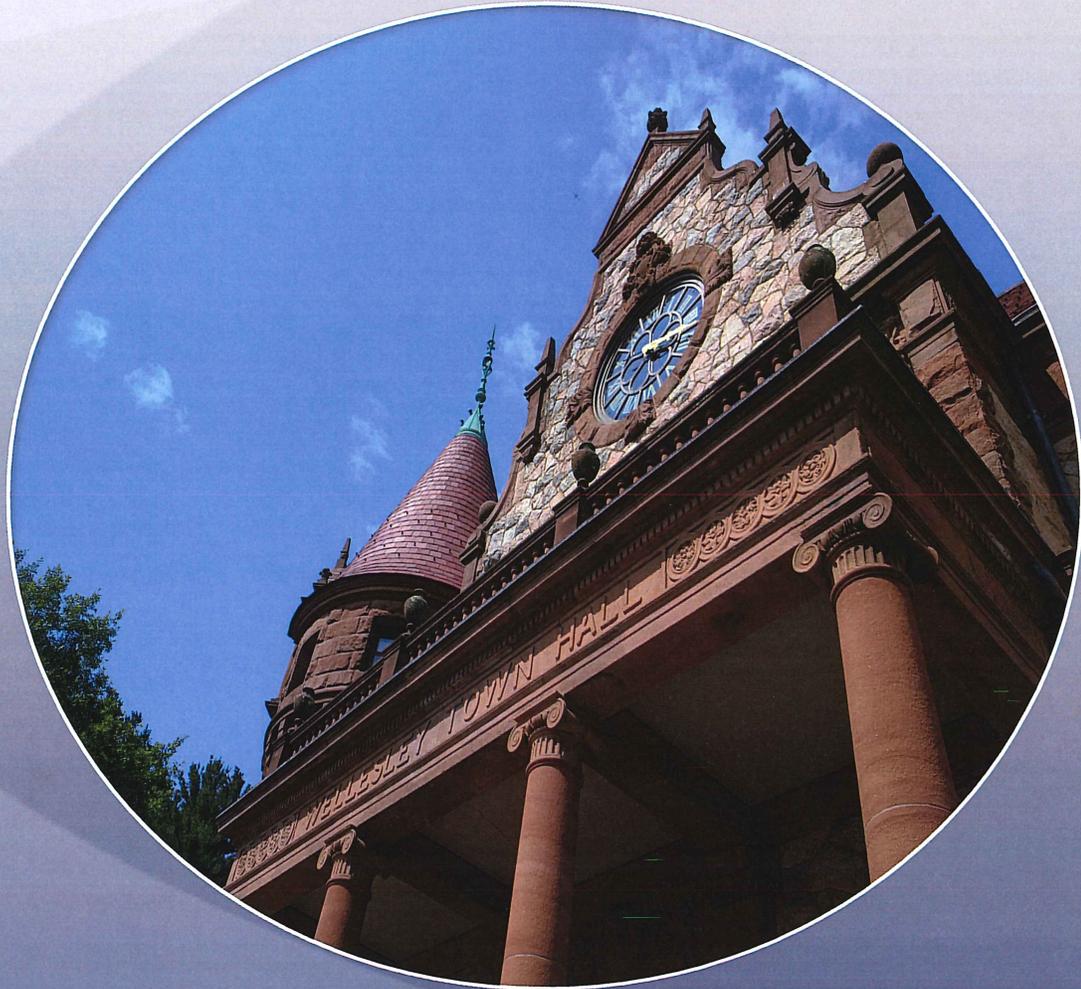
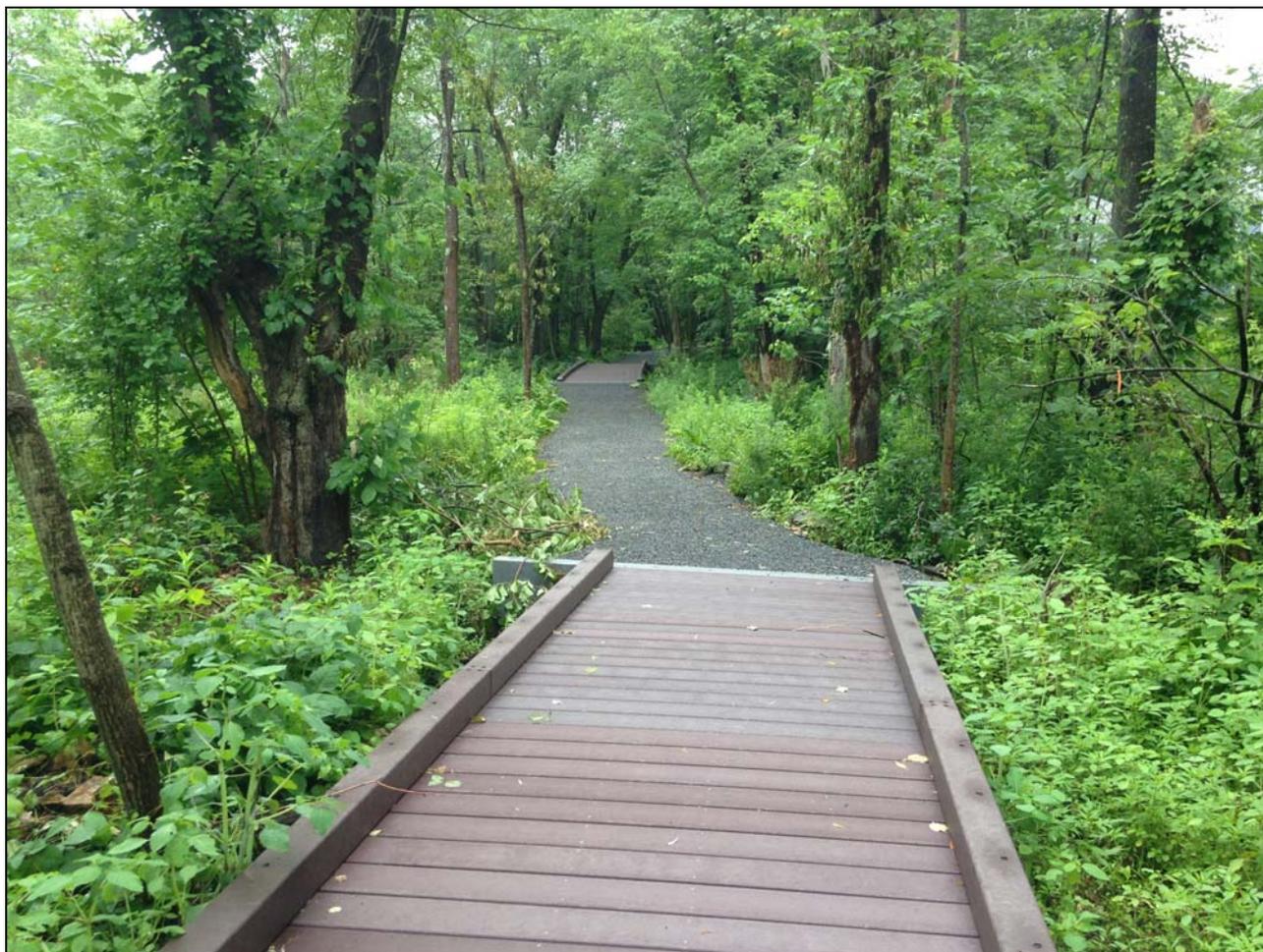


TOWN OF WELLESLEY, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED JUNE 30, 2016

On the cover: A glimpse of Town Hall on a beautiful day.



A peaceful walk on one of the 26 miles of trails.

TOWN OF WELLESLEY, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2016



Prepared by:

The Finance Department of the Town of Wellesley, Massachusetts

TOWN OF WELLESLEY, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2016

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Introductory Section



Wellesley High School field before and after our new Turf Field.



Town of Wellesley, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2016

Introductory Section

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Town of Wellesley

525 Washington Street
Wellesley, MA 02482

Letter of Transmittal

November 28, 2016

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

State law requires the Town of Wellesley to publish at the close of each year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue this Comprehensive Annual Financial Report (CAFR) of the Town of Wellesley, Massachusetts, for the year ending June 30, 2016 for your review.

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

The Town's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town's financial statements for the year ended June 30, 2016, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports are available in the Town's separately issued Single Audit Report.

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

Profile of the Town

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

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

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

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

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

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

Local Economy

The Town continues to reflect stronger economic conditions than other communities - both within the Commonwealth and nationally. Massachusetts unemployment continues to be less than the national average, and Wellesley's rate is approximately 83% of the state's rate. According to Department of Revenue statistics, Wellesley's unemployment rate was 3% during the past year.

Because of its proximity to Boston and the quality of services provided, Wellesley remains attractive to urban professionals whose wealth levels are among the highest in the Commonwealth. While the median household income in Massachusetts is higher than national levels, Wellesley's (\$159,615) is among the top five in the Commonwealth and more than twice the average. The relative wealth is also seen in the owner occupied median housing value, which, at \$991,000 is more than twice that of the state and four times that of the nation. The town is relatively densely populated and land is increasingly valuable. Tear downs and residential improvements continue to contribute to increased permit fee revenue and taxable new growth. Although the Town is 87% residential, commercial activity is diversified and the presence of Wellesley College, Babson College, and Massachusetts Bay Community College contribute to a lower unemployment rate and greater economic stability.

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

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

Financial Planning and Internal Controls

The Town has intentionally increased its financial reserves during the last eight years and the Town’s management has adopted a formal reserve policy to inform its recommendations in its annual Town-Wide Financial Plan (TWFP). Fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 15.5 percent of the total general fund revenues. This is a slight improvement over the prior year ratio of 15.3 percent.

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

The annual pension contribution to the Wellesley Contributory Retirement System, a defined benefit pension plan administered by the Wellesley Contributory Retirement Board, represents a significant portion of the Town’s annual budget. An independent actuary engaged by the Retirement Board calculates the amount of the annual contribution the Town must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees. The funded status was 73.56% as reflected in the actuarial valuation performed as of January 1, 2015. The Retirement Board has reduced the assumed actuarial rate of return on investment from 7.0% to 6.75% in the latest valuation and adopted a number of more conservative assumptions regarding mortality rates, salary growth, etc., that tend to reduce the funded status. Management continues to factor updated valuations into its TWFP projections.

Similarly, health insurance costs and the liability for postemployment health care benefits for certain retirees and their dependents (OPEB) are key considerations in the TWFP. The Town has undertaken a number of proactive steps over the last five years to reduce current costs and amortize the unfunded OPEB liability. As of the current (June 30, 2016) actuarial valuation, the discount rate has been reduced to 6.75% (similar to the pension fund). The funding status has improved to 36.81%, and the Town remains a leader within the Commonwealth in dealing with this liability.

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

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

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

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

New Initiatives

After many years of study, Town Meeting and Wellesley's citizens approved, via referendum, construction of the state-of-the-art Tolles-Parsons Senior Center. The Senior Center will be prominently located on Washington Street, near Town Hall, the Library, and the Police Station. Some of the permanent financing has been issued, and construction is well underway. Completion is estimated within a year.

During fiscal 2016, the Town reconsidered the merits of its form of government under the direction of the Town Government Study Committee. The process involved significant outreach and citizen involvement, several Town Meetings, and many hours spent crafting bylaw proposals. In the end, the community decided to continue under its longstanding decentralized form of government rather than adopting a more centralized approach under the direction of a Town Manager. The Board of Selectmen retains its authority for establishing budget guidelines, a centralized Town-Wide Financial Plan, and the five-year Capital Improvement Program.

The Board of Selectmen proposed a first-of-its-kind Unified Plan with the goal of combining the Planning Board's Comprehensive Plan and an organization-wide Strategic Plan. A steering Committee including representatives from a wide array of constituencies is overseeing this initiative. Recommendations are expected in the spring of 2018.

The Town has been studying elementary school needs at the Hardy/Hunnewell/Upham schools for several years and has generated preliminary proposals. The discussion continued this year and a new committee was established to further develop various options and collect new enrollment and traffic data. There may be a request for design funds at the Spring Annual Town Meeting, but the timing is uncertain at present. The cost of the potential project could exceed any project that the Town has done to date.

In May, the Town issued \$5.3 million of debt to complete the renovations at the Fiske/Schofield elementary schools, the Park Highway garage construction, and the first phase of the Tolles-Parsons project. \$13 million in refunding bonds were also issued to favorably refinance existing debt for the Middle School and the High School.

The Board of Selectmen also accepted Developer Statements of Interest for developing a recreational facility on the 900 Worcester Street property that the Town recently acquired. A lease arrangement is being developed for Town Meeting consideration.

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 twelve years. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

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

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

Respectively submitted,



Hans Larsen
Executive Director of General Government Services



Sheryl Strother
Finance Director/Town Accountant



Government Finance Officers Association

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

Presented to

**Town of Wellesley
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

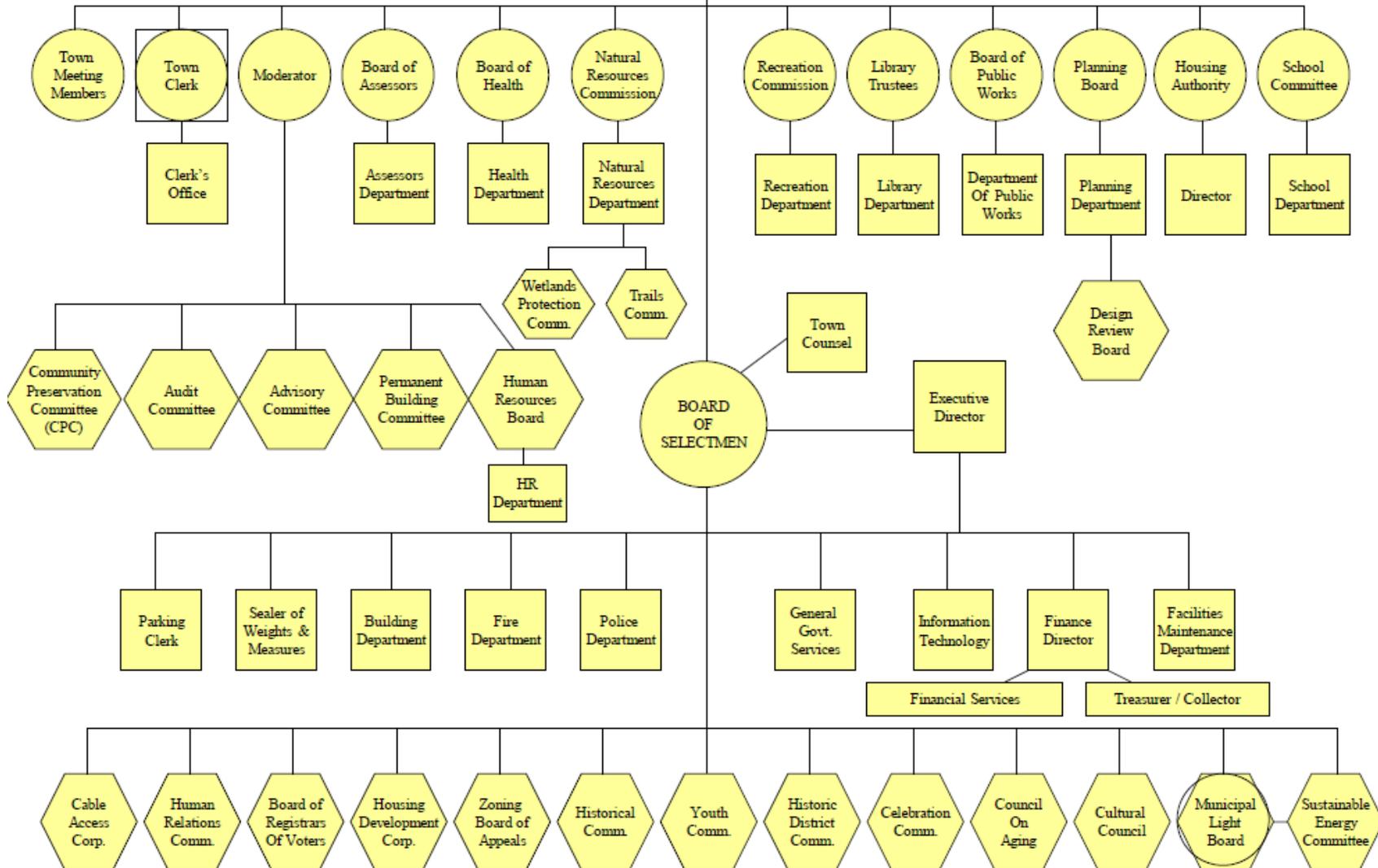


Wellesley Town Government Organization

VOTERS

Elected	Appointed	Town Employee

www.wellesleyma.gov



Principal Town Officials

<u>Elected Officials</u>		<u>Term Expires</u>
Board of Selectmen	Marjorie Freiman, Chair	2018
	Ellen Gibbs, Vice Chair	2019
	David Murphy, Secretary	2017
	Jack Morgan	2018
	Barbara Searle	2017
Moderator	Margaret Ann (Peg) Metzger	2017
Town Clerk	Kathleen F. Nagle	2018
School Committee	Sharon Gray, Chairperson	2018
	Matt Kelley, Vice Chairperson	2017
	Michael D'Ortenzio, Secretary	2019
	Wendy Paul	2017
	Anthony Bent	2018

Appointed Officials

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

Other Officials

Town Counsel	Thomas J. Harrington Miyares and Harrington LLP
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Financial Section



A rendering of the new Tolles-Parsons Senior Center.

Town of Wellesley, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2016

Financial Section

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wellesley, Massachusetts, as of and for the year ended June 30, 2016 (except for the Wellesley Contributory Retirement System which is as of and for the year ended December 31, 2015), and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wellesley, Massachusetts, as of June 30, 2016 (except for the Wellesley Contributory Retirement System which is as of December 31, 2015), and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Wellesley's basic financial statements. The introductory section, combining and individual fund statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016 on our consideration of the Town of Wellesley, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Wellesley's internal control over financial reporting and compliance.

Powers + Juliani, LLC

November 28, 2016

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Wellesley, Massachusetts, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town of Wellesley for the year ended June 30, 2016. We encourage readers to consider the information presented in this report in conjunction with additional information that we have furnished in our letter of transmittal.

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

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

Overview of the Financial Statements

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

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

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

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

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

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

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

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Highlights

- The Town's government-wide assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the recent year by \$159.3 million and \$100.4 million for governmental activities and business-type activities, respectively. The business-type activities include the activities of the sewer, water, and electric enterprise funds.
- At the close of the current year, the Town of Wellesley's general fund reported an ending fund balance of \$24.9 million, an increase of \$2.4 million over the prior year. Total fund balance represents 15.47% of total general fund expenditures, which management considers adequate and within expectations as compared to the Town's Financial Reserve Policy. Approximately \$18.1 million of this total amount is unassigned and available for appropriation at the Town's discretion.
- The Town of Wellesley's total governmental long-term debt decreased by approximately \$6.7 million during the current year as a result of new issuances of \$15.5 million and principal payments of \$22.1 million. These amounts include an advance refunding of approximately \$10.1 million of long-term debt where the Town will save approximately \$1.4 million in future debt service by taking advantage of lower interest rates.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Wellesley's total net position amounted to \$259.7 million at the close of 2016.

Government-wide net position of \$234.4 million (90%) reflects its net 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's net position, \$12.6 million (5%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$12.7 million (5%), may be used to meet the Town's ongoing obligations to citizens and creditors.

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

Governmental activities. The governmental activities net position increased by \$8.8 million during the current year as compared to an increase in net position of \$1.1 million during the prior year. Program revenues increased by \$8.3 million, taxes and other revenues increased by \$8.6 million, and total expenses increased by \$9.2 million, which accounts for the \$7.7 million change.

	2016	2015
Assets:		
Current assets.....	\$ 72,740,615	\$ 81,836,673
Noncurrent assets (excluding capital).....	5,796,383	5,741,283
Capital assets, non depreciable.....	55,784,578	55,297,086
Capital assets, net of accumulated depreciation.....	222,223,225	214,716,942
Total assets.....	356,544,801	357,591,984
Deferred Outflows of Resources.....	12,863,801	7,467,725
Liabilities:		
Current liabilities (excluding debt).....	10,263,942	13,885,262
Noncurrent liabilities (excluding debt).....	53,516,141	46,846,457
Current debt.....	11,820,229	12,966,171
Noncurrent debt.....	130,980,551	136,632,336
Total liabilities.....	206,580,863	210,330,226
Deferred Inflows of Resources.....	3,563,320	4,241,522
Net Position:		
Net investment in capital assets.....	148,818,623	141,158,278
Restricted.....	10,572,176	10,394,774
Unrestricted.....	(126,380)	(1,065,091)
Total net position.....	\$ 159,264,419	\$ 150,487,961

Governmental capital assets increased \$8 million including \$20.2 million of additions, primarily attributable to renovation of the Fiske and Schofield elementary schools, various public safety and public works vehicles and equipment, and roadway infrastructure work, less \$12.2 million of depreciation expense.

Non-current assets consist of a \$5.8 million asset relating to the Town’s pre-funding of the Other Postemployment Benefits (OPEB) liability.

Non-current liabilities, excluding debt, consist mainly of the \$53.2 million net pension liability.

	2016		2015
Program revenues:			
Charges for services.....	\$ 12,905,633	\$	11,969,283
Operating grants and contributions.....	27,478,819		21,779,735
Capital grants and contributions.....	3,620,180		1,950,446
General Revenues:			
Real estate and personal property taxes.....	127,800,794		120,017,005
Motor vehicle and other excise taxes.....	6,085,056		5,649,324
Community preservation tax.....	1,153,629		1,084,562
Nonrestricted grants and contributions, and other.....	1,794,382		1,793,829
Unrestricted investment income.....	627,934		262,241
Total revenues.....	181,466,427		164,506,425
Expenses:			
General government.....	16,065,450		14,818,677
Public safety.....	19,814,209		18,190,686
Public education.....	111,214,742		107,336,897
Public works.....	11,467,571		11,612,335
Health and human services.....	1,762,755		1,771,888
Library.....	4,509,513		4,092,547
Recreation.....	2,798,705		2,861,127
Traffic and parking management.....	761,292		651,374
Community preservation.....	75,855		35,941
Interest.....	5,219,877		3,080,832
Total expenses.....	173,689,969		164,452,304
Excess before transfers.....	7,776,458		54,121
Transfers.....	1,000,000		1,000,000
Change in net position.....	8,776,458		1,054,121
Net position - beginning.....	150,487,961		149,433,840
Net position - ending.....	\$ 159,264,419	\$	150,487,961

Other financial notes related to governmental activities:

- Charges for services represented 7% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Town are included in this category. This category increased by roughly \$1 million due to higher than expected building permit fees.
- Operating grants and contributions accounted for 15% 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. The increase in operating grants reflected above is primarily related to an increase of \$4.0 million of revenue and expense recorded as on-behalf assistance from the Commonwealth of Massachusetts' Teachers Retirement System due to a change in the way these amounts were calculated in 2016.
- Property taxes are by far the most significant revenue source for the Town's governmental activities. They comprised 70% of the governmental activities resources. A significant portion of property taxes relates to excluded debt and capital exclusion to fund the OPEB liability. The excluded debt increase resulted from the North 40 land purchase, the Fiske/Schofield school renovation, and the Middle School

window project. Property taxes have increased an average of \$1.6 million annually because of continuing residential buildouts.

- Other taxes and other revenues comprised a total of 8% percent of the governmental activities resources. These primarily include capital grants, motor vehicle and other excise taxes, non-restricted grants and contributions, and investment earnings.
- Education is by far the largest governmental activity of the Town. Approximately \$79.3 million in general revenues were needed to cover its 2016 operating expenses, net of related program revenues. A pension contribution of approximately \$11.9 million (\$7.9 in the prior year) was made by the state on-behalf of Wellesley teachers. Operating grants and educational expenses are grossed-up by recording this contribution.
- General government and Public safety are the second and third largest activities of the Town. Approximately \$15.2 million and \$15.3 million, respectively, of general revenues were needed to cover their 2016 operating expenses, net of related program revenues.

Business-type activities. Business-type activities increased the Town's net position by \$5.9 million compared to an increase of \$1.8 million during the previous year. Total revenues increased approximately \$1.7 million, with increases in all three enterprise funds. Total operating expenses decreased by approximately \$2.4 million (5.1%) from savings in all three enterprise funds. Lower purchased power costs were the largest contributor to the decrease in expenses.

As shown below, business-type activities assets and deferred outflows exceeded liabilities and deferred inflows by \$100.4 million at the close of 2016. Net investment in capital assets was \$85.6 million (85%), net position is restricted for depreciation in the amount of \$2 million (2%), and unrestricted net position was \$12.8 million (13%). The Electric Light department experienced a \$3.7 million increase in net position, while the water and sewer funds recovered all of their costs through rates. The sewer and water departments' net position each increased by \$622,000 and \$1.5 million, respectively. These results continue to reflect management's goal of maintaining the systems while only charging users for the cost of operations.

	2016	2015
Assets:		
Current assets.....	\$ 25,424,361	\$ 20,767,156
Noncurrent assets (excluding capital).....	768,466	522,484
Capital assets, non depreciable.....	1,857,954	1,502,242
Capital assets, net of accumulated depreciation.....	90,882,019	90,632,065
Total assets.....	118,932,800	113,423,947
Deferred Outflows of Resources.....	2,406,068	1,306,140
Liabilities:		
Current liabilities (excluding debt).....	3,173,229	3,197,301
Noncurrent liabilities (excluding debt).....	10,120,306	8,923,158
Current debt.....	771,972	798,176
Noncurrent debt.....	6,373,690	6,632,452
Total liabilities.....	20,439,197	19,551,087
Deferred Inflows of Resources.....	512,685	666,668
Net Position:		
Net investment in capital assets.....	85,594,311	84,703,679
Restricted.....	2,000,000	2,000,000
Unrestricted.....	12,792,675	7,808,653
Total net position.....	\$ 100,386,986	\$ 94,512,332

Non-current assets (excluding capital) are comprised of the Electric Light Department's \$150,000 investment in a local purchasing consortium for its power sources and the enterprise funds' other postemployment benefits asset of \$618,466.

	2016		2015
Program revenues:			
Charges for services.....	\$ 49,568,998	\$	48,559,577
Capital grants and contributions.....	1,865,081		1,151,012
Total revenues.....	51,434,079		49,710,589
 Expenses:			
Sewer.....	7,065,470		7,183,205
Water.....	5,741,906		6,293,253
Electric department.....	31,752,049		33,471,296
 Total expenses.....	44,559,425		46,947,754
 Excess before transfers.....	6,874,654		2,762,835
 Transfers.....	(1,000,000)		(1,000,000)
 Change in net position.....	5,874,654		1,762,835
 Net position - beginning.....	94,512,332		92,749,497
 Net position - ending.....	\$ 100,386,986	\$	94,512,332

Financial Analysis of the Town's Major Funds

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

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

As of the end of the current year, governmental funds reported combined ending fund balances of \$55 million. Total fund balances decreased \$2.5 million from the prior year mainly due to the timing of capital project expenditures. The decrease in the capital project fund balance was offset by an increased fund balance in the General Fund. Details of the capital project major fund are discussed on the following page.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current year, the unassigned fund balance of the general fund was \$18.1 million, while the total fund balance was \$24.9 million. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures. The unassigned fund balance represents 11.2% of total general fund expenditures, while the total fund balance represents 15.5% of that same amount.

Fund balance of the General Fund increased \$2.4 million. The increase is mainly the result of transfers in from the Municipal Light Plant and from the Town's health insurance fund in the amounts of \$1.0 million and \$1.6 million respectively. Otherwise the General Fund basically broke even for the year.

Highway Chapter 90 Major Fund

This fund is a special revenue fund that accounts for activities associated with on-going road and sidewalk projects that are funded with grants from the Commonwealth of Massachusetts. At June 30, 2016, the fund has a receivable due from the Commonwealth in the amount of \$1.9 million; however, the associated revenue is not available but will be recognized and realized by the Town as future grant reimbursement requests are submitted to the granting agency. Fund expenditures were 100% offset by grant revenues. The ending fund balance was zero.

Capital Projects Major Fund

This fund is used to account for resources that are restricted to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds. During the year the fund incurred expenditures for various general government, school, and facility projects; most notably the building renovations at the Schofield and Fiske schools. At June 30, 2016, the ending fund balance was \$13.6 million, a decrease of \$5.7 million over the prior year. The decreased fund balance is result of the timing differences between the Town expending funds on necessary capital needs prior to issuing long term debt.

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

General Fund Budgetary Highlights

The final budget increased from the original budget by approximately \$945,000. This mainly relates to supplemental appropriations of \$164,000 to fund the design of the police station roof, \$110,000 for the Board of Selectmen to complete the Town Government Study and to recruit a new Executive Director, \$250,000 for snow and ice removal costs, \$119,000 to increase the reserve fund budget, \$200,000 to fund school construction feasibility studies, and \$92,000 to fund a transfer to the Injured on Duty Stabilization Fund.

Revenues of the general fund were \$2.6 million higher than budget expectations and this is mainly due to higher than expected building permit and related inspection fee revenues and better than expected motor vehicle excise tax revenues. The Town also realized \$270,000 of tax lien revenue which is unbudgeted. Total expenditures and carryovers were less than budget by approximately \$2.6 million (2%) because of turn backs in a number of appropriation line items.

Also contributing to the overall positive performance of the General Fund, is the health insurance trust fund turning back excess reserves to the general fund in the amount of \$1.6 million.

Capital Assets and Debt Management

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

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

Major capital assets are funded by the issuance of long-term debt. Outstanding long-term debt of the general government, as of June 30, 2016, totaled \$138.9 million, of which, \$85.8 million is related to school projects,

\$34.2 issued for land purchases, including North 40, 900 Worcester Street, and 494 Washington Street; and the balance is for projects to maintain the Town's buildings

The enterprise funds have \$2.3 million in sewer enterprise debt, \$3.3 million in water enterprise debt, and \$1.1 million in electric department debt that is fully supported by the rates. The funds do not rely on a general fund subsidy.

Please refer to notes 4, 6, and 8 to the financial statements for further discussion of the major capital and debt activity.

Pension Trust Fund

The Pension Trust Fund (System) recognized net investment income of \$1.1 million for the calendar year ended December 31, 2015. The System paid out \$12.3 million of retirement benefits, administration costs and transfers to other systems. Total net position of the System amounted to \$153.5 million at December 31, 2015. Based on the most recent actuarial valuation performed as of January 1, 2015, the System's Funded Ratio was 73.56%, up from 67.5% in the previous valuation dated January 1, 2013. The System made changes in actuarial assumptions including lowering the investment rate of return to 6.75% from 7%, certain mortality changes, and other plan provision changes.

Other Postemployment Benefits

As of June 30, 2016 the Town has recognized an asset for other postemployment benefits in the amount of \$6.4 million. The current year Annual OPEB Cost amounted to \$8.3 million and the Town contributed \$8.6 million through a combination of benefit payments and pre-funding contributions to the OPEB Trust fund. The assets set aside in trust for future benefits amounted to \$44.2 million at year end. Based on the most recent actuarial valuation performed as of June 30, 2016, the Plan's funded ratio was 36.81%.

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.

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Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 58,746,789	\$ 16,315,005	\$ 75,061,794
Restricted cash and cash equivalents.....	-	2,000,000	2,000,000
Investments.....	7,180,573	-	7,180,573
Receivables, net of allowance for uncollectibles:			
Real estate, personal property and tax deferrals.....	2,520,722	-	2,520,722
Tax liens.....	1,638,611	-	1,638,611
Motor vehicle excise taxes.....	254,764	-	254,764
User charges.....	-	4,721,757	4,721,757
Departmental and other.....	275,799	-	275,799
Intergovernmental.....	2,123,357	-	2,123,357
Inventory.....	-	776,434	776,434
Purchased power advance deposits.....	-	1,490,498	1,490,498
Other assets.....	-	120,667	120,667
Total Current Assets.....	72,740,615	25,424,361	98,164,976
NONCURRENT:			
Investment in Energy New England, LLC.....	-	150,000	150,000
Other postemployment benefits asset.....	5,796,383	618,466	6,414,849
Capital assets, non depreciable.....	55,784,578	1,857,954	57,642,532
Capital assets, net of accumulated depreciation.....	222,223,225	90,882,019	313,105,244
Total Noncurrent Assets.....	283,804,186	93,508,439	377,312,625
TOTAL ASSETS.....	356,544,801	118,932,800	475,477,601
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss from debt refunding.....	848,443	312,670	1,161,113
Deferred outflows of resources related to pensions.....	12,015,358	2,093,398	14,108,756
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	12,863,801	2,406,068	15,269,869
LIABILITIES			
CURRENT:			
Warrants payable.....	3,758,576	2,725,742	6,484,318
Accrued payroll.....	5,394,110	56,694	5,450,804
Accrued interest.....	675,356	11,827	687,183
Other liabilities.....	-	36,520	36,520
Customer advances for construction.....	-	308,660	308,660
Compensated absences.....	244,900	33,786	278,686
Workers' compensation.....	191,000	-	191,000
Notes payable.....	-	84,043	84,043
Bonds payable.....	11,820,229	687,929	12,508,158
Total Current Liabilities.....	22,084,171	3,945,201	26,029,372
NONCURRENT:			
Customer deposits.....	-	820,758	820,758
Compensated absences.....	163,244	22,515	185,759
Workers' compensation.....	176,000	-	176,000
Note payable.....	-	1,063,914	1,063,914
Net pension liability.....	53,176,897	9,277,033	62,453,930
Bonds payable.....	130,980,551	5,309,776	136,290,327
Total Noncurrent Liabilities.....	184,496,692	16,493,996	200,990,688
TOTAL LIABILITIES.....	206,580,863	20,439,197	227,020,060
DEFERRED INFLOWS OF RESOURCES			
Advance collections - taxes.....	700,384	-	700,384
Deferred inflows of resources related to pensions.....	2,862,936	512,685	3,375,621
TOTAL DEFERRED INFLOWS OF RESOURCES.....	3,563,320	512,685	4,076,005
NET POSITION			
Net investment in capital assets.....	148,818,623	85,594,311	234,412,934
Restricted for:			
Depreciation.....	-	2,000,000	2,000,000
Permanent funds:			
Expendable.....	1,983,358	-	1,983,358
Nonexpendable.....	357,953	-	357,953
Grants and gifts.....	2,543,947	-	2,543,947
Community preservation.....	5,686,918	-	5,686,918
Unrestricted.....	(126,380)	12,792,675	12,666,295
TOTAL NET POSITION.....	\$ 159,264,419	\$ 100,386,986	\$ 259,651,405

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 16,065,450	\$ 838,714	\$ 73,425	\$ -	\$ (15,153,311)
Public safety.....	19,814,209	4,272,574	220,521	-	(15,321,114)
Public education.....	111,214,742	4,588,795	26,120,256	1,174,029	(79,331,662)
Public works.....	11,467,571	701,931	702,034	1,298,204	(8,765,402)
Health and human services.....	1,762,755	165,985	62,212	-	(1,534,558)
Library.....	4,509,513	67,698	52,121	-	(4,389,694)
Recreation.....	2,798,705	1,312,445	248,250	829,500	(408,510)
Traffic and parking management.....	761,292	957,491	-	-	196,199
Community preservation.....	75,855	-	-	318,447	242,592
Interest.....	5,219,877	-	-	-	(5,219,877)
Total Governmental Activities.....	173,689,969	12,905,633	27,478,819	3,620,180	(129,685,337)
<i>Business-Type Activities:</i>					
Sewer.....	7,065,470	7,459,362	-	228,337	622,229
Water.....	5,741,906	7,224,117	-	-	1,482,211
Electric department.....	31,752,049	34,885,519	-	1,636,744	4,770,214
Total Business-Type Activities.....	44,559,425	49,568,998	-	1,865,081	6,874,654
Total Primary Government.....	\$ 218,249,394	\$ 62,474,631	\$ 27,478,819	\$ 5,485,261	\$ (122,810,683)

(Continued)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (129,685,337)	\$ 6,874,654	\$ (122,810,683)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds.....	127,531,083	-	127,531,083
Tax liens.....	269,711	-	269,711
Motor vehicle and other excise taxes.....	5,464,687	-	5,464,687
Meals tax.....	620,369	-	620,369
Community preservation tax.....	1,153,629	-	1,153,629
Penalties and interest on taxes.....	324,144	-	324,144
Payments in lieu of taxes.....	76,475	-	76,475
Grants and contributions not restricted to specific programs.....	1,393,763	-	1,393,763
Unrestricted investment income.....	627,934	-	627,934
<i>Transfers, net</i>	1,000,000	(1,000,000)	-
Total general revenues and transfers.....	138,461,795	(1,000,000)	137,461,795
Change in net position.....	8,776,458	5,874,654	14,651,112
<i>Net Position:</i>			
Beginning of year.....	150,487,961	94,512,332	245,000,293
End of year.....	\$ 159,264,419	\$ 100,386,986	\$ 259,651,405

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2016

	General	Highway Chapter 90	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents.....	\$ 26,623,345	\$ 77,954	\$ 15,454,179	\$ 15,463,607	\$ 57,619,085
Investments.....	5,136,378	-	-	1,391,589	6,527,967
Receivables, net of uncollectibles:					
Real estate, personal property and tax deferrals	2,520,722	-	-	-	2,520,722
Tax liens.....	1,638,611	-	-	-	1,638,611
Motor vehicle excise taxes.....	254,764	-	-	-	254,764
Departmental and other.....	85,142	-	-	182,115	267,257
Intergovernmental.....	-	1,904,167	-	219,190	2,123,357
TOTAL ASSETS.....	\$ 36,258,962	\$ 1,982,121	\$ 15,454,179	\$ 17,256,501	\$ 70,951,763
LIABILITIES:					
Warrants payable.....	\$ 1,501,270	\$ 77,954	\$ 1,842,579	\$ 294,420	\$ 3,716,223
Accrued payroll.....	4,956,541	-	2,722	104,334	5,063,597
TOTAL LIABILITIES.....	6,457,811	77,954	1,845,301	398,754	8,779,820
DEFERRED INFLOWS OF RESOURCES:					
Advance collections - taxes.....	689,441	-	-	10,943	700,384
Unavailable revenues.....	4,195,238	1,904,167	-	361,135	6,460,540
TOTAL DEFERRED INFLOWS OF RESOURCES.....	4,884,679	1,904,167	-	372,078	7,160,924
FUND BALANCES:					
Nonspendable.....	-	-	-	357,953	357,953
Restricted.....	-	-	13,608,878	16,127,716	29,736,594
Committed.....	2,990,300	-	-	-	2,990,300
Assigned.....	3,834,068	-	-	-	3,834,068
Unassigned.....	18,092,104	-	-	-	18,092,104
TOTAL FUND BALANCES.....	24,916,472	-	13,608,878	16,485,669	55,011,019
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 36,258,962	\$ 1,982,121	\$ 15,454,179	\$ 17,256,501	\$ 70,951,763

See notes to basic financial statements.

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

JUNE 30, 2016

Total governmental fund balances.....	\$	55,011,019
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		278,007,803
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		6,460,540
Changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions.....		9,152,422
Deferred outflows due to deferred losses on debt refundings.....		848,443
Other postemployment benefits asset.....		5,796,383
Internal service funds are used by management to account for health insurance activities, workers' compensation activities, and for information technology services and fleet maintenance services.		
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.....		1,048,986
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(675,356)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable.....	(142,800,780)	
Net pension liability.....	(53,176,897)	
Compensated absences.....	(408,144)	
Net effect of reporting long-term liabilities.....		(196,385,821)
Net position of governmental activities.....	\$	<u>159,264,419</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2016

	General	Highway Chapter 90	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 127,685,786	\$ -	\$ -	\$ -	\$ 127,685,786
Tax liens.....	269,711	-	-	-	269,711
Motor vehicle and other excise taxes.....	5,616,703	-	-	-	5,616,703
Meals tax.....	620,369	-	-	-	620,369
Payments in lieu of taxes.....	76,475	-	-	-	76,475
Penalties and interest on taxes.....	324,144	-	-	-	324,144
Charges for services.....	-	-	-	1,291,915	1,291,915
Parking meter receipts.....	-	-	-	957,491	957,491
Intergovernmental.....	20,980,832	2,026,138	174,029	6,525,453	29,706,452
Departmental and other.....	4,785,105	-	556,165	7,027,349	12,368,619
Community preservation tax.....	-	-	-	1,153,629	1,153,629
Contributions.....	-	-	-	2,361,021	2,361,021
Investment income.....	511,908	-	-	116,026	627,934
TOTAL REVENUES.....	160,871,033	2,026,138	730,194	19,432,884	183,060,249
EXPENDITURES:					
Current:					
General government.....	12,815,762	-	612,472	208,764	13,636,998
Public safety.....	11,649,306	-	74,369	1,266,731	12,990,406
Public education.....	67,144,679	-	11,542,803	10,219,269	88,906,751
Public works.....	9,340,353	2,026,138	1,091,538	603,501	13,061,530
Health and human services.....	1,328,424	-	-	199,218	1,527,642
Recreation.....	335,979	-	1,970,719	1,372,548	3,679,246
Library.....	2,385,407	-	-	277,929	2,663,336
Teachers pension benefits - state funded.....	11,839,507	-	-	-	11,839,507
Town pension.....	6,161,639	-	-	-	6,161,639
Employee benefits.....	20,075,193	-	-	95,444	20,170,637
Traffic and parking management.....	-	-	-	761,292	761,292
Community preservation.....	-	-	-	75,855	75,855
State and county charges.....	1,222,643	-	-	-	1,222,643
Debt service:					
Principal.....	11,245,000	-	-	-	11,245,000
Interest.....	5,502,309	-	-	-	5,502,309
TOTAL EXPENDITURES.....	161,046,201	2,026,138	15,291,901	15,080,551	193,444,791
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(175,168)	-	(14,561,707)	4,352,333	(10,384,542)
OTHER FINANCING SOURCES (USES):					
Issuance of long-term debt.....	-	-	5,320,000	-	5,320,000
Issuance of refunding bonds.....	10,125,700	-	-	-	10,125,700
Premium from issuance of refunding bonds.....	1,612,743	-	-	-	1,612,743
Payments to refunded bond escrow agent.....	(11,738,443)	-	-	-	(11,738,443)
Transfers in.....	3,572,635	-	3,801,000	150,000	7,523,635
Transfers out.....	(970,000)	-	(223,018)	(3,730,617)	(4,923,635)
TOTAL OTHER FINANCING SOURCES (USES).....	2,602,635	-	8,897,982	(3,580,617)	7,920,000
NET CHANGE IN FUND BALANCES.....	2,427,467	-	(5,663,725)	771,716	(2,464,542)
FUND BALANCES AT BEGINNING OF YEAR.....	22,489,005	-	19,272,603	15,713,953	57,475,561
FUND BALANCES AT END OF YEAR.....	\$ 24,916,472	\$ -	\$ 13,608,878	\$ 16,485,669	\$ 55,011,019

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds.....	\$	(2,464,542)
<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.....		20,205,770
Depreciation expense.....		<u>(12,211,995)</u>
Net effect of reporting capital assets.....		7,993,775
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		(1,593,822)
<p>Other postemployment benefits asset.....</p>		
		55,100
<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 refunding bonds.....		(10,125,700)
Issuance of long-term debt.....		(5,320,000)
Premium from issuance of refunding bonds.....		(1,612,743)
Payments to refunded bond escrow agent.....		11,738,443
Amortization of bond premiums.....		252,170
Debt service principal payments.....		<u>11,245,000</u>
Net effect of reporting long-term debt.....		6,177,170
<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.....		35,656
Net change in accrued interest on long-term debt.....		30,262
Net change in deferred outflows/(inflows) of resources related to pensions.....		5,496,306
Net change in net pension liability.....		<u>(6,764,940)</u>
Net effect of recording long-term liabilities.....		(1,202,716)
<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>		
<p>The net activity of internal service funds is reported with Governmental Activities.....</p>		
		<u>(188,507)</u>
Change in net assets of governmental activities.....	\$	<u>8,776,458</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Electric Department	Total	
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 3,391,621	\$ 5,429,580	\$ 7,493,804	\$ 16,315,005	\$ 1,127,704
Restricted cash and short-term investments.....	-	-	2,000,000	2,000,000	-
Investments.....	-	-	-	-	652,606
Receivables, net of allowance for uncollectibles:					
User charges.....	628,101	819,646	3,274,010	4,721,757	-
Departmental and other.....	-	-	-	-	8,542
Inventory.....	-	179,646	596,788	776,434	-
Purchased power advance deposits.....	-	-	1,490,498	1,490,498	-
Other assets.....	-	-	120,667	120,667	-
Total current assets.....	4,019,722	6,428,872	14,975,767	25,424,361	1,788,852
NONCURRENT:					
Investment in Energy New England, LLC.....	-	-	150,000	150,000	-
Other postemployment benefits asset.....	45,081	105,190	468,195	618,466	-
Capital assets, nondepreciable.....	884,007	720,098	253,849	1,857,954	-
Capital assets, net of accumulated depreciation.....	14,344,864	15,946,715	60,590,440	90,882,019	-
Total noncurrent assets.....	15,273,952	16,772,003	61,462,484	93,508,439	-
TOTAL ASSETS.....	19,293,674	23,200,875	76,438,251	118,932,800	1,788,852
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss from debt refunding.....	156,335	156,335	-	312,670	-
Deferred outflows of resources related to pensions....	248,582	580,024	1,264,792	2,093,398	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	404,917	736,359	1,264,792	2,406,068	-
LIABILITIES					
CURRENT:					
Warrants payable.....	5,624	27,929	2,692,189	2,725,742	42,353
Accrued payroll.....	10,638	46,056	-	56,694	330,513
Accrued interest.....	4,505	7,322	-	11,827	-
Other liabilities.....	2,075	34,445	-	36,520	-
Customer advances for construction.....	-	-	308,660	308,660	-
Compensated absences.....	-	18,586	15,200	33,786	-
Workers' compensation.....	-	-	-	-	191,000
Notes payable.....	-	-	84,043	84,043	-
Bonds payable.....	257,053	430,876	-	687,929	-
Total current liabilities.....	279,895	565,214	3,100,092	3,945,201	563,866
NONCURRENT:					
Customer deposits.....	-	-	820,758	820,758	-
Compensated absences.....	-	12,390	10,125	22,515	-
Workers' compensation.....	-	-	-	-	176,000
Notes payable.....	-	-	1,063,914	1,063,914	-
Net pension liability.....	1,069,906	2,496,448	5,710,679	9,277,033	-
Bonds payable.....	2,249,600	3,060,176	-	5,309,776	-
Total noncurrent liabilities.....	3,319,506	5,569,014	7,605,476	16,493,996	176,000
TOTAL LIABILITIES.....	3,599,401	6,134,228	10,705,568	20,439,197	739,866
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pensions....	53,139	123,992	335,554	512,685	-
NET POSITION					
Net investment in capital assets.....	12,722,218	13,175,761	59,696,332	85,594,311	-
Restricted for:					
Depreciation.....	-	-	2,000,000	2,000,000	-
Unrestricted.....	3,323,833	4,503,253	4,965,589	12,792,675	1,048,986
TOTAL NET POSITION.....	\$ 16,046,051	\$ 17,679,014	\$ 66,661,921	\$ 100,386,986	\$ 1,048,986

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Electric Department	Total	
OPERATING REVENUES:					
Charges for services	\$ 7,357,512	\$ 6,734,113	\$ 31,276,591	\$ 45,368,216	\$ 17,732,836
Contracted services.....	-	-	2,258,762	2,258,762	-
Employee contributions	-	-	-	-	8,289,270
Other.....	101,850	490,004	1,350,166	1,942,020	-
TOTAL OPERATING REVENUES	7,459,362	7,224,117	34,885,519	49,568,998	26,022,106
OPERATING EXPENSES:					
MWRA assessment.....	5,278,300	852,477	-	6,130,777	-
Purchase power.....	-	-	15,963,558	15,963,558	-
Transmission and distribution.....	-	1,278,460	8,787,801	10,066,261	-
Cost of contracted services.....	-	-	1,401,516	1,401,516	-
Other source of supply.....	-	501,433	-	501,433	-
Pumping and treatment.....	208,179	1,038,004	-	1,246,183	-
Distribution.....	-	-	1,015,230	1,015,230	-
Collection.....	407,237	-	-	407,237	-
Customer accounts.....	132,966	232,595	570,571	936,132	-
Supplies and services.....	-	-	-	-	24,642,074
Administration and general.....	578,165	844,257	557,734	1,980,156	-
Depreciation.....	443,941	940,623	3,454,729	4,839,293	-
TOTAL OPERATING EXPENSES	7,048,788	5,687,849	31,751,139	44,487,776	24,642,074
OPERATING INCOME.....	410,574	1,536,268	3,134,380	5,081,222	1,380,032
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	-	-	-	-	31,461
Interest expense.....	(16,682)	(54,057)	(910)	(71,649)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(16,682)	(54,057)	(910)	(71,649)	31,461
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS.....	393,892	1,482,211	3,133,470	5,009,573	1,411,493
CAPITAL CONTRIBUTIONS.....	228,337	-	1,636,744	1,865,081	-
TRANSFERS:					
Transfers out.....	-	-	(1,000,000)	(1,000,000)	(1,600,000)
CHANGE IN NET POSITION.....	622,229	1,482,211	3,770,214	5,874,654	(188,507)
NET POSITION AT BEGINNING OF YEAR.....	15,423,822	16,196,803	62,891,707	94,512,332	1,237,493
NET POSITION AT END OF YEAR.....	\$ 16,046,051	\$ 17,679,014	\$ 66,661,921	\$ 100,386,986	\$ 1,048,986

See notes to basic financial statements.

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Electric Department	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users.....	\$ 7,441,177	\$ 7,156,697	\$ 35,444,658	\$ 50,042,532	\$ 8,289,270
Receipts from interfund services provided.....	-	-	-	-	17,728,737
Payments to vendors.....	(5,873,951)	(2,271,271)	(26,930,894)	(35,076,116)	-
Payments to employees.....	(768,901)	(2,396,778)	(1,059,283)	(4,224,962)	(293,786)
Payments for interfund services used.....	-	-	-	-	(24,459,763)
NET CASH FROM OPERATING ACTIVITIES.....	798,325	2,488,648	7,454,481	10,741,454	1,264,458
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers out.....	-	-	(1,000,000)	(1,000,000)	(1,600,000)
Prefunding transfer for other postemployment benefits.....	(30,036)	(70,085)	(145,861)	(245,982)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(30,036)	(70,085)	(1,145,861)	(1,245,982)	(1,600,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the issuance of bonds and notes.....	279,080	-	-	279,080	-
Capital contributions.....	228,337	-	1,636,744	1,865,081	-
Acquisition and construction of capital assets.....	(498,731)	(888,131)	(4,103,069)	(5,489,931)	-
Principal payments on bonds and notes.....	(247,197)	(454,582)	(84,043)	(785,822)	-
Interest expense.....	(64,365)	(102,067)	(910)	(167,342)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(302,876)	(1,444,780)	(2,551,278)	(4,298,934)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sales and maturities of investments.....	-	-	-	-	651,314
Purchase of investments.....	-	-	-	-	(652,606)
Investment income.....	-	-	-	-	31,461
NET CASH FROM INVESTING ACTIVITIES.....	-	-	-	-	30,169
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	465,413	973,783	3,757,342	5,196,538	(305,373)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	\$ 2,926,208	\$ 4,455,797	\$ 5,736,462	\$ 13,118,467	\$ 1,433,077
CASH AND CASH EQUIVALENTS, END OF YEAR.....	\$ 3,391,621	\$ 5,429,580	\$ 9,493,804	\$ 18,315,005	\$ 1,127,704
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:					
Operating income.....	\$ 410,574	\$ 1,536,268	\$ 3,134,380	\$ 5,081,222	\$ 1,380,032
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation.....	443,941	940,623	3,454,729	4,839,293	-
Deferred (outflows)/inflows related to pensions.....	(123,042)	(287,097)	(531,102)	(941,241)	-
Loss on disposal of capital assets.....	-	-	44,972	44,972	-
Changes in assets and liabilities:					
User charges.....	(18,185)	(67,420)	627,863	542,258	-
Department and other.....	-	-	-	-	(4,099)
Inventory.....	-	(5,380)	(62,292)	(67,672)	-
Purchased power advance deposits.....	-	-	64,747	64,747	-
Warrants payable.....	(66,798)	(15,199)	108,385	26,388	18,043
Accrued payroll.....	1,009	14,234	(57,500)	(42,257)	38,482
Customer advances for construction.....	-	-	(14,820)	(14,820)	-
Compensated absences.....	-	20,692	(1,632)	19,060	-
Workers' compensation.....	-	-	-	-	(168,000)
Customer deposits.....	-	-	30,139	30,139	-
Net pension liability.....	150,826	351,927	656,612	1,159,365	-
Other postemployment benefits asset.....	-	-	-	-	-
Total adjustments.....	387,751	952,380	4,320,101	5,660,232	(115,574)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 798,325	\$ 2,488,648	\$ 7,454,481	\$ 10,741,454	\$ 1,264,458
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Non-cash note payable.....	-	-	(84,043)	(84,043)	-

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2016

	Pension Trust Fund (as of December 31, 2015)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund	Agency Fund
ASSETS				
Cash and cash equivalents.....	\$ 806,327	\$ -	\$ 12,198	\$ 2,001,364
Investments:				
Equity securities.....	-	-	356,413	-
PRIT funds.....	152,484,113	44,229,962	-	-
Receivables, net of allowance for uncollectibles:				
Departmental and other receivables.....	518,001	-	-	-
Prepaid expenses.....	1,631	-	-	-
TOTAL ASSETS.....	153,810,072	44,229,962	368,611	2,001,364
LIABILITIES				
Accrued liabilities.....	273,975	-	-	-
Liabilities due depositors.....	-	-	-	2,001,364
TOTAL LIABILITIES.....	273,975	-	-	2,001,364
NET POSITION				
Restricted for pensions.....	153,536,097	-	-	-
Held in trust for OPEB benefits and other purposes.....	-	44,229,962	368,611	-
TOTAL NET POSITION.....	\$ 153,536,097	\$ 44,229,962	\$ 368,611	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2016

	Pension Trust Fund (as of December 31, 2015)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund
ADDITIONS:			
Contributions:			
Employer.....	\$ 7,285,897	\$ 3,465,158	\$ -
Plan members.....	3,480,173	-	-
Private donations.....	-	-	19,737
Total contributions.....	10,766,070	3,465,158	19,737
Net investment income:			
Net change in fair value of investments.....	(2,051,068)	43,885	-
Interest.....	2,345	1,084,609	33,116
Dividends.....	3,981,503	-	-
Total investment income.....	1,932,780	1,128,494	33,116
Less: investment expense.....	(794,251)	(240,440)	-
Net investment income.....	1,138,529	888,054	33,116
Intergovernmental.....	137,760	-	-
Transfers from other systems.....	869,389	-	-
TOTAL ADDITIONS.....	12,911,748	4,353,212	52,853
DEDUCTIONS:			
Administration.....	355,296	-	-
Transfers to other systems.....	1,059,591	-	-
Retirement benefits and refunds.....	10,916,689	-	-
Educational scholarships.....	-	-	12,000
TOTAL DEDUCTIONS.....	12,331,576	-	12,000
CHANGE IN NET POSITION.....	580,172	4,353,212	40,853
NET POSITION AT BEGINNING OF YEAR.....	152,955,925	39,876,750	327,758
NET POSITION AT END OF YEAR.....	\$ 153,536,097	\$ 44,229,962	\$ 368,611

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. One entity has been included as a component unit in the reporting entity, because of the significance of its operational and financial relationships.

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

In the Fiduciary Funds:

- (1) The Wellesley Contributory Retirement System (the System) is a multiple-employer, cost-sharing, contributory defined benefit pension plan covering all employees of the governmental member units deemed eligible by the System's Board of Trustees (the Board), with the exception of school department employees who serve in a teaching capacity. The pensions of such school employees are administered by the Commonwealth of Massachusetts' Teachers Retirement System. Membership in the System is mandatory immediately upon the commencement of employment for all permanent employees working a minimum of 20 hours per week. As of January 1, 2015, the System had 2 participating employers.

The System is governed by a five-member board comprised of the Finance Director (ex officio), two members elected by System's participants, one member appointed by the Board of Selectmen of the Town and a 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 position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units.

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the amounts have matured or are due and payable.

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

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

The following major governmental funds are reported:

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

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

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

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

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

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

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

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

The following major proprietary funds are reported:

The *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.

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 *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.

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 to be spent. The restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings. The Town's educational scholarships are accounted for in this fund.

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

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

E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments please see Note 2.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

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

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

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

Motor Vehicle Excise

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

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

User Charges

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

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

Departmental and Other

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

Intergovernmental

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

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

Community Preservation Surcharge

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

G. 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 original cost, using the weighted average method.

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

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

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

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

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

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

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Town has reported deferred outflows of resources related to pensions and debt refundings in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has recorded advanced tax collections and deferred inflows of resources relating to pensions in this category.

Governmental Fund Financial Statements

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

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Unavailable revenue

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

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

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

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

Net position has been “restricted for” the following:

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

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

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

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

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

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

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

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

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

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

N. Pensions

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

O. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

P. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

Q. Investment Income

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

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

R. Use of Estimates

Government-Wide and Fund Financial Statements

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

S. 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.

MMDT maintains a cash portfolio and a short-term bond portfolio. The cash portfolio had a weighted average maturity of 51 days and the short term bond portfolio had a weighted average maturity of approximately 2.7 years. Credit ratings associated with the short-term bond portfolio ranged from BBB to AAA. Approximately 67% of the total was rated AAA, approximately 16% of the total was rated A/AA and approximately 17% rated BBB.

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 .14 to 24.23 years.

Custodial Credit Risk – Deposits

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

At year-end the carrying amount (book value) of the Town’s deposits totaled \$37,129,139 and the bank balances totaled \$40,956,030. Of the bank balance, \$35,979,938 was covered by FDIC insurance, \$52,752 was covered by SIF insurance, \$2,035 was covered by DIF insurance and \$4,291,305 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2015 the carrying amount (book value) of the Retirement System’s deposits totaled \$806,327 and the bank balance totaled \$806,327. The bank balance was fully covered by FDIC insurance.

As of June 30, 2016 the Town had the following investments:

Investment Type	Fair Value	Maturity				Rating
		Under 1 Year	1 - 5 Years	6-10 Years	Over 10 Years	
Debt Securities						
Government Sponsored Enterprises (1).....	\$ 4,144,300	\$ 2,372,778	\$ 1,771,522	\$ -	\$ -	AAA
U.S. Treasury Notes.....	303,927	-	303,927	-	-	AAA
Corporate Bonds and Notes (2).....	2,123,516	-	2,053,816	-	69,700	BB - A
Total Debt Securities.....	6,571,743	\$ 2,372,778	\$ 4,129,265	\$ -	\$ 69,700	
Other Investments						
Equity Securities.....	965,243					
Money Market Mutual Funds.....	2,290,099					
PRIT State Retirees Benefits Trust Fund.....	44,229,962					
MMDT.....	39,656,118					
Total Investments.....	\$ 93,713,165					

- (1) Government Sponsored Enterprises include various short-term investments in financial services corporations created by the United States Congress. These investments primarily consist of investments in Federal Home Loan Banks (FHLB), Federal Financing Corporation (FICO) Strips, and Federal Home Loan Mortgage Corporation Notes.
- (2) Corporate bonds are broken out into 7 separate ratings, which consist of \$209,317 of BBB rated bonds, \$307,372 of BBB+ rated bonds, \$222,316 of AA- rated bonds, \$236,533 of AA+ rated bonds, \$74,599 of A- rated bonds, \$838,824 of A rated bonds, and \$234,555 of A+ rated bonds.

As of December 31, 2015, the Retirement System had investments in PRIT totaling \$152,484,113. The Retirement System also maintains a short term investment portfolio with MMDT. At December 31, 2015, the Retirement System's investment with MMDT was \$521,483 which is classified as a cash equivalent.

The following table reconciles total cash and investments as of June 30, 2016, except for the Pension Trust Fund which is as of December 31, 2015:

	Primary Government		Fiduciary Funds				Totals
	Governmental Activities	Business-Type Activities	Pension Trust Fund (as of December 31, 2015)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund	Agency Fund	
Cash and cash equivalents.....	\$ 58,746,789	\$ 16,315,005	\$ 806,327	\$ -	\$ 12,198	\$ 2,001,364	\$ 77,881,683
Restricted cash and cash equivalents.....	-	2,000,000	-	-	-	-	2,000,000
Investments.....	7,180,573	-	152,484,113	44,229,962	356,413	-	204,251,061
Total cash and investments.....	\$ 65,927,362	\$ 18,315,005	\$ 153,290,440	\$ 44,229,962	\$ 368,611	\$ 2,001,364	\$ 284,132,744
Carrying value of cash:							
Primary government.....	\$ 37,129,139						
Pension trust.....	284,844						
Investments considered							
cash and cash equivalents:							
Money market mutual funds.....	2,290,099						
MMDT held by Pension Fund.....	521,483						
MMDT held by Town.....	39,656,118						
Cash and cash equivalents.....	79,881,683						
Debt securities.....	6,571,743						
Equity securities.....	965,243						
PRIM State Retirees Benefits Trust Fund.....	44,229,962						
PRIT fund.....	152,484,113						
Investments.....	204,251,061						
Total cash and investments.....	\$ 284,132,744						

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. Of the Town's total investments there was custodial credit risk exposure of \$5,109,543 which is equal to the investments in Government Sponsored Enterprises and Equity Securities because the related securities are uninsured, unregistered and held by the counterparty.

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

At December 31, 2015, the System's \$152,484,113 investment in PRIT is not subject to custodial credit risk exposure because it is not evidenced by securities that exist in physical or book-entry form.

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Fair Value Measurement

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a tabular format for disclosing the levels within the fair value hierarchy.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following table presents financial assets at June 30, 2016, that the Town measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	6/30/16	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs (Level 3)
Investments measured at fair value level:				
<u>Debt Securities:</u>				
U.S. Treasury Notes.....	\$ 303,927	\$ 303,927	\$ -	\$ -
Corporate Bonds.....	2,123,516	-	2,123,516	-
Government Sponsored Enterprises.....	4,144,300	4,144,300	-	-
Total debt securities.....	6,571,743	4,448,227	2,123,516	-
<u>Other investments:</u>				
Equity Securities.....	965,243	965,243	-	-
Money Market Mutual Funds.....	2,290,099	2,290,099	-	-
Total other investments.....	3,255,342	3,255,342	-	-
Total investments measured at fair value.....	9,827,085	\$ 7,703,569	\$ 2,123,516	\$ -
Investments measured at net asset value (NAV):				
PRIT Investments.....	44,229,962			
Investments measured at amortized cost:				
MMDT.....	39,656,118			
Total investments.....	\$ 93,713,165			

Equity securities, U.S. Treasury Notes, Government Sponsored Enterprises, and Money Mutual Funds are classified in Level 1 of the fair value hierarchy using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

PRIT Investments are valued using the net asset value method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool’s shares. The Town does not have the ability to control any of the investment decisions relative to its funds in PRIT.

MMDT investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

Retirement System

The retiree pension defined benefit plan holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the plan’s activities, the plan shows greater disaggregation in its disclosures.

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The System has the following recurring fair value measurements as of December 31, 2015:

Investments measured at net asset value (NAV):

PRIT Investments..... \$ 152,484,113

Investments measured at amortized cost:

MMDT..... 521,483

Total investments..... \$ 153,005,596

The System’s investments in PRIT and MMDT are the same as the Town’s investments described above.

NOTE 3 – RECEIVABLES

At June 30, 2016, 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	\$ 2,577,412	\$ (56,690)	\$ 2,520,722	(1)
Tax liens.....	1,638,611	-	1,638,611	
Motor vehicle excise taxes.....	552,709	(297,945)	254,764	(2)
Departmental and other.....	267,257	-	267,257	
Intergovernmental.....	<u>2,123,357</u>	<u>-</u>	<u>2,123,357</u>	
Total.....	<u>\$ 7,159,346</u>	<u>\$ (354,635)</u>	<u>\$ 6,804,711</u>	

(1) The allowance for uncollectible accounts of \$56,690 relates only to personal property taxes.

(2) The allowance for uncollectible motor vehicle excise taxes relates primarily to balances outstanding 5 years and older.

At June 30, 2016, 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.....	\$ 628,101	\$ -	\$ 628,101
Water fees.....	819,646	-	819,646
Electric light fees.....	3,274,010	-	3,274,010
Department and other.....	<u>8,542</u>	<u>-</u>	<u>8,542</u>
Total.....	<u>\$ 4,730,299</u>	<u>\$ -</u>	<u>\$ 4,730,299</u>

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

Receivable type:	General Fund	Other Governmental Funds	Total
Real estate, personal property and tax deferrals.....	\$ 2,933,183	\$ -	\$ 2,933,183
Tax liens.....	1,638,611	-	1,638,611
Motor vehicle excise.....	254,765	-	254,765
Departmental and other.....	58,120	152,888	211,008
Intergovernmental.....	-	2,123,357	2,123,357
Total.....	\$ 4,884,679	\$ 2,276,245	\$ 7,160,924

Included in unavailable revenues above is approximately \$689,000 of advance collections for 2017 real estate taxes and approximately \$11,000 of advance collection for 2017 Community Preservation Act surcharges.

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital asset activity for the year ended June 30, 2016, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 47,921,562	\$ 612,808	\$ -	\$ 48,534,370
Construction in progress.....	7,375,523	3,915,899	(4,041,215)	7,250,207
Total capital assets not being depreciated.....	55,297,085	4,528,707	(4,041,215)	55,784,577
<u>Capital assets being depreciated:</u>				
Improvements other than buildings.....	20,827,119	42,669	-	20,869,788
Buildings.....	235,881,220	16,046,210	(1,193,850)	250,733,580
Machinery and equipment.....	16,721,497	1,738,062	(545,028)	17,914,531
Public domain infrastructure.....	64,490,401	1,891,337	-	66,381,738
Total capital assets being depreciated.....	337,920,237	19,718,278	(1,738,878)	355,899,637
<u>Less accumulated depreciation for:</u>				
Improvements other than buildings.....	(10,571,628)	(1,854,313)	-	(12,425,941)
Buildings.....	(69,249,269)	(7,626,440)	1,193,850	(75,681,859)
Machinery and equipment.....	(11,381,065)	(1,082,066)	545,028	(11,918,103)
Public domain infrastructure.....	(32,001,332)	(1,649,176)	-	(33,650,508)
Total accumulated depreciation.....	(123,203,294)	(12,211,995)	1,738,878	(133,676,411)
Total capital assets being depreciated, net.....	214,716,943	7,506,283	-	222,223,226
Total governmental activities capital assets, net.....	\$ 270,014,028	\$ 12,034,990	\$ (4,041,215)	\$ 278,007,803

	Beginning Balance	Increases	Decreases	Ending Balance
Business Type Activities:				
<u>Capital assets not being depreciated:</u>				
Land and land rights.....	\$ 267,946	\$ -	\$ -	\$ 267,946
Construction in progress.....	1,234,296	1,499,299	(1,143,587)	1,590,008
Total capital assets not being depreciated.....	1,502,242	1,499,299	(1,143,587)	1,857,954
<u>Capital assets being depreciated:</u>				
Transmission plant.....	12,811,576	2,412	-	12,813,988
Distribution plant.....	85,174,954	2,741,629	(915,140)	87,001,443
Other plant in service.....	55,687,427	378,113	(711,411)	55,354,129
Vehicles and other equipment.....	6,787,874	2,012,065	(1,443,189)	7,356,750
Total capital assets being depreciated.....	160,461,831	5,134,219	(3,069,740)	162,526,310
<u>Less accumulated depreciation for:</u>				
Transmission plant.....	(8,687,508)	(423,666)	-	(9,111,174)
Distribution plant.....	(31,288,688)	(2,710,957)	870,728	(33,128,917)
Other plant in service.....	(25,157,689)	(1,252,268)	711,411	(25,698,546)
Vehicles and other equipment.....	(4,695,881)	(452,402)	1,442,629	(3,705,654)
Total accumulated depreciation.....	(69,829,766)	(4,839,293)	3,024,768	(71,644,291)
Total capital assets being depreciated, net.....	90,632,065	294,926	(44,972)	90,882,019
Total business-type activities capital assets, net.....	\$ 92,134,307	\$ 1,794,225	\$ (1,188,559)	\$ 92,739,973

Depreciation expense was charged to Town functions as follows:

Governmental Activities:

General government.....	\$ 1,292,272
Public safety.....	870,255
Education.....	7,250,682
Public works.....	1,677,361
Library.....	433,296
Recreation.....	688,129
Total depreciation expense - governmental activities.....	\$ 12,211,995

Business-Type Activities:

Sewer.....	\$ 443,941
Water.....	940,623
Electric light.....	3,454,729
Total depreciation expense - business-type activities.....	\$ 4,839,293

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2016, are summarized as follows:

Transfers Out:	Transfers In:			
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
General Fund.....	\$ -	\$ 820,000	\$ 150,000	\$ 970,000 (1)
Capital Projects Fund.....	223,018	-	-	223,018 (2)
Nonmajor Governmental Funds.....	749,617	2,981,000	-	3,730,617 (2)
Electric Light Department.....	1,000,000	-	-	1,000,000 (3)
Internal Service Funds.....	1,600,000	-	-	1,600,000 (4)
Total.....	\$ 3,572,635	\$ 3,801,000	\$ 150,000	\$ 7,523,635

- (1) Represents a budgeted transfer to the Capital Projects Major Fund for the Middle School project and to the nonmajor funds for unemployment claims.
- (2) Represents budgeted transfers between various nonmajor funds and the general fund and from the Community Preservation Fund and the Capital Projects Major Fund.
- (3) Represents transfers in from the Electric Department as a payment in lieu of taxes.
- (4) Represents transfers of funds from the Health Insurance Internal Service Fund to the General Fund.

NOTE 6 – SHORT-TERM FINANCING

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

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

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

Details related to the short-term debt activity for the year ended June 30, 2016, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2015	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2016
Governmental Funds							
BAN	General Obligation Multi-Purpose BAN.....	1.00%	12/11/2015	\$ 1,469,000	\$ -	\$ 1,469,000	\$ -
BAN	General Obligation Multi-Purpose BAN.....	0.65%	6/30/2016	-	820,000	820,000	-
Total.....				\$ 1,469,000	\$ 820,000	\$ 2,289,000	\$ -

The business-type activities did not have any short-term financing activity in 2016.

NOTE 7 – OPERATING LEASE

The Town maintains a lease agreement with a third party that provides the Town with the capacity to provide office space for certain administrative functions of the Town. The current lease agreement expires May 31, 2018; however, the Town has options available to it, under the terms of the lease agreement, to extend the expiration of the lease until May 31, 2020.

The lease agreement requires the Town to pay a \$7,000 monthly lease amount. The amounts due and payable over the next two fiscal years are as follows:

<u>Years Ending June 30:</u>	<u>Governmental Activities</u>
2017.....	\$ 84,000
2018.....	<u>77,000</u>
Total.....	<u>\$ 161,000</u>

NOTE 8 – 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, 2016, and the debt service requirements for the governmental activities are as follows:

Project	Maturity Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2015	Issued	Redeemed	Outstanding at June 30, 2016
Sprague School Renovation (Refunding).....	2016	\$ 885,000	1.46	\$ 285,000	\$ -	\$ 285,000	\$ -
New Library.....	2017	7,250,000	3.83	1,170,000	-	585,000	585,000
Warren Renovation.....	2017	6,800,000	3.83	1,130,000	-	565,000	565,000
Middle School (Refunding).....	2025	4,345,000	1.46	4,345,000	-	445,000	3,900,000
Modular Classrooms.....	2017	2,830,000	3.68	500,000	-	250,000	250,000
Middle School Construction.....	2026	6,705,000	4.08	320,000	-	320,000	-
Middle School Construction (Refunded).....	2026	3,770,000	3.48	3,770,000	-	-	3,770,000
Modular Classrooms.....	2016	2,320,000	4.08	230,000	-	230,000	-
DPW Electric Repairs.....	2016	1,121,000	4.08	110,000	-	110,000	-
DPW Surface Drains.....	2016	333,000	4.08	30,000	-	30,000	-
Middle School Construction.....	2023	10,470,000	3.49	5,595,000	-	4,200,000	1,395,000
Middle School Construction (Refunded).....	2023	3,355,000	4.00	-	3,355,000	-	3,355,000
Streets and Sidewalks.....	2018	500,000	3.49	150,000	-	50,000	100,000
Fire Truck.....	2018	475,000	3.49	135,000	-	45,000	90,000
Sprague Field.....	2018	615,000	3.49	180,000	-	60,000	120,000
School Building Infrastructure.....	2018	4,500,000	3.49	1,350,000	-	450,000	900,000
High School Expansion-Seaver Street.....	2028	3,609,000	3.40	2,465,000	-	1,895,000	570,000
High School Expansion-Seaver Street (Refunded).....	2028	1,564,000	4.00	-	1,564,000	-	1,564,000
High School Planning.....	2029	797,000	3.40	555,000	-	435,000	120,000
High School Planning (Refunded).....	2029	362,500	4.00	-	362,500	-	362,500
High School Feasibility.....	2029	2,590,000	3.40	1,810,000	-	1,420,000	390,000
High School Feasibility (Refunded).....	2029	1,181,200	4.00	-	1,181,200	-	1,181,200
High School Project.....	2029	8,000,000	3.40	5,600,000	-	4,400,000	1,200,000
High School Project (Refunded).....	2029	3,663,000	4.00	-	3,663,000	-	3,663,000
Elementary Infrastructure.....	2017	3,500,000	3.40	870,000	-	435,000	435,000
Woodside Avenue.....	2018	415,000	3.40	160,000	-	40,000	120,000
Parking Meters.....	2019	120,000	3.40	40,000	-	10,000	30,000
High School Construction.....	2035	35,000,000	3.68	28,000,000	-	1,400,000	26,600,000
High School Construction.....	2031	22,000,000	3.60	17,600,000	-	1,100,000	16,500,000
DPW Storm Water Drainage.....	2021	500,000	3.60	300,000	-	50,000	250,000
Fire Truck.....	2023	591,000	1.46	470,000	-	60,000	410,000
Kingsbury Street.....	2023	620,000	1.46	490,000	-	65,000	425,000
RDF Structure.....	2023	570,000	1.46	450,000	-	60,000	390,000
Town Hall HVAC.....	2023	235,000	1.46	185,000	-	25,000	160,000
Bacon Street.....	2023	100,000	1.46	80,000	-	10,000	70,000
Surface Drainage.....	2018	415,000	1.46	160,000	-	20,000	140,000
Morses Pond Dredging.....	2033	485,000	1.46	385,000	-	50,000	335,000
DPW Operations Building.....	2033	1,960,000	1.46	1,560,000	-	195,000	1,365,000
Storm Water Drainage.....	2019	435,000	3.48	435,000	-	110,000	325,000
DPW/Highway/HVAC.....	2019	780,000	3.48	780,000	-	195,000	585,000
Wales Street Bridge.....	2019	250,000	3.48	250,000	-	65,000	185,000
School Telephone Replacement.....	2019	355,000	3.48	355,000	-	90,000	265,000
Fiske/Schoefield.....	2035	15,390,000	3.48	15,390,000	-	775,000	14,615,000
494 Washington Street.....	2035	1,305,000	3.48	1,305,000	-	70,000	1,235,000
Fuller Brook Park.....	2025	460,000	3.48	460,000	-	50,000	410,000
Police & Fire HVAC.....	2025	1,265,000	3.48	1,265,000	-	130,000	1,135,000
School Auditorium Seats.....	2025	315,000	3.48	315,000	-	35,000	280,000
Various Building Repairs.....	2035	2,290,000	3.48	2,290,000	-	110,000	2,180,000
Fire Truck.....	2019	475,000	3.48	475,000	-	120,000	355,000
North 40.....	2045	34,990,000	3.38	34,990,000	-	755,000	34,235,000
Middle School Windows.....	2025	1,430,000	3.48	1,430,000	-	145,000	1,285,000
St. James Land.....	2045	5,000,000	3.38	5,000,000	-	120,000	4,880,000
School Security.....	2020	330,000	3.48	330,000	-	70,000	260,000
Schofield and Fiske School.....	2021	2,795,000	3.48	-	2,795,000	-	2,795,000
Tolles Parsons Senior Center Construction.....	2031	1,950,000	3.48	-	1,950,000	-	1,950,000
DPW Park/Highway Garage Construction.....	2026	575,000	3.48	-	575,000	-	575,000
Subtotal		214,941,700		145,550,000	15,445,700	22,135,000	138,860,700
Unamortized Premiums on Bonds.....		-		2,579,507	1,612,743	252,170	3,940,080
Total		\$ 214,941,700		\$ 148,129,507	\$ 17,058,443	\$ 22,387,170	\$ 142,800,780

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

Year	Principal	Interest	Total
2017.....	\$ 11,380,000	\$ 5,015,549	\$ 16,395,549
2018.....	9,515,000	4,650,026	14,165,026
2019.....	8,915,000	4,310,031	13,225,031
2020.....	8,275,000	3,982,457	12,257,457
2021.....	8,230,000	3,695,335	11,925,335
2022.....	7,645,000	3,388,993	11,033,993
2023.....	7,685,000	3,098,680	10,783,680
2024.....	6,610,000	2,820,391	9,430,391
2025.....	6,640,000	2,590,902	9,230,902
2026.....	5,925,000	2,358,472	8,283,472
2027.....	5,455,000	2,138,318	7,593,318
2028.....	5,480,700	1,932,345	7,413,045
2029.....	5,340,000	1,737,669	7,077,669
2030.....	4,880,000	1,547,739	6,427,739
2031.....	4,925,000	1,370,958	6,295,958
2032.....	3,745,000	1,202,889	4,947,889
2033.....	3,735,000	1,068,839	4,803,839
2034.....	3,690,000	933,863	4,623,863
2035.....	3,735,000	799,088	4,534,088
2036.....	1,435,000	659,875	2,094,875
2037.....	1,490,000	609,650	2,099,650
2038.....	1,540,000	557,500	2,097,500
2039.....	1,595,000	503,600	2,098,600
2040.....	1,660,000	439,800	2,099,800
2041.....	1,725,000	373,400	2,098,400
2042.....	1,795,000	304,400	2,099,400
2043.....	1,865,000	232,600	2,097,600
2044.....	1,940,000	158,000	2,098,000
2045.....	2,010,000	80,400	2,090,400
Total.....	\$ <u>138,860,700</u>	\$ <u>52,561,769</u>	\$ <u>191,422,469</u>

Details related to the Town’s outstanding enterprise fund general obligation indebtedness at June 30, 2016, and the debt service requirements are as follows:

Project	Maturity Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2015	Issued	Redeemed	Outstanding at June 30, 2016
MWRA-Water Bond.....	2006	\$ 516,957	0.00	\$ 51,693	\$ -	\$ 51,693	\$ -
MWRA-Water Bond.....	2017	319,490	0.00	63,898	-	31,949	31,949
MWRA-Water Bond.....	2018	165,987	0.00	49,794	-	16,599	33,195
Water Garage.....	2028	2,387,500	3.40	2,215,000	-	1,702,500	512,500
Water Garage (Refunded).....	2028	1,454,650	4.00	-	1,454,650	-	1,454,650
Sewer Garage.....	2028	2,387,500	3.40	2,215,000	-	1,702,500	512,500
Sewer Garage (Refunded).....	2028	1,454,650	4.00	-	1,454,650	-	1,454,650
MWRA-Water Bond.....	2021	229,089	0.00	137,453	-	22,909	114,544
MWRA-Sewer Bond.....	2026	279,080	0.00	-	279,080	-	279,080
MWRA-Sewer Bond.....	2011	229,790	0.00	45,958	-	45,958	-
MWRA-Sewer Bond.....	2017	143,694	0.00	57,477	-	28,739	28,738
Water General Obligation Bond.....	2023	1,300,000	1.46	1,040,000	-	130,000	910,000
MWRA-Water Bond.....	2023	289,323	0.00	231,459	-	28,932	202,527
Subtotal		15,932,710		6,107,732	3,188,380	3,761,779	5,534,333
Unamortized Premiums on Bonds.....		-		90,896	463,370	90,894	463,372
Total		\$ 15,932,710		\$ 6,198,628	\$ 3,651,750	\$ 3,852,673	\$ 5,997,705

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

Year	Principal	Interest	Total
2017.....	\$ 659,942	\$ 141,922	\$ 801,864
2018.....	594,255	138,022	732,277
2019.....	577,656	134,122	711,778
2020.....	567,658	128,922	696,580
2021.....	562,658	118,772	681,430
2022.....	483,932	100,572	584,504
2023.....	483,935	82,372	566,307
2024.....	325,000	64,172	389,172
2025.....	320,000	51,172	371,172
2026.....	320,000	38,372	358,372
2027.....	320,000	25,572	345,572
2028.....	319,297	12,772	332,069
Total.....	\$ 5,534,333	\$ 1,036,764	\$ 6,571,097

Electric Light Plant

The Light Plant has recorded a note payable in the amount of \$1,063,914 relating to the acquisition of poles that were previously jointly owned with a major communications provider. Over the next 14 years the Plant will amortize the liability as attachment fees in the annual amount of \$84,043.

The Massachusetts Water Resource Authority (MWRA) operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the program, financial assistance consists of a grant and non-interest bearing loan. For the ten year period running through 2016, \$2,173,410 of loans subject to repayment was received from this program. At June 30, 2016, the outstanding principal amount of these loans totaled \$690,033.

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, 2016, the Town had the following authorized and un-issued debt:

Purpose	Amount
Water and Sewer Projects.....	\$ 6,733,342
Drainage & Road Repairs.....	380,000
Various Road Repairs.....	565,015
Senior Center.....	3,482,000
School Security Improvements Planning.....	58,300
Fuller Brook Preservation.....	169,041
Schofield & Fiske School.....	2,385,241
Police Station Construction.....	1,863,280
Track and Field Construction.....	1,057,600
Middle School Windows.....	1,534,271
DPW Construction.....	54,500
Total.....	\$ 18,282,590

Advance Refunding and Defeased Bonds

In order to take advantage of favorable interest rates, the Town issued \$13,035,000 of general obligation refunding bonds to refund \$13,950,000 of general obligation bonds that were defeased by placing the proceeds of the refunding bonds, including the premium, in an irrevocable trust to provide for the full debt service payments on the refunded bonds. Accordingly, the trust’s accounts assets and liabilities for the defeased bonds are not included in the Town’s basic financial statements. The transaction resulted in an economic gain of \$1,023,091 and a reduction of \$1,410,420 in future debt service payments.

In prior years, in order to take advantage of favorable interest rates, certain general obligation bonds were defeased by placing the proceeds of the bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account’s assets and liabilities for the defeased bonds are not included in the financial statements. At June 30, 2016, \$4,035,000 of the bonds refunded remain outstanding and are considered defeased.

Changes in Long-term Liabilities

During the year ended June 30, 2016, the following changes occurred in long-term liabilities:

	Balance June 30, 2015	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Balance June 30, 2016	Due Within One Year
Governmental Activities:							
Long-Term Bonds.....	\$ 145,550,000	\$ 15,445,700	\$ (22,135,000)	\$ -	\$ -	\$ 138,860,700	\$ 11,380,000
Unamortized Bond Premium.....	2,579,507	1,612,743	(252,170)	-	-	3,940,080	230,754
Workers' Compensation.....	535,000	-	-	-	(168,000)	367,000	191,000
Compensated Absences.....	443,800	-	-	230,644	(266,300)	408,144	244,900
Net Pension Liability.....	46,411,957	-	-	6,764,940	-	53,176,897	-
Total Governmental Activities.....	<u>195,520,264</u>	<u>17,058,443</u>	<u>(22,387,170)</u>	<u>6,995,584</u>	<u>(434,300)</u>	<u>196,752,821</u>	<u>12,046,654</u>
Business Type Activities:							
Long-Term Bonds and Notes.....	7,339,732	3,188,380	(3,845,822)	-	-	6,682,290	663,850
Unamortized Bond Premium.....	90,896	463,370	(90,894)	-	-	463,372	108,122
Compensated Absences.....	37,241	-	-	42,248	(23,188)	56,301	33,786
Customer deposits.....	790,619	-	-	30,139	-	820,758	-
Net Pension Liability.....	8,117,668	-	-	1,159,365	-	9,277,033	-
Total Business Type Activities.....	<u>16,376,156</u>	<u>3,651,750</u>	<u>(3,936,716)</u>	<u>1,231,752</u>	<u>(23,188)</u>	<u>17,299,754</u>	<u>805,758</u>
Total.....	<u>\$ 211,896,420</u>	<u>\$ 20,710,193</u>	<u>\$ (26,323,886)</u>	<u>\$ 8,227,336</u>	<u>\$ (457,488)</u>	<u>\$ 214,052,575</u>	<u>\$ 12,852,412</u>

Internal service funds predominantly serve the governmental funds. Accordingly, the internal service fund's long-term liabilities are included as part of the governmental activities totals above. At year end, \$367,000 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 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

At June 30, 2016, \$3,271,286, \$387,888 and \$732,000 have been set aside in a general stabilization fund, an injured on duty stabilization fund and a stabilization fund for purposes of meeting capital needs at the recycling facility, that are classified as part of the general fund in the governmental funds financial statements. Municipal finance laws of the Commonwealth of Massachusetts authorize municipalities to establish stabilization funds on an as needed basis. The number of and exact purpose of the stabilization funds of the Town are dependent upon authorization and approval of Town Meeting. The general stabilization fund balance can be used for general and/or capital purposes upon approval of Town Meeting. The special purpose stabilization fund can only be used to offset police and fire workers compensation claim payments. Additions and withdrawals from the funds can only be made in accordance with Town Meeting approval.

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

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

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

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

	Governmental Funds			Total Governmental Funds
	General	Capital Projects	Nonmajor Governmental Funds	
Fund Balances				
Nonspendable:				
Permanent fund principal..... \$	- \$	- \$	357,953 \$	357,953
Restricted for:				
Highway Chapter 90.....	-	-	-	-
Capital projects.....	-	13,608,878	-	13,608,878
School lunch.....	-	-	421,586	421,586
Community preservation fund.....	-	-	5,686,918	5,686,918
Grants.....	-	-	309,942	309,942
Receipts reserved.....	-	-	2,097,169	2,097,169
Revolving.....	-	-	3,023,689	3,023,689
Recreation revolving.....	-	-	371,049	371,049
Other special revenue.....	-	-	2,234,005	2,234,005
Permanent funds.....	-	-	1,983,358	1,983,358
Committed for special articles to:				
Town clerk/election registration.....	32,367	-	-	32,367
Natural resources commission.....	215,339	-	-	215,339
Permanent Building Committee.....	29,824	-	-	29,824
Facilities maintenance.....	1,154,021	-	-	1,154,021
Human services.....	17,000	-	-	17,000
Public safety and protective services - Police.....	20,259	-	-	20,259
Public safety and protective services - Fire.....	89,267	-	-	89,267
Education.....	296,443	-	-	296,443
Planning Board.....	30,000	-	-	30,000
Selectmen/Executive Director.....	35,000	-	-	35,000
Board of Health.....	1,680	-	-	1,680
Public Works.....	1,035,102	-	-	1,035,102
Wellesley Free Library and branches thereof.....	33,998	-	-	33,998
Assigned for carryover encumbrances to:				
Town clerk/election registration.....	34	-	-	34
Selectmen/Executive Director.....	3,881	-	-	3,881
Human Resources Board.....	4,790	-	-	4,790
General and management services.....	2,700	-	-	2,700
Network Information Services.....	3,472	-	-	3,472
Planning Board.....	4,100	-	-	4,100
Treasurer/Collector.....	9,167	-	-	9,167
Legal services and expenses.....	20,000	-	-	20,000
Permanent Building Committee.....	180	-	-	180
Natural Resources Commission.....	100	-	-	100
Zoning Board of Appeals.....	427	-	-	427
Facilities maintenance.....	17,465	-	-	17,465
Public safety and protective services - Police.....	11,334	-	-	11,334
Public safety and protective services - Fire.....	12,592	-	-	12,592
Education.....	939,021	-	-	939,021
Public Works.....	83,650	-	-	83,650
Board of Health.....	2,890	-	-	2,890
Human services.....	48	-	-	48
Historical District Commission.....	55	-	-	55
Risk management.....	45,341	-	-	45,341
Compensated absences.....	5,371	-	-	5,371
Subsequent year expenditures.....	2,667,450	-	-	2,667,450
Unassigned.....	18,092,104	-	-	18,092,104
Total Fund Balances..... \$	<u>24,916,472</u> \$	<u>13,608,878</u> \$	<u>16,485,669</u> \$	<u>55,011,019</u>

NOTE 10 – RISK FINANCING

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

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

In the event of a dissolution of the Group or if the assets of the Group are insufficient to pay claims which occur, the Town remains liable. The Group had a fund balance of approximately \$5.9 million at June 30, 2015 (based on the most recent audited information available), which appears sufficient to cover future claims. The Town’s total potential liability is not based on its participants’ claims but on the pro rata share of any deficit based on the ratio of the Town’s members to total participants at the time of dissolution. At June 30, 2015, the Group’s mandatory deposit, discussed above, is sufficient to cover the Town’s projected liability for incurred but not reported claims as of that date.

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

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

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2015.....	\$ 607,000	\$ 265,417	\$ (337,417)	\$ 535,000	\$ 278,000
2016.....	535,000	125,786	(293,786)	367,000	191,000

NOTE 11 – PENSION PLAN

Plan Descriptions

The Town is a member of the Wellesley Contributory Retirement System (WCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 2 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System is a component unit and is reported as a pension trust fund in the fiduciary fund financial statements.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2015. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$11,839,509 is reported in the general fund as intergovernmental revenue and pension benefits in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$145,970,533 as of the measurement date.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The Systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

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 Board and are borne by the System.

There have been no changes in benefit terms as of December 31, 2015.

At December 31, 2015, the WCRS membership consists of the following:

Active members.....	692
Inactive members.....	221
Disabled members.....	34
Retirees and beneficiaries currently receiving benefits.....	<u>369</u>
Total.....	<u><u>1,316</u></u>

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the WCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2015 was an actuarially determined amount of \$7,304,832. This amount when combined with plan member contributions is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The total member unit's contribution is equal to 20.31% of covered payroll. The Town's proportionate share of the required contribution was \$7,234,637 and the Town actually contributed \$18,935 in excess of this amount.

Pension Liabilities

The components of the net pension liability of the participating member units at June 30, 2016 were as follows:

Total pension liability.....	\$	216,492,758
The pension plan's fiduciary net position.....		<u>(153,536,096)</u>
The net pension liability.....	\$	<u><u>62,956,662</u></u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....		70.92%

At June 30, 2016, the Town reported a liability of \$62,453,930 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2015, the Town's proportion was 99.20%, which did not change from its proportion measured at December 31, 2014.

Pension Expense

For the year ended June 30, 2016, the Town recognized pension expense of \$8,730,393. At June 30, 2016, the Town reported deferred outflows and (inflows) of resources related to pensions of \$14,108,756 and (\$3,375,621), respectively, from changes in assumptions and the net differences between projected and actual investment earnings on pension plan investments. Since the System performs an actuarial valuation bi-annually, there are no reported differences between expected and actual experience or changes of assumptions as of December 31, 2015.

The balances of deferred outflows and inflows at June 30, 2016 consist of the following:

<u>Deferred category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Differences between expected and actual experience.....	\$ -	\$ (3,101,650)	\$ (3,101,650)
Changes of assumptions.....	7,020,881	-	7,020,881
Difference between projected and actual earnings.....	6,813,904	-	6,813,904
Changes in proportionate share of contributions.....	<u>273,971</u>	<u>(273,971)</u>	<u>-</u>
Total Deferred Outflows/(Inflows) of Resources.....	\$ <u>14,108,756</u>	\$ <u>(3,375,621)</u>	\$ <u>10,733,135</u>

The Town's net deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017.....	\$ 2,645,568
2018.....	2,645,568
2019.....	2,645,566
2020.....	2,795,863
2021.....	<u>570</u>
Total.....	\$ <u>10,733,135</u>

Actuarial Assumptions – The total pension liability as of December 31, 2015 was determined by an actuarial valuation as of January 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date.....	January 1, 2015
Actuarial cost method.....	Entry Age Normal Cost Method
Amortization method.....	Level dollar for 2010 ERI liability and 3.5% increasing payments for the remaining unfunded liability
Remaining amortization period.....	7 years from July 1, 2015 for 2010 ERI and 15 years from July 1, 2015 for the remaining unfunded liability
Asset valuation method.....	Market value
Inflation rate.....	3.5%
Projected salary increases.....	Varies by length of service with ultimate rates of 3.5% for Group 1 and 2 employees and 4.00% for Group 4 employees
Cost of living adjustments.....	3.0% of the first \$15,000 of retirement income
Rates of retirement.....	Varies based upon age for general employees, police and fire employees
Mortality Rates:	
Healthy Retiree.....	The RP-2014 Blue Collar Healthy Employee and Annuitant Mortality Tables with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D
Disabled Retiree.....	The RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward 3 years for males with MP-2014 improvement projections backed out to a base year of 2006 projected generationally with Sacle BB2D
Investment rate of return/Discount rate.....	6.75%, net of pension plan investment expense, including inflation (previously, 7.00%)

Investment policy

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2015, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Long-Term Expected Asset Allocation
Large Cap Equities.....	7.50%	14.50%
Small/Mid Cap Equities.....	7.75%	3.50%
International Equities (Unhedged).....	8.00%	16.00%
Emerging International Equities.....	9.25%	6.00%
High-Yield Bonds.....	5.75%	1.50%
Bank Loans.....	6.00%	1.50%
EMD (External).....	6.00%	1.00%
Core Bonds.....	3.78%	3.00%
20 Year Treasury STRIPS.....	4.00%	7.00%
EMD (Local Currency).....	6.50%	2.00%
TIPS.....	4.00%	3.00%
Private Equity.....	9.50%	10.00%
Private Debt.....	8.00%	4.00%
Real Estate.....	6.50%	10.00%
Hedge Funds.....	6.75%	9.00%
Timber/Natural Resources.....	6.75%	4.00%
Portfolio Completion.....	N/A	4.00%
		<u>100.00%</u>

Rate of return

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.76%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 6.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
The Town's proportionate share of the net pension liability.....	\$ 88,739,683	\$ 62,453,930	\$ 40,428,141
The System's total net pension liability.....	\$ 89,454,006	\$ 62,956,662	\$ 40,753,574

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

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

As of the most recent valuation, the Plan’s membership consisted of the following:

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

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. Retired plan members and beneficiaries currently receiving benefits are required to contribute between 17.7% and 50% of the cost of benefits provided depending on the plan they choose. The Town is required to contribute the balance of the current premiums and may contribute additional amounts to pre-fund benefits. The Town contributed \$8,596,000 during 2016 towards these benefits including the pre-funding amount discussed below. Administrative costs of the Plan are assumed to be included in the fully insured premium rates.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the Postemployment Benefit Trust Fund and to enable the Town to raise taxes necessary to pre-fund its OPEB liabilities. During 2016, the Town pre-funded future OPEB liabilities in the amount of \$3,459,000.

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

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

Annual required contribution.....	\$ (8,440,019)
Interest on net OPEB obligation/(asset).....	428,406
Adjustments to annual required contribution.....	<u>(282,931)</u>
Annual OPEB cost.....	(8,294,544)
Contributions made.....	<u>8,595,626</u>
(Increase)/Decrease in net OPEB obligation.....	301,082
Net OPEB asset/(obligation) - beginning of year.....	<u>6,113,767</u>
Net OPEB asset/(obligation) - end of year.....	<u>\$ 6,414,849</u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two most recent preceding years are as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/Asset
6/30/2016	\$ (8,294,544)	104%	\$ 6,414,849
6/30/2015	(8,074,130)	102%	6,113,767
6/30/2014	(9,580,885)	111%	5,960,037

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

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
06/30/16	\$ 44,229,773	\$ 120,156,976	\$ 75,927,203	36.81%	\$ 94,239,092	80.57%
06/30/14	32,806,387	111,075,197	78,268,810	29.54%	87,164,071	89.79%
06/30/12	21,313,571	127,611,942	106,298,371	16.70%	80,220,910	132.51%

The table above reflects the three most recent actuarial valuations. The June 30, 2014 valuation was used to determine the annual required contribution for the year ended June 30, 2016. The June 30, 2016 valuation will be used for future periods.

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 that was used to determine the annual required contribution (ARC) for the year ended June 30, 2016:

Valuation date.....	June 30, 2014
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Payments increasing at 3.5%, level % of payroll
Remaining amortization period.....	23 years as of July 1, 2014, closed (8 years as of July 1, 2014, closed for the Municipal Light Plant)
Asset valuation method.....	Market value of assets less unrecognized returns in each of the last five years, beginning with the year ended June 30, 2013. Unrecognized return is equal to the difference between the actual market return and the expected market value return, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial assumptions:	
Investment rate of return.....	7.0% pre-funding scenario (lowered to 6.75% in the 6/30/16 valuation)
Inflation rate.....	3.5%
Projected salary increases.....	3.5%
Medical/Drug cost trend rate.....	7.5% decreasing by 0.50% for 5 years

NOTE 13 – COMMITMENTS

The Town is committed to completing various projects throughout the Town which will be funded with long-term debt totaling approximately \$18.3 million.

The Wellesley Municipal Light Plant purchases approximately 90% of its energy through its affiliation with Energy New England, LLC. The Plant has entered into tradeable hedging contracts with Energy New England, LLC through 2020.

The following are the Plant's future purchase commitments at June 30, 2016:

Energy Purchase Commitments Megawatt-Hour (MWH)				
Fiscal Year	Projected MWH's	Committed MWH's	Average Cost Per MWH	Total Commitments
2017	248,188	251,610	\$ 52.92	\$ 13,315,201
2018	250,670	251,541	54.34	13,668,737
2019	253,177	252,625	57.97	14,644,671
2020	255,709	193,952	49.71	9,641,354
2021	258,266	90,758	48.53	4,404,486
	<u>1,266,010</u>	<u>1,040,486</u>		<u>\$ 55,674,449</u>

Based on Energy New England's analysis through June 2020 of the Plant's firm commitment with respect to future energy purchases, the WMLP has locked-in energy prices through this period that are currently approximately \$3.3 million below market prices as of June 30, 2016.

NOTE 14 - 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, 2016, 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, 2016, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2016.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 28, 2016, which is the date the financial statements were available to be issued.

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2016, the following GASB pronouncements were implemented:

- GASB Statement #72, *Fair Value Measurement and Application*. Notes to the basic financial statements were changed to provide additional disclosure on fair value measurement.
- The GASB issued Statement #73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This pronouncement did not impact the basic financial statements.

- GASB Statement #76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This pronouncement did not impact the basic financial statements.
- The GASB issued Statement #79, *Certain External Investment Pools and Pool Participants*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in future years:

- The GASB issued Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in 2017.
- The GASB issued Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in 2018.
- The GASB issued Statement #77, *Tax Abatement Disclosures*, which is required to be implemented in 2017.
- The GASB issued Statement #78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which is required to be implemented in 2017.
- The GASB issued Statement #80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*, which is required to be implemented in 2017.
- The GASB issued Statement #81, *Irrevocable Split-Interest Agreements*, which is required to be implemented in 2018.
- The GASB issued Statement #82, *Pension Issues – an amendment of GASB Statements #67, #68, and #73*, which is required to be implemented in 2018.

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

GASB Statement #74 will substantially change the reporting for postemployment benefits other than pension liabilities and expenses. Certain changes in these liabilities will be immediately recognized and reported as a functional pension expense on the Statement of Activities or reported as deferred outflows/inflows of resources depending on the nature of the changes. Substantial changes to methods and assumptions used to determine information for GAAP reporting purposes will be required. Current actuarial methods may continue to be used to determine future amounts.

Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2016

	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.....	\$ 126,776,608	\$ 126,776,608	\$ 127,097,844	\$ -	\$ 321,236	
Tax liens.....	-	-	269,711	-	269,711	
Motor vehicle and other excise taxes.....	4,930,000	4,930,000	5,616,703	-	686,703	
Meals tax.....	545,000	545,000	620,369	-	75,369	
Penalties and interest on taxes.....	225,000	225,000	324,144	-	99,144	
Payments in lieu of taxes.....	76,000	76,000	76,475	-	475	
Intergovernmental.....	9,201,364	9,201,364	9,141,325	-	(60,039)	
Departmental and other.....	3,862,415	3,862,415	4,785,105	-	922,690	
Interest income.....	170,000	170,000	408,006	-	238,006	
TOTAL REVENUES.....	145,786,387	145,786,387	148,339,682	-	2,553,295	
EXPENDITURES:						
Selectmen/Executive Director:						
Personal Services.....	414,869	433,192	432,665	-	527	
Expenses.....	26,603	24,802	20,921	3,881	-	
Capital Outlay.....	154,325	264,325	229,325	35,000	-	
	<u>595,797</u>	<u>722,319</u>	<u>682,911</u>	<u>38,881</u>	<u>527</u>	
Finance Department:						
Personal Services.....	395,169	405,250	396,587	-	8,663	
Expenses.....	8,000	8,000	8,000	-	-	
	<u>403,169</u>	<u>413,250</u>	<u>404,587</u>	<u>-</u>	<u>8,663</u>	
General and Management Services:						
Expenses.....	57,243	57,243	38,324	2,700	16,219	
Treasurer/Collector:						
Personal Services.....	281,826	285,485	266,783	-	18,702	
Expenses.....	127,713	148,607	139,312	9,167	128	
	<u>409,539</u>	<u>434,092</u>	<u>406,095</u>	<u>9,167</u>	<u>18,830</u>	
Facilities Maintenance:						
Personal Services.....	3,806,285	3,808,155	3,737,259	-	70,896	
Expenses.....	3,141,903	3,141,903	2,807,398	17,465	317,040	
Capital Outlay.....	2,554,290	2,529,290	1,302,062	1,154,021	73,207	
	<u>9,502,478</u>	<u>9,479,348</u>	<u>7,846,719</u>	<u>1,171,486</u>	<u>461,143</u>	
Network Information Services:						
Personal Services.....	468,656	480,863	480,860	-	3	
Expenses.....	245,883	245,883	242,312	3,472	99	
Capital Outlay.....	106,668	106,668	106,668	-	-	
	<u>821,207</u>	<u>833,414</u>	<u>829,840</u>	<u>3,472</u>	<u>102</u>	
Human Services:						
Personal Services.....	387,349	393,445	348,020	-	45,425	
Expenses.....	287,214	287,214	284,589	48	2,577	
Capital Outlay.....	20,325	20,325	1,956	17,000	1,369	
	<u>694,888</u>	<u>700,984</u>	<u>634,565</u>	<u>17,048</u>	<u>49,371</u>	
Public Safety and Protective Services - Police:						
Personal Services.....	5,092,177	5,094,306	5,091,606	-	2,700	
Expenses.....	661,422	661,422	649,806	11,334	282	
Capital Outlay.....	112,296	233,018	212,759	20,259	-	
	<u>5,865,895</u>	<u>5,988,746</u>	<u>5,954,171</u>	<u>31,593</u>	<u>2,982</u>	
Public Safety and Protective Services - Fire:						
Personal Services.....	4,787,040	4,788,986	4,788,986	-	-	
Expenses.....	274,144	274,144	219,361	12,592	42,191	
Capital Outlay.....	212,805	212,805	123,538	89,267	-	
	<u>5,273,989</u>	<u>5,275,935</u>	<u>5,131,885</u>	<u>101,859</u>	<u>42,191</u>	

(Continued)

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

YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Public Safety and Protective Services - All Other:					
Personal Services.....	562,735	570,300	515,513	-	54,787
Expenses.....	30,605	30,605	27,187	-	3,418
	<u>593,340</u>	<u>600,905</u>	<u>542,700</u>	<u>-</u>	<u>58,205</u>
Historical Commission.....	750	750	523	-	227
Historical District Commission.....	274	274	195	55	24
Zoning Board of Appeals:					
Personal Services.....	50,843	52,242	52,242	-	-
Expenses.....	7,160	7,160	4,641	427	2,092
	<u>58,003</u>	<u>59,402</u>	<u>56,883</u>	<u>427</u>	<u>2,092</u>
Advisory Committee:					
Personal Services.....	7,000	7,000	4,508	-	2,492
Expenses.....	21,000	21,000	20,703	-	297
	<u>28,000</u>	<u>28,000</u>	<u>25,211</u>	<u>-</u>	<u>2,789</u>
Audit Committee.....	56,250	56,250	56,250	-	-
Permanent Building Committee:					
Personal Services.....	124,722	126,154	106,215	-	19,939
Expenses.....	7,293	7,293	1,718	180	5,395
Capital Outlay.....	429,546	418,596	388,772	29,824	-
	<u>561,561</u>	<u>552,043</u>	<u>496,705</u>	<u>30,004</u>	<u>25,334</u>
Human Resources Board:					
Personal Services.....	265,881	283,548	282,503	-	1,045
Expenses.....	197,933	62,442	32,247	4,790	25,405
	<u>463,814</u>	<u>345,990</u>	<u>314,750</u>	<u>4,790</u>	<u>26,450</u>
Assessors:					
Personal Services.....	255,796	259,105	255,655	-	3,450
Expenses.....	88,992	88,992	71,427	-	17,565
	<u>344,788</u>	<u>348,097</u>	<u>327,082</u>	<u>-</u>	<u>21,015</u>
Board of Health:					
Personal Services.....	396,382	402,439	390,626	-	11,813
Expenses.....	69,744	73,164	58,868	2,890	11,406
Capital Outlay.....	-	1,680	-	1,680	-
Mental Health Services.....	255,691	255,691	244,365	-	11,326
	<u>721,817</u>	<u>732,974</u>	<u>693,859</u>	<u>4,570</u>	<u>34,545</u>
Natural Resources Commission:					
Personal Services.....	197,542	200,401	180,594	-	19,807
Expenses.....	173,138	173,138	154,274	100	18,764
Capital Outlay.....	309,794	309,794	82,588	215,339	11,867
	<u>680,474</u>	<u>683,333</u>	<u>417,456</u>	<u>215,439</u>	<u>50,438</u>
Planning Board:					
Personal Services.....	231,750	235,528	204,151	-	31,377
Expenses.....	44,376	44,376	31,388	4,100	8,888
Capital Outlay.....	30,000	30,000	-	30,000	-
	<u>306,126</u>	<u>309,904</u>	<u>235,539</u>	<u>34,100</u>	<u>40,265</u>
Recreation Commission:					
Personal Services.....	317,833	320,237	314,602	-	5,635
Expenses.....	20,000	20,000	14,692	-	5,308
	<u>337,833</u>	<u>340,237</u>	<u>329,294</u>	<u>-</u>	<u>10,943</u>
Town Clerk/Election and Registration:					
Personal Services.....	244,570	250,609	250,609	-	-
Expenses.....	40,915	40,915	35,943	34	4,938
Capital Outlay.....	93,550	93,550	61,183	32,367	-
	<u>379,035</u>	<u>385,074</u>	<u>347,735</u>	<u>32,401</u>	<u>4,938</u>
Legal Services and Expenses.....	323,032	323,032	275,878	20,000	27,154
Reserve Fund.....	175,000	88,166	-	-	88,166

(Continued)

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

YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Memorial Day.....	2,500	2,500	1,268	-	1,232
Celebrations.....	4,700	4,700	4,700	-	-
Risk Management.....	535,771	627,721	459,812	45,341	122,568
Employee Group Life and Health Insurance.....	19,356,701	19,356,701	19,356,701	-	-
Pensions and Annuities.....	6,168,871	6,168,871	6,161,639	-	7,232
Workers Compensation.....	517,860	517,860	517,860	-	-
Compensated Absences.....	90,000	90,000	3,319	5,371	81,310
Wellesley Free Library and branches thereof:					
Personal Services.....	1,795,407	1,799,614	1,795,234	-	4,380
Expenses.....	511,902	511,902	511,874	-	28
Capital Outlay.....	115,700	115,700	81,701	33,998	1
	2,423,009	2,427,216	2,388,809	33,998	4,409
Public Works:					
Personal Services.....	4,172,536	4,199,533	4,117,586	205	81,742
Expenses.....	2,349,534	2,529,254	2,340,933	81,313	107,008
Street lights.....	241,230	243,030	243,030	-	-
Winter Maintenance.....	359,849	609,849	603,760	2,132	3,957
Capital Outlay.....	3,837,970	3,830,544	2,063,442	1,035,102	732,000
	10,961,119	11,412,210	9,368,751	1,118,752	924,707
Education.....	71,796,013	71,996,013	66,879,753	4,857,066	259,194
State and County Charges.....	1,220,044	1,220,044	1,222,643	-	(2,599)
Debt service:					
Principal.....	12,145,395	12,073,146	12,073,146	-	-
Interest.....	5,422,878	5,495,127	5,495,127	-	-
	17,568,273	17,568,273	17,568,273	-	-
TOTAL EXPENDITURES.....	159,299,163	160,151,871	149,982,685	7,778,520	2,390,666
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(13,512,776)	(14,365,484)	(1,643,003)	(7,778,520)	4,943,961
OTHER FINANCING SOURCES (USES):					
Free cash voted to reduce tax rate for fiscal year 2016.....	2,624,169	2,624,169	-	-	(2,624,169)
Free cash voted to fund fiscal year 2016 budget.....	346,800	1,291,458	-	-	(1,291,458)
Use of prior year fund balance to fund carryovers.....	8,742,557	8,742,557	-	-	(8,742,557)
Transfers in.....	1,799,250	1,799,250	3,551,603	-	1,752,353
Transfers out.....	-	(91,950)	(91,950)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	13,512,776	14,365,484	3,459,653	-	(10,905,831)
NET CHANGE IN FUND BALANCE.....	-	-	1,816,650	(7,778,520)	(5,961,870)
BUDGETARY FUND BALANCE, Beginning of year.....	21,934,302	21,934,302	21,934,302	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 21,934,302	\$ 21,934,302	\$ 23,750,952	\$ (7,778,520)	\$ (5,961,870)

(Concluded)

See notes to required supplementary information.

Pension Plan Schedules – Retirement System

The Pension Plan's Schedule of Changes in Net Pension Liability presents multi-year trend information on the Plan's net pension liability and related ratios.

The Pension Plan's Schedule of Contributions presents multi-year trend information on the required and actual contributions to the pension plan and relates ratios.

The Pension Plan's Schedule of Investment Return presents multi-year trend information on the money-weighted investment return on retirement assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**WELLESLEY CONTRIBUTORY RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS**

	December 31, 2014	December 31, 2015
Total pension liability:		
Service cost.....	\$ 5,067,998	\$ 5,629,329
Interest.....	13,553,363	14,040,337
Differences between expected and actual experience.....	(4,690,325)	-
Changes in assumptions.....	10,614,112	-
Benefit payments, including refunds of employee contributions.....	<u>(10,336,763)</u>	<u>(11,105,145)</u>
Net change in total pension liability.....	14,208,385	8,564,521
Total pension liability, beginning.....	<u>193,719,852</u>	<u>207,928,237</u>
Total pension liability, ending (a).....	<u>\$ 207,928,237</u>	<u>\$ 216,492,758</u>
Plan fiduciary net position:		
Member contributions.....	\$ 3,393,034	\$ 3,478,496
Employer contributions.....	7,070,467	7,304,832
Net investment income (loss).....	10,717,718	1,152,712
Retirement benefits and refunds.....	(10,336,763)	(11,105,145)
Administrative expenses.....	<u>(226,954)</u>	<u>(250,722)</u>
Net increase (decrease) in fiduciary net position.....	10,617,502	580,173
Fiduciary net position at beginning of year.....	<u>142,338,421</u>	<u>152,955,923</u>
Fiduciary net position at end of year (b).....	<u>\$ 152,955,923</u>	<u>\$ 153,536,096</u>
Net pension liability - ending (a) - (b).....	<u>\$ 54,972,314</u>	<u>\$ 62,956,662</u>
Plan fiduciary net position as a percentage of the total pension liability.....	73.56%	70.92%
Covered-employee payroll.....	\$ 35,228,283	\$ 35,959,727
Net pension liability as a percentage of covered-employee payroll.....	156.05%	175.08%

This schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for
which information is available.

See notes to required supplementary information.

**WELLESLEY CONTRIBUTORY RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS**

	December 31, 2014	December 31, 2015
Actuarially determined contribution (a).....	\$ 7,040,036	\$ 7,285,897
Contributions in relation to the actuarially determined contribution.....	<u>(7,070,467)</u>	<u>(7,304,832)</u>
Contribution deficiency (excess).....	<u>\$ (30,431)</u>	<u>\$ (18,935)</u>
Covered-employee payroll.....	\$ 35,228,283	\$ 35,959,727
Contributions as a percentage of covered- employee payroll.....	20.07%	20.31%

This schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those
years for which information is available.

See notes to required supplementary information.

**WELLESLEY CONTRIBUTORY RETIREMENT SYSTEM
SCHEDULE OF INVESTMENT RETURN**

	December 31, 2014	December 31, 2015
Annual money-weighted rate of return, net of investment expense.....	7.63%	0.76%

This schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those
years for which information is available.

The annual money-weighted rate of return has been calculated by
the Pension Reserves Investment Management Board (PRIM).

See notes to required supplementary information.

Pension Plan Schedules - Town

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and other ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
WELLESLEY CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015
Town's proportion of the net pension liability (asset).....	99.20%	99.20%
Town's proportionate share of the net pension liability (asset)..... \$	54,529,625	\$ 62,453,930
Town's covered employee payroll..... \$	35,228,283	\$ 35,604,426
Net pension liability as a percentage of covered-employee payroll.....	154.79%	175.41%
Plan fiduciary net position as a percentage of the total pension liability.....	73.56%	70.92%

This schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for
which information is available.

See notes to required supplementary information.

**SCHEDULE OF CONTRIBUTIONS
WELLESLEY CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015
Actuarially determined contribution (a).....	\$ 6,983,288	7,224,702
Contributions in relation to the actuarially determined contribution.....	<u>6,983,288</u>	<u>7,243,637</u>
Contribution deficiency (excess).....	<u>\$ -</u>	<u>(18,935)</u>
Covered-employee payroll.....	\$ 35,228,283	35,604,426
Contributions as a percentage of covered- employee payroll.....	19.82%	20.34%

This schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those
years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS
OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

<u>Fiscal Year</u>	<u>Commonwealth's 100% Share of the Net Pension Liability Associated with the Town</u>	<u>Town's Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2016.....	\$ 145,970,533	\$ 11,839,507	55.38%
2015.....	113,081,320	7,856,302	61.64%

This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

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

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

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

JUNE 30, 2015

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)
6/30/2016	\$ 44,229,773	\$ 120,156,976	\$ 75,927,203	36.81%	\$ 94,239,092	80.57%
6/30/2014	32,806,387	111,075,197	78,268,810	29.54%	87,164,071	89.79%
6/30/2012	21,313,571	127,611,942	106,298,371	16.70%	80,220,910	132.51%
6/30/2010	11,133,131	125,582,243	114,449,112	8.87%	65,958,264	173.52%
6/30/2008	3,961,548	109,103,295	105,141,747	3.63%	61,221,013	171.74%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution (ARC)	Actual Contributions Made	Percentage Contributed
2016	\$ (8,440,019)	\$ 8,595,626	101.8%
2015	(8,120,478)	8,227,860	101.3%
2014	(9,646,584)	10,643,920	110.3%
2013	(9,305,607)	10,191,192	109.5%
2012	(9,764,460)	10,162,826	104.1%

See notes to required supplementary information.

**OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS**

YEAR ENDED JUNE 30, 2016

Actuarial Methods:

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

Actuarial Assumptions:

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

Plan Membership:

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

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2016 budget consisted of approximately \$159.1 million in appropriations and other amounts to be raised. Included in the original budget are approximately \$8.5 million in amounts carried over from previous years.

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

B. Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2016, is presented below:

Net change in fund balance, budgetary basis.....	\$ 1,816,650
<u>Perspective difference:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	195,850
<u>Basis of accounting differences:</u>	
Net change in revenue accrual.....	(245,000)
Net change in expenditure accrual.....	(172,975)
Net change in tax refunds payable.....	832,942
Recognition of revenue for on-behalf payments.....	11,839,507
Recognition of expenditures for on-behalf payments.....	<u>(11,839,507)</u>
Net change in fund balance, GAAP basis.....	<u>\$ 2,427,467</u>

NOTE B – PENSION PLAN***Pension Plan Schedules – Retirement System*****A. Schedule of Changes in the Net Pension Liability and Related Ratios**

The Schedule of Changes in the Net Pension Liability and Related Ratios includes the detailed changes in the systems total pension liability, changes in the systems net position, and the ending net pension liability. It also demonstrates the plan's net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

Since the retirement system performs an actuarial valuation bi-annually, there are no reported amounts for the changes in benefit terms, differences between expected and actual experience and changes in assumptions as of December 31, 2015.

B. Schedule of Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The total appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The total appropriations are payable on July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual employer contributions may be less than the "total appropriation". The pension fund appropriations are allocated amongst employers based on covered payroll.

C. Schedule of Investment Return

The money weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

Pension Plan Schedules - Town**A. Schedule of the Town's Proportionate Share of the Net Pension Liability**

The Schedule of the Town's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

B. Schedule of Town's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based on covered payroll.

C. Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

Changes in Assumptions:

- The investment return assumption was reduced from 7% to 6.75%. A reduction in the investment return assumption increases the plan's liabilities.
- The mortality assumption was changed from the RP-2000 Healthy Employee and Annuitant Mortality Tables projected 15 years with Scale AA to the RP-2015 Blue Collar Healthy Employee and Annuitant Mortality Tables with MP-2015 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D.
- The mortality assumption for disabled participants was changed from the RP-2000 Healthy Employee and Annuitant Mortality Tables set forward 3 years for males to the RP-2015 Blue Collar Healthy Employee and Annuitant Mortality Tables set forward 3 years for males projected with MP-2015 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D.
- The asset valuation method was changed from an actuarial value of assets with a fresh start as of January 1, 2013 to an actuarial value of assets with a fresh start as of January 1, 2016.
- The retirement rates were reduced for certain ages.
- The retirement age for inactive vested participants was changed from age 55 to age 60 for Group 1 and 2 members and from age 45 to age 50 for Group 4 members.

Changes in Plan Provisions:

Chapter 176 of the Acts of 2011, An Act Providing for Pension Reform and Benefit Modernization made a number of changes to the Chapter 32 pension law. There are several changes that will have the most impact on decreasing plan liabilities over the longer term. These include an increase in the normal retirement age by two years (for example, from age 65 to age 67 for Group 1 members), an increase in the age (early retirement) reduction factor for ages below the maximum age (from a 4.0% to a 6.0% annual reduction), and an increase in the period for determining a member's average annual compensation (from 3 years to 5 years). Since these changes are effective only for members hired after April 1, 2012, this is the first actuarial valuation to reflect these changes.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

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

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

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

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

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

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

Combining and Individual Fund Statements

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

PERMANENT FUND

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

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2016

	Special Revenue Funds			
	School Lunch	Community Preservation	Grants	Receipts Reserved
ASSETS:				
Cash and cash equivalents.....	\$ 515,165	\$ 5,713,552	\$ 366,897	\$ 2,137,476
Investments.....	-	-	-	-
Receivables, net of uncollectibles:				
Departmental and other.....	-	4,677	-	-
Intergovernmental.....	-	219,190	-	-
TOTAL ASSETS.....	\$ 515,165	\$ 5,937,419	\$ 366,897	\$ 2,137,476
LIABILITIES:				
Warrants payable.....	\$ 93,579	\$ 15,691	\$ 30,454	\$ 35,174
Accrued payroll.....	-	-	26,501	5,133
TOTAL LIABILITIES.....	93,579	15,691	56,955	40,307
DEFERRED INFLOWS OF RESOURCES:				
Advance collections - taxes.....	-	10,943	-	-
Unavailable revenues.....	-	223,867	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	-	234,810	-	-
FUND BALANCES:				
Nonspendable.....	-	-	-	-
Restricted.....	421,586	5,686,918	309,942	2,097,169
TOTAL FUND BALANCES.....	421,586	5,686,918	309,942	2,097,169
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 515,165	\$ 5,937,419	\$ 366,897	\$ 2,137,476

Special Revenue Funds						Total Nonmajor Governmental Funds
Revolving	Recreation Revolving	Other	Sub-total	Permanent Fund		
\$ 3,047,583	\$ 416,757	\$ 2,316,057	\$ 14,513,487	\$ 950,120	\$	\$ 15,463,607
-	-	-	-	1,391,589		1,391,589
177,438	-	-	182,115	-		182,115
-	-	-	219,190	-		219,190
<u>\$ 3,225,021</u>	<u>\$ 416,757</u>	<u>\$ 2,316,057</u>	<u>\$ 14,914,792</u>	<u>\$ 2,341,709</u>		<u>\$ 17,256,501</u>
\$ 20,245	\$ 22,052	\$ 77,225	\$ 294,420	\$ -	\$	\$ 294,420
43,819	23,656	4,827	103,936	398		104,334
64,064	45,708	82,052	398,356	398		398,754
-	-	-	10,943	-		10,943
137,268	-	-	361,135	-		361,135
137,268	-	-	372,078	-		372,078
-	-	-	-	357,953		357,953
3,023,689	371,049	2,234,005	14,144,358	1,983,358		16,127,716
3,023,689	371,049	2,234,005	14,144,358	2,341,311		16,485,669
<u>\$ 3,225,021</u>	<u>\$ 416,757</u>	<u>\$ 2,316,057</u>	<u>\$ 14,914,792</u>	<u>\$ 2,341,709</u>		<u>\$ 17,256,501</u>

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			
	School Lunch	Community Preservation	Grants	Receipts Reserved
REVENUES:				
Charges for services.....	\$ 1,277,305	\$ -	\$ -	\$ -
Parking meter receipts.....	-	-	-	957,491
Intergovernmental.....	232,354	321,451	2,928,222	-
Departmental and other.....	-	-	-	1,984
Community preservation tax.....	-	1,153,629	-	-
Contributions.....	-	-	8,888	-
Interest income.....	-	14,000	-	-
TOTAL REVENUES.....	1,509,659	1,489,080	2,937,118	959,475
EXPENDITURES:				
Current:				
General government.....	-	-	55	-
Public safety.....	-	-	131,553	-
Public education.....	1,438,129	-	2,361,102	-
Public works.....	-	-	301,165	-
Health and human services.....	-	-	53,315	-
Recreation.....	-	-	19,257	-
Library.....	-	-	-	-
Employee benefits.....	-	-	-	-
Traffic and parking management.....	-	-	-	761,292
Community preservation.....	-	75,855	-	-
TOTAL EXPENDITURES.....	1,438,129	75,855	2,866,447	761,292
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	71,530	1,413,225	70,671	198,183
OTHER FINANCING SOURCES (USES):				
Transfers in.....	-	-	-	-
Transfers out.....	-	(1,716,729)	(7,290)	(54,250)
TOTAL OTHER FINANCING SOURCES (USES).....	-	(1,716,729)	(7,290)	(54,250)
NET CHANGE IN FUND BALANCES.....	71,530	(303,504)	63,381	143,933
FUND BALANCES AT BEGINNING OF YEAR.....	350,056	5,990,422	246,561	1,953,236
FUND BALANCES AT END OF YEAR.....	\$ 421,586	\$ 5,686,918	\$ 309,942	\$ 2,097,169

Special Revenue Funds					
<u>Revolving</u>	<u>Recreation Revolving</u>	<u>Other</u>	<u>Sub-total</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 14,610	\$ 1,291,915	\$ -	\$ 1,291,915
-	-	-	957,491	-	957,491
41,070	-	3,002,356	6,525,453	-	6,525,453
4,699,399	1,253,680	1,072,286	7,027,349	-	7,027,349
-	-	-	1,153,629	-	1,153,629
452,379	-	1,899,754	2,361,021	-	2,361,021
-	-	-	14,000	102,018	116,018
<u>5,192,848</u>	<u>1,253,680</u>	<u>5,989,006</u>	<u>19,330,866</u>	<u>102,018</u>	<u>19,432,884</u>
43,776	-	158,352	202,183	6,581	208,764
1,119,263	-	15,915	1,266,731	-	1,266,731
3,150,979	-	3,269,059	10,219,269	-	10,219,269
290,960	-	11,376	603,501	-	603,501
112,759	-	33,144	199,218	-	199,218
50,804	1,175,530	114,876	1,360,467	12,081	1,372,548
-	-	277,929	277,929	-	277,929
-	-	-	-	95,444	95,444
-	-	-	761,292	-	761,292
-	-	-	75,855	-	75,855
<u>4,768,541</u>	<u>1,175,530</u>	<u>3,880,651</u>	<u>14,966,445</u>	<u>114,106</u>	<u>15,080,551</u>
424,307	78,150	2,108,355	4,364,421	(12,088)	4,352,333
-	-	-	-	150,000	150,000
(75,000)	(48,606)	(1,828,742)	(3,730,617)	-	(3,730,617)
<u>(75,000)</u>	<u>(48,606)</u>	<u>(1,828,742)</u>	<u>(3,730,617)</u>	<u>150,000</u>	<u>(3,580,617)</u>
349,307	29,544	279,613	633,804	137,912	771,716
<u>2,674,382</u>	<u>341,505</u>	<u>1,954,392</u>	<u>13,510,554</u>	<u>2,203,399</u>	<u>15,713,953</u>
\$ <u>3,023,689</u>	\$ <u>371,049</u>	\$ <u>2,234,005</u>	\$ <u>14,144,358</u>	\$ <u>2,341,311</u>	\$ <u>16,485,669</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 POSITION

JUNE 30, 2016

	Network Information Services	Fleet Maintenance	Health Insurance	Worker's Compensation	Total Internal Service Funds
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 113,820	\$ 150,661	\$ 663,009	\$ 200,214	\$ 1,127,704
Investments.....	-	-	-	652,606	652,606
Receivables, net of allowance for uncollectibles:					
Departmental and other.....	8,542	-	-	-	8,542
TOTAL ASSETS.....	122,362	150,661	663,009	852,820	1,788,852
LIABILITIES					
CURRENT:					
Warrants payable.....	42,353	-	-	-	42,353
Accrued payroll.....	17,201	11,326	301,986	-	330,513
Workers' compensation.....	-	-	-	191,000	191,000
Total current liabilities.....	59,554	11,326	301,986	191,000	563,866
NONCURRENT:					
Workers' compensation.....	-	-	-	176,000	176,000
TOTAL LIABILITIES.....	59,554	11,326	301,986	367,000	739,866
NET POSITION					
Unrestricted.....	\$ 62,808	\$ 139,335	\$ 361,023	\$ 485,820	\$ 1,048,986

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

YEAR ENDED JUNE 30, 2016

	Network Information Services	Fleet Maintenance	Health Insurance	Worker's Compensation	Total Internal Service Funds
OPERATING REVENUES:					
Employee contributions	\$ -	\$ -	\$ 8,289,270	\$ -	\$ 8,289,270
Charges for services	1,114,186	1,578,064	14,500,586	540,000	17,732,836
TOTAL OPERATING REVENUES	1,114,186	1,578,064	22,789,856	540,000	26,022,106
OPERATING EXPENSES:					
Supplies and services.....	1,104,971	1,557,884	21,853,433	125,786	24,642,074
OPERATING INCOME (LOSS).....	9,215	20,180	936,423	414,214	1,380,032
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	-	-	11,085	20,376	31,461
INCOME (LOSS) BEFORE TRANSFERS.....	9,215	20,180	947,508	434,590	1,411,493
TRANSFERS:					
Transfers out.....	-	-	(1,600,000)	-	(1,600,000)
CHANGE IN NET POSITION.....	9,215	20,180	(652,492)	434,590	(188,507)
NET POSITION AT BEGINNING OF YEAR.....	53,593	119,155	1,013,515	51,230	1,237,493
NET POSITION AT END OF YEAR.....	\$ 62,808	\$ 139,335	\$ 361,023	\$ 485,820	\$ 1,048,986

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2016

	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.....	\$ -	\$ -	\$ 8,289,270	\$ -	\$ 8,289,270
Receipts from interfund services provided.....	1,110,087	1,578,064	14,500,586	540,000	17,728,737
Payments to employees.....	-	-	-	(293,786)	(293,786)
Payments for interfund services used.....	(1,064,879)	(1,575,353)	(21,819,531)	-	(24,459,763)
NET CASH FROM OPERATING ACTIVITIES.....	45,208	2,711	970,325	246,214	1,264,458
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>					
Transfers out.....	-	-	(1,600,000)	-	(1,600,000)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Proceeds from sales and maturities of investments.....	65,084	-	-	586,230	651,314
Purchase of investments.....	-	-	-	(652,606)	(652,606)
Investment income.....	-	-	11,085	20,376	31,461
NET CASH FROM INVESTING ACTIVITIES.....	65,084	-	11,085	(46,000)	30,169
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	110,292	2,711	(618,590)	200,214	(305,373)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	3,528	147,950	1,281,599	-	1,433,077
CASH AND CASH EQUIVALENTS, END OF YEAR.....	\$ 113,820	\$ 150,661	\$ 663,009	\$ 200,214	\$ 1,127,704
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>					
Operating income (loss).....	\$ 9,215	\$ 20,180	\$ 936,423	\$ 414,214	\$ 1,380,032
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Changes in assets and liabilities:					
Departmental and other.....	(4,099)	-	-	-	(4,099)
Warrants payable.....	35,654	(17,611)	-	-	18,043
Accrued payroll.....	4,438	142	33,902	-	38,482
Workers' compensation.....	-	-	-	(168,000)	(168,000)
Total adjustments.....	35,993	(17,469)	33,902	(168,000)	(115,574)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 45,208	\$ 2,711	\$ 970,325	\$ 246,214	\$ 1,264,458

Fiduciary Funds

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

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2016

	Agency Accounts <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	Agency Accounts <u>June 30, 2016</u>
ASSETS				
Cash and cash equivalents.....	\$ 1,741,211	\$ 18,726,649	\$ (18,466,496)	\$ 2,001,364
LIABILITIES				
Liabilities due depositors.....	\$ 1,741,211	\$ 18,726,649	\$ (18,466,496)	\$ 2,001,364

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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.



Roof repairs to the Wellesley Police Station after damage caused by the severe winter of 2014.

Town of Wellesley, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2016

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

**Net Position By Component
Last Ten Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets.....	\$ 89,282,328	\$ 90,783,718	\$ 90,953,257	\$ 98,914,209	\$ 122,874,236	\$ 136,010,244	\$ 140,647,943	\$ 139,229,485	\$ 141,158,278	\$ 148,818,623
Restricted.....	8,820,120	8,586,171	10,336,566	11,181,819	11,789,893	8,279,834	9,177,754	11,350,777	10,394,774	10,572,176
Unrestricted.....	22,970,214	29,431,407	34,229,972	36,333,715	37,090,605	41,155,077	40,250,651	(1,146,424)	(1,065,091)	(126,380)
Total governmental activities net position.....	\$ 121,072,662	\$ 128,801,296	\$ 135,519,795	\$ 146,429,743	\$ 171,754,734	\$ 185,445,155	\$ 190,076,348	\$ 149,433,838	\$ 150,487,961	\$ 159,264,419
Business-type activities										
Net investment in capital assets.....	\$ 61,389,671	\$ 70,218,356	\$ 71,187,448	\$ 73,118,249	\$ 76,222,981	\$ 79,158,029	\$ 82,672,463	\$ 83,609,607	\$ 84,703,679	\$ 85,594,311
Restricted.....	-	-	-	-	-	2,458,152	2,000,000	2,000,000	2,000,000	2,000,000
Unrestricted.....	23,033,350	15,308,496	12,999,282	12,491,865	13,714,674	13,935,227	14,212,650	7,139,890	7,808,653	12,792,675
Total business-type activities net position.....	\$ 84,423,021	\$ 85,526,852	\$ 84,186,730	\$ 85,610,114	\$ 89,937,655	\$ 95,551,408	\$ 98,885,113	\$ 92,749,497	\$ 94,512,332	\$ 100,386,986
Primary government										
Net investment in capital assets.....	\$ 150,671,999	\$ 161,002,074	\$ 162,140,705	\$ 172,032,458	\$ 199,097,217	\$ 215,168,273	\$ 223,320,406	\$ 222,839,092	\$ 225,861,957	\$ 234,412,934
Restricted.....	8,820,120	8,586,171	10,336,566	11,181,819	11,789,893	10,737,986	11,177,754	13,350,777	12,394,774	12,572,176
Unrestricted.....	46,003,564	44,739,903	47,229,254	48,825,580	50,805,279	55,090,304	54,463,301	5,993,466	6,743,562	12,666,295
Total primary government net position.....	\$ 205,495,683	\$ 214,328,148	\$ 219,706,525	\$ 232,039,857	\$ 261,692,389	\$ 280,996,563	\$ 288,961,461	\$ 242,183,335	\$ 245,000,293	\$ 259,651,405

The Town implemented GASB Statements #67, #68, and #71 in 2015 which required the net pension liability to be recorded for the first time. This also required the revision of the ending net position in 2014.

**Changes in Net Position
Last Ten Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government.....	\$ 5,684,079	\$ 5,985,099	\$ 7,647,280	\$ 8,576,509	\$ 8,039,353	\$ 9,670,731	\$ 12,874,364	\$ 14,414,151	\$ 14,414,151	16,065,450
Public safety.....	12,196,439	12,304,806	12,840,721	14,139,090	14,807,588	16,064,398	16,973,654	17,710,263	17,710,263	19,814,209
Public education.....	72,434,095	80,998,592	83,694,291	86,694,832	90,309,800	99,679,399	99,210,900	102,344,740	102,344,740	111,214,742
Public works.....	8,910,481	10,256,928	9,764,169	10,280,799	10,574,130	10,315,238	9,709,246	10,865,268	10,865,268	11,467,571
Health and human services.....	1,099,860	1,173,150	1,173,751	1,319,220	1,481,237	1,558,985	1,597,225	1,683,576	1,683,576	1,762,755
Library.....	3,319,582	3,598,760	3,662,740	3,317,361	3,639,739	3,907,255	3,853,620	4,004,455	4,004,455	4,509,513
Recreation.....	1,659,635	2,317,498	2,223,767	2,701,249	2,535,659	2,548,867	2,456,850	2,717,234	2,717,234	2,798,705
Traffic and parking management.....	410,319	391,994	371,662	580,125	523,460	541,165	598,789	659,832	659,832	761,292
Community preservation.....	156,154	61,876	166,752	129,981	669,739	789,270	105,345	19,992	19,992	75,855
Interest.....	2,715,786	2,510,195	2,653,697	3,107,717	3,790,479	4,100,237	3,816,585	3,442,724	3,442,724	5,219,877
Total government activities expenses.....	108,780,430	119,588,898	124,198,830	130,846,883	136,371,184	149,175,545	151,196,578	157,862,235	157,862,235	173,689,969
Business-type activities:										
Sewer.....	5,643,469	5,921,175	6,033,451	6,368,443	6,494,844	6,798,842	6,799,922	7,010,402	7,010,402	7,065,470
Water.....	4,091,223	4,431,064	5,060,034	5,101,386	5,341,473	5,414,502	5,189,293	5,938,980	5,938,980	5,741,906
Electric.....	16,090,148	30,975,657	33,736,181	32,292,755	30,330,724	28,865,770	31,253,122	32,845,603	32,845,603	31,752,049
Total business-type activities expenses.....	25,824,840	41,327,896	44,829,666	43,762,584	42,167,041	41,079,114	43,242,337	45,794,985	45,794,985	44,559,425
Total primary government expenses.....	\$ 134,605,270	\$ 160,916,794	\$ 169,028,496	\$ 174,609,467	\$ 178,538,225	\$ 190,254,659	\$ 194,438,915	\$ 203,657,220	\$ 203,657,220	218,249,394
Program Revenues										
Governmental activities:										
Education charges for services.....	\$ 2,462,304	\$ 2,783,042	\$ 2,790,239	\$ 3,119,832	\$ 2,945,519	\$ 3,445,765	\$ 3,284,351	\$ 3,780,607	\$ 3,780,607	4,588,795
Public safety charges for services.....	3,287,869	3,013,488	2,994,109	3,028,707	3,139,731	3,083,319	2,894,844	3,991,467	3,991,467	4,272,574
Other charges for services.....	3,434,294	3,176,983	2,875,925	3,378,951	4,145,090	3,816,824	3,640,168	3,793,602	3,793,602	4,044,264
Education operating grants and contributions.....	15,788,954	18,252,263	20,819,345	21,666,819	23,240,231	24,030,559	24,201,659	25,190,552	25,190,552	26,120,256
Other operating grants and contributions.....	1,025,278	1,437,244	823,882	906,100	1,306,643	973,067	1,391,765	1,083,745	1,083,745	1,358,563
Education capital grant and contributions.....	-	-	940,950	5,047,729	16,833,405	13,255,854	-	-	-	1,174,029
Other capital grant and contributions.....	3,160,217	2,012,223	947,869	919,854	1,048,294	258,148	2,345,265	990,827	990,827	2,446,151
Total government activities program revenues.....	29,158,916	30,675,243	32,192,319	38,067,992	52,658,913	48,863,536	37,758,052	38,830,800	38,830,800	44,004,632
Business-type activities:										
Electric light charges for services.....	23,884,664	30,558,977	32,563,804	33,846,698	33,971,542	33,845,457	33,775,820	33,747,559	33,747,559	34,885,519
Sewer and water charges for services.....	9,354,153	11,904,930	11,185,632	11,318,414	13,087,800	13,179,396	13,359,209	13,899,712	13,899,712	14,683,479
Electric light capital grant and contributions.....	1,094,051	709,035	667,821	757,381	1,110,888	550,447	441,013	602,671	602,671	1,636,744
Other capital grant and contributions.....	158,889	241,187	72,287	263,475	188,010	117,567	-	-	-	228,337
Total business-type activities program revenues.....	34,491,757	43,414,129	44,489,544	46,185,968	48,358,240	47,692,867	47,576,042	48,249,942	48,249,942	51,434,079
Total primary government program revenues.....	\$ 63,650,673	\$ 74,089,372	\$ 76,681,863	\$ 84,253,960	\$ 101,017,153	\$ 96,556,403	\$ 85,334,094	\$ 87,080,742	\$ 87,080,742	95,438,711
Net (Expense)/Revenue										
Governmental activities.....	\$ (79,621,514)	\$ (88,913,655)	\$ (92,006,511)	\$ (92,778,891)	\$ (83,712,271)	\$ (100,312,009)	\$ (113,438,526)	\$ (119,031,435)	\$ (119,031,435)	(129,685,337)
Business-type activities.....	8,666,917	2,086,233	(340,122)	2,423,384	6,191,199	6,613,753	4,333,705	2,454,957	2,454,957	6,874,654
Total primary government net expense.....	\$ (70,954,597)	\$ (86,827,422)	\$ (92,346,633)	\$ (90,355,507)	\$ (77,521,072)	\$ (93,698,256)	\$ (109,104,821)	\$ (116,576,478)	\$ (116,576,478)	(122,810,683)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 78,163,604	\$ 83,982,678	\$ 88,861,087	\$ 93,769,116	\$ 99,994,520	\$ 104,498,139	\$ 108,975,300	\$ 112,155,012	\$ 112,155,012	127,800,794
Community preservation tax.....	714,889	761,549	805,247	844,254	897,294	944,740	982,069	1,019,365	1,019,365	1,153,629
Motor vehicle and other excise taxes.....	4,208,500	4,447,163	4,061,173	4,081,451	3,774,776	4,241,411	4,481,517	4,824,229	4,824,229	5,464,687
Meals tax.....	-	-	-	135,661	473,820	510,083	527,124	547,618	583,551	620,369
Nonrestricted grants, contributions, and other.....	2,459,970	4,260,435	2,791,169	2,327,910	2,158,510	2,338,231	1,761,581	1,919,920	1,919,920	1,794,382
Unrestricted investment income.....	4,088,451	2,190,464	1,206,334	1,801,769	738,342	469,826	342,128	297,426	297,426	627,934
Transfers.....	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total governmental activities.....	90,635,414	96,642,289	98,725,010	103,824,500	109,037,262	114,002,430	118,069,719	121,763,570	121,763,570	138,461,795
Business-type activities:										
Unrestricted investment income.....	93,578	17,598	-	-	-	-	-	-	-	-
Transfers.....	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Total business type activities.....	(906,422)	(982,402)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Total primary government.....	\$ 89,728,992	\$ 95,659,887	\$ 97,725,010	\$ 102,824,500	\$ 108,037,262	\$ 113,002,430	\$ 117,069,719	\$ 120,763,570	\$ 120,763,570	137,461,795
Changes in Net Position										
Governmental activities.....	\$ 11,013,900	\$ 7,728,634	\$ 6,718,499	\$ 11,045,609	\$ 25,324,991	\$ 13,690,421	\$ 4,631,193	\$ 2,732,135	\$ 2,768,068	8,776,458
Business-type activities.....	7,760,495	1,103,831	(1,340,122)	1,423,384	5,191,199	5,613,753	3,333,705	1,454,957	1,454,957	5,874,654
Total primary government.....	\$ 18,774,395	\$ 8,832,465	\$ 5,378,377	\$ 12,468,993	\$ 30,516,190	\$ 19,304,174	\$ 7,964,898	\$ 4,187,092	\$ 4,223,025	14,651,112

Note: The Town established a Meals Tax in 2011

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund										
Reserved.....	\$ 2,233,791	\$ 2,298,533	\$ 4,201,344	\$ 5,003,837	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	11,898,962	13,588,148	12,443,909	12,366,774	-	-	-	-	-	-
Committed.....	-	-	-	-	4,579,461	2,106,100	2,785,748	1,936,883	4,240,335	2,990,300
Assigned.....	-	-	-	-	1,204,575	993,682	3,633,780	5,169,365	3,726,971	3,834,068
Unassigned.....	-	-	-	-	15,961,930	18,632,699	15,342,967	15,230,000	14,521,699	18,092,104
Total general fund.....	\$ 14,132,753	\$ 15,886,681	\$ 16,645,253	\$ 17,370,611	\$ 21,745,966	\$ 21,732,481	\$ 21,762,495	\$ 22,336,248	\$ 22,489,005	\$ 24,916,472
All Other Governmental Funds										
Reserved.....	\$ 220,399	\$ 220,421	\$ 210,612	\$ 210,612	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	13,136,539	13,888,098	14,656,232	16,874,079	-	-	-	-	-	-
Capital projects funds.....	(4,458,393)	6,433,306	16,535,624	30,983,269	-	-	-	-	-	-
Permanent funds.....	2,769,806	2,446,689	2,089,342	1,985,854	-	-	-	-	-	-
Nonspendable.....	-	-	-	-	210,612	210,612	210,612	357,953	357,953	357,953
Restricted.....	-	-	-	-	43,284,958	24,249,828	21,151,572	18,248,261	34,628,603	29,736,594
Unassigned.....	-	-	-	-	-	-	(41,158)	(807,356)	-	-
Total all other governmental funds.....	\$ 11,668,351	\$ 22,988,514	\$ 33,491,810	\$ 50,053,814	\$ 43,495,570	\$ 24,460,440	\$ 21,321,026	\$ 17,798,858	\$ 34,986,556	\$ 30,094,547

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

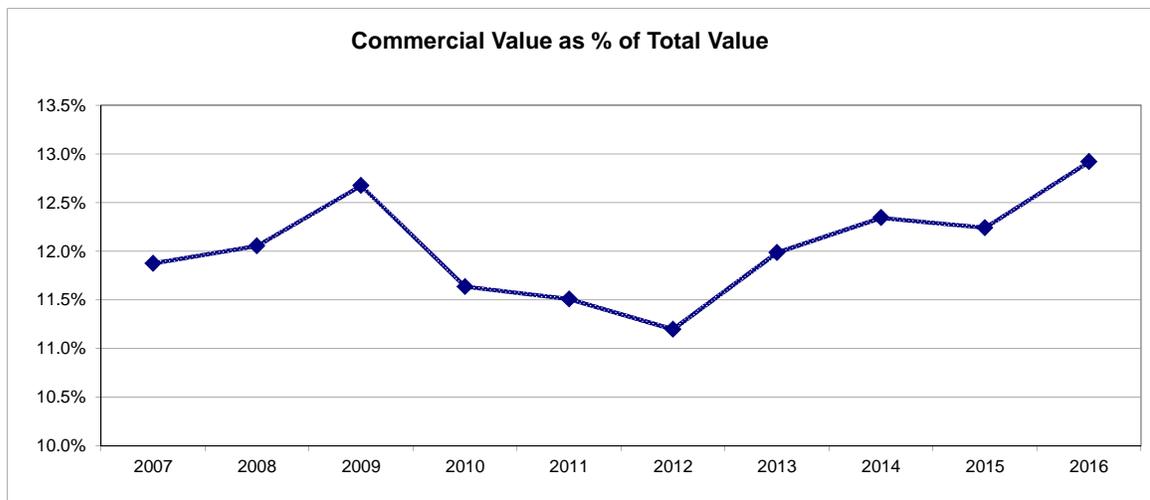
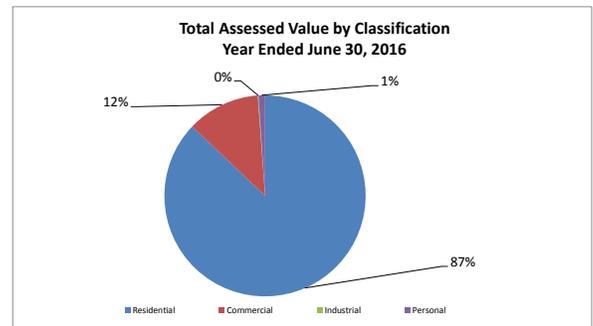
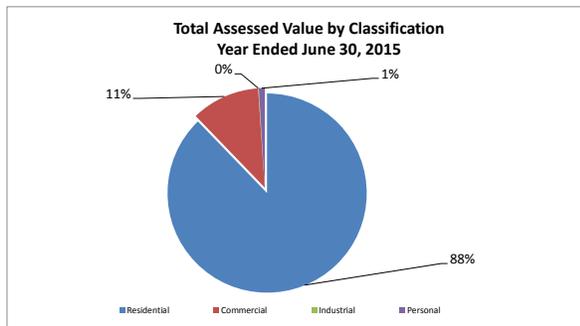
**Changes in Fund Balances, Governmental Funds
Last Ten Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 78,742,825	\$ 82,815,734	\$ 88,561,385	\$ 93,608,197	\$ 99,818,198	\$ 104,226,073	\$ 108,739,508	\$ 112,573,209	\$ 119,526,163	\$ 127,955,497
Motor vehicle and other excise taxes.....	4,211,503	4,369,268	4,142,655	3,876,634	4,176,809	4,228,910	4,327,860	5,382,154	4,956,214	5,616,703
Meals tax.....	-	-	-	135,661	473,820	510,083	527,124	547,618	583,551	620,369
Community preservation tax.....	714,889	761,549	805,247	844,254	897,294	944,740	982,069	1,019,365	1,084,562	1,153,629
Charges for service.....	896,374	953,550	944,868	1,018,737	1,027,099	1,093,207	1,058,774	1,118,806	1,215,693	1,291,915
Intergovernmental.....	18,447,436	21,487,114	24,709,199	30,574,353	42,988,428	39,931,269	28,646,792	26,896,444	24,027,252	29,706,452
Departmental and other.....	18,075,693	14,032,126	10,736,481	12,320,816	11,664,631	11,542,943	10,967,308	12,658,370	12,833,870	16,715,684
Total Revenue.....	121,088,720	124,419,341	129,899,835	142,378,652	161,046,279	162,477,225	155,249,435	160,195,966	164,227,305	183,060,249
Expenditures:										
General government.....	3,770,805	4,231,528	6,407,900	5,978,378	5,408,845	6,877,414	10,298,877	11,542,295	11,684,930	12,860,407
Public safety.....	9,731,124	9,722,790	10,665,820	10,859,400	11,083,552	10,816,829	11,460,664	11,565,484	11,805,762	12,339,995
Education.....	53,779,909	57,440,650	57,988,449	60,957,940	61,973,391	67,902,646	66,984,931	69,318,778	77,020,768	77,139,421
Public works.....	6,387,626	7,294,031	10,791,540	8,138,529	8,564,830	7,763,448	7,088,348	8,503,550	9,215,863	8,640,708
Health and human services.....	970,230	1,005,000	1,018,414	1,132,236	1,267,769	1,268,209	1,273,950	1,116,404	1,182,446	1,127,921
Recreation.....	1,533,224	1,933,308	1,531,872	1,558,161	1,732,633	1,671,069	1,558,082	1,572,670	1,584,791	1,488,351
Library.....	2,549,641	2,662,930	2,775,680	2,796,692	2,672,071	2,677,590	2,533,327	2,452,277	2,486,348	2,663,336
Teachers pension benefits - state funded.....	7,928,963	8,848,569	9,484,705	10,018,000	10,681,200	11,056,041	11,576,070	11,910,914	7,856,302	11,839,507
Town pension.....	-	-	-	900,540	1,714,065	2,647,015	3,226,373	5,024,893	5,952,739	6,161,639
Employee benefits and insurances.....	12,556,366	17,078,179	17,819,054	17,139,946	17,203,335	18,376,472	19,223,856	19,112,319	20,025,444	20,170,637
Capital outlay.....	13,805,180	9,770,283	11,864,260	29,738,436	49,457,590	35,072,030	12,426,663	7,076,881	52,519,057	20,205,770
Community preservation.....	149,825	61,876	166,752	129,981	669,739	789,270	105,345	19,993	35,941	75,855
State and county charges.....	993,897	1,009,686	1,018,870	1,051,076	1,054,462	1,087,753	1,140,498	1,139,836	1,172,460	1,222,643
Other.....	1,091,428	391,994	371,662	580,125	523,460	541,165	598,789	659,832	651,374	761,292
Debt service.....										
Principal.....	5,781,000	5,570,000	6,760,000	8,026,000	9,395,000	9,740,000	11,390,000	8,915,000	8,825,000	11,245,000
Interest.....	2,729,042	2,498,646	2,619,287	2,812,934	3,784,370	4,262,024	3,970,894	3,665,637	3,364,814	5,502,309
Total Expenditures.....	123,758,260	129,519,470	141,284,265	161,818,374	187,186,312	182,548,975	164,856,667	163,596,763	215,384,039	193,444,791
Excess (Deficiency) of revenues over (under) expenditures.....	(2,669,540)	(5,100,129)	(11,384,430)	(19,439,722)	(26,140,033)	(20,071,750)	(9,607,232)	(3,948,415)	(51,156,734)	(10,384,542)
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	-	16,560,000	19,031,000	35,000,000	22,610,000	-	10,505,000	-	68,840,000	15,445,700
Premium from issuance of bonds.....	18,558	226,758	521,321	727,174	347,144	23,135	1,344,535	-	1,973,541	1,612,743
Payments to refunded bond escrow agent.....	-	-	-	-	-	-	(6,351,703)	-	(4,274,541)	(11,738,443)
Transfers in.....	1,176,825	5,486,031	2,432,932	1,625,968	1,596,641	5,135,568	2,512,416	1,538,218	10,797,345	7,523,635
Transfers out.....	(176,825)	(4,098,569)	(1,432,932)	(625,962)	(596,641)	(4,135,568)	(1,512,416)	(538,218)	(8,839,156)	(4,923,635)
Total other financing sources (uses).....	1,018,558	18,174,220	20,552,321	36,727,180	23,957,144	1,023,135	6,497,832	1,000,000	68,497,189	7,920,000
Net change in fund balance.....	\$ (1,650,982)	\$ 13,074,091	\$ 9,167,891	\$ 17,287,458	\$ (2,182,889)	\$ (19,048,615)	\$ (3,109,400)	\$ (2,948,415)	\$ 17,340,455	\$ (2,464,542)
Debt service as a percentage of noncapital expenditures.....	7.74%	6.74%	7.25%	8.21%	9.57%	9.49%	10.08%	8.04%	7.48%	9.67%

Notes: The Town implemented a new Meals Tax in 2010. In 2015 Intergovernmental revenues and Teacher's pension benefits were lower due to the way the State calculated these amounts in that year.

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

Year	Assessed and Actual Values and Tax Rates									
	Residential Value	Residential Tax Rate	Residential % of Total Value	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Commercial % of Total Value	Total Town Value
2007	\$7,946,702,000	8.87	88.12%	\$995,225,000	\$7,047,000	\$68,796,000	\$1,071,068,000	8.87	11.88%	\$9,017,770,000
2008	\$8,069,347,000	9.18	87.94%	\$1,026,983,000	\$7,433,000	\$71,884,000	\$1,106,300,000	9.18	12.06%	\$9,175,647,000
2009	\$8,226,771,000	9.47	87.32%	\$1,096,037,000	\$7,488,000	\$90,616,000	\$1,194,141,000	9.47	12.68%	\$9,420,912,000
2010	\$7,936,624,000	10.48	88.36%	\$947,998,000	\$6,622,000	\$90,687,000	\$1,045,307,000	10.48	11.64%	\$8,981,931,000
2011	\$7,753,180,000	11.43	88.49%	\$904,740,000	\$6,622,000	\$97,082,100	\$1,008,444,100	11.43	11.51%	\$8,761,624,100
2012	\$8,125,029,000	11.48	88.80%	\$921,119,000	\$7,110,000	\$96,383,800	\$1,024,612,800	11.48	11.20%	\$9,149,641,800
2013	\$8,234,182,000	11.70	88.01%	\$1,005,915,000	\$7,438,000	\$108,072,185	\$1,121,425,185	11.70	11.99%	\$9,355,607,185
2014	\$8,550,806,000	11.54	87.65%	\$1,087,234,000	\$7,814,000	\$109,281,300	\$1,204,329,300	11.54	12.35%	\$9,755,135,300
2015	\$9,116,045,000	11.56	87.76%	\$1,159,807,000	\$8,155,000	\$103,805,900	\$1,271,767,900	11.56	12.24%	\$10,387,812,900
2016	\$9,382,323,000	11.83	87.76%	\$1,269,582,000	\$8,380,000	\$114,193,700	\$1,392,155,700	11.83	12.92%	\$10,774,478,700



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	2016			2007		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
John Hancock Life Insurance	Insurance and Financial Services	\$ 196,900,000	1	1.83%	\$ 143,087,000	2	1.59%
Haynes Management	Office Buildings/Real Estate	178,572,000	2	1.66%	148,695,000	1	1.65%
Federal Realty FR Linden Square*	Retail/Real Estate	118,467,000	3	1.10%	53,846,000	6	0.60%
Sun Life Assurance	Insurance and Financial Services	109,293,000	4	1.01%	86,758,000	3	0.96%
Wellesley College	Higher Education	87,071,000	5	0.81%	68,043,000	4	0.75%
Harvard Pilgrim Health	Insurance Provider	80,873,000	6	0.75%	62,272,000	5	0.69%
Waterstone	Senior Living	35,250,000	7	0.33%	N/A	N/A	0.00%
Newton Wellesley Executive Office Park	Office Buildings	34,170,000	8	0.32%	28,077,000	8	0.31%
Hunnewell Family	Residential	33,412,000	9	0.31%	34,573,000	7	0.38%
Wellesley Country Club	Recreation	25,950,000	10	0.24%	N/A	N/A	0.00%
GPT Realty Trust	Residential	N/A	N/A	0.00%	25,615,000	9	0.28%
Grignaffini & Sons	Real Estate Development	N/A	N/A	0.00%	20,183,000	10	0.22%
Totals		<u>\$ 899,958,000</u>		<u>8.35%</u>	<u>\$ 671,149,000</u>		<u>7.44%</u>

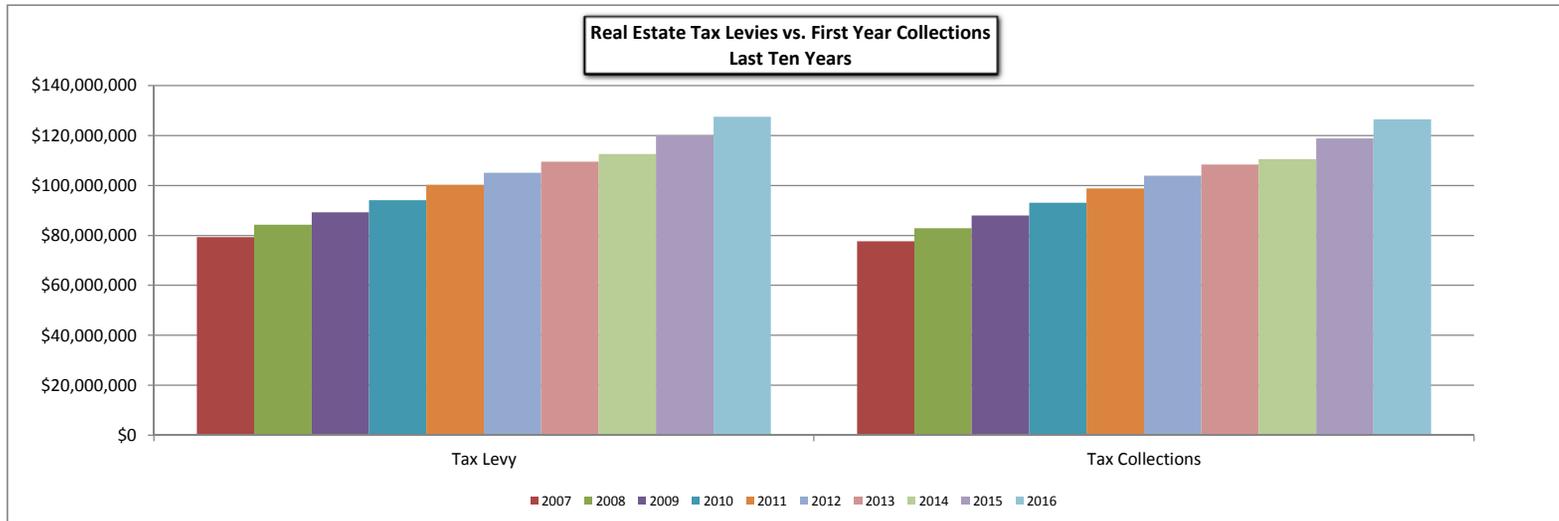
Source: Board of Assessors

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

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

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

Year	(2) Total Tax Levy	Less Abatements & Exemptions	(2) Net Tax Levy	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2007	\$79,316,412	\$255,505	\$79,060,907	\$77,624,632	98.2%	\$488,321	\$78,112,953	98.80%
2008	\$84,232,439	\$627,125	\$83,605,314	\$82,836,669	99.1%	\$260,531	\$83,097,200	99.39%
2009 (1)	\$89,216,037	\$599,219	\$88,616,818	\$88,005,826	99.3%	\$385,198	\$88,391,024	99.75%
2010	\$94,130,637	\$542,260	\$93,588,377	\$93,074,651	99.5%	\$517,203	\$93,591,854	100.00%
2011	\$100,145,363	\$473,167	\$99,672,196	\$98,786,724	99.1%	\$548,280	\$99,335,004	99.66%
2012 (1)	\$105,037,888	\$482,547	\$104,555,341	\$103,876,244	99.4%	\$574,623	\$104,450,867	99.90%
2013	\$109,460,604	\$511,863	\$108,948,741	\$108,403,084	99.5%	\$510,101	\$108,913,185	99.97%
2014	\$112,574,261	\$417,132	\$112,157,130	\$110,515,646	98.5%	\$554,853	\$111,070,499	99.03%
2015 (1)	\$120,083,117	\$748,894	\$119,334,224	\$118,816,355	99.6%	\$289,485	\$119,105,840	99.81%
2016	\$127,462,083	\$465,399	\$126,996,684	\$126,399,234	99.5%	\$0	\$126,399,234	99.53%



Source: Assessor's Department, Town of Wellesley

(1) Revaluation year.

(2) Includes tax liens.

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

Year	U. S. Census Population (1)	Personal Income	Assessed Value	Governmental Activities Debt			
				General Obligation Bonds	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2007	26,978	\$1,671,044,298	\$9,017,770,000	\$51,565,000	\$1,911	3.09%	0.57%
2008	26,985	\$1,704,912,300	\$9,175,647,000	\$62,555,000	\$2,318	3.67%	0.68%
2009	27,244	\$1,755,694,873	\$9,420,912,000	\$74,826,000	\$2,747	4.26%	0.79%
2010	27,412	\$1,801,851,784	\$8,981,931,000	\$101,800,000	\$3,714	5.65%	1.13%
2011	27,982	\$1,876,105,536	\$8,761,624,100	\$115,015,000	\$4,110	6.13%	1.31%
2012	27,982	\$1,913,627,647	\$9,149,641,800	\$106,588,272	\$3,809	5.57%	1.16%
2013	27,982	\$1,951,900,200	\$9,355,607,185	\$99,957,468	\$3,572	5.12%	1.07%
2014	27,982	\$1,997,047,358	\$9,755,135,300	\$90,853,790	\$3,247	4.55%	0.93%
2015	27,982	\$2,015,991,172	\$10,387,812,900	\$145,550,000	\$5,202	7.22%	1.40%
2016	27,892	\$2,007,232,806	\$10,774,478,700	\$138,860,700	\$4,979	6.92%	1.29%

Year	Business-Type Activities (2)	Total Primary Government			
	General Obligation Bonds	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2007	\$3,741,792	\$55,306,792	\$2,050	3.31%	0.61%
2008	\$3,498,856	\$66,053,856	\$2,448	3.87%	0.72%
2009	\$9,319,036	\$84,145,036	\$3,089	4.79%	0.89%
2010	\$8,805,739	\$110,605,739	\$4,035	6.14%	1.23%
2011	\$8,064,518	\$123,079,518	\$4,399	6.56%	1.40%
2012	\$7,264,429	\$113,852,701	\$4,069	5.95%	1.24%
2013	\$7,759,000	\$107,716,468	\$3,849	5.52%	1.15%
2014	\$6,978,483	\$97,832,273	\$3,496	4.90%	1.00%
2015	\$6,107,732	\$151,657,737	\$5,420	7.52%	1.46%
2016	\$5,534,333	\$144,395,033	\$5,177	7.19%	1.34%

(1) 2010 Census, US Census Bureau

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

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

Direct and Overlapping Governmental Activities Debt

As of June 30, 2016

<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.....	\$ 11,830,000	8.61%	\$ 1,018,681
Town direct debt.....	<u>138,860,700</u>		<u>-</u>
Total direct and overlapping debt.....	<u>\$ 150,690,700</u>		<u>\$ 1,018,681</u>

The overlapping debt percentage used to arrive at the Town's share of the total Norfolk County outstanding debt is the ratio of the Town's operating assessment for FY16 paid to the County divided by the total of all assessments paid by each municipality within the jurisdictional boundary of the County.

Source: Norfolk County Treasurer's Office

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Equalized Valuation.....	<u>\$ 9,523,566,700</u>	<u>\$ 10,029,555,000</u>	<u>\$ 10,029,555,000</u>	<u>\$ 10,032,866,400</u>	<u>\$ 10,032,866,400</u>	<u>\$ 9,773,806,800</u>	<u>\$ 9,773,806,800</u>	<u>\$ 10,212,968,600</u>	<u>\$ 10,212,968,600</u>	<u>\$ 11,749,686,900</u>
Debt Limit -5% of Equalized Valuation.....	\$ 476,178,335	\$ 501,477,750	\$ 501,477,750	\$ 501,643,320	\$ 501,643,320	\$ 488,690,340	\$ 488,690,340	\$ 510,648,430	\$ 510,648,430	\$ 587,484,345
Less:										
Outstanding debt applicable to limit.....	\$ 51,565,000	\$ 62,555,000	\$ 74,826,000	\$ 101,800,000	\$ 115,015,000	\$ 105,275,000	\$ 97,670,000	\$ 90,853,790	\$ 145,550,000	\$ 138,860,700
Authorized and unissued debt.....	<u>35,453,000</u>	<u>27,091,842</u>	<u>95,374,071</u>	<u>45,046,853</u>	<u>25,450,146</u>	<u>27,406,452</u>	<u>22,360,581</u>	<u>40,499,698</u>	<u>13,269,526</u>	<u>18,282,590</u>
Legal debt margin.....	<u>\$ 389,160,335</u>	<u>\$ 411,830,908</u>	<u>\$ 331,277,679</u>	<u>\$ 354,796,467</u>	<u>\$ 361,178,174</u>	<u>\$ 356,008,888</u>	<u>\$ 368,659,759</u>	<u>\$ 379,294,942</u>	<u>\$ 351,828,904</u>	<u>\$ 430,341,055</u>
Total debt applicable to the limit as a percentage of debt limit.....	18.27%	17.88%	33.94%	29.27%	28.00%	27.15%	24.56%	25.72%	31.10%	26.75%

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

**Demographic and Economic Statistics
Last Ten Years**

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2007	26,978	\$1,671,042,810	\$61,941	37.6	4,610	2.80%
2008	26,985	\$1,704,905,924	\$63,180	37.6	4,678	4.30%
2009	27,244	\$1,755,694,873	\$64,443	37.6	4,799	7.00%
2010	27,412	\$1,801,851,784	\$65,732	37.0	4,868	5.60%
2011	27,982	\$1,876,105,536	\$67,047	37.0	4,892	4.00%
2012	27,982	\$1,913,627,647	\$68,388	37.0	4,986	4.00%
2013	27,982	\$1,951,900,200	\$69,756	37.0	4,857	5.80%
2014	27,982	\$1,997,047,358	\$71,369	38.2	4,940	4.20%
2015	27,982	\$2,015,991,172	\$72,046	37.1	4,970	4.20%
2016	27,982	\$2,007,232,806	\$71,733	38.2	4,923	3.90%

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

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

Employer	Nature of Business	2016			2007		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Sun Life Assurance	Insurance Company	1,128	1	8.34%	1,850	1	14.36%
Wellesley College	Higher Education	1,100	2	8.13%	1,500	2	11.64%
Babson College	Higher Education	987	3	7.29%	800	3	6.21%
Harvard Pilgrim Health Care	Insurance Company	418	4	3.09%	490	4	3.80%
Harvard Vanguard Medical Associates	Healthcare	341	5	2.52%	300	5	2.33%
Roche Brothers	Grocery	273	6	2.02%	250	6	1.94%
Dana Hall School	Private School	254	7	1.88%	250	8	1.94%
Mass Bay Community College	Higher Education	253	8	1.87%	250	7	1.94%
Watson Wyatt Worldwide	Actuary	N/A	N/A	N/A	200	9	1.55%
Whole Foods	Grocery	226	10	1.67%	107	10	0.83%
Wellesley Country Club	Private Recreation Club	205	9	1.51%	N/A	N/A	N/A
		<u>5,185</u>		<u>38.32%</u>	<u>5,997</u>		<u>46.54%</u>

According to the Massachusetts Workforce Development Data, in July 2016 Wellesley had a total labor force of 13,532 of whom 12,965 were employed and 572 were unemployed.

Sources: Mass. Labor and Workforce Development, Wellesley local employers
N/A = No previous historical data

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
New home building permits.....	51	58	50	53	33	61	71	67	69	69
Facilities maintenance work orders.....	unavailable	unavailable	unavailable	unavailable	unavailable	unavailable	1,353	1,254	1,371	1,102
Police										
Physical arrests.....	282	173	185	256	234	190	190	199	206	167
Motor vehicle violations.....	6,804	7,373	8,359	8,106	7,541	7,524	6,984	8,596	8,460	7,681
Police personnel and officers.....	53	54	56	57	57	56	56	57	58	58
Fire										
Inspections.....	2,856	2,118	1,871	2,013	1,864	2,076	2,160	2,024	2,469	2,222
Emergency responses.....	4,208	4,041	3,943	4,022	3,894	3,924	3,881	3,924	4,140	4,233
Fire personnel and officers.....	57	57	57	57	58	55	55	58	57	57
Education										
Number of public school students.....	4,610	4,678	4,799	4,868	4,892	4,986	4,857	4,940	4,970	4,923
Health and human services										
Number of vaccinations.....	1,596	1,489	2,039	5,585	1,716	1,162	942	771	680	669
Reported Disease Investigations.....	85	77	175	81	82	120	173	188	197	174
Library										
Volumes in circulation.....	575,651	605,900	644,277	667,173	672,094	730,474	741,704	758,179	743,337	739,316
eBook Collection.....	unavailable	unavailable	unavailable	3,640	3,640	8,649	15,816	20,334	66,894	171,292
Reference Questions Answered.....	unavailable	unavailable	unavailable	64,680	64,680	102,432	93,024	96,876	110,256	86,184
Recreation										
Total program revenue.....	\$1,506,886	\$1,260,132	\$989,018	\$909,217	\$963,609	\$1,002,059	\$914,214	\$1,061,929	\$1,060,831	\$1,205,072
Programs Ran.....	unavailable	unavailable	unavailable	unavailable	unavailable	unavailable	541	530	605	610
Program Participants.....	unavailable	unavailable	unavailable	unavailable	unavailable	unavailable	10,343	7,592	6,920	9,551
Morses Pond Attendants.....	17,044	19,625	16,627	16,404	27,736	36,260	41,782	17,893	24,170	24,263
Traffic and parking management										
Total parking revenue.....	\$607,826	\$587,919	\$522,861	\$634,513	\$647,623	\$784,911	\$882,648	\$835,971	\$832,488	\$905,227
Meters Repaired.....	unavailable	659	302							
Sewer										
Number of accounts.....	8,160	8,156	8,156	8,190	8,125	8,126	8,122	8,130	8,093	8,181
Feet rodded/flushed.....	297,711	353,698	256,083	297,780	305,337	398,951	275,776	327,635	293,000	254,755
Water										
Consumption in gallons (millions).....	884	968	841	780	871	847	864	1,036	919	942
Daily consumption (millions).....	2.42	2.65	2.31	2.14	2.39	2.21	2.11	2.84	2.52	2.57
Electric										
Total kilowatt hour sales.....	243,375,963	245,565,820	239,369,643	237,220,172	241,443,224	238,399,850	248,169,479	247,815,724	245,245,456	236,712,233
Municipal kilowatt hour usage.....	11,141,705	11,145,742	10,646,521	10,990,228	10,898,822	10,880,167	11,214,680	11,617,297	11,527,241	11,283,168
Streetlight kilowatt hour usage.....	2,487,320	2,457,164	2,436,957	2,361,425	2,256,278	1,875,180	1,879,056	1,879,380	1,879,505	1,880,308

Source: Various Town Departments

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Function										
General government.....	47	47	60	60	53	53	71	71	71	74
Public safety.....	120	123	121	122	122	118	116	117	122	122
School Custodians.....	35	35	35	35	35	35	40	40	40	40
* Public education.....	681	700	691	724	742	744	749	773	804	804
Public works.....	90	93	88	88	87	88	88	88	89	89
Health and human services.....	5	5	5	5	6	6	5	5	5	5
Library.....	39	32	34	34	34	34	33	34	34	34
Recreation.....	6	7	5	5	7	7	5	5	5	5
Water/Sewer.....	28	28	27	27	25	28	28	27	29	29
Electric light.....	37	35	36	35	34	32	32	33	33	32
Total	<u>1,088</u>	<u>1,105</u>	<u>1,102</u>	<u>1,135</u>	<u>1,145</u>	<u>1,145</u>	<u>1,167</u>	<u>1,193</u>	<u>1,232</u>	<u>1,234</u>

Source: Various Town Departments, Payroll count

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

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government										
Number of buildings.....	3	3	4	4	4	4	4	4	4	4
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	2	2	2	2	2	2	2	2	2	2
Education										
Number of elementary schools.....	7	7	7	7	7	7	7	7	7	7
Number of preschools.....	1	1	1	1	1	1	1	1	1	1
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets to maintain (miles).....	110	110	110	110	110	110	110	110	110	110
Sidewalks to maintain (miles).....	118	118	118	118	118	118	118	118	118	118
Library										
Buildings.....	3	3	3	3	3	3	3	3	3	3
Recreation										
Park and playground (acreage).....	365	365	365	365	365	365	365	365	365	365
Feet of public beach front.....	660	660	660	660	660	660	660	660	660	660
Public beaches.....	1	1	1	1	1	1	1	1	1	1
Tennis courts.....	16	16	16	16	16	16	16	16	16	16

Source: Various Town Departments

Free Cash and Stabilization Fund Balances

Last Ten Years

<u>Year</u>	Stabilization Funds		
	<u>Free Cash</u>	<u>General</u>	<u>Special Purpose</u>
2016.....	\$ 11,858,182	\$ 3,271,285	\$ 1,119,887
2015.....	\$ 8,831,500	\$ 3,170,851	\$ 292,471
2014.....	\$ 10,336,925	\$ 3,134,152	\$ 250,220
2013.....	\$ 10,950,782	\$ 3,094,076	\$ -
2012.....	\$ 10,499,623	\$ 3,071,289	\$ -
2011.....	\$ 8,439,070	\$ 3,045,628	\$ -
2010.....	\$ 9,471,751	\$ 3,022,256	\$ -
2009.....	\$ 9,145,674	\$ 2,786,552	\$ -
2008.....	\$ 10,692,354	\$ 2,150,628	\$ -
2007.....	\$ 6,786,366	\$ 1,980,183	\$ -

Source: Town Records

Note: New Special Purpose added in FY14



Town Hall on a snowy winter day.