

TOWN OF WELLESLEY, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2010



The new Wellesley High School currently under construction.

TOWN OF WELLESLEY, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year ended June 30, 2010



Prepared by:

The Finance Department of the Town of Wellesley, Massachusetts

TOWN OF WELLESLEY, MASSACHUSETTS
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JUNE 30, 2010

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Introductory Section



Engineer's rendering of the new Wellesley High School.

Town of Wellesley, Massachusetts
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2010

Introductory Section

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Town of Wellesley

525 Washington Street
Wellesley, MA 02482

Letter of Transmittal

November 29, 2010

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 fiscal 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 fiscal year ending June 30, 2010 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, 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 fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion on the Town's financial statements for the fiscal year ended June 30, 2010, 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 Town Clerk's records, has a population of approximately 28,000 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.

Municipal Services

The Town provides general governmental services within its 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.

Factors Affecting Economic Condition

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

The Town continues to reflect a stronger economic condition than other communities - both within the Commonwealth and nationally. The per capita income is significantly higher than state averages, and the unemployment rate has always been low. The Town remains a very desirable community given its proximity to Boston and quality of services provided. Although residential sales have slowed in certain price ranges because of the overall negative economic climate, interest in the community remains strong; as evidenced by increasing school enrollment and relatively stable housing prices.

Wellesley is home to urban professionals whose wealth levels are among the highest in the Commonwealth. Median family incomes of approximately \$135,000 and per capita of approximately \$53,000 are 212% and 204% of state values (2000 census), respectively. Relative wealth is also seen in the owner occupied median housing value, which, at \$848,000 is more than twice that of the state and four times that of the nation. 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 balances despite tight budgets; investing in technology to ensure efficient operations; and maintaining 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.

School Infrastructure

The Town has made significant investments in its schools during the last five years. The middle school was renovated at a cost of \$26 million; over \$6 million has been expended on elementary school infrastructure, including roofs and heating systems; and the Town is in the process of constructing a new high school at an original cost of approximately \$131 million, with up to \$44 million in reimbursements committed by the Massachusetts School Building Authority (MSBA). To date, the Town has expended \$37.5 million on the high school project and has received \$10.2 million of reimbursements from the MSBA.

Other Capital Investment

The Town has just completed reconstruction of Weston Road, a main thoroughfare. Construction of a new Department of Public works Administrative Building is being proposed, the Town is studying the facility needs of its Council on Aging, and several recreational projects are contemplated. The Town has a significant balance in its Community Preservation Act fund, and this fund has financed a number of significant projects since its 2003 inception.

Internal Controls

The Town continues to reinforce some of its core values by providing ongoing educational programs to its boards, management, and staff in the areas of government transparency, ethics, and fraud prevention. The Town has implemented formal policies on cash control and investment, and continues to reevaluate fraud risk and internal controls. The Town is in the process of documenting key financial routines and has cross-trained key financial staff. The Town has an active audit committee that oversees a timely audit and expedites operating concerns to management and the governing boards.

Budgetary Controls

The Board of Selectmen is responsible for annually coordinating the preparation and maintenance of the Town-Wide Financial Plan (TWFP). The TWFP includes a forecast of the Town’s sources and uses of funds for the current fiscal year and for the next two following fiscal years. The Selectmen work with the various boards established within the Town to coordinate the preparation of a town-wide budget for the upcoming fiscal year. This budget is then presented to the Annual Town Meeting 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 Finance Director/Town Accountant is responsible for 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 during the year a transfer from a reserve

fund established at Town Meeting. These controls ensure compliance with the budget approved by Town Meeting.

Cash Management

Cash management is under the control of the Town Treasurer/Collector, who monitors the Town's cash flow and provides for the investment of Town funds. The Treasurer/Collector seeks to maintain adequate protection and liquidity of funds while maximizing the returns available to the Town in accordance with a formal town policy. Quarterly tax billings and excellent collection rates have eliminated the need to borrow on a short-term basis to maintain cash flow. The Town's investment options are governed by Massachusetts General Laws and focus on safety, liquidity and yield.

Risk Management

The Town manages its risk through a combination of self-insured programs and premium based coverage with commercial insurance carriers. Workers compensation and unemployment risks are self-insured while exposures to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters are covered through policies purchased from commercial carriers. Third-party coverage is maintained for individual workers' compensation claims in excess of \$550,000. In addition the Town administers a worker's compensation internal service fund and has recorded its incurred-but-not-reported liability based on an annual actuarial valuation. Additional information on the Town's risk management activity can be found in the notes to the financial statements.

Pension and Other Postemployment Benefits

The Town contributes to the Wellesley Contributory Retirement System, a defined benefit pension plan administered by the Wellesley Contributory Retirement Board. An independent actuary engaged by the Board calculates the amount of the annual contribution that the Town must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As required by law, the Town fully funds each year's annual required contribution to the pension plan as determined by the actuary. The System is one of the few in Massachusetts that had been fully funded (1/01/08 actuarial valuation) prior to the economic downturn of the financial markets in recent years. Based on the most recent actuarial valuation performed as of January 1, 2010, the System's Funded Ratio was 86.7%.

The Town also provides postemployment health care benefits for certain retirees and their dependents. Recently the GASB issued Statement #43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans and Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB), which were implemented in fiscal years 2007 and 2008, respectively. The Town recognized early the need to provide for this benefit, and *Chapter 88 of the Acts of 2004 – An Act Authorizing the Town of Wellesley to Establish a Group Insurance Liability Fund* was enacted so the Town could officially determine the structure and management of the fund. The Commonwealth approved additional legislation, *Chapter 25 of the Acts of 2008*, to enable the Town to raise additional taxes specifically to begin funding the liability. The Town has obtained various estimates of the liability and began making contributions to the OPEB trust in 2007. Town Meeting approved an \$18 million capital exclusion to be added to the tax levy for the fiscal years 2008 through 2017 (\$1.8 million per year for 10 years) and the Town is paying another \$1,200,000 per year within the levy to fund the annual required contribution. The three Enterprise funds are funding their portion of the liability during the same time frame. The Town has taken steps to reduce the OPEB liability, as well as current health insurance costs, by migrating all active employees to new, higher co-pay ("Rate Saver") health insurance plans. Implementation of these plans has been a multi-year effort and has required complex union negotiations.

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

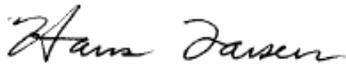
Awards and Acknowledgements

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 six fiscal 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 unflinching 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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Wellesley Massachusetts

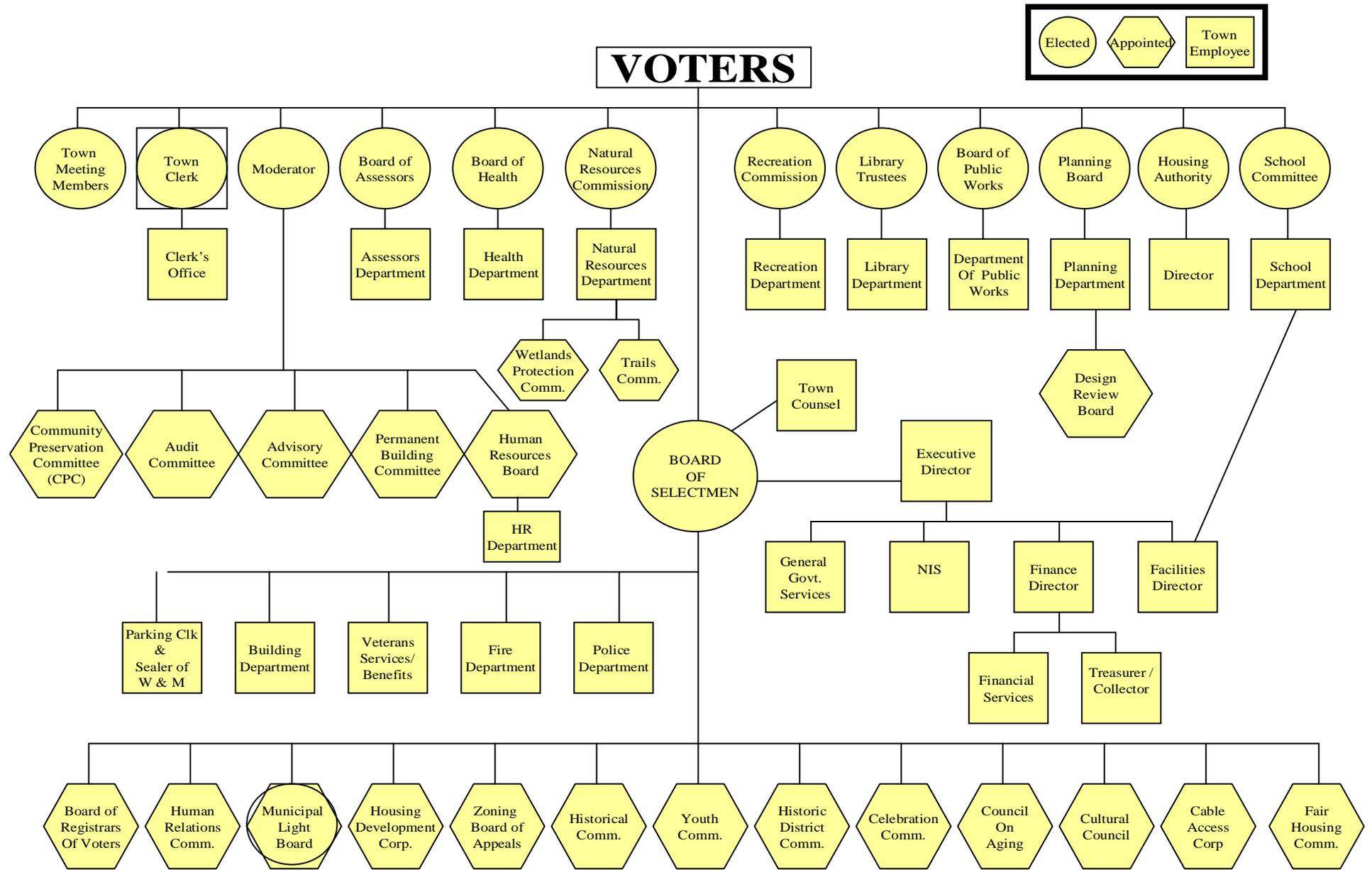
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



President

Executive Director



Principal Town Officials

<u>Elected Officials</u>		<u>Term Expires</u>
Board of Selectmen	Katherine L. Babson, Jr., Chairperson	2011
	Terri Tsagaris, Vice Chairperson	2012
	Barbara D. Searle	2011
	Owen H. Dugan	2012
	Ellen F. Gibbs	2013
Moderator	Margaret Ann (Peg) Metzger	2011
Town Clerk	Kathleen F. Nagle	2012
School Committee	KC Kato, Chairperson	2012
	Steve Burt, Vice Chairperson	2011
	Ilissa Povich, Secretary	2012
	Suzanne Newman	2011
	Suzy Littlefield	2013

Appointed Officials

Executive Director of General Government Services	Hans Larsen
Superintendent of Public Schools	Bella Wong
Town Counsel	Albert S. Robinson
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	Susan Adler
Library Director	Janice G. Coduri
Public Works Director	Michael Pakstis
Municipal Light Plant Manager	Richard F. Joyce
Network and Information Systems	Thomas J. D'Orazio
Building Inspector and Zoning Enforcement Officer	Michael Grant
Planning Director	Meghan C. Jop

Financial Section



View of Town Hall in winter.

Town of Wellesley, Massachusetts
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2010

Financial Section

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wellesley, Massachusetts, as of and for the fiscal year ended June 30, 2010 (except for the Wellesley Contributory Retirement System which is as of and for the year ended December 31, 2009), which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Wellesley, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wellesley, Massachusetts, as of June 30, 2010 (except for the Wellesley Contributory Retirement System which is as of December 31, 2009), and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2010, on our consideration of the Town of Wellesley, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Management's discussion and analysis, located on the following pages, and general fund schedule of revenues, expenditures and changes in fund balance – budgetary basis, the other postemployment benefit plan schedule of funding progress and employer contributions, and the other postemployment benefit plan schedule of actuarial methods and assumptions, located after the notes to the basic financial statements, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

A handwritten signature in cursive script that reads "Bowers + Sullivan".

Wakefield, Massachusetts
November 29, 2010

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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 fiscal year ended June 30, 2010. This is the eighth 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 qualified 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 unqualified opinion on its financial statements for many years.

Financial Highlights

- The government-wide assets of the Town of Wellesley exceeded its liabilities at the close of the most recent fiscal year by \$146.4 million and \$85.6 million (net assets) for governmental activities and business-type activities, respectively.
- Of these amounts, 21% or \$48.8 million (unrestricted net assets) may be used to meet the government's on-going obligations to citizens and creditors.
- At the close of the current fiscal year, the Town of Wellesley's general fund reported an ending fund balance of \$17.4 million, an increase of \$725,000 over the prior year. Total fund balance represents 14% of total general fund expenditures. Approximately \$12.4 million of this total amount is available for appropriation at the Town's discretion.
- The Town of Wellesley's total governmental debt increased by approximately \$28 million during the current fiscal year. The increase is the result of \$35 million of new issuances for high school construction less \$8 million of principal payments on debt previously incurred for school construction and various public works projects.

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

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing 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 fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, 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.

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 fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of 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 five major governmental funds that are presented separately in the governmental fund financial statements. The high school construction fund is a new major fund in fiscal year 2010, used to account for the construction of the new high school. 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.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Wellesley, assets exceeded liabilities by \$232 million at the close of the fiscal year 2010.

Government-wide net assets of \$172 million (74%) 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.

An additional portion of the Town of Wellesley's net assets, \$11.2 million (5%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$48.8 million (21%), may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Wellesley is able to report positive balances in all three categories of net assets, 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 assets increased by \$10.9 million during the current fiscal year as compared to an increase in net assets of \$6.7 million during the prior fiscal year. The key element of the change relates to a \$4 million increase in capital grant revenues. Other revenue sources have been predictable and the Town experienced an overall 5% increase in the other revenue categories and the increase is primarily the result of increases in the charges for service, operating grants and contributions, real estate taxes and investment income categories. Expenses increased in virtually all functional categories, with an overall 5% increase over the prior year.

	2010	2009
Assets:		
Current assets.....	\$ 90,448,767	\$ 66,888,554
Noncurrent assets (excluding capital).....	5,957,219	5,641,027
Capital assets, non depreciable.....	32,217,469	11,865,303
Capital assets, net of accumulated depreciation.....	134,979,015	133,544,471
Total assets.....	263,602,470	217,939,355
Liabilities:		
Current liabilities (excluding debt).....	13,811,786	6,668,650
Noncurrent liabilities (excluding debt).....	363,747	403,589
Current debt.....	9,496,948	8,077,301
Noncurrent debt.....	93,500,246	67,270,020
Total liabilities.....	117,172,727	82,419,560
Net Assets:		
Invested in capital assets, net of related debt.....	98,914,209	90,953,257
Restricted.....	11,181,819	10,336,566
Unrestricted.....	36,333,715	34,229,972
Total net assets.....	\$ 146,429,743	\$ 135,519,795

Governmental capital assets increased during the year by \$21.8 million. This was the result of \$29.6 million of additions, primarily in the areas of school buildings and related improvements. Depreciation expense was recorded in the amount of \$7.8 million. Non-current assets include a \$2.8 million asset relating to the pre-funding of the Other Postemployment Benefit (OPEB) liability.

	<u>2010</u>	<u>2009</u>
Program revenues:		
Charges for services..... \$	9,527,490	\$ 8,660,273
Operating grants and contributions.....	22,572,919	21,643,227
Capital grants and contributions.....	5,967,583	1,888,819
General Revenues:		
Real estate and personal property taxes.....	93,769,116	88,861,087
Motor vehicle and other excise taxes.....	3,945,790	4,061,173
Community preservation tax.....	844,254	805,247
Nonrestricted grants and contributions, and other.....	2,327,910	2,791,169
Unrestricted investment income.....	1,801,769	1,206,334
Total revenues.....	<u>140,756,831</u>	<u>129,917,329</u>
Expenses:		
General government.....	8,576,509	7,647,280
Public safety.....	14,139,090	12,840,721
Public education.....	86,694,832	83,694,291
Public works.....	10,280,799	9,764,169
Health and human services.....	1,319,220	1,173,751
Library.....	3,317,361	3,662,740
Recreation.....	2,701,249	2,223,767
Traffic and parking management.....	580,125	371,662
Community preservation.....	129,981	166,752
Interest.....	3,107,717	2,653,697
Total expenses.....	<u>130,846,883</u>	<u>124,198,830</u>
Excess (Deficiency) before transfers.....	9,909,948	5,718,499
Transfers.....	<u>1,000,000</u>	<u>1,000,000</u>
Change in net assets..... \$	<u><u>10,909,948</u></u>	<u><u>6,718,499</u></u>

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.
- 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 67% of current resources.
- Other taxes and other revenues comprised a total of 10% percent of the governmental activities resources. These primarily include capital grants, excise taxes, non-restricted grants and contributions, and investment earnings.
- Education is by far the largest governmental activity of the Town. Approximately \$57 million in taxes and other revenue were needed to cover its Fiscal 2010 operating expenses. A pension contribution of approximately \$10 million made by the state on-behalf of Wellesley teachers was recorded as an expense and grant revenue.

- Public safety and public works are the second and third largest activities of the Town. Approximately \$11 million and \$9 million, respectively, of taxes and other revenue were needed to cover their fiscal 2010 operating expenses.

Business-type activities. Business-type activities increased the Town’s net assets by \$1.4 million compared to a decrease of \$1.3 million during the previous fiscal year. Key elements of this change relate mainly to the operations of the Electric Light Department where the department was able to increase revenues \$2.3 million while realizing a net expense decrease of \$1.2 million in the production, transmission, and distribution cost categories.

As shown below, business-type activities assets exceeded liabilities by \$85.6 million at the close of fiscal year 2010. Invested in capital assets, net of related debt was \$73.1 million (85%) while unrestricted net assets were \$12.5 million (15%). The Electric Light department experienced a \$1.3 million increase in net assets, after transferring \$1 million to the governmental activities, while the water and sewer funds recovered all of their costs through rates. These results continue to reflect management’s goal of maintaining the systems while only charging users for the cost of operations.

	2010		2009
Assets:			
Current assets.....	\$ 16,401,091	\$	16,921,964
Noncurrent assets (excluding capital).....	377,214		302,362
Capital assets, non depreciable.....	1,814,782		7,486,819
Capital assets, net of accumulated depreciation.....	80,109,206		73,202,832
Total assets.....	98,702,293		97,913,977
Liabilities:			
Current liabilities (excluding debt).....	4,267,654		4,209,967
Noncurrent liabilities (excluding debt).....	18,786		15,077
Current debt.....	1,073,160		1,018,489
Noncurrent debt.....	7,732,579		8,483,714
Total liabilities.....	13,092,179		13,727,247
Net Assets:			
Invested in capital assets, net of related debt.....	73,118,249		71,187,448
Unrestricted.....	12,491,865		12,999,282
Total net assets.....	\$ 85,610,114	\$	84,186,730

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 fund’s pre-funding contributions to the OPEB liability.

	<u>2010</u>		<u>2009</u>
Program revenues:			
Charges for services.....	\$ 45,165,112	\$	43,749,436
Capital grants and contributions.....	1,020,856		740,108
Total revenues.....	<u>46,185,968</u>		<u>44,489,544</u>
Expenses:			
Sewer.....	6,368,443		6,033,451
Water.....	5,101,386		5,060,034
Electric department.....	32,292,755		33,736,181
Total expenses.....	<u>43,762,584</u>		<u>44,829,666</u>
Excess (Deficiency) before transfers.....	2,423,384		(340,122)
Transfers.....	<u>(1,000,000)</u>		<u>(1,000,000)</u>
Change in net assets.....	\$ <u>1,423,384</u>	\$	<u>(1,340,122)</u>

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 unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$67.4 million, an increase of \$17.3 million for the year. The increase is primarily due to the issuance of long-term debt net of capital spending on related construction projects.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$12.4 million, while the total fund balance was \$17.4 million. As a measure of the general fund's liquidity, it may be useful to compare both the unreserved fund balance and the total fund balance to total fund expenditures. The unreserved fund balance represents 10% of total general fund expenditures, while the total fund balance represents 14% of that same amount. Fund balance of the General Fund increased \$725,000 during fiscal year 2010 partly as a result of a premium from the issuance of long-term debt.

Stabilization Major Fund

The stabilization fund is a special revenue fund used to account for the accumulation of resources to be used for general and/or capital purposes upon approval of Town Meeting. The fund increased by \$235,000 in fiscal 2010 from investment earnings.

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. The fund essentially broke even during the fiscal year.

Capital Projects Major Fund

Capital project funds under the modified accrual basis of accounting normally have significant fluctuations as major capital projects are constructed. During fiscal year 2010, the Town continued to expend funds primarily on the middle school renovation project, other general school improvements, and various non-building infrastructure and road improvements. The fund had expenditures of \$7.1 million leaving an ending fund balance of \$1.6 million.

High School Construction Major Fund

This fund is a new capital project fund that accounts for activities and resources associated with the construction of a new high school for the Town. During FY2010, the Town incurred construction costs of \$18.4 million, issued \$35 million in new general obligation bonds and received \$5 million in reimbursements from the Commonwealth of Massachusetts through the Massachusetts School Building Authority (MSBA). The ending fund balance was \$29.4 million and will be used to fund future construction costs. Future construction costs will be reimbursed to the Town, by the MSBA, at a rate of 40% of eligible costs.

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 over the original budget by approximately \$993,000. The main components of this increase relate to an additional \$300,000 to fund snow and ice removal costs, \$375,000 to fund repairs to the Central Street Fire Station building, \$250,000 to fund design work on the public works facility, and \$57,500 to fund design work on the Senior Center.

Total general fund revenues were slightly more than budgeted amounts, primarily because of unbudgeted tax liens and departmental revenues, which were a combined \$519,000 more than budget, offsetting real estate and personal property tax revenue and investment income which, combined, were (\$507,000) less than budget.

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 fiscal year as well as summary information for the following four fiscal 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 assets 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, 2010, totaled \$102.9 million, of which, \$90.1 million is related to school projects, \$4.1

million is related to the new library, \$4.2 million is related to the Warren building renovation, leaving a balance of \$4.5 million for other Town projects.

The enterprise funds have \$3.6 million in sewer enterprise debt and \$5 million in water enterprise debt that is fully supported by the rates and do not rely on a general fund subsidy.

The Town's major capital projects have been school construction projects totaling approximately \$120 million over the past 10 years. The Commonwealth of Massachusetts, through the Massachusetts School Building Authority (MSBA), has provided approximately \$12.7 million in the form of a grant equal to 57% of the approved costs, as defined, of the Bates and Sprague elementary school expansion and renovation projects which have been completed. The Town expects the MSBA to fund approximately 40% of allowable construction costs, or up to \$44 million of the new high school project which has a total cost estimated at approximately \$131 million.

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 gains totaling \$16.5 million for the calendar year ended December 31, 2009. These gains were partially offset by \$9.6 million of retirement benefits paid, administration costs and transfers to other systems. Total net assets of the System amounted to \$107.9 million at December 31, 2009. The System is one of the few in Massachusetts that had been fully funded (1/01/08 actuarial study) prior to the economic downturn of the financial markets in recent years. Based on the most recent actuarial valuation performed as of January 1, 2010, the System's Funded Ratio was 86.7%.

Other Postemployment Benefits

As of June 30, 2010 the Town has recognized an asset for other postemployment benefits in the amount of \$3.1 million. The current year Annual Required Contribution (ARC) amounted to \$8,506,559 and the Town contributed \$9,519,441 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 \$11.1 million at fiscal year end.

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

STATEMENT OF NET ASSETS

JUNE 30, 2010

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 75,967,247	\$ 9,112,680	\$ 85,079,927
Investments.....	6,294,310	1,063,657	7,357,967
Receivables, net of allowance for uncollectibles:			
Real estate, personal property and tax deferrals.....	2,784,770	-	2,784,770
Tax liens.....	862,603	-	862,603
Motor vehicle excise taxes.....	225,606	-	225,606
User charges.....	-	4,020,621	4,020,621
Departmental and other.....	154,846	-	154,846
Intergovernmental.....	4,159,385	-	4,159,385
Inventory.....	-	719,192	719,192
Purchased power advance deposits.....	-	1,362,015	1,362,015
Other assets.....	-	122,926	122,926
Total Current Assets.....	90,448,767	16,401,091	106,849,858
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	3,109,812	-	3,109,812
Investment in Energy New England, LLC.....	-	150,000	150,000
Other postemployment benefits asset.....	2,847,407	227,214	3,074,621
Capital assets, non depreciable.....	32,217,469	1,814,782	34,032,251
Capital assets, net of accumulated depreciation.....	134,979,015	80,109,206	215,088,221
Total Noncurrent Assets.....	173,153,703	82,301,202	255,454,905
TOTAL ASSETS.....	263,602,470	98,702,293	362,304,763
LIABILITIES			
CURRENT:			
Warrants payable.....	8,521,415	3,098,338	11,619,753
Accrued payroll.....	3,894,665	107,503	4,002,168
Tax refunds payable.....	276,611	-	276,611
Accrued interest.....	536,382	18,342	554,724
Other liabilities.....	-	1,012,071	1,012,071
Unearned revenues.....	244,213	-	244,213
Compensated absences.....	104,500	31,400	135,900
Workers' compensation.....	234,000	-	234,000
Bonds and notes payable.....	9,496,948	1,073,160	10,570,108
Total Current Liabilities.....	23,308,734	5,340,814	28,649,548
NONCURRENT:			
Compensated absences.....	69,747	18,786	88,533
Workers' compensation.....	294,000	-	294,000
Bonds and notes payable.....	93,500,246	7,732,579	101,232,825
Total Noncurrent Liabilities.....	93,863,993	7,751,365	101,615,358
TOTAL LIABILITIES.....	117,172,727	13,092,179	130,264,906
NET ASSETS			
Invested in capital assets, net of related debt.....	98,914,209	73,118,249	172,032,458
Restricted for:			
Permanent funds:			
Expendable.....	1,985,854	-	1,985,854
Nonexpendable.....	210,612	-	210,612
Grants and gifts.....	1,989,951	-	1,989,951
Community preservation.....	6,995,402	-	6,995,402
Unrestricted.....	36,333,715	12,491,865	48,825,580
TOTAL NET ASSETS.....	\$ 146,429,743	\$ 85,610,114	\$ 232,039,857

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 8,576,509	\$ 794,990	\$ 47,879	\$ -	\$ (7,733,640)
Public safety.....	14,139,090	3,028,707	108,597	-	(11,001,786)
Public education.....	86,694,832	3,119,832	21,666,819	5,047,729	(56,860,452)
Public works.....	10,280,799	667,351	99,341	647,917	(8,866,190)
Health and human services.....	1,319,220	123,704	65,631	-	(1,129,885)
Library.....	3,317,361	84,390	38,110	-	(3,194,861)
Recreation.....	2,701,249	1,074,003	546,542	-	(1,080,704)
Traffic and parking management.....	580,125	634,513	-	-	54,388
Community preservation.....	129,981	-	-	271,937	141,956
Interest.....	3,107,717	-	-	-	(3,107,717)
Total Governmental Activities.....	130,846,883	9,527,490	22,572,919	5,967,583	(92,778,891)
<i>Business-Type Activities:</i>					
Sewer.....	6,368,443	6,190,782	-	263,475	85,814
Water.....	5,101,386	5,127,632	-	-	26,246
Electric department.....	32,292,755	33,846,698	-	757,381	2,311,324
Total Business-Type Activities.....	43,762,584	45,165,112	-	1,020,856	2,423,384
Total Primary Government.....	\$ 174,609,467	\$ 54,692,602	\$ 22,572,919	\$ 6,988,439	\$ (90,355,507)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net assets:			
Net (expense) revenue from previous page.....	\$ (92,778,891)	\$ 2,423,384	\$ (90,355,507)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds.....	93,459,337	-	93,459,337
Tax liens.....	309,779	-	309,779
Motor vehicle and other excise taxes.....	3,945,790	-	3,945,790
Community preservation tax.....	844,254	-	844,254
Penalties and interest on taxes.....	297,977	-	297,977
Payments in lieu of taxes.....	417,329	-	417,329
Grants and contributions not restricted to specific programs.....	1,612,604	-	1,612,604
Unrestricted investment income.....	1,801,769	-	1,801,769
<i>Transfers, net</i>	1,000,000	(1,000,000)	-
Total general revenues and transfers.....	103,688,839	(1,000,000)	102,688,839
Change in net assets.....	10,909,948	1,423,384	12,333,332
<i>Net Assets:</i>			
Beginning of year.....	135,519,795	84,186,730	219,706,525
End of year.....	\$ 146,429,743	\$ 85,610,114	\$ 232,039,857

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2010

ASSETS	General	Stabilization Fund	Highway Chapter 90	Capital Projects	High School Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 20,436,148	\$ 2,115,922	\$ -	\$ 1,832,988	\$ 34,872,792	\$ 13,657,300	\$ 72,915,150
Investments.....	1,793,995	906,334	-	-	-	2,931,576	5,631,905
Receivables, net of uncollectibles:							
Real estate, personal property and tax deferrals	2,784,770	-	-	-	-	-	2,784,770
Tax liens.....	862,603	-	-	-	-	-	862,603
Motor vehicle excise taxes.....	225,606	-	-	-	-	-	225,606
Departmental and other.....	2,876	-	-	-	-	141,245	144,121
Intergovernmental.....	3,742,636	-	2,756,134	-	534,787	235,640	7,269,197
Due from other funds.....	714,873	-	-	-	-	-	714,873
TOTAL ASSETS.....	\$ 30,563,507	\$ 3,022,256	\$ 2,756,134	\$ 1,832,988	\$ 35,407,579	\$ 16,965,761	\$ 90,548,225
LIABILITIES							
LIABILITIES:							
Warrants payable.....	\$ 1,606,959	\$ -	\$ 20,846	\$ 220,869	\$ 6,036,429	\$ 529,461	\$ 8,414,564
Accrued payroll.....	3,840,618	-	-	-	-	27,569	3,868,187
Tax refunds payable.....	276,611	-	-	-	-	-	276,611
Deferred revenues and advance collections.....	7,468,708	-	2,020,415	-	-	360,442	9,849,565
Due to other funds.....	-	-	714,873	-	-	-	714,873
TOTAL LIABILITIES.....	13,192,896	-	2,756,134	220,869	6,036,429	917,472	23,123,800
FUND BALANCES:							
Reserved for:							
Encumbrances and continuing appropriations.....	5,003,837	-	-	-	-	-	5,003,837
Perpetual permanent funds.....	-	-	-	-	-	210,612	210,612
Unreserved:							
Undesignated, reported in:							
General fund.....	12,366,774	-	-	-	-	-	12,366,774
Special revenue funds.....	-	3,022,256	-	-	-	13,851,823	16,874,079
Capital projects funds.....	-	-	-	1,612,119	29,371,150	-	30,983,269
Permanent funds.....	-	-	-	-	-	1,985,854	1,985,854
TOTAL FUND BALANCES.....	17,370,611	3,022,256	-	1,612,119	29,371,150	16,048,289	67,424,425
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 30,563,507	\$ 3,022,256	\$ 2,756,134	\$ 1,832,988	\$ 35,407,579	\$ 16,965,761	\$ 90,548,225

See notes to basic financial statements.

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

June 30, 2010

Total governmental fund balances.....		\$ 67,424,425
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		167,196,484
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		9,605,352
Other postemployment benefits asset.....		2,847,407
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.....		3,063,898
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(536,382)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds Bonds and notes payable.....	(102,997,194)	
Compensated absences.....	<u>(174,247)</u>	
Net effect of reporting long-term liabilities.....		<u>(103,171,441)</u>
Net assets of governmental activities.....		\$ <u>146,429,743</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2010

	General	Stabilization Fund	Highway Chapter 90	Capital Projects	High School Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ 93,298,418	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,298,418
Tax liens.....	309,779	-	-	-	-	-	309,779
Motor vehicle and other excise taxes.....	3,876,634	-	-	-	-	-	3,876,634
Payments in lieu of taxes.....	417,329	-	-	-	-	-	417,329
Penalties and interest on taxes.....	297,977	-	-	-	-	-	297,977
Charges for services.....	-	-	-	-	-	1,018,737	1,018,737
Parking meter receipts.....	-	-	-	-	-	634,513	634,513
Intergovernmental.....	18,434,028	-	1,791,128	-	5,047,729	5,301,468	30,574,353
Departmental and other.....	3,487,711	-	-	-	-	4,482,585	7,970,296
Community preservation tax.....	-	-	-	-	-	844,254	844,254
Contributions.....	-	-	-	-	-	1,334,593	1,334,593
Investment income.....	1,295,023	235,704	-	-	-	271,042	1,801,769
TOTAL REVENUES.....	121,416,899	235,704	1,791,128	-	5,047,729	13,887,192	142,378,652
EXPENDITURES:							
Current:							
General government.....	6,089,073	-	-	292,225	-	246,486	6,627,784
Public safety.....	10,115,125	-	-	475,000	-	954,255	11,544,380
Public education.....	55,881,207	-	-	4,741,472	18,392,051	7,192,340	86,207,070
Public works.....	7,206,252	-	1,783,873	1,629,536	-	515,970	11,135,631
Health and human services.....	939,832	-	-	-	-	192,494	1,132,326
Recreation.....	324,271	-	-	9,382	-	1,382,326	1,715,979
Library.....	2,317,460	-	-	-	-	479,232	2,796,692
Teachers pension benefits - state funded.....	10,018,000	-	-	-	-	-	10,018,000
Town pension.....	900,540	-	-	-	-	-	900,540
Employee benefits.....	17,016,382	-	-	-	-	123,564	17,139,946
Traffic and parking management.....	-	-	-	-	-	580,125	580,125
Community preservation.....	-	-	-	-	-	129,981	129,981
State and county charges.....	1,051,076	-	-	-	-	-	1,051,076
Debt service:							
Principal.....	8,026,000	-	-	-	-	-	8,026,000
Interest.....	2,812,934	-	-	-	-	-	2,812,934
TOTAL EXPENDITURES.....	122,698,152	-	1,783,873	7,147,615	18,392,051	11,796,773	161,818,464
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,281,253)	235,704	7,255	(7,147,615)	(13,344,322)	2,090,419	(19,439,812)
OTHER FINANCING SOURCES (USES):							
Issuance of long-term debt.....	-	-	-	-	35,000,000	-	35,000,000
Premium from issuance of bonds.....	727,174	-	-	-	-	-	727,174
Transfers in.....	1,379,437	-	-	-	-	246,525	1,625,962
Transfers out.....	(100,000)	-	-	(60,418)	-	(465,544)	(625,962)
TOTAL OTHER FINANCING SOURCES (USES).....	2,006,611	-	-	(60,418)	35,000,000	(219,019)	36,727,174
NET CHANGE IN FUND BALANCES.....	725,358	235,704	7,255	(7,208,033)	21,655,678	1,871,400	17,287,362
FUND BALANCES AT BEGINNING OF YEAR.....	16,645,253	2,786,552	(7,255)	8,820,152	7,715,472	14,176,889	50,137,063
FUND BALANCES AT END OF YEAR.....	\$ 17,370,611	\$ 3,022,256	\$ -	\$ 1,612,119	\$ 29,371,150	\$ 16,048,289	\$ 67,424,425

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds.....	\$	17,287,362
<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.....	29,738,436	
Depreciation expense.....	<u>(7,951,726)</u>	
Net effect of reporting capital assets.....		21,786,710
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>		
		(1,621,821)
Other postemployment benefits asset.....		938,030
<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>		
Issuance of long-term debt.....	(35,000,000)	
Premium from issuance of bonds.....	(727,174)	
Debt service principal payments.....	<u>8,026,000</u>	
Net effect of reporting long-term debt.....		(27,701,174)
<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.....	50,942	
Net change in accrued interest on long-term debt.....	(346,084)	
Amortization of bond premiums.....	<u>51,301</u>	
Net effect of recording long-term liabilities.....		(243,841)
<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>464,682</u>
Change in net assets of governmental activities.....	\$	<u><u>10,909,948</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2010

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Electric Department	Total	
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 2,595,961	\$ 1,818,112	\$ 4,698,607	\$ 9,112,680	\$ 3,052,097
Investments.....	472,680	404,396	186,581	1,063,657	662,405
Receivables, net of allowance for uncollectibles:					
User charges.....	378,172	396,430	3,246,019	4,020,621	-
Departmental and other.....	-	-	-	-	10,725
Inventory.....	-	154,809	564,383	719,192	-
Purchased power advance deposits.....	-	-	1,362,015	1,362,015	-
Other assets.....	-	-	122,926	122,926	-
Total current assets.....	3,446,813	2,773,747	10,180,531	16,401,091	3,725,227
NONCURRENT:					
Investment in Energy New England, LLC.....	-	-	150,000	150,000	-
Other postemployment benefits asset.....	32,940	32,940	161,334	227,214	-
Capital assets, nondepreciable.....	235,539	1,068,278	510,965	1,814,782	-
Capital assets, net of accumulated depreciation.....	14,147,252	16,028,282	49,933,672	80,109,206	-
Total noncurrent assets.....	14,415,731	17,129,500	50,755,971	82,301,202	-
TOTAL ASSETS.....	17,862,544	19,903,247	60,936,502	98,702,293	3,725,227
LIABILITIES					
CURRENT:					
Warrants payable.....	40,106	138,335	2,919,897	3,098,338	106,851
Accrued payroll.....	-	41,528	65,975	107,503	26,478
Accrued interest.....	9,042	9,300	-	18,342	-
Other liabilities.....	2,075	37,720	972,276	1,012,071	-
Compensated absences.....	-	7,400	24,000	31,400	-
Workers' compensation.....	-	-	-	-	234,000
Bonds and notes payable.....	362,132	711,028	-	1,073,160	-
Total current liabilities.....	413,355	945,311	3,982,148	5,340,814	367,329
NONCURRENT:					
Compensated absences.....	-	2,829	15,957	18,786	-
Workers' compensation.....	-	-	-	-	294,000
Bonds and notes payable.....	3,326,256	4,406,323	-	7,732,579	-
Total noncurrent liabilities.....	3,326,256	4,409,152	15,957	7,751,365	294,000
TOTAL LIABILITIES.....	3,739,611	5,354,463	3,998,105	13,092,179	661,329
NET ASSETS					
Invested in capital assets, net of related debt.....	10,694,403	11,979,209	50,444,637	73,118,249	-
Unrestricted.....	3,428,530	2,569,575	6,493,760	12,491,865	3,063,898
TOTAL NET ASSETS.....	\$ 14,122,933	\$ 14,548,784	\$ 56,938,397	\$ 85,610,114	\$ 3,063,898

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Electric Department	Total	
OPERATING REVENUES:					
Charges for services	\$ 6,183,417	\$ 5,122,490	\$ 30,996,065	\$ 42,301,972	\$ 14,450,995
Contracted services.....	-	-	2,002,659	2,002,659	-
Employee contributions	-	-	-	-	5,443,536
Other.....	7,365	5,142	847,974	860,481	-
TOTAL OPERATING REVENUES	6,190,782	5,127,632	33,846,698	45,165,112	19,894,531
OPERATING EXPENSES:					
MWRA Assessment.....	4,743,999	881,976	-	5,625,975	-
Production.....	-	-	19,637,587	19,637,587	-
Transmission and distribution.....	-	1,142,028	7,961,550	9,103,578	-
Cost of contracted services.....	-	-	1,337,567	1,337,567	-
Other source of supply.....	-	146,787	-	146,787	-
Pumping and treatment.....	234,901	943,700	-	1,178,601	-
Collection.....	430,432	-	-	430,432	-
Customer accounts.....	90,345	196,644	457,646	744,635	-
Supplies and services.....	-	-	-	-	19,515,099
Administration and general.....	464,259	854,547	367,069	1,685,875	-
Depreciation.....	303,289	755,520	2,520,292	3,579,101	-
TOTAL OPERATING EXPENSES	6,267,225	4,921,202	32,281,711	43,470,138	19,515,099
OPERATING INCOME (LOSS).....	(76,443)	206,430	1,564,987	1,694,974	379,432
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	-	-	-	-	85,250
Interest expense.....	(101,218)	(180,184)	(11,044)	(292,446)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(101,218)	(180,184)	(11,044)	(292,446)	85,250
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS.....	(177,661)	26,246	1,553,943	1,402,528	464,682
CAPITAL CONTRIBUTIONS.....	263,475	-	757,381	1,020,856	-
TRANSFERS:					
Transfers out.....	-	-	(1,000,000)	(1,000,000)	-
CHANGE IN NET ASSETS.....	85,814	26,246	1,311,324	1,423,384	464,682
NET ASSETS AT BEGINNING OF YEAR.....	14,037,119	14,522,538	55,627,073	84,186,730	2,599,216
NET ASSETS AT END OF YEAR.....	\$ 14,122,933	\$ 14,548,784	\$ 56,938,397	\$ 85,610,114	\$ 3,063,898

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2010

	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.....	\$ 6,291,652	\$ 5,295,128	\$ 33,554,239	\$ 45,141,019	\$ 5,443,110
Receipts from interfund services provided.....	-	-	-	-	14,450,995
Payments to vendors.....	(5,258,403)	(1,967,444)	(28,412,586)	(35,638,433)	-
Payments to employees.....	(787,796)	(2,140,264)	(1,141,510)	(4,069,570)	(371,282)
Payments for interfund services used.....	-	-	-	-	(19,095,858)
NET CASH FROM OPERATING ACTIVITIES.....	245,453	1,187,420	4,000,143	5,433,016	426,965
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers out.....	-	-	(1,000,000)	(1,000,000)	-
Prefunding transfer for other postemployment benefits.....	(10,838)	(10,838)	(53,176)	(74,852)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(10,838)	(10,838)	(1,053,176)	(1,074,852)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the issuance of bonds and notes.....	322,025	-	-	322,025	-
Capital contributions.....	263,475	-	757,381	1,020,856	-
Acquisition and construction of capital assets.....	(150,933)	(969,774)	(3,692,731)	(4,813,438)	-
Principal payments on bonds and notes.....	(299,062)	(702,743)	-	(1,001,805)	-
Interest expense.....	(109,254)	(191,384)	(11,044)	(311,682)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	26,251	(1,863,901)	(2,946,394)	(4,784,044)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sales and maturities of investments.....	18,625	19,435	38,774	76,834	775,994
Purchase of investments.....	(472,680)	(404,396)	(186,581)	(1,063,657)	(662,406)
Investment income.....	-	-	-	-	85,250
NET CASH FROM INVESTING ACTIVITIES.....	(454,055)	(384,961)	(147,807)	(986,823)	198,838
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(193,189)	(1,072,280)	(147,234)	(1,412,703)	625,803
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	2,789,150	2,890,392	4,845,841	10,525,383	2,426,294
CASH AND CASH EQUIVALENTS, END OF YEAR.....	\$ 2,595,961	\$ 1,818,112	\$ 4,698,607	\$ 9,112,680	\$ 3,052,097
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH					
FROM OPERATING ACTIVITIES:					
Operating income (loss).....	\$ (76,443)	\$ 206,430	\$ 1,564,987	\$ 1,694,974	\$ 379,432
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation.....	303,289	755,520	2,520,292	3,579,101	-
Changes in assets and liabilities:					
User charges.....	100,870	167,496	(292,459)	(24,093)	-
Department and other.....	-	-	-	-	(425)
Inventory.....	-	(718)	(64,822)	(65,540)	-
Purchased power advance deposits.....	-	-	198,205	198,205	-
Other assets.....	-	-	(13,579)	(13,579)	-
Warrants payable.....	(82,263)	54,198	21,095	(6,970)	61,219
Accrued payroll.....	-	4,494	15,144	19,638	8,739
Other liabilities.....	-	-	36,671	36,671	-
Compensated absences.....	-	-	14,609	14,609	-
Workers' compensation.....	-	-	-	-	(22,000)
Total adjustments.....	321,896	980,990	2,435,156	3,738,042	47,533
NET CASH FROM OPERATING ACTIVITIES.....	\$ 245,453	\$ 1,187,420	\$ 4,000,143	\$ 5,433,016	\$ 426,965

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2010

	Pension Trust Fund (as of December 31, 2009)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Fund
ASSETS				
Cash and cash equivalents.....	\$ 708,457	\$ -	\$ -	\$ 1,100,126
Investments:				
Equity securities.....	-	-	278,304	-
Equity mutual funds.....	-	5,953,010	-	-
Real Estate Investment Trust Index Fund.....	-	630,636	-	-
Debt securities.....	-	4,549,486	-	-
PRIT funds.....	107,098,828	-	-	-
Receivables, net of allowance for uncollectibles:				
Departmental and other receivables.....	414,717	-	-	-
Prepaid expenses.....	5,985	-	-	-
TOTAL ASSETS.....	108,227,987	11,133,132	278,304	1,100,126
LIABILITIES				
Accrued liabilities.....	299,276	-	-	-
Liabilities due depositors.....	-	-	-	1,100,126
TOTAL LIABILITIES.....	299,276	-	-	1,100,126
NET ASSETS				
Held in trust for retirement, OPEB benefits, and other purposes.....	\$ 107,928,711	\$ 11,133,132	\$ 278,304	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2010

	Pension Trust Fund (as of December 31, 2009)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS:			
Contributions:			
Employer.....	\$ 1,000,000	\$ 3,331,280	\$ -
Plan members.....	3,080,571	-	-
Private donations.....	-	-	5,850
Total contributions.....	4,080,571	3,331,280	5,850
Net investment income:			
Net change in fair value of investments.....	13,543,502	1,120,905	-
Interest.....	7,351	25,290	34,551
Dividends.....	2,931,714	-	-
Total investment income.....	16,482,567	1,146,195	34,551
Less: investment expense.....	(6,490)	-	-
Net investment income.....	16,476,077	1,146,195	34,551
Intergovernmental.....	262,912	-	-
Transfers from other systems.....	282,893	-	-
TOTAL ADDITIONS.....	21,102,453	4,477,475	40,401
DEDUCTIONS:			
Administration.....	877,944	-	-
Transfers to other systems.....	365,806	-	-
Retirement benefits and refunds.....	8,426,559	-	-
Educational scholarships.....	-	-	29,450
TOTAL DEDUCTIONS.....	9,670,309	-	29,450
CHANGE IN NET ASSETS.....	11,432,144	4,477,475	10,951
NET ASSETS AT BEGINNING OF YEAR.....	96,496,567	6,655,657	267,353
NET ASSETS AT END OF YEAR.....	\$ 107,928,711	\$ 11,133,132	\$ 278,304

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. The Wellesley Contributory Retirement System has been included as a component unit in the reporting entity, because of the significance of its operational and financial relationship.

Blended Component Units – Blended component units are entities that are legally separate from the Town, but are so related that they are, in substance, the same as the Town or entities providing services entirely or almost entirely for the benefit of the Town. The following component unit is blended within the primary government:

In the Fiduciary Funds:

- (1) The Wellesley Contributory Retirement System (the System) was established to provide retirement benefits to Town employees, 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.

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.

B. Government-Wide and Fund-Level Financial Statements***Government-Wide Financial Statements***

The government-wide financial statements (i.e., statement of net assets 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, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

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

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation*Government-Wide Financial Statements*

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

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

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., 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 obligations are expected to be liquidated with current expendable available resources.

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

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

The following major governmental funds are reported:

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

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

The *highway Chapter 90 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.

The *capital projects fund* is used to account for financial resources used for the acquisition of major capital assets except those financed entirely by the general or the proprietary 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 provide separate accountability for revenues that are restricted to expenditures for specified purposes (other than 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 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.

Government-Wide and Fund Financial Statements

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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 fiscal year of the levy.

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

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 fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

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

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 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%. 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 five 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 fiscal year of the purchase.

H. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

I. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

J. Deferred Revenue

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

K. Net Assets and Fund Equity*Government-Wide Financial Statements (Net Assets)*

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

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

Net assets have been “restricted for” the following:

“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 grants, highway and other grants, and gift funds.

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

Fund Financial Statements (Fund Balances)

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

Fund balances have been “reserved for” the following:

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

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

L. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

M. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

N. 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.

O. Use of Estimates

Government-Wide and Fund Financial Statements

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

P. 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 .08 to 8.58 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 unrated; with approximately 98% rated A1/P1 and approximately 2% 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 fiscal year-end the carrying amount (book value) of the Town’s deposits totaled \$68,198,021 and the bank balances totaled \$68,117,467. Of the bank balance, \$60,070,753 was covered by FDIC insurance and \$8,046,714 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2009 the carrying amount (book value) of the Retirement System’s deposits totaled \$228,762 and the bank balance totaled \$398,951. The bank balance was fully covered by FDIC insurance.

As of June 30, 2010 the Town had the following investments:

Investment Type	Fair Value	Maturity			Rating
		Under 1 Year	1 - 5 Years	6-10 Years	
<u>Debt Securities</u>					
Government Sponsored Enterprises.....	\$ 6,419,057	\$ 5,631,324	\$ 787,733	\$ -	AAA
U.S. Treasury Notes.....	577,506	350,678	226,828	-	AAA
Treasury Inflation Protection Securities.....	1,940,693	-	-	1,940,693	AAA
Fixed Income Index Mutual Fund.....	943,190	-	-	943,190	AA
Fixed Income Index Mutual Fund.....	46,068	-	-	46,068	AAA
Fixed Income Index Mutual Fund.....	120,020	-	-	120,020	AA
Fixed Income Index Mutual Fund.....	103,048	-	-	103,048	B
High Yield Corporate Bond Fund.....	1,396,466	-	-	1,396,466	B
Total Debt Securities.....	11,546,049	\$ 5,982,002	\$ 1,014,561	\$ 4,549,486	
<u>Other Investments</u>					
Equity Securities.....	639,710				
Domestic Equity Mutual Funds.....	3,272,040				
International Equity Mutual Funds.....	2,680,968				
Real Estate Investment Trust Index Fund.....	630,636				
Money Market Mutual Funds.....	356,505				
MMDT.....	17,625,527				
Total Investments.....	\$ 36,751,435				

As of December 31, 2009, the Retirement System had investments in PRIT totaling \$107,098,828. The Retirement System also maintains a short term investment portfolio with MMDT. At December 31, 2009, the Retirement System's investment with MMDT was \$479,695.

Investments of approximately \$11.1 million in the Other Postemployment Benefits Trust are included in the table above.

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 of \$36,751,435 there was custodial credit risk exposure of \$7,058,767 which is equal to the investments in Government Sponsored Enterprises in the amount of \$6,419,057 and \$639,710 in equity securities because the related securities are uninsured, unregistered and held by the counterparty.

The Town does not have an investment policy for custodial credit risk.

At December 31, 2009, the System's \$107,098,828 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

The Town has adopted an investment policy that requires diversification of the towns' investments by security type and institution. With the exception of U.S. Treasury securities and the State Treasurer's investment pools, no more than 25% of the towns' total investment portfolio may be invested in a single security type or with a single institution, unless the category carries full FDIC insurance or the financial institution's investments are fully collateralized.

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, 2010, 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	\$ 2,906,337	\$ (121,567)	\$ 2,784,770 (1)
Tax liens.....	862,603	-	862,603
Motor vehicle excise taxes.....	571,495	(345,889)	225,606
Departmental and other.....	169,921	(15,075)	154,846
Intergovernmental.....	<u>7,269,197</u>	<u>-</u>	<u>7,269,197</u>
 Total.....	 <u>\$ 11,779,553</u>	 <u>\$ (482,531)</u>	 <u>\$ 11,297,022</u>

(1) The allowance for uncollectibles of \$121,567 relates only to personal property taxes.

At June 30, 2010, 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.....	\$ 378,172	\$ -	\$ 378,172
Water fees.....	396,430	-	396,430
Electric light fees.....	3,246,019	-	3,246,019
Department and other.....	<u>10,725</u>	<u>-</u>	<u>10,725</u>
 Total.....	 <u>\$ 4,031,346</u>	 <u>\$ -</u>	 <u>\$ 4,031,346</u>

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

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<u>Receivable type:</u>			
Real estate, personal property and tax deferrals.....	\$ 2,645,973	\$ -	\$ 2,645,973
Tax liens.....	862,603	-	862,603
Motor vehicle excise.....	225,606	-	225,606
Departmental and other.....	2,876	123,740	126,616
Intergovernmental.....	<u>3,731,650</u>	<u>2,257,117</u>	<u>5,988,767</u>
 Total.....	 <u>\$ 7,468,708</u>	 <u>\$ 2,380,857</u>	 <u>\$ 9,849,565</u>

Included in deferred revenues above is approximately \$244,000 of advance collections for FY2011 taxes.

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital asset activity for the fiscal year ended June 30, 2010, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 7,343,156	\$ -	\$ -	\$ 7,343,156
Construction in progress.....	4,522,147	20,352,166	-	24,874,313
Total capital assets not being depreciated.....	11,865,303	20,352,166	-	32,217,469
<u>Capital assets being depreciated:</u>				
Improvements other than buildings.....	9,741,626	4,759,275	-	14,500,901
Buildings.....	130,501,778	1,255,433	-	131,757,211
Machinery and equipment.....	11,613,466	985,596	(86,696)	12,512,366
Public domain infrastructure.....	56,384,580	2,385,966	-	58,770,546
Total capital assets being depreciated.....	208,241,450	9,386,270	(86,696)	217,541,024
<u>Less accumulated depreciation for:</u>				
Improvements other than buildings.....	(1,195,693)	(1,349,734)	-	(2,545,427)
Buildings.....	(42,908,701)	(4,063,305)	-	(46,972,006)
Machinery and equipment.....	(8,281,295)	(297,327)	86,696	(8,491,926)
Public domain infrastructure.....	(22,311,290)	(2,241,360)	-	(24,552,650)
Total accumulated depreciation.....	(74,696,979)	(7,951,726)	86,696	(82,562,009)
Total capital assets being depreciated, net.....	133,544,471	1,434,544	-	134,979,015
Total governmental activities capital assets, net.....	\$ 145,409,774	\$ 21,786,710	\$ -	\$ 167,196,484

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business Type Activities:				
<u>Capital assets not being depreciated:</u>				
Land and land rights.....	\$ 267,946	\$ -	\$ -	\$ 267,946
Construction in progress.....	<u>7,218,873</u>	<u>955,023</u>	<u>(6,627,060)</u>	<u>1,546,836</u>
Total capital assets not being depreciated.....	<u>7,486,819</u>	<u>955,023</u>	<u>(6,627,060)</u>	<u>1,814,782</u>
<u>Capital assets being depreciated:</u>				
Plant in service.....	116,441,268	\$ 10,051,530	(620,540)	125,872,258
Vehicles and other equipment.....	<u>5,146,129</u>	<u>433,945</u>	<u>(41,365)</u>	<u>5,538,709</u>
Total capital assets being depreciated.....	<u>121,587,397</u>	<u>10,485,475</u>	<u>(661,905)</u>	<u>131,410,967</u>
<u>Less accumulated depreciation for:</u>				
Plant in service.....	(44,899,419)	(3,255,975)	620,540	(47,534,854)
Vehicles and other equipment.....	<u>(3,485,146)</u>	<u>(323,126)</u>	<u>41,365</u>	<u>(3,766,907)</u>
Total accumulated depreciation.....	<u>(48,384,565)</u>	<u>(3,579,101)</u>	<u>661,905</u>	<u>(51,301,761)</u>
Total capital assets being depreciated, net.....	<u>73,202,832</u>	<u>6,906,374</u>	<u>-</u>	<u>80,109,206</u>
Total business-type activities capital assets, net.....	<u>\$ 80,689,651</u>	<u>\$ 7,861,397</u>	<u>\$ (6,627,060)</u>	<u>\$ 81,923,988</u>

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

Governmental Activities:

General government.....	\$ 1,227,556
Public safety.....	690,036
Education.....	3,763,058
Public works.....	1,280,079
Library.....	366,590
Recreation.....	<u>624,407</u>

Total depreciation expense - governmental activities..... \$ 7,951,726

Business-Type Activities:

Sewer.....	\$ 303,289
Water.....	755,520
Electric light.....	<u>2,520,292</u>

Total depreciation expense - business-type activities..... \$ 3,579,101

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Inter-fund receivables and payables between funds at June 30, 2010, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Highway Fund	\$ <u>714,873</u> (1)

(1) Represents advances between funds to meet temporary cash flow needs.

Interfund transfers for the fiscal year ended June 30, 2010, are summarized as follows:

<u>Transfers Out:</u>	<u>Transfers In:</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
General Fund.....	\$ -	\$ 100,000	\$ 100,000 (1)
Capital Projects.....	-	60,418	60,418 (2)
Nonmajor Governmental Funds.....	379,437	86,107	465,544 (3)
Electric Light Department.....	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u> (4)
Total.....	<u>\$ 1,379,437</u>	<u>\$ 246,525</u>	<u>\$ 1,625,962</u>

- (1) Represents budgeted transfer to the nonmajor funds to fund unemployment compensation claims.
- (2) Represents reimbursements from the Capital Projects major fund to the CPA special revenue fund for prior construction charges initially recorded as a CPA fund expenditures.
- (3) Represents budgeted transfers from the School Lunch fund, the Traffic and Parking fund, the Police Detail fund, and the Recreation Revolving Account.
- (4) 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.

The Town did not have any short-term debt activity for the fiscal year ended June 30, 2010.

NOTE 7 – LONG-TERM DEBT

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

Details related to the Town's outstanding general obligation indebtedness at June 30, 2010, and the debt service requirements are as follows:

Project	Date of Issue	Interest Rate (%)	Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
Sprague School Renovation.....	2001	4.0 - 4.75	\$ 7,690,000	\$ -	\$ 1,570,000	\$ 6,120,000
Bates School Renovation.....	2003	2.0 - 3.0	2,200,000	-	550,000	1,650,000
Fields & Bleachers.....	2004	2.50 - 5.0	25,000	-	15,000	10,000
New Library.....	2004	2.50 - 5.0	4,695,000	-	585,000	4,110,000
Warren Building Design.....	2004	2.50 - 5.0	90,000	-	20,000	70,000
Hunnewell Field/Courts.....	2004	2.50 - 5.0	140,000	-	30,000	110,000
Warren Renovation.....	2004	2.50 - 5.0	4,520,000	-	570,000	3,950,000
Middle School.....	2005	3.25 - 4.125	8,985,000	-	750,000	8,235,000
Modular Classrooms.....	2005	3.25 - 4.125	2,055,000	-	255,000	1,800,000
Roads.....	2005	3.25 - 4.125	690,000	-	115,000	575,000
Fire Equipment.....	2005	3.25 - 4.125	230,000	-	75,000	155,000
Warren Building.....	2005	3.25 - 4.125	190,000	-	65,000	125,000
DPW Design.....	2005	3.25 - 4.125	20,000	-	20,000	-
Middle School Construction.....	2006	3.87 - 5.25	6,015,000	-	250,000	5,765,000
Bates Elementary School.....	2006	4.0 - 5.25	275,000	-	140,000	135,000
Modular Classrooms.....	2006	3.87 - 5.25	1,615,000	-	235,000	1,380,000
DPW Electric Repairs.....	2006	3.87 - 5.25	775,000	-	115,000	660,000
DPW Surface Drains.....	2006	3.87 - 5.25	225,000	-	35,000	190,000
High School Design.....	2006	4.0 - 5.25	70,000	-	35,000	35,000
Morses Pond Dock.....	2006	4.0 - 5.25	40,000	-	20,000	20,000
Middle School Construction.....	2008	3.0-4.0	9,775,000	-	695,000	9,080,000
Streets and Sidewalks.....	2008	3.0-4.0	450,000	-	50,000	400,000
Fire Truck.....	2008	3.0-4.0	425,000	-	50,000	375,000
Sprague Field.....	2008	3.0-4.0	550,000	-	65,000	485,000
School Building Infrastructure.....	2008	3.0-4.0	4,050,000	-	450,000	3,600,000
High School Expansion-Seaver Street.....	2009	2.5 - 5.0	3,609,000	-	194,000	3,415,000
High School Planning.....	2009	2.5 - 5.0	797,000	-	42,000	755,000
High School Feasibility.....	2009	2.5 - 5.0	2,590,000	-	130,000	2,460,000
High School Project.....	2009	2.5 - 5.0	8,000,000	-	400,000	7,600,000
Elementary Infrastructure.....	2009	2.5 - 5.0	3,500,000	-	440,000	3,060,000
Woodside Avenue.....	2009	2.5 - 5.0	415,000	-	45,000	370,000
Parking Meters.....	2009	2.5 - 5.0	120,000	-	15,000	105,000
High School Construction.....	2010	2.00-4.25	-	35,000,000	-	35,000,000
Subtotal			74,826,000	35,000,000	8,026,000	101,800,000
Unamortized Premiums on Bonds.....			521,321	727,164	51,301	1,197,184
Total			\$ 75,347,321	\$ 35,727,164	\$ 8,077,301	\$ 102,997,184

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 9,395,000	\$ 3,784,368	\$ 13,179,368
2012	8,550,000	3,472,209	12,022,209
2013	8,380,000	3,184,360	11,564,360
2014	7,835,000	2,892,501	10,727,501
2015	7,795,000	2,620,021	10,415,021
2016	7,400,000	2,308,684	9,708,684
2017	6,130,000	2,023,833	8,153,833
2018	4,305,000	1,798,463	6,103,463
2019	3,720,000	1,646,101	5,366,101
2020	3,685,000	1,503,375	5,188,375
2021	3,705,000	1,359,775	5,064,775
2022	3,720,000	1,220,477	4,940,477
2023	3,735,000	1,073,063	4,808,063
2024	3,055,000	933,100	3,988,100
2025	3,075,000	818,538	3,893,538
2026	2,645,000	700,813	3,345,813
2027	2,160,000	593,798	2,753,798
2028	2,150,000	507,400	2,657,400
2029	1,960,000	421,400	2,381,400
2030	1,400,000	343,000	1,743,000
2031	1,400,000	287,000	1,687,000
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>101,800,000</u>	\$ <u>34,076,778</u>	\$ <u>135,876,778</u>

The Town has been approved to receive school construction assistance through the Massachusetts School Building Authority (MSBA). The MSBA provides resources for eligible construction costs and related debt interest and borrowing costs. The Town was approved for grants equal to 57% of allowable costs, as defined, for the renovation/expansion projects of the Sprague Elementary School. The Sprague project is being reimbursed over a 12 year period that began in FY2005. The Town expects to receive, in future years, \$3.7 million from the MSBA for all school constructions costs incurred by the Town. Accordingly, a \$3.7 million intergovernmental receivable and corresponding deferred revenue liability has been recorded in the general fund.

Bonds and Notes Payable Schedule – Enterprise Funds

Project	Date of Issue	Interest Rate (%)	Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
Water System Improvements.....	1998	4.15 - 5.25	\$ 1,720,000	\$ -	\$ 430,000	\$ 1,290,000
MWRA-Sewer Bond.....	2005	0.00	32,578	-	32,578	-
MWRA-Water Bond.....	2006	0.00	361,869	-	51,696	310,173
MWRA-Sewer Bond.....	2006	0.00	49,447	-	24,724	24,723
MWRA-Water Bond.....	2007	0.00	255,592	-	31,949	223,643
MWRA-Sewer Bond.....	2007	0.00	80,628	-	26,876	53,752
MWRA-Sewer Bond.....	2008	0.00	169,532	-	42,383	127,149
MWRA-Water Bond.....	2008	0.00	149,388	-	16,599	132,789
Water Garage.....	2009	2.5 - 5.0	3,250,000	-	172,500	3,077,500
Sewer Garage.....	2009	2.5 - 5.0	3,250,000	-	172,500	3,077,500
MWRA-Sewer Bond.....	2010	0.00	-	322,025	-	322,025
Subtotal			9,319,034	322,025	1,001,805	8,639,254
Unamortized Premiums on Bonds.....			183,168	-	16,683	166,485
Total			\$ 9,502,202	\$ 322,025	\$ 1,018,488	\$ 8,805,739

The interest imputed on the remaining life of the 0% MWRA bonds totaled approximately \$191,000. However, the cost on a yearly basis is deemed immaterial. No adjustments have been made to recognize the imputed interest.

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

Fiscal Year	Principal	Interest	Total
2011	\$ 1,033,631	\$ 278,920	\$ 1,312,551
2012	1,008,908	249,871	1,258,779
2013	982,029	218,881	1,200,910
2014	509,649	187,676	697,325
2015	509,649	179,050	688,699
2016	445,241	161,800	607,041
2017	393,548	151,450	544,998
2018	356,599	141,100	497,699
2019	340,000	130,050	470,050
2020	340,000	119,000	459,000
2021	340,000	107,100	447,100
2022	340,000	94,350	434,350
2023	340,000	81,600	421,600
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	340,000	13,600	353,600
Total	\$ 8,639,254	\$ 2,304,848	\$ 10,944,102

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 received from the MWRA consists of a grant and non-interest bearing loan. In the current and prior fiscal periods \$1,421,059 of loans subject to repayment were received from this program. At June 30, 2010, the outstanding principal amount of these loans totaled \$1,194,254.

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, 2010, the Town had the following authorized and un-issued debt:

Purpose	Amount
Morses Pond Management.....	\$ 650,000
Storm Water Drainage.....	1,306,000
School Building Infrastructure.....	2,728,535
MLP Garage.....	1,998,000
Water/Sewer Building.....	917,000
High School Project.....	36,100,176
Sprague Field.....	85,000
MWRA Sewer.....	985,299
MWRA Water.....	276,843
Total.....	<u>\$ 45,046,853</u>

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2010, the following changes occurred in long-term liabilities:

	Balance June 30, 2009	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Balance June 30, 2010	Due Within One Year
Governmental Activities:							
Long-Term Bonds and Notes.....	\$ 74,826,000	\$ 35,000,000	\$ (8,026,000)	\$ -	\$ -	\$ 101,800,000	\$ 9,395,000
Unamortized Bond Premium.....	521,321	727,164	(51,301)	-	-	1,197,184	50,276
Workers' Compensation.....	550,000	-	-	214,500	(236,500)	528,000	234,000
Compensated Absences.....	225,189	-	-	84,158	(135,100)	174,247	104,500
Total Governmental Activities.....	76,122,510	35,727,164	(8,077,301)	298,658	(371,600)	103,699,431	9,783,776
Business Type Activities:							
Long-Term Bonds and Notes.....	9,319,035	322,025	(1,001,805)	-	-	8,639,255	1,033,631
Unamortized Bond Premium.....	183,168	-	(16,684)	-	-	166,484	16,568
Compensated Absences.....	35,577	-	-	35,109	(20,500)	50,186	31,400
Total Business Type Activities.....	9,537,780	322,025	(1,018,489)	35,109	(20,500)	8,855,925	1,081,599
Total.....	\$ 85,660,290	\$ 36,049,189	\$ (9,095,790)	\$ 333,767	\$ (392,100)	\$ 112,555,356	\$ 10,865,375

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 fiscal year end, \$528,000 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 – 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 fiscal 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 coverage with insurance 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. As of June 30, 2010, the Group had an unaudited fund balance of approximately \$18.6 million. The Town’s 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, 2010, the Group’s mandatory deposit, discussed above, is sufficient to cover the Town’s projected liability as of that date.

The Town is self-insured for workers’ compensation claims. An actuary, Towers Watson, was hired to estimate the losses which the Town would have to pay under the self-insured plan. The Town recorded a 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 fiscal years ended June 30 were as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End	Current Portion
Fiscal Year 2009.....	\$ 714,000	\$ 94,705	\$ (258,705)	\$ 550,000	\$ 236,500
Fiscal Year 2010.....	550,000	349,346	(371,346)	528,000	234,000

NOTE 9 – CONTRIBUTORY RETIREMENT SYSTEM

Plan Description - The Town contributes to the 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 \$10 million for the fiscal year ended June 30, 2010, 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.

At December 31, 2009, the System’s membership consists of the following:

Active members.....	660
Inactive members.....	211
Disabled members.....	29
Retirees and beneficiaries currently receiving benefits.....	<u>373</u>
Total.....	<u><u>1,273</u></u>

Funding Policy - Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The 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. The current and two preceding fiscal years apportionment of the annual pension cost between the two employers did not require the Town to make an annual contribution to the System. 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 fiscal years ended June 30, 2010, 2009, and 2008 were zero, respectively, which equaled its required contribution for each fiscal year. The required contribution was determined as part of the January 1, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included an 8.0% investment rate of return and projected salary increases of 4.0% per year. The actuarial value of the System's assets, prior to the January 1, 2010 valuation, was equal to actual market value less an unrecognized return in each of the last 5 years. Unrecognized return is equal to the difference between actual market value and an expected rate of return. The difference is recognized over a 5 year period. The actuarial value of the System's assets was changed from the market value method to a five-year smoothing method in the most recent valuation. Although the Town was not required to make a contribution to the System in fiscal year 2010, the Town appropriated a \$1 million contribution in anticipation of future funding requirements.

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)
01/01/10	\$ 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%
01/01/03	119,033,662	114,811,026	(4,222,636)	103.7%	22,572,703	-18.7%
01/01/01	123,291,025	92,278,891	(31,012,134)	133.6%	21,561,329	-143.8%
01/01/99	106,295,893	81,975,372	(24,320,521)	129.7%	17,694,603	-137.4%
01/01/97	78,665,972	69,141,005	(9,524,967)	113.8%	17,800,326	-53.5%

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

Noncontributory Retirement Allowance – The Town pays the entire retirement allowance for certain retirees who are eligible for noncontributory benefits but are not members of the System. Benefits are paid by the Town on a pay-as-you-go basis. Total pension expense of this plan for the year ended June 30, 2010 was \$34,540.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The Town implemented the provisions of GASB Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, during fiscal year 2007 and established its "Other Postemployment Benefit Trust Fund". The Town voted to begin pre-funding its OPEB liabilities through the use of this irrevocable trust.

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, 2010, the Plan’s membership consisted of the following:

Current retirees, beneficiaries, and dependents.....	871
Current active members.....	<u>889</u>
Total.....	<u><u>1,760</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. For the year ended June 30, 2010, plan members contributed approximately \$1,447,000 through their required contributions. The Town is required to contribute the balance of the current premiums and may contribute additional amounts to pre-fund benefits. The Town contributed \$9,519,901 during fiscal year 2010 towards these benefits in addition to 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 begin pre-funding its OPEB liabilities. During fiscal year 2010, the Town pre-funded future OPEB liabilities in the amount of \$3 million.

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:

Normal Cost.....	\$	2,097,946
Amortization of unfunded actuarial accrued liability.....		6,087,493
Adjustments to annual required contribution.....		<u>321,120</u>
Annual OPEB cost.....		8,506,559
Contributions made.....		<u>(9,519,441)</u>
Increase/(Decrease) in net OPEB obligation.....		(1,012,882)
Net OPEB obligation/(asset) - beginning of year.....		<u>(2,061,739)</u>
Net OPEB obligation/(asset) - end of year.....	\$	<u><u>(3,074,621)</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the three most recent preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation/ (Asset)</u>
6/30/2010	\$ 8,506,559	112%	\$ (3,074,621)
6/30/2009	8,159,418	129%	(2,061,739)
6/30/2008	7,794,493	97%	270,275

Funded Status and Funding Progress – The funded status of the Plan as of the most recent actuarial valuation date, June 30, 2008, is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
06/30/08	\$ 3,961,548	\$ 109,103,295	\$ 105,141,747	3.63%	\$ 61,221,013	171.74%

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, 2008
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Payments increasing at 4%
Remaining amortization period.....	28 years as of July 1, 2009, closed
Asset valuation method.....	Market value
Actuarial assumptions:	
Investment rate of return.....	8.0% pre-funding scenario
Inflation rate.....	4.0%
Projected salary increases.....	4.0%
Medical/Drug cost trend rate.....	10.0% decreasing by 0.75% for 6 years and by 0.50% for 1 year to an ultimate level of 5.0% per year

NOTE 11 – COMMITMENTS

The Town is in the process of constructing a new high school with an original cost estimate of approximately \$131 million. Approximately \$28 million has been expended on the high school as of June 30, 2010.

NOTE 12 - 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, 2010, 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, 2010, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2010.

NOTE 13 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2010, the following GASB pronouncements were implemented:

- GASB Statement #57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. Early implementation of this pronouncement did not require additional disclosure or impact the basic financial statements.
- GASB Statement #58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. Early implementation of this pronouncement did not require additional disclosure or impact the basic financial statements.

Future Implementation of GASB Pronouncements

- The GASB issued Statement #54, *Fund Balance Reporting and Government Fund Type Definitions*, which is required to be implemented in fiscal year 2011. Management believes this pronouncement will require additional disclosure and impact the basic financial statements.
- The GASB issued Statement #59, *Financial Statements Omnibus*, which is required to be implemented in fiscal year 2011. Management believes this pronouncement will require additional disclosure relative to investments held by the Town.

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

FISCAL YEAR ENDED JUNE 30, 2010

	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.....	\$ 93,700,637	\$ 93,700,637	\$ 93,337,830	\$ -	\$ (362,807)
Tax liens.....	-	-	309,779	-	309,779
Motor vehicle and other excise taxes.....	3,800,000	3,800,000	3,876,634	-	76,634
Penalties and interest on taxes.....	240,000	240,000	297,977	-	57,977
Payments in lieu of taxes.....	380,000	380,000	417,329	-	37,329
Intergovernmental.....	8,473,481	8,473,481	8,416,028	-	(57,453)
Departmental and other.....	3,278,000	3,278,000	3,487,711	-	209,711
Interest income.....	1,438,784	1,438,784	1,295,023	-	(143,761)
TOTAL REVENUES.....	111,310,902	111,310,902	111,438,311	-	127,409
EXPENDITURES:					
Selectmen/Executive Director:					
Personal Services.....	355,756	357,069	351,553	-	5,516
Expenses.....	29,592	29,592	29,558	-	34
Capital Outlay.....	30,100	30,100	29,020	1,080	-
	<u>415,448</u>	<u>416,761</u>	<u>410,131</u>	<u>1,080</u>	<u>5,550</u>
Finance Department:					
Personal Services.....	336,946	339,712	331,077	-	8,635
Expenses.....	8,900	8,900	8,900	-	-
	<u>345,846</u>	<u>348,612</u>	<u>339,977</u>	<u>-</u>	<u>8,635</u>
General and Management Services:					
Personal Services.....	44,989	45,324	45,324	-	-
Expenses.....	24,462	90,363	65,821	1,126	23,416
	<u>69,451</u>	<u>135,687</u>	<u>111,145</u>	<u>1,126</u>	<u>23,416</u>
Treasurer/Collector:					
Personal Services.....	238,583	242,137	242,137	-	-
Expenses.....	137,449	137,450	122,671	8,250	6,529
	<u>376,032</u>	<u>379,587</u>	<u>364,808</u>	<u>8,250</u>	<u>6,529</u>
Facilities Maintenance:					
Personal Services.....	2,555,575	2,533,083	2,446,418	22,927	63,738
Expenses.....	592,245	526,345	492,255	31,090	3,000
Capital Outlay.....	648,624	648,624	265,995	363,346	19,283
	<u>3,796,444</u>	<u>3,708,052</u>	<u>3,204,668</u>	<u>417,363</u>	<u>86,021</u>
Network Information Services:					
Personal Services.....	427,842	441,630	441,630	-	-
Expenses.....	201,223	201,223	201,223	-	-
Capital Outlay.....	67,000	67,000	67,000	-	-
	<u>696,065</u>	<u>709,853</u>	<u>709,853</u>	<u>-</u>	<u>-</u>
Human Services:					
Personal Services.....	261,424	267,088	246,455	-	20,633
Expenses.....	106,231	108,731	100,571	3,920	4,240
	<u>367,655</u>	<u>375,819</u>	<u>347,026</u>	<u>3,920</u>	<u>24,873</u>
Public Safety and Protective Services - Police:					
Personal Services.....	4,414,992	4,419,153	4,323,592	-	95,561
Expenses.....	766,806	766,806	734,968	21,806	10,032
Capital Outlay.....	54,244	54,244	53,750	-	494
	<u>5,236,042</u>	<u>5,240,203</u>	<u>5,112,310</u>	<u>21,806</u>	<u>106,087</u>
Public Safety and Protective Services - Fire:					
Personal Services.....	4,119,583	4,119,583	4,058,321	-	61,262
Expenses.....	339,924	339,924	328,684	11,240	-
Capital Outlay.....	66,181	66,181	65,577	-	604
	<u>4,525,688</u>	<u>4,525,688</u>	<u>4,452,582</u>	<u>11,240</u>	<u>61,866</u>

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Amounts	
	Original Budget	Final Budget		Carried Forward To Next Year	Variance to Final Budget
Public Safety and Protective Services - All Other:					
Personal Services.....	601,966	608,985	529,496	46,890	32,599
Expenses.....	31,900	31,900	20,737	635	10,528
	<u>633,866</u>	<u>640,885</u>	<u>550,233</u>	<u>47,525</u>	<u>43,127</u>
Historical Commission.....	525	525	486	-	39
Historical District Commission.....	250	250	139	-	111
Zoning Board of Appeals:					
Personal Services.....	45,225	46,468	46,468	-	-
Expenses.....	8,871	8,871	4,439	169	4,263
	<u>54,096</u>	<u>55,339</u>	<u>50,907</u>	<u>169</u>	<u>4,263</u>
Advisory Committee:					
Personal Services.....	8,400	8,400	7,113	-	1,287
Expenses.....	28,300	28,300	9,974	-	18,326
	<u>36,700</u>	<u>36,700</u>	<u>17,087</u>	<u>-</u>	<u>19,613</u>
Audit Committee.....	56,250	56,250	56,250	-	-
Permanent Building Committee:					
Personal Services.....	9,243	9,451	9,142	-	309
Expenses.....	7,500	7,500	2,050	-	5,450
Capital Outlay.....	1,521,276	2,203,776	927,812	1,039,563	236,401
	<u>1,538,019</u>	<u>2,220,727</u>	<u>939,004</u>	<u>1,039,563</u>	<u>242,160</u>
Human Resources Board:					
Personal Services.....	374,808	278,865	258,282	-	20,583
Expenses.....	21,220	21,220	19,777	-	1,443
	<u>396,028</u>	<u>300,085</u>	<u>278,059</u>	<u>-</u>	<u>22,026</u>
Assessors:					
Personal Services.....	232,427	235,550	221,633	-	13,917
Expenses.....	79,300	79,300	67,401	-	11,899
	<u>311,727</u>	<u>314,850</u>	<u>289,034</u>	<u>-</u>	<u>25,816</u>
Board of Health:					
Personal Services.....	321,612	328,632	323,866	-	4,766
Expenses.....	92,897	92,897	73,624	3,710	15,563
Mental Health Services.....	208,316	208,316	195,316	12,000	1,000
	<u>622,825</u>	<u>629,845</u>	<u>592,806</u>	<u>15,710</u>	<u>21,329</u>
Natural Resources Commission:					
Personal Services.....	174,827	177,020	176,249	-	771
Expenses.....	44,972	44,972	30,310	10,240	4,422
Capital Outlay.....	310,370	310,370	205,608	104,762	-
	<u>530,169</u>	<u>532,362</u>	<u>412,167</u>	<u>115,002</u>	<u>5,193</u>
Planning Board:					
Personal Services.....	209,052	210,606	198,898	-	11,708
Expenses.....	83,171	83,171	66,046	13,871	3,254
	<u>292,223</u>	<u>293,777</u>	<u>264,944</u>	<u>13,871</u>	<u>14,962</u>
Recreation Commission:					
Personal Services.....	263,399	267,305	263,021	-	4,284
Expenses.....	65,164	65,164	55,927	-	9,237
	<u>328,563</u>	<u>332,469</u>	<u>318,948</u>	<u>-</u>	<u>13,521</u>
Town Clerk/Election and Registration:					
Personal Services.....	219,699	231,419	223,592	-	7,827
Expenses.....	92,400	92,400	28,899	52,100	11,401
	<u>312,099</u>	<u>323,819</u>	<u>252,491</u>	<u>52,100</u>	<u>19,228</u>
Legal Services and Expenses.....	269,670	269,670	214,944	11,349	43,377
Reserve Fund.....	175,000	175,000	-	-	175,000

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts			Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget	Actual Amounts		
Memorial Day.....	2,500	-	-	-	-
Celebrations.....	4,700	4,700	4,700	-	-
Risk Management.....	292,000	292,000	223,504	-	68,496
Employee Group Life and Health Insurance.....	16,543,200	16,543,200	16,543,200	-	-
Pensions and Annuities.....	900,540	900,540	900,540	-	-
Workers Compensation.....	225,438	225,438	225,438	-	-
Compensated Absences.....	90,000	90,000	24,240	-	65,760
Wellesley Free Library and branches thereof:					
Personal Services.....	1,640,152	1,647,943	1,647,727	-	216
Expenses.....	645,523	645,522	633,397	12,125	-
Capital Outlay.....	36,500	36,500	36,336	-	164
	<u>2,322,175</u>	<u>2,329,965</u>	<u>2,317,460</u>	<u>12,125</u>	<u>380</u>
Public works:					
Personal Services.....	3,633,753	3,624,595	3,610,427	-	14,168
Expenses.....	3,955,965	3,990,965	2,624,471	1,309,722	56,772
Winter Maintenance.....	348,703	648,703	629,703	-	19,000
Capital Outlay.....	1,358,500	1,358,500	371,218	987,282	-
	<u>9,296,921</u>	<u>9,622,763</u>	<u>7,235,819</u>	<u>2,297,004</u>	<u>89,940</u>
Fire and Traffic Signal Systems:					
Personal Services.....	67,957	67,957	67,957	-	-
Expenses.....	26,834	26,834	26,834	-	-
	<u>94,791</u>	<u>94,791</u>	<u>94,791</u>	<u>-</u>	<u>-</u>
Education:					
Personal Services.....	47,858,202	47,672,202	44,056,964	3,424,100	191,138
Expenses.....	9,326,951	9,538,951	8,636,975	898,490	3,486
Capital Outlay.....	687,876	687,876	651,195	36,044	637
	<u>57,873,029</u>	<u>57,899,029</u>	<u>53,345,134</u>	<u>4,358,634</u>	<u>195,261</u>
State and county charges.....	1,051,076	1,051,076	1,051,076	-	-
Debt service:					
Principal.....	8,026,000	8,026,000	8,026,000	-	-
Interest.....	2,813,142	2,813,142	2,812,934	-	208
	<u>10,839,142</u>	<u>10,839,142</u>	<u>10,838,934</u>	<u>-</u>	<u>208</u>
TOTAL EXPENDITURES.....	120,922,193	121,915,459	112,094,835	8,427,837	1,392,787
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(9,611,291)	(10,604,557)	(656,524)	(8,427,837)	1,520,196
OTHER FINANCING SOURCES (USES):					
Premium from issuance of bonds.....	-	-	515,809	-	515,809
Transfers in.....	1,248,500	1,248,500	1,379,437	-	130,937
Transfers out.....	(100,000)	(100,000)	(100,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	1,148,500	1,148,500	1,795,246	-	646,746
NET CHANGE IN FUND BALANCE.....	(8,462,791)	(9,456,057)	1,138,722	(8,427,837)	2,166,942
BUDGETARY FUND BALANCE, Beginning of year.....	19,538,599	19,538,599	19,538,599	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 11,075,808	\$ 10,082,542	\$ 20,677,321	\$ (8,427,837)	\$ 2,166,942

See notes to required supplementary information.

(Concluded)

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, 2010

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)
6/30/2008	\$ 3,961,548	\$ 109,103,295	\$ 105,141,747	3.63%	\$ 61,221,013	171.74%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
2007	\$ -	\$ 848,562 (1)	N/A
2008	7,794,493	7,524,218	96.5%
2009	8,159,418	10,491,432	128.6%
2010	8,506,559	9,519,441	111.9%

(1) \$848,562 represents a pre-funding in FY2007 in anticipation of future benefits.

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

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

FISCAL YEAR ENDED JUNE 30, 2010

Actuarial Methods:

Valuation date.....	June 30, 2008
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Amortization payments increasing at 4.0%
Remaining amortization period.....	27 years as of July 1, 2010, closed
Asset valuation method.....	Market value

Actuarial Assumptions:

Investment rate of return.....	8.0% pre-funding scenario
Inflation rate.....	4.0%
Projected salary increases.....	4.0%
Medical/drug cost trend rate.....	10.0% decreasing by 0.75% for 6 years and by 0.50% for 1 year to an ultimate level of 5.0% per year

Plan Membership:

Current retirees, beneficiaries, and dependents.....	871
Current active members.....	<u>889</u>
Total.....	<u><u>1,760</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 fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. These carry forwards are included as part of the subsequent fiscal year’s original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final 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 fiscal year 2010 budget consisted of approximately \$121 million in appropriations and other amounts to be raised. Included in the original budget are approximately \$7.3 million in amounts carried over from previous fiscal 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 fiscal year ended June 30, 2010, is presented below:

Net change in fund balance, budgetary basis.....	\$ 1,138,722
<u>Basis of accounting differences:</u>	
Net change in revenue accrual.....	61,000
Net change in expenditure accrual - Teacher's summer pay.....	(373,953)
Net change in tax refunds payable.....	(100,411)
Recognition of revenue for on-behalf payments.....	10,018,000
Recognition of expenditures for on-behalf payments.....	<u>(10,018,000)</u>
Net change in fund balance, GAAP basis.....	<u>\$ 725,358</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. 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 3.63%. 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.

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 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 up to 3% 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.

Grant 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, 2010

Special Revenue Funds					
ASSETS	School Lunch	Community Preservation	Grants	Receipts Reserved	Revolving
Cash and cash equivalents.....	\$ 415,131	\$ 5,653,935	\$ 669,561	\$ 1,077,218	\$ 2,814,550
Investments.....	-	1,338,739	-	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	3,925	-	-	137,320
Intergovernmental.....	-	235,640	-	-	-
TOTAL ASSETS.....	\$ 415,131	\$ 7,232,239	\$ 669,561	\$ 1,077,218	\$ 2,951,870
 LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 17,104	\$ 95	\$ 278,386	\$ 53,479	\$ 91,156
Accrued payroll.....	1,577	40	499	1,586	8,734
Deferred revenues.....	-	236,702	-	-	123,740
TOTAL LIABILITIES.....	18,681	236,837	278,885	55,065	223,630
 FUND BALANCES:					
Reserved for:					
Perpetual permanent funds.....	-	-	-	-	-
Unreserved:					
Undesignated, reported in:					
Special revenue funds.....	396,450	6,995,402	390,676	1,022,153	2,728,240
Permanent funds.....	-	-	-	-	-
TOTAL FUND BALANCES.....	396,450	6,995,402	390,676	1,022,153	2,728,240
TOTAL LIABILITIES AND FUND BALANCES...	\$ 415,131	\$ 7,232,239	\$ 669,561	\$ 1,077,218	\$ 2,951,870

Special Revenue Funds					Total Nonmajor Governmental Funds
Recreation Revolving	Other	Sub-total	Permanent Fund		
\$ 337,037	\$ 2,071,527	\$ 13,038,959	\$ 618,341	\$	13,657,300
-	-	1,338,739	1,592,837		2,931,576
-	-	141,245	-		141,245
-	-	235,640	-		235,640
<u>\$ 337,037</u>	<u>\$ 2,071,527</u>	<u>\$ 14,754,583</u>	<u>\$ 2,211,178</u>	<u>\$</u>	<u>16,965,761</u>
\$ 37,416	\$ 37,113	\$ 514,749	\$ 14,712	\$	529,461
12,819	2,314	27,569	-		27,569
-	-	360,442	-		360,442
<u>50,235</u>	<u>39,427</u>	<u>902,760</u>	<u>14,712</u>		<u>917,472</u>
-	-	-	210,612		210,612
286,802	2,032,100	13,851,823	-		13,851,823
-	-	-	1,985,854		1,985,854
<u>286,802</u>	<u>2,032,100</u>	<u>13,851,823</u>	<u>2,196,466</u>		<u>16,048,289</u>
<u>\$ 337,037</u>	<u>\$ 2,071,527</u>	<u>\$ 14,754,583</u>	<u>\$ 2,211,178</u>	<u>\$</u>	<u>16,965,761</u>

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

FISCAL YEAR ENDED JUNE 30, 2010

	Special Revenue Funds				
	School Lunch	Community Preservation	Grants	Receipts Reserved	Revolving
REVENUES:					
Charges for services.....	\$ 989,935	\$ -	\$ -	\$ -	\$ -
Parking meter receipts.....	-	-	-	634,513	-
Intergovernmental.....	153,132	277,307	3,473,370	-	6,218
Departmental and other.....	-	-	-	-	3,444,080
Community preservation tax.....	-	844,254	-	-	-
Contributions.....	-	-	-	-	128,460
Interest income.....	-	26,910	-	-	-
TOTAL REVENUES.....	1,143,067	1,148,471	3,473,370	634,513	3,578,758
EXPENDITURES:					
Current:					
General government.....	-	-	4,012	-	1,246
Public safety.....	-	-	84,010	-	862,534
Public education.....	1,135,086	-	3,193,987	-	1,637,546
Public works.....	-	-	5,693	21,510	187,509
Health and human services.....	-	-	33,319	-	146,678
Recreation.....	-	-	24,521	-	28,613
Library.....	-	-	28,956	-	-
Employee benefits.....	-	-	-	-	-
Traffic and parking management.....	-	-	-	580,125	-
Community preservation.....	-	129,981	-	-	-
TOTAL EXPENDITURES.....	1,135,086	129,981	3,374,498	601,635	2,864,126
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	7,981	1,018,490	98,872	32,878	714,632
OTHER FINANCING SOURCES (USES):					
Transfers in.....	-	60,418	-	-	-
Transfers out.....	(110,000)	-	(29,911)	(18,580)	(91,781)
TOTAL OTHER FINANCING SOURCES (USES).....	(110,000)	60,418	(29,911)	(18,580)	(91,781)
NET CHANGE IN FUND BALANCES.....	(102,019)	1,078,908	68,961	14,298	622,851
FUND BALANCES AT BEGINNING OF YEAR.....	498,469	5,916,494	321,715	1,007,855	2,105,389
FUND BALANCES AT END OF YEAR.....	\$ 396,450	\$ 6,995,402	\$ 390,676	\$ 1,022,153	\$ 2,728,240

Special Revenue Funds				
Recreation Revolving	Other	Sub-total	Permanent Fund	Total Nonmajor Governmental Funds
\$ -	\$ 28,802	\$ 1,018,737	\$ -	\$ 1,018,737
-	-	634,513	-	634,513
-	1,391,441	5,301,468	-	5,301,468
988,386	50,119	4,482,585	-	4,482,585
-	-	844,254	-	844,254
-	786,802	915,262	419,331	1,334,593
-	-	26,910	244,132	271,042
<u>988,386</u>	<u>2,257,164</u>	<u>13,223,729</u>	<u>663,463</u>	<u>13,887,192</u>
-	224,323	229,581	16,905	246,486
-	7,711	954,255	-	954,255
-	1,225,721	7,192,340	-	7,192,340
-	301,258	515,970	-	515,970
-	12,497	192,494	-	192,494
843,773	29,220	926,127	456,199	1,382,326
-	266,099	295,055	184,177	479,232
-	-	-	123,564	123,564
-	-	580,125	-	580,125
-	-	129,981	-	129,981
<u>843,773</u>	<u>2,066,829</u>	<u>11,015,928</u>	<u>780,845</u>	<u>11,796,773</u>
<u>144,613</u>	<u>190,335</u>	<u>2,207,801</u>	<u>(117,382)</u>	<u>2,090,419</u>
-	86,107	146,525	100,000	246,525
<u>(79,166)</u>	<u>(50,000)</u>	<u>(379,438)</u>	<u>(86,106)</u>	<u>(465,544)</u>
<u>(79,166)</u>	<u>36,107</u>	<u>(232,913)</u>	<u>13,894</u>	<u>(219,019)</u>
65,447	226,442	1,974,888	(103,488)	1,871,400
<u>221,355</u>	<u>1,805,658</u>	<u>11,876,935</u>	<u>2,299,954</u>	<u>14,176,889</u>
<u>\$ 286,802</u>	<u>\$ 2,032,100</u>	<u>\$ 13,851,823</u>	<u>\$ 2,196,466</u>	<u>\$ 16,048,289</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, 2010

	Network Information Services	Fleet Maintenance	Health Insurance	Worker's Compensation	Total Internal Service Funds
ASSETS					
CURRENT:					
Cash and cash equivalents..... \$	39,740	\$ 126,488	\$ 2,712,931	\$ 172,938	\$ 3,052,097
Investments.....	79,196	-	220,568	362,641	662,405
Receivables, net of allowance for uncollectibles:					
Departmental and other.....	-	-	10,725	-	10,725
TOTAL ASSETS.....	118,936	126,488	2,944,224	535,579	3,725,227
LIABILITIES					
CURRENT:					
Warrants payable.....	26,032	67,800	13,019	-	106,851
Accrued payroll.....	13,724	12,754	-	-	26,478
Workers' compensation.....	-	-	-	234,000	234,000
Total current liabilities.....	39,756	80,554	13,019	234,000	367,329
NONCURRENT:					
Workers' compensation.....	-	-	-	294,000	294,000
TOTAL LIABILITIES.....	39,756	80,554	13,019	528,000	661,329
NET ASSETS					
Unrestricted..... \$	<u>79,180</u>	<u>\$ 45,934</u>	<u>\$ 2,931,205</u>	<u>\$ 7,579</u>	<u>\$ 3,063,898</u>

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

FISCAL YEAR ENDED JUNE 30, 2010

	Network Information Services	Fleet Maintenance	Health Insurance	Worker's Compensation	Total Internal Service Funds
OPERATING REVENUES:					
Employee contributions	\$ -	\$ -	\$ 5,443,536	\$ -	\$ 5,443,536
Charges for services	955,187	1,065,501	12,182,100	248,207	14,450,995
TOTAL OPERATING REVENUES	955,187	1,065,501	17,625,636	248,207	19,894,531
OPERATING EXPENSES:					
Supplies and services.....	987,082	1,090,650	17,088,085	349,282	19,515,099
OPERATING INCOME (LOSS).....	(31,895)	(25,149)	537,551	(101,075)	379,432
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	-	-	7,866	77,384	85,250
CHANGE IN NET ASSETS.....	(31,895)	(25,149)	545,417	(23,691)	464,682
NET ASSETS AT BEGINNING OF YEAR.....	111,075	71,083	2,385,788	31,270	2,599,216
NET ASSETS AT END OF YEAR.....	\$ 79,180	\$ 45,934	\$ 2,931,205	\$ 7,579	\$ 3,063,898

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2010

	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.....	\$ -	\$ -	\$ 5,443,110	\$ -	\$ 5,443,110
Receipts from interfund services provided.....	955,187	1,065,501	12,182,100	248,207	14,450,995
Payments to employees.....	-	-	-	(371,282)	(371,282)
Payments for interfund services used.....	(980,304)	(1,039,338)	(17,076,216)	-	(19,095,858)
NET CASH FROM OPERATING ACTIVITIES.....	(25,117)	26,163	548,994	(123,075)	426,965
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Proceeds from sales and maturities of investments.....	-	-	775,994	-	775,994
Purchase of investments.....	(79,196)	-	(220,569)	(362,641)	(662,406)
Investment income.....	-	-	7,866	77,384	85,250
NET CASH FROM INVESTING ACTIVITIES.....	(79,196)	-	563,291	(285,257)	198,838
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(104,313)	26,163	1,112,285	(408,332)	625,803
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	144,053	100,325	1,600,646	581,270	2,426,294
CASH AND CASH EQUIVALENTS, END OF YEAR.....	\$ 39,740	\$ 126,488	\$ 2,712,931	\$ 172,938	\$ 3,052,097
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>					
Operating income (loss).....	\$ (31,895)	\$ (25,149)	\$ 537,551	\$ (101,075)	\$ 379,432
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Changes in assets and liabilities:					
Departmental and other.....	-	-	(425)	-	(425)
Warrants payable.....	4,297	45,054	11,868	-	61,219
Accrued payroll.....	2,481	6,258	-	-	8,739
Workers' compensation.....	-	-	-	(22,000)	(22,000)
Total adjustments.....	6,778	51,312	11,443	(22,000)	47,533
NET CASH FROM OPERATING ACTIVITIES.....	\$ (25,117)	\$ 26,163	\$ 548,994	\$ (123,075)	\$ 426,965

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Agency Accounts <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	Agency Accounts <u>June 30, 2010</u>
ASSETS				
Cash and cash equivalents.....	\$ 1,119,817	\$ 20,877,560	\$ (20,897,251)	\$ 1,100,126
LIABILITIES				
Liabilities due depositors.....	\$ 1,119,817	\$ 20,877,560	\$ (20,897,251)	\$ 1,100,126

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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.



The Isaac Sprague (1860-1934) Memorial Clock Tower which was constructed to resemble the famous Venetian Campanile in Venice, Italy.

Town of Wellesley, Massachusetts
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2010

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. The Town implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

**Net Assets By Component
Last Eight Fiscal Years**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities								
Invested in capital assets, net of related debt.....	\$ 28,393,793	\$ 60,416,766	\$ 56,280,575	\$ 59,460,936	\$ 89,282,328	\$ 90,783,718	\$ 90,953,257	\$ 98,914,209
Restricted.....	1,753,311	2,622,666	4,235,793	5,156,611	8,820,120	8,586,171	10,336,566	11,181,819
Unrestricted.....	<u>18,866,117</u>	<u>13,051,094</u>	<u>13,819,989</u>	<u>16,306,929</u>	<u>22,970,214</u>	<u>29,431,407</u>	<u>34,229,972</u>	<u>36,333,715</u>
Total governmental activities net assets.....	\$ <u>49,013,221</u>	\$ <u>76,090,526</u>	\$ <u>74,336,357</u>	\$ <u>80,924,476</u>	\$ <u>121,072,662</u>	\$ <u>128,801,296</u>	\$ <u>135,519,795</u>	\$ <u>146,429,743</u>
Business-type activities								
Invested in capital assets, net of related debt.....	\$ 48,781,255	\$ 52,192,699	\$ 54,876,155	\$ 59,462,054	\$ 61,389,671	\$ 70,218,356	\$ 71,187,448	\$ 73,118,249
Unrestricted.....	<u>15,610,960</u>	<u>16,796,672</u>	<u>18,463,745</u>	<u>17,200,472</u>	<u>23,033,350</u>	<u>15,308,496</u>	<u>12,999,282</u>	<u>12,491,865</u>
Total business-type activities net assets.....	\$ <u>64,392,215</u>	\$ <u>68,989,371</u>	\$ <u>73,339,900</u>	\$ <u>76,662,526</u>	\$ <u>84,423,021</u>	\$ <u>85,526,852</u>	\$ <u>84,186,730</u>	\$ <u>85,610,114</u>
Primary government								
Invested in capital assets, net of related debt.....	\$ 77,175,048	\$ 112,609,465	\$ 111,156,730	\$ 118,922,990	\$ 150,671,999	\$ 161,002,074	\$ 162,140,705	\$ 172,032,458
Restricted.....	1,753,311	2,622,666	4,235,793	5,156,611	8,820,120	8,586,171	10,336,566	11,181,819
Unrestricted.....	<u>34,477,077</u>	<u>29,847,766</u>	<u>32,283,734</u>	<u>33,507,401</u>	<u>46,003,564</u>	<u>44,739,903</u>	<u>47,229,254</u>	<u>48,825,580</u>
Total primary government net assets.....	\$ <u>113,405,436</u>	\$ <u>145,079,897</u>	\$ <u>147,676,257</u>	\$ <u>157,587,002</u>	\$ <u>205,495,683</u>	\$ <u>214,328,148</u>	\$ <u>219,706,525</u>	\$ <u>232,039,857</u>

**Changes in Net Assets
Last Eight Fiscal Years**

Fiscal Year

	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental activities:								
General government.....	\$ 5,468,746	\$ 5,044,581	\$ 5,934,146	\$ 5,751,822	\$ 5,684,079	\$ 5,985,099	\$ 7,647,280	\$ 8,576,509
Public safety.....	10,395,245	10,642,772	10,515,879	11,210,299	12,196,439	12,304,806	12,840,721	14,139,090
Public education.....	60,021,423	59,361,961	68,110,742	66,774,878	72,434,095	80,998,592	83,694,291	86,694,832
Public works.....	7,877,485	8,250,480	8,060,375	7,765,401	8,910,481	10,256,928	9,764,169	10,280,799
Health and human services.....	574,912	906,951	911,381	926,992	1,099,860	1,173,150	1,173,751	1,319,220
Library.....	3,051,245	3,228,081	2,982,299	3,204,781	3,313,582	3,588,760	3,662,740	3,317,361
Recreation.....	1,069,808	1,795,038	1,591,944	1,563,683	1,859,635	2,317,498	2,223,767	2,701,249
Traffic and parking management.....	561,341	592,766	616,467	614,061	410,319	391,994	371,662	580,125
Community preservation.....	-	-	401,717	394,938	156,154	61,876	166,752	129,981
Interest.....	1,520,180	1,363,670	1,725,684	1,965,900	2,715,786	2,510,195	2,653,697	3,107,717
Total government activities expenses.....	90,540,385	91,186,300	100,850,634	100,172,755	108,780,430	119,588,898	124,198,830	130,846,883
Business-type activities:								
Sewer.....	4,912,376	4,999,788	5,030,351	5,231,528	5,643,469	5,921,175	6,033,451	6,368,443
Water.....	3,226,687	3,282,334	3,473,977	3,776,231	4,091,223	4,431,064	5,060,034	5,101,386
Electric.....	16,813,918	15,612,029	15,675,397	18,305,554	16,090,148	30,975,657	33,736,181	32,292,755
Total business-type activities expenses.....	24,952,981	23,894,151	24,179,725	27,313,313	25,824,840	41,327,896	44,829,666	43,762,584
Total primary government expenses.....	\$ 115,493,366	\$ 115,080,451	\$ 125,030,359	\$ 127,486,068	\$ 134,605,270	\$ 160,916,794	\$ 169,028,496	\$ 174,609,467
Program Revenues								
Governmental activities:								
Education charges for services.....	\$ 1,939,722	\$ 2,136,661	\$ 2,195,309	\$ 2,385,765	\$ 2,462,304	\$ 2,783,042	\$ 2,790,239	\$ 3,119,832
Public safety charges for services.....	2,118,225	2,665,474	2,514,000	2,829,868	3,287,869	3,013,488	2,994,109	3,028,707
Other charges for services.....	2,022,302	2,335,672	2,662,604	2,854,573	3,434,294	3,176,983	2,875,925	3,378,951
Education operating grants and contributions.....	10,719,067	11,293,770	13,448,572	14,537,555	15,788,954	18,252,263	20,819,345	21,666,819
Other operating grants and contributions.....	3,468,434	3,386,078	1,500,867	991,475	1,025,278	1,437,244	823,882	906,100
Education capital grant and contributions.....	2,011,335	18,778,000	-	-	-	-	940,950	5,047,729
Other capital grant and contributions.....	1,670,009	5,074,298	910,763	2,240,277	3,160,217	2,012,223	947,869	919,854
Total government activities program revenues.....	23,949,094	45,669,953	23,232,115	25,839,513	29,158,916	30,675,243	32,192,319	38,067,992
Business-type activities:								
Electric light charges for services.....	20,417,267	20,683,699	20,612,378	22,006,910	23,884,664	30,558,977	32,563,804	33,846,698
Sewer and water charges for services.....	8,273,537	8,424,932	8,614,427	9,072,079	9,354,153	11,904,930	11,185,632	11,318,414
Electric light capital grant and contributions.....	226,218	270,456	512,127	533,944	1,094,051	709,035	667,821	757,381
Other capital grant and contributions.....	34,157	43,625	123,091	57,879	158,889	241,187	72,287	263,475
Total business-type activities program revenues.....	28,951,179	29,422,712	29,862,023	31,670,812	34,491,757	43,414,129	44,489,544	46,185,968
Total primary government program revenues.....	\$ 52,900,273	\$ 75,092,665	\$ 53,094,138	\$ 57,510,325	\$ 63,650,673	\$ 74,089,372	\$ 76,681,863	\$ 84,253,960
Net (Expense)/Revenue								
Governmental activities.....	\$ (66,591,291)	\$ (45,516,347)	\$ (77,618,519)	\$ (74,333,242)	\$ (79,621,514)	\$ (88,913,655)	\$ (92,006,511)	\$ (92,778,891)
Business-type activities.....	3,998,198	5,528,561	5,682,298	4,357,499	8,666,917	2,086,233	(340,122)	2,423,384
Total primary government net expense.....	\$ (62,593,093)	\$ (39,987,786)	\$ (71,936,221)	\$ (69,975,743)	\$ (70,954,597)	\$ (86,827,422)	\$ (92,346,633)	\$ (90,355,507)
General Revenues and other Changes in Net Assets								
Governmental activities:								
Real estate and personal property taxes, net of tax refunds payable.....	\$ 61,585,388	\$ 64,070,276	\$ 67,205,004	\$ 71,321,199	\$ 78,163,604	\$ 83,982,678	\$ 88,861,087	\$ 93,769,116
Community preservation tax.....	-	563,595	590,772	647,462	714,889	761,549	805,247	844,254
Motor vehicle and other excise taxes.....	4,263,663	4,404,140	3,992,408	4,024,721	4,208,500	4,447,163	4,061,173	3,945,790
Nonrestricted grants and contributions, and other.....	2,101,414	2,001,048	1,841,256	2,190,228	2,459,970	4,260,435	2,791,169	2,327,910
Unrestricted investment income.....	1,305,019	554,593	843,910	1,612,751	4,088,451	2,190,464	1,206,334	1,801,769
Transfers.....	1,000,000	1,000,000	1,391,000	1,125,000	1,000,000	1,000,000	1,000,000	1,000,000
Total governmental activities.....	70,255,484	72,593,652	75,864,350	80,921,361	90,635,414	96,642,289	98,725,010	103,688,839
Business-type activities:								
Unrestricted investment income.....	-	68,595	59,231	90,127	93,578	17,598	-	-
Transfers.....	(1,000,000)	(1,000,000)	(1,391,000)	(1,125,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Total business type activities.....	(1,000,000)	(931,405)	(1,331,769)	(1,034,873)	(906,422)	(982,402)	(1,000,000)	(1,000,000)
Total primary government	\$ 69,255,484	\$ 71,662,247	\$ 74,532,581	\$ 79,886,488	\$ 89,728,992	\$ 95,659,887	\$ 97,725,010	\$ 102,688,839
Changes in Net Assets								
Governmental activities.....	\$ 3,664,193	\$ 27,077,305	\$ (1,754,169)	\$ 6,588,119	\$ 11,013,900	\$ 7,728,634	\$ 6,718,499	\$ 10,909,948
Business-type activities.....	2,998,198	4,597,156	4,350,529	3,322,626	7,760,495	1,103,831	(1,340,122)	1,423,384
Total primary government.....	\$ 6,662,391	\$ 31,674,461	\$ 2,596,360	\$ 9,910,745	\$ 18,774,395	\$ 8,832,465	\$ 5,378,377	\$ 12,333,332

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

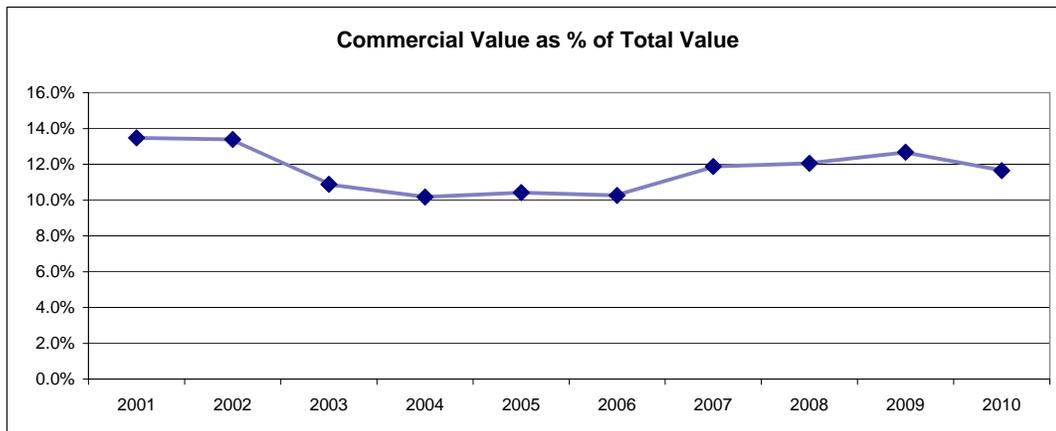
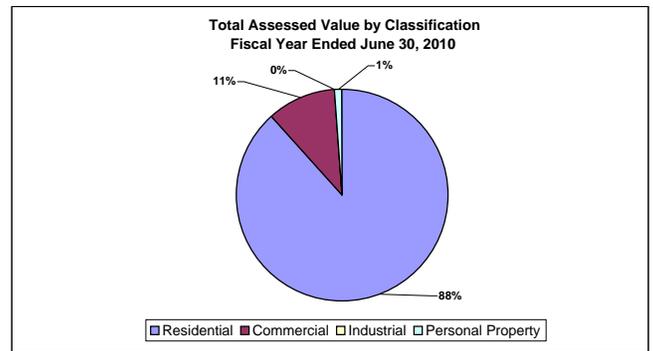
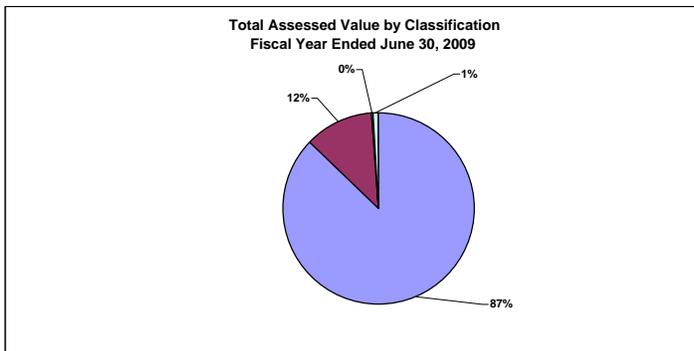
	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved.....	\$ 2,527,264	\$ 3,536,857	\$ 3,272,806	\$ 2,718,614	\$ 2,845,563	\$ 2,014,113	\$ 2,233,791	\$ 2,298,533	\$ 4,201,344	\$ 5,003,837
Unreserved.....	<u>2,736,147</u>	<u>1,812,003</u>	<u>752,661</u>	<u>2,430,987</u>	<u>4,399,672</u>	<u>6,480,373</u>	<u>11,898,962</u>	<u>13,588,148</u>	<u>12,443,909</u>	<u>12,366,774</u>
Total general fund.....	<u>\$ 5,263,411</u>	<u>\$ 5,348,860</u>	<u>\$ 4,025,467</u>	<u>\$ 5,149,601</u>	<u>\$ 7,245,235</u>	<u>\$ 8,494,486</u>	<u>\$ 14,132,753</u>	<u>\$ 15,886,681</u>	<u>\$ 16,645,253</u>	<u>\$ 17,370,611</u>
All Other Governmental Funds										
Reserved.....	\$ 791,785	\$ 1,179,308	\$ 976,456	\$ 221,272	\$ 220,419	\$ 220,712	\$ 220,399	\$ 220,421	\$ 210,612	\$ 210,612
Unreserved, reported in:										
Special revenue funds.....	1,795,284	2,198,043	5,288,842	7,385,439	7,838,882	9,533,391	13,136,539	13,888,098	14,656,232	16,874,079
Capital projects funds.....	13,724,319	(4,465,856)	(17,562,227)	(4,637,594)	11,510,107	8,544,779	(4,458,393)	6,433,306	16,535,624	30,983,269
Permanent funds.....	<u>-</u>	<u>-</u>	<u>507,531</u>	<u>549,688</u>	<u>543,542</u>	<u>658,718</u>	<u>2,769,806</u>	<u>2,446,689</u>	<u>2,089,342</u>	<u>1,985,854</u>
Total all other governmental funds.....	<u>\$ 16,311,388</u>	<u>\$ (1,088,505)</u>	<u>\$ (10,789,398)</u>	<u>\$ 3,518,805</u>	<u>\$ 20,112,950</u>	<u>\$ 18,957,600</u>	<u>\$ 11,668,351</u>	<u>\$ 22,988,514</u>	<u>\$ 33,491,810</u>	<u>\$ 50,053,814</u>

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 48,364,287	\$ 53,717,036	\$ 58,104,152	\$ 62,151,256	\$ 66,459,298	\$ 71,217,505	\$ 78,742,825	\$ 82,815,734	\$ 88,561,385	\$ 93,608,197
Motor vehicle and other excise taxes.....	3,837,247	3,903,497	3,827,688	3,846,238	3,945,707	4,038,289	4,211,503	4,369,268	4,142,655	3,876,634
Community preservation tax.....	-	-	513,857	563,595	590,772	647,462	714,889	761,549	805,247	844,254
Charges for service.....	973,019	781,649	874,822	875,507	920,385	990,903	896,374	953,550	944,868	1,018,737
Intergovernmental.....	14,330,776	14,265,410	15,013,111	16,877,556	20,721,836	18,952,519	18,447,436	21,487,114	24,709,199	30,574,353
Departmental and other.....	8,470,025	7,531,475	9,377,898	10,953,699	8,483,502	11,931,673	18,075,693	14,032,126	10,736,481	12,456,477
Total Revenue.....	75,975,354	80,199,067	87,711,528	95,267,851	101,121,500	107,778,351	121,088,720	124,419,341	129,899,835	142,378,652
Expenditures:										
General government.....	3,496,629	3,362,292	3,772,208	3,233,489	4,113,096	3,851,097	3,770,805	4,231,528	6,407,900	5,978,378
Public safety.....	8,554,234	8,951,996	8,976,386	8,917,285	8,979,145	9,430,067	9,731,124	9,722,790	10,665,820	10,859,400
Education.....	37,205,546	39,856,136	47,247,590	45,058,667	47,036,196	50,135,066	53,779,909	57,440,650	57,988,449	60,957,940
Public works.....	6,545,059	6,645,808	7,198,459	7,071,277	6,832,213	6,319,997	6,387,626	7,294,031	10,791,540	8,138,529
Health and human services.....	417,514	509,806	530,201	855,613	861,634	828,810	970,230	1,005,000	1,018,414	1,132,326
Recreation.....	791,723	757,313	782,467	1,417,905	1,170,948	1,228,227	1,533,224	1,933,308	1,531,872	1,558,161
Library.....	2,236,426	2,232,506	2,499,339	2,526,667	2,257,163	2,509,317	2,549,641	2,662,930	2,775,680	2,796,692
Teachers pension benefits - state funded.....	5,909,834	5,124,471	5,788,693	6,174,123	6,912,222	7,571,709	7,928,963	8,848,569	9,484,705	10,018,000
Town pension.....	-	-	-	-	-	-	-	-	-	900,540
Employee benefits and insurances.....	4,784,500	6,448,205	7,732,966	8,348,890	8,913,374	10,466,484	12,556,366	17,078,179	17,819,054	17,139,946
Capital outlay.....	4,707,429	18,369,686	19,537,019	6,930,073	6,129,829	18,907,402	13,805,180	9,770,283	11,864,260	29,738,436
Community preservation.....	-	-	-	-	-	394,938	149,825	61,876	166,752	129,981
State and county charges.....	1,019,278	1,021,764	1,000,627	1,041,780	989,645	932,492	993,897	1,009,686	1,018,870	1,051,076
Other.....	1,087,421	880,720	1,672,448	1,044,073	1,504,964	1,311,020	1,091,428	391,994	371,662	580,125
Debt service.....	-	-	-	-	-	-	-	-	-	-
Principal.....	3,928,958	4,290,000	2,685,000	3,110,000	3,750,000	4,520,000	5,781,000	5,570,000	6,760,000	8,026,000
Interest.....	403,392	1,177,308	1,520,180	1,279,274	1,679,941	1,938,444	2,729,042	2,498,646	2,619,287	2,812,934
Total Expenditures.....	81,087,943	99,628,011	110,943,583	97,009,116	101,130,370	120,345,070	123,758,260	129,519,470	141,284,265	161,818,464
Excess of revenues over (under) expenditures.....	(5,112,589)	(19,428,944)	(23,232,055)	(1,741,265)	(8,870)	(12,566,719)	(2,669,540)	(5,100,129)	(11,384,430)	(19,439,812)
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	18,400,000	-	5,510,000	15,660,000	17,290,000	11,466,000	-	16,560,000	19,031,000	35,000,000
Premium from issuance of bonds.....	-	-	-	513,602	199,649	69,620	18,558	226,758	521,321	727,174
Transfers in.....	2,976,124	3,035,594	3,217,220	2,641,000	1,663,932	2,272,628	1,176,825	5,486,031	2,432,932	1,625,962
Transfers out.....	(2,085,005)	(921,094)	(2,217,220)	(1,641,000)	(663,932)	(1,147,628)	(176,825)	(4,098,569)	(1,432,932)	(625,962)
Total other financing sources (uses).....	19,291,119	2,114,500	6,510,000	17,173,602	18,489,649	12,660,620	1,018,558	18,174,220	20,552,321	36,727,174
Net change in fund balance.....	\$ 14,178,530	\$ (17,314,444)	\$ (16,722,055)	\$ 15,432,337	\$ 18,480,779	\$ 93,901	\$ (1,650,982)	\$ 13,074,091	\$ 9,167,891	\$ 17,287,362
Debt service as a percentage of noncapital expenditures.....	5.67%	6.73%	4.60%	4.87%	5.72%	6.37%	7.74%	6.74%	7.25%	8.21%

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

Fiscal Year	Assessed and Actual Values and Tax Rates									
	Residential Value	Residential Tax Rate	Residential % of Total Value	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Commercial % of Total Value	Total Town Value
2001	\$4,757,723,000	8.85	86.53%	\$691,499,999	\$5,421,000	\$43,969,500	\$740,890,499	8.85	13.47%	\$5,498,613,499
2002	\$5,776,391,000	8.10	86.62%	\$832,118,000	\$6,096,000	\$54,259,100	\$892,473,100	8.10	13.38%	\$6,668,864,100
2003	(1) \$6,406,545,000	8.12	89.11%	\$721,380,000	\$5,297,000	\$56,051,200	\$782,728,200	8.12	10.89%	\$7,189,273,200
2004	\$6,687,379,000	8.56	89.84%	\$688,831,000	\$5,428,000	\$62,123,900	\$756,382,900	8.56	10.16%	\$7,443,761,900
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	(1) \$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	(1) \$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



(1) Revaluation year.

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.

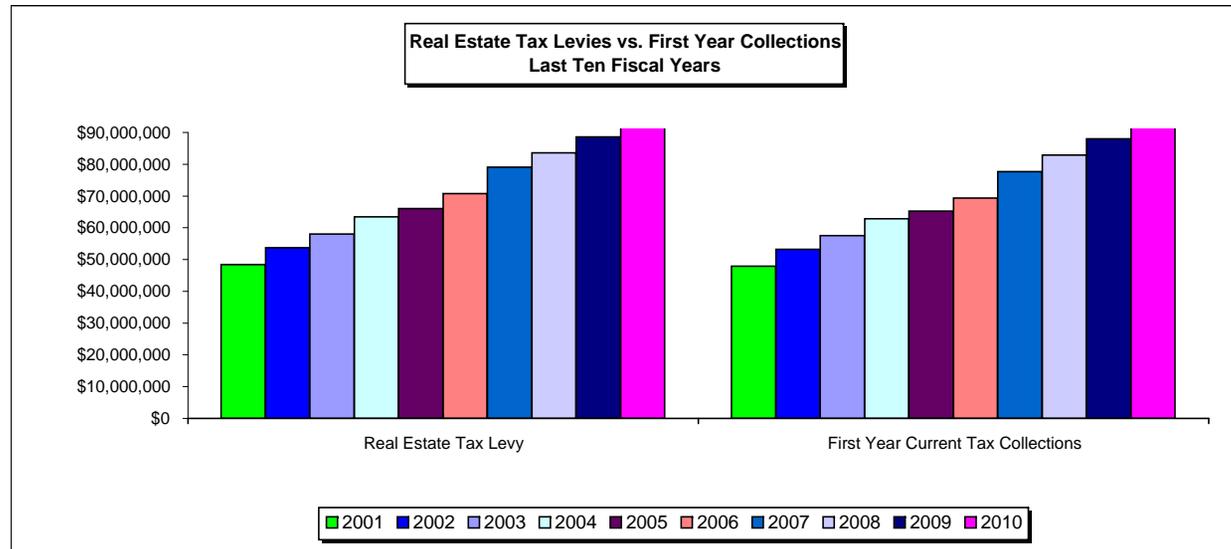
**Principal Taxpayers
Current Year and Nine Years Ago**

Name	Nature of Business	2010			2001		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Beacon Properties	Office Buildings	\$ 143,722,000	1	1.60%	\$ 123,365,000	1	2.24%
Haynes Management	Office Buildings	124,634,000	2	1.39%	106,729,000	2	1.94%
Sun Life Assurance	Insurance and Financial Services	92,863,000	3	1.03%	67,140,000	3	1.22%
William Diehl Realty Trust	Office Buildings	N/A	N/A	N/A	39,469,000	5	0.72%
Federal Realty FR Linden Square	Retail/Real Estate	88,945,000	4	0.99%	N/A	N/A	N/A
Harvard Pilgrim Health	Insurance Provider	63,410,000	5	0.71%	62,843,000	4	1.14%
Wellesley College	Higher Education	65,214,000	6	0.73%	36,598,000	6	0.67%
Hunnewell Family	Residential	37,277,000	7	0.42%	24,336,000	7	0.44%
Newton Wellesley Executive Office Park	Office Buildings	26,737,000	8	0.30%	23,422,000	8	0.43%
GPT Realty Trust	Residential	29,616,000	9	0.33%	18,047,000	9	0.33%
Grignaffini Construction Company	Real Estate Development	19,545,000	10	0.22%	15,117,000	10	0.27%
Totals		<u>\$ 691,963,000</u>		<u>7.70%</u>	<u>\$ 517,066,000</u>		<u>9.40%</u>

Source: Board of Assessors

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

Fiscal 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
2001	\$48,661,845	\$298,938	\$48,362,907	\$47,900,000	99.0%	\$452,787	\$48,352,787	99.98%
2002	\$54,017,799	\$300,763	\$53,717,036	\$53,200,000	99.0%	\$449,394	\$53,649,394	99.87%
2003 (1)	\$58,376,899	\$308,595	\$58,068,304	\$57,500,000	99.0%	\$502,432	\$58,002,432	99.89%
2004	\$63,718,602	\$316,357	\$63,402,245	\$62,843,022	99.1%	\$482,833	\$63,325,855	99.88%
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%	\$267,544	\$83,104,213	99.40%
2009 (1)	\$89,216,037	\$599,219	\$88,616,818	\$88,005,826	99.3%	\$496,398	\$88,502,224	99.87%
2010	\$94,130,637	\$542,260	\$93,588,377	\$93,074,651	99.5%	\$0	\$93,074,651	99.45%



Source: Assessor's Department, Town of Wellesley

(1) Revaluation year.

(2) Includes tax liens.

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

Fiscal 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
2001	26,632	\$1,464,807,575	\$5,498,513,500	\$24,510,000	\$920	1.67%	0.45%
2002	26,658	\$1,495,562,374	\$6,668,864,100	\$21,485,000	\$806	1.44%	0.32%
2003	26,628	\$1,523,756,906	\$7,189,273,200	\$24,310,000	\$913	1.60%	0.34%
2004	26,578	\$1,551,313,627	\$7,443,761,900	\$36,860,000	\$1,387	2.38%	0.50%
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%

Fiscal Year	Business-Type Activities (2)	Total Primary Government			
	General Obligation Bonds	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2001	\$5,180,000	\$29,690,000	\$1,115	2.03%	0.54%
2002	\$4,980,000	\$26,465,000	\$993	1.77%	0.40%
2003	\$4,300,000	\$28,610,000	\$1,074	1.88%	0.40%
2004	\$3,985,000	\$40,845,000	\$1,537	2.63%	0.55%
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%

(1) Massachusetts Department of Revenue Municipal Databank

(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, 2010

<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.....	\$ 900,000	7.95%	\$ 71,550
Town direct debt.....			<u>101,800,000</u>
Total direct and overlapping debt.....			<u>\$ 101,871,550</u>

Source: Norfolk County Treasurer's Office

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Equalized Valuation.....	\$ 5,266,642,800	\$ 7,153,728,900	\$ 7,153,728,900	\$ 8,211,971,900	\$ 8,211,971,900	\$ 9,523,566,700	\$ 9,523,566,700	\$ 10,029,555,000	\$ 10,029,555,000	\$ 10,032,866,400
Debt Limit -5% of Equalized Valuation.....	\$ 263,332,140	\$ 357,686,445	\$ 357,686,445	\$ 410,598,595	\$ 410,598,595	\$ 476,178,335	\$ 476,178,335	\$ 501,477,750	\$ 501,477,750	\$ 501,643,320
Less:										
Outstanding debt applicable to limit.....	\$ 22,780,000	\$ 20,101,000	\$ 23,272,000	\$ 36,168,000	\$ 52,370,890	\$ 57,346,000	\$ 51,565,000	\$ 62,555,000	\$ 74,826,000	\$ 101,800,000
Authorized and unissued debt.....	17,745,000	36,445,000	28,285,000	11,375,000	20,457,974	11,722,323	35,453,000	27,091,842	95,374,071	45,046,853
Legal debt margin.....	<u>\$ 222,807,140</u>	<u>\$ 301,140,445</u>	<u>\$ 306,129,445</u>	<u>\$ 363,055,595</u>	<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>
Total debt applicable to the limit as a percentage of debt limit.....	15.39%	15.81%	14.41%	11.58%	17.74%	14.50%	18.27%	17.88%	33.94%	29.27%

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

**Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2001	26,632	\$1,464,807,575	\$55,002	37.6	3,773	2.40%
2002	26,658	\$1,495,562,374	\$56,102	37.6	3,865	3.00%
2003	26,628	\$1,523,756,906	\$57,224	37.6	4,016	2.80%
2004	26,578	\$1,551,313,627	\$58,368	37.6	4,171	3.40%
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%

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

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

Employer	Nature of Business	2010			2001		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Sun Life Assurance	Insurance Company	1661	1	12.51%	1100	2	8.28%
Wellesley College	Higher Education	1200	2	9.04%	1250	1	9.41%
Babson College	Higher Education	850	3	6.40%	623	3	4.69%
Accenture	Management Consulting	N/A	N/A	N/A	600	4	4.52%
Harvard Pilgrim Health Care	Insurance Provider	490	4	3.69%	463	5	3.49%
Roche Brothers	Grocery	330	5	2.49%	263	6	1.98%
Amica Mutual Life	Insurance	N/A	N/A	N/A	235	7	1.77%
Mass Bay Community College	College	250	6	1.88%	201	9	1.51%
Dana Hall School	Private School	250	7	1.88%	150	10	1.13%
Wellesley Country Club	Private Recreation Club	220	8	1.66%	N/A	N/A	N/A
Biogen IDEC	Bio-pharmaceutical	210	9	1.58%	N/A	N/A	N/A
Towers Watson	Actuary	200	10	1.51%	230	8	1.73%

According to the Massachusetts Workforce Development Data, in June 2010 Wellesley had a total labor force of 13,278 of whom 12,532 were employed and 746 were unemployed.

Sources: Massachusetts Workplace Development Agency & Employer Human Resources department

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

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government.....	57	58	47	47	47	46	47	47	60	60
Public safety.....	114	114	110	109	110	112	120	123	121	122
Public education.....	591	607	624	629	659	665	681	700	726	759
Public works.....	95	95	96	91	91	90	90	93	88	88
Health and human services.....	4	4	4	4	4	4	5	5	5	5
Library.....	32	31	31	31	27	27	39	32	34	34
Recreation.....	5	5	6	6	6	7	6	7	5	5
Water/Sewer.....	25	25	25	26	28	28	28	28	27	27
Electric light.....	34	36	34	34	33	37	37	35	36	35
Total	957	975	977	977	1,005	1,016	1,053	1,070	1,102	1,135

Source: Various Town Departments

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government										
New home building permits.....	53	36	43	50	83	59	51	58	50	53
Police										
Physical arrests.....	234	281	343	430	375	403	282	173	185	256
Motor vehicle violations.....	7,257	8,369	7,726	10,046	8,183	8,136	6,804	7,373	8,359	8,106
Police personnel and officers.....	56	54	57	57	57	58	53	54	56	57
Fire										
Inspections.....	2,486	2,487	2,487	2,529	2,565	2,628	2,856	2,118	1,871	2,013
Emergency responses.....	4,332	3,821	4,322	4,380	4,019	4,208	4,208	4,041	3,943	4,022
Fire personnel and officers.....	59	59	55	55	55	54	57	57	57	57
Education										
Number of public school students.....	3,773	3,865	4,016	4,171	4,385	4,547	4,610	4,678	4,799	4,868
Health and human services										
Number of vaccinations.....	2,975	1,881	1,705	1,550	1,640	1,790	1,596	1,489	2,039	5,585
Library										
Volumes in circulation.....	451,765	207,255	323,997	525,246	557,402	560,258	575,651	605,900	644,277	667,173
Recreation										
Total program revenue.....	\$431,090	\$373,669	\$421,108	\$654,170	\$843,347	\$779,317	\$1,506,886	\$1,260,132	\$989,018	\$909,217
Traffic and parking management										
Total ticket revenue.....	\$302,320	\$334,548	\$375,899	\$291,106	\$344,554	\$440,348	\$607,826	\$587,919	\$522,861	\$634,513
Sewer										
Number of accounts.....	7,716	7,970	7,994	8,003	8,053	8,133	8,160	8,156	8,156	8,190
Feet rodded/flushed.....	230,830	198,388	187,670	234,670	295,470	307,069	297,711	353,698	256,083	297,780
Water										
Number of accounts.....	10,525	10,955	11,094	11,204	11,368	11,663	11,711	11,804	11,894	12,016
Consumption in gallons (millions).....	1,057	964	877	815	811	924	884	968	841	780
Daily consumption (millions).....	2.89	2.64	2.40	2.23	2.22	2.53	2.42	2.65	2.31	2.14
Electric										
Total kilowatt hour sales.....	221,754,659	217,744,205	238,463,307	241,672,671	235,275,937	245,544,223	243,375,963	245,565,820	239,369,643	237,220,172
Municipal kilowatt hour usage.....	8,236,551	7,222,244	8,807,700	9,964,718	10,522,834	10,772,991	11,141,705	11,145,742	10,646,521	10,990,228
Streetlight kilowatt hour usage.....	2,380,497	2,385,619	2,463,565	2,510,806	2,478,078	2,513,676	2,487,320	2,457,164	2,436,957	2,361,425

Source: Various Town Departments

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

<u>Function/Program</u>	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Number of buildings.....	4	4	4	3	3	3	3	3	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.....	6	6	6	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).....	116	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).....	268	268	268	268	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 Six Fiscal Years

<u>Fiscal Year</u>	<u>Free Cash</u>	<u>Stabilization Fund</u>
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

Information prior to fiscal year 2005 is not available.