | 365 | 365 | 365 | 365 | 365 | 365 |
| Feet of public beach front..... | 660 | 660 | 660 | 660 | 660 | 660 | 660 | 660 | 660 | 660 |
| Public beaches..... | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Tennis courts..... | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |

Source: Various Town Departments

Free Cash and Stabilization Fund Balances

Last Ten Years

| <u>Year</u> | <u>Free Cash</u> | <u>Stabilization Funds</u> | |
|-------------|----------------------|----------------------------|----------------------------|
| | | <u>General</u> | <u>Special Purpose</u> |
| FY2014..... | \$ 10,336,925 | \$ 3,134,152 | \$ 250,220 |
| FY2013..... | \$ 10,950,782 | \$ 3,094,076 | \$ - |
| FY2012..... | \$ 10,499,623 | \$ 3,071,289 | \$ - |
| FY2011..... | \$ 8,439,070 | \$ 3,045,628 | \$ - |
| FY2010..... | \$ 9,471,751 | \$ 3,022,256 | \$ - |
| FY2009..... | \$ 9,145,674 | \$ 2,786,552 | \$ - |
| FY2008..... | \$ 10,692,354 | \$ 2,150,628 | \$ - |
| FY2007..... | \$ 6,786,366 | \$ 1,980,183 | \$ - |
| FY2006..... | \$ 4,028,225 | \$ 1,992,348 | \$ - |
| FY2005..... | \$ 2,771,548 | \$ 1,060,005 | \$ - |

Source: Town Records

Note: New Special Purpose in FY14