

**TOWN OF WELLESLEY, MASSACHUSETTS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2017**

On the cover: "Reflective moments at Rosemary Brook".



**The Hills Library hosts a number of community programs.**

# TOWN OF WELLESLEY, MASSACHUSETTS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2017



Prepared by:

The Finance Department of the Town of Wellesley, Massachusetts

TOWN OF WELLESLEY, MASSACHUSETTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2017

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# ***Introductory Section***



**The newly improved Fuller Brook Path provides a safe and beautiful area for walking and biking.**

Town of Wellesley, Massachusetts  
Comprehensive Annual Financial Report  
For the year ended June 30, 2017

# ***Introductory Section***

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# Town of Wellesley

525 Washington Street  
Wellesley, MA 02482

## Letter of Transmittal

December 11, 2017

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, 2017 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, 2017, 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, 2017, 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 of 2.9% is approximately 78% of the state's rate.

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 (\$163,454) 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 \$1,032,000 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; continuing an aggressive pay-as-you-go financing strategy for capital improvements and utilizing the dedicated revenue streams from debt that is exempt from the constraints of Proposition 2 ½ to finance some of its larger projects.

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 twelve 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 16.8 percent of the total general fund revenues. This is a slight improvement over the prior year ratio of 15.5 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 73.33% as reflected in the actuarial valuation performed as of January 1, 2017. The Retirement Board has reduced the assumed actuarial rate of return on investment from 6.75% to 6.625% 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 actuarial valuation, done as of June 30, 2017 in accordance with GASB Statement No. 74, the funding status has improved to 45.8%, 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**

Work continued on the much-anticipated 12,000 square foot Tolles Parsons Center throughout fiscal 2017. The building opened during the end of summer 2017 when the staff moved in and the Grand Opening to the community was held just as this report was being prepared. So far the community response has been very positive and it is expected that the Center will significantly expand its programs in the coming years.

The Town continued to analyze elementary school needs and attempt to gain support throughout the community for the Hardy/Hunnewell/Upham projects proposed in the Master Plan recommendation. A fall 2017 Special Town Meeting had been anticipated to secure feasibility and proof of concept funds, but late in the summer the Massachusetts School Building Authority (MSBA) communicated its willingness to consider participating in the project. At this writing, plans are temporarily on hold as the Town awaits an answer from the MSBA.

Analysis continued on the Town's first ever Unified Plan, which is a combination of the Planning Board's Comprehensive Plan and an organization-wide Strategic Plan. Working groups continued to focus on key community challenges identified during the process.

Construction activity continued to be robust and this new growth continued to add to the tax base. Building permits spiked as the Town considered a one-year demolition delay on residential units constructed prior to 1949. The demolition delay initiative was successful at Town Meeting and staffing resources have been added to the Planning office to help handle the additional workload. It remains to be seen what impact the demolition delay may have on future new growth.

In June 2017 the Town issued \$5,860,000 in debt for several projects; including School Security, Police Station Envelope, continued work on the Schofield and Fiske Elementary School renovations, and a new turf football field for the High School. 79% of this debt will be retired in four years with the rest to be retired in less than ten years.

After a twelve-year process, the Town negotiated a long term land lease with Wellesley Sports Center, LLC and was successful in gaining Town Meeting approval for the construction of a recreational facility on the 900 Worcester Street site.

The Town's Executive Director of General Government Services, Hans Larsen, retired after eleven years in the position and several years on the Advisory Committee. His replacement, Blythe C. Robinson, was hired in January of 2017. The Town's longtime Police Chief, Terrence Cunningham retired after over 30 years of service and Deputy Jack Pilecki was promoted to Chief.

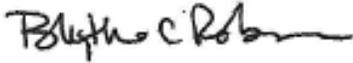
**Awards and Acknowledgements**

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 unflinching support over the past twelve years for maintaining the highest standards of professionalism in the management of the Town's finances.

Respectively submitted,



Blythe C. Robinson  
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, 2016**

Executive Director/CEO

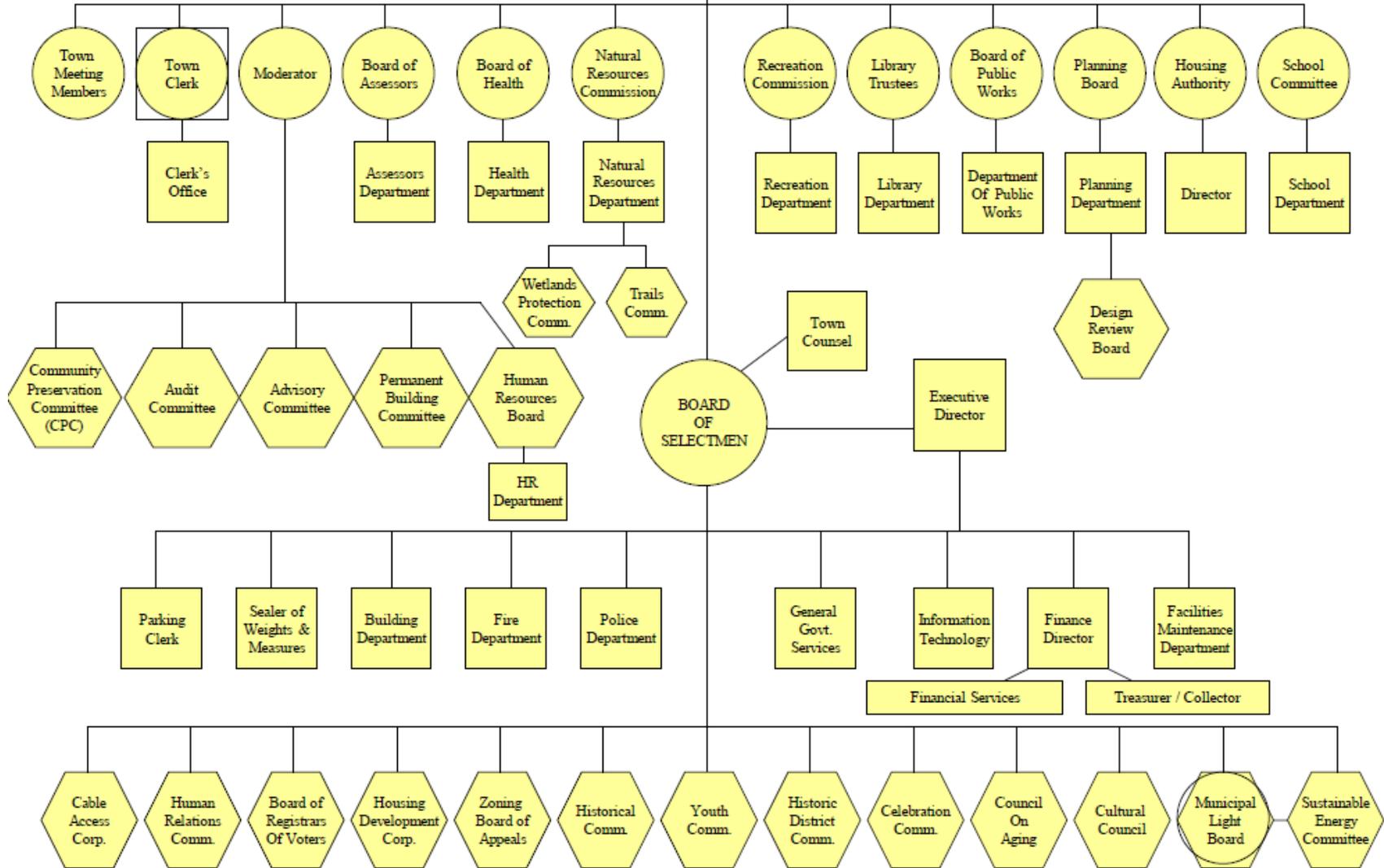


# Wellesley Town Government Organization

**VOTERS**

Elected	Appointed	Town Employee

www.wellesleyma.gov



## Principal Town Officials

<u>Elected Officials</u>		<u>Term Expires</u>
Board of Selectmen	Ellen Gibbs, Chair	2019
	Jack Morgan, Vice Chair	2018
	Marjorie Freiman, Secretary	2018
	Elizabeth Sullivan Woods	2020
	Thomas H. Ulfelder	2020
Moderator	Thomas Frisardi	2018
Town Clerk	Kathleen F. Nagle	2018
School Committee	Michael D'Ortenzio Jr., Chairperson	2019
	Matt Kelley, Vice Chairperson	2020
	Melissa Martin, Secretary	2020
	Anthony Bent	2018
	Sharon Gray	2018

### Appointed Officials

Executive Director of General Government Services	Blythe C. Robinson
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	Jack Pilecki
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 of Miyares and Harrington LLP
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# ***Financial Section***



**Restoration and erosion control efforts continue on the Fuller Brook Path project.**

Town of Wellesley, Massachusetts  
Comprehensive Annual Financial Report  
For the year ended June 30, 2017

# ***Financial Section***

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100 Quannapowitt Parkway  
Suite 101  
Wakefield, MA 01880  
T. 781-914-1700  
F. 781-914-1701  
[www.powersandsullivan.com](http://www.powersandsullivan.com)

## 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, 2017 (except for the Wellesley Contributory Retirement System which is as of and for the year ended December 31, 2016), 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, 2017 (except for the Wellesley Contributory Retirement System which is as of December 31, 2016), 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 December 11, 2017 on our consideration of the Town of Wellesley, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Wellesley's internal control over financial reporting and compliance.

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

December 11, 2017

***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, 2017. 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, unemployment, 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 \$166.5 million and \$103.7 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 \$28.5 million, an increase of \$3.6 million over the prior year. Total fund balance represents 17% of total general fund expenditures, which management considers adequate and within expectations as compared to the Town's Financial Reserve Policy. \$18.6 million or 11% of this total amount is unassigned and available for appropriation at the Town's discretion. The remaining portions of the general fund balance, \$9.9 million, are committed and assigned to fund special articles, carryover encumbrances, and the 2018 budget.
- The Town of Wellesley's total governmental long-term debt decreased by approximately \$5.5 million during the current year as a result of new issuances of \$5.9 million and scheduled principal payments of \$11.4 million.
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions Plans*, was implemented this year. This standard added Note disclosures and Required Supplemental Information for the Town's OPEB Trust fund. Its sister standard, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment benefits Other Than Pensions*, is required to be implemented in FY2018. This standard will affect the financial statements themselves by requiring the Town to record its OPEB assets, liabilities, and deferred financial statement elements for the first time.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town of Wellesley's assets and deferred outflows exceeded its liabilities and deferred inflows by \$270 million at the close of 2017.

Government-wide net position of \$242 million (89%) 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 million (5%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$16 million (6%), 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 \$7.3 million during the current compared to an increase of \$8.8 million in the prior year. Program revenues increased by \$5.4 million, general revenues (taxes and other revenues) increased by \$3.5 million, for a total revenue increase of \$8.9 million. Total expenses increased by \$10.4 million, which accounts for the \$1.5 million change between years. These results are consistent and within management’s expectations.

	2017	2016
<b>Assets:</b>		
Current assets.....	\$ 66,286,881	\$ 72,740,615
Noncurrent assets (excluding capital).....	5,233,567	5,796,383
Capital assets, non depreciable.....	60,611,096	55,784,578
Capital assets, net of accumulated depreciation.....	226,877,007	222,223,225
<b>Total assets.....</b>	<b>359,008,551</b>	<b>356,544,801</b>
<b>Deferred Outflows of Resources.....</b>	<b>10,711,137</b>	<b>12,863,801</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	9,653,896	10,263,942
Noncurrent liabilities (excluding debt).....	50,767,169	53,516,141
Current debt.....	12,386,592	11,820,229
Noncurrent debt.....	124,845,960	130,980,551
<b>Total liabilities.....</b>	<b>197,653,617</b>	<b>206,580,863</b>
<b>Deferred Inflows of Resources.....</b>	<b>5,512,964</b>	<b>3,563,320</b>
<b>Net Position:</b>		
Net investment in capital assets.....	155,132,937	148,818,623
Restricted.....	10,236,030	10,572,176
Unrestricted.....	1,184,140	(126,380)
<b>Total net position.....</b>	<b>\$ 166,553,107</b>	<b>\$ 159,264,419</b>

Governmental capital assets increased \$9.5 million including \$22.6 million of additions, primarily attributable to the Tolles Parsons Senior Center, Fuller Brook Park, Schofield/Fiske School renovations, Middle School window replacements, various public safety and public works vehicles and equipment, and roadway infrastructure work, less \$13.1 million of depreciation expense.

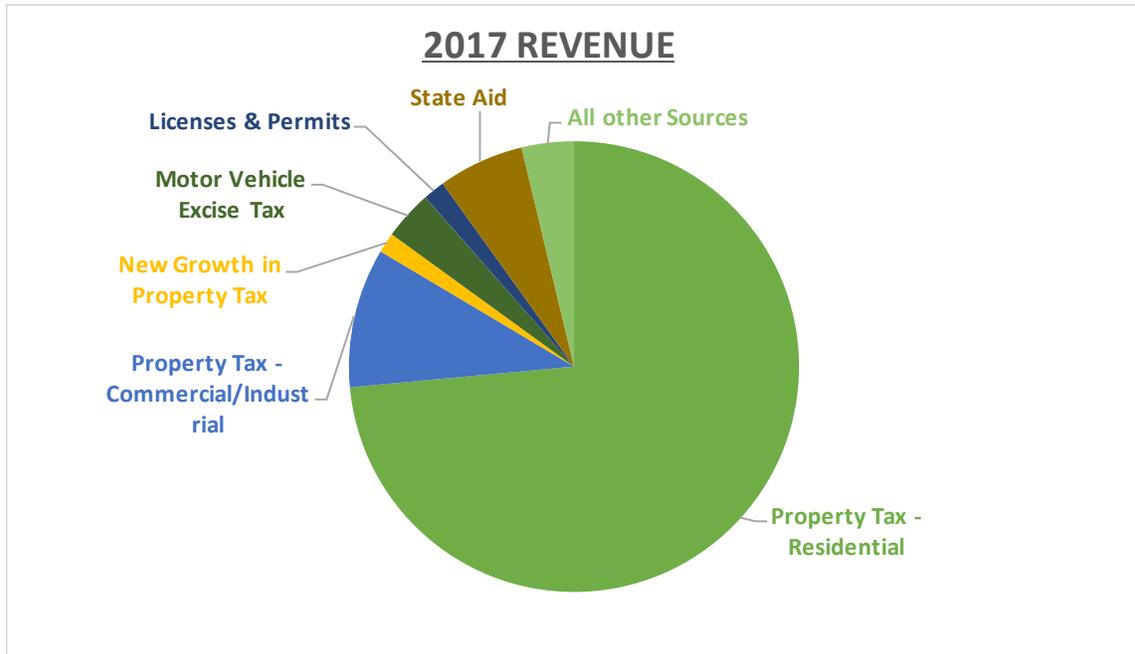
Non-current assets include the \$5.2 million asset relating to the Town’s pre-funding of the Other Postemployment Benefits (OPEB) liability.

Non-current liabilities, excluding debt, consist mainly of the \$50.4 million net pension liability.

	2017		2016
<b>Program revenues:</b>			
Charges for services..... \$	13,526,329	\$	12,905,633
Operating grants and contributions.....	31,843,909		27,478,819
Capital grants and contributions.....	4,048,579		3,620,180
<b>General Revenues:</b>			
Real estate and personal property taxes.....	131,146,331		127,800,794
Motor vehicle and other excise taxes.....	5,902,670		6,085,056
Community preservation tax.....	1,201,441		1,153,629
Nonrestricted grants and contributions, and other.....	2,102,798		1,794,382
Unrestricted investment income.....	582,309		627,934
<b>Total revenues.....</b>	<b>190,354,366</b>		<b>181,466,427</b>
<b>Expenses:</b>			
General government.....	16,205,151		16,065,450
Public safety.....	20,521,304		19,814,209
Public education.....	119,673,348		111,214,742
Public works.....	11,143,939		11,467,571
Health and human services.....	2,368,943		1,762,755
Library.....	4,641,770		4,509,513
Recreation.....	3,661,184		2,798,705
Traffic and parking management.....	832,610		761,292
Community preservation.....	187,011		75,855
Interest.....	4,830,418		5,219,877
<b>Total expenses.....</b>	<b>184,065,678</b>		<b>173,689,969</b>
<b>Excess before transfers.....</b>	<b>6,288,688</b>		<b>7,776,458</b>
<b>Transfers.....</b>	<b>1,000,000</b>		<b>1,000,000</b>
<b>Change in net position.....</b>	<b>7,288,688</b>		<b>8,776,458</b>
<b>Net position - beginning.....</b>	<b>159,264,419</b>		<b>150,487,961</b>
<b>Net position - ending..... \$</b>	<b>166,553,107</b>	\$	<b>159,264,419</b>

### Revenues

Wellesley's revenues are primarily dependent upon the income of Town residents and their willingness and ability to pay, rather than relying on external sources such as State grants. These revenues include property taxes, including those taxes derived from voter- authorized debt exclusions, Community Preservation tax surcharges, and local receipts from vehicle excise taxes and building permits. The amount of debt exclusions is notable in that it is a dedicated revenue stream for capital projects voluntarily added to the assessments by voter referendum. Because of the affluence of Wellesley's citizens, the Town is able to afford to maintain its services, assets, reserves and provide many extra services that improve the life of its citizens. **Associated Risks:** Income and wealth levels directly impact the Town's revenues and these factors have remained strong through various economies because of the Town's educational reputation and its proximity to Boston. These revenues account for over 30 percent of the revenue increase from 2016 to 2017.



Other financial notes related to governmental activities

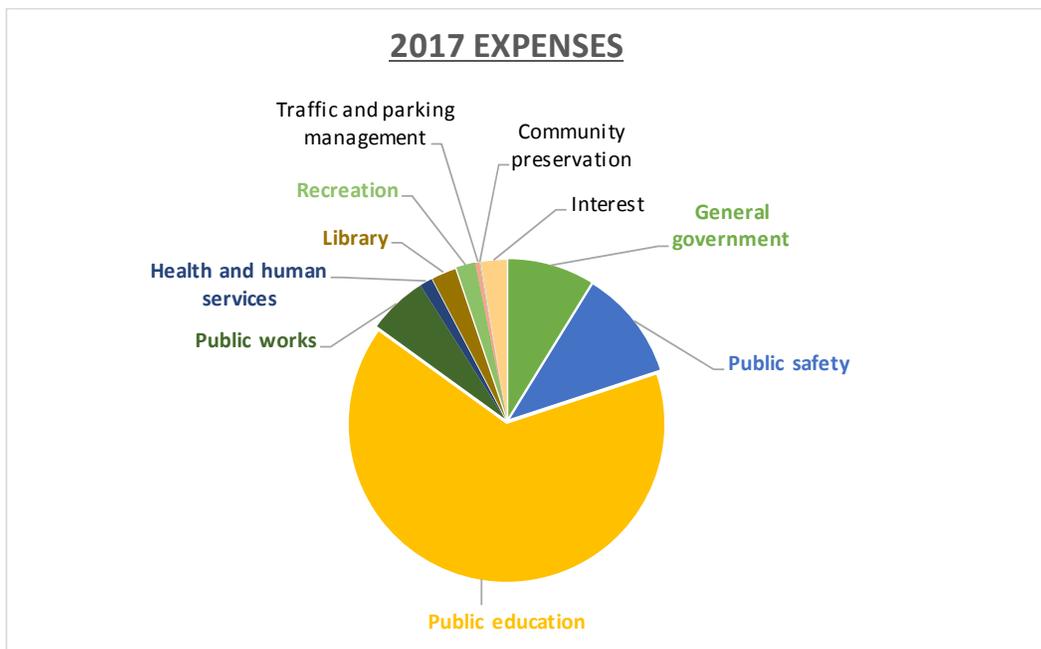
In addition to the 69% of total revenues that property taxes provide, the following is a brief description of our other revenue sources.

- Operating grants and contributions accounted for 17% percent of total governmental revenues. 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 \$4.5 million of revenue and expense recorded as on-behalf assistance from the Commonwealth of Massachusetts' Teachers Retirement System relative to the Town's recognition of a special funding situation for teacher pensions as described in more detail in the notes to the basic financial statements.
- Charges for services represented 7% of total governmental revenues. 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 \$621,000 due to increased planning board fees, increased recycling fees and street occupancy permits.
- Other taxes and other revenues also comprised a total of 7% percent of the governmental revenues. These primarily include capital grants, motor vehicle and other excise taxes, non-restricted grants and contributions, and investment earnings.

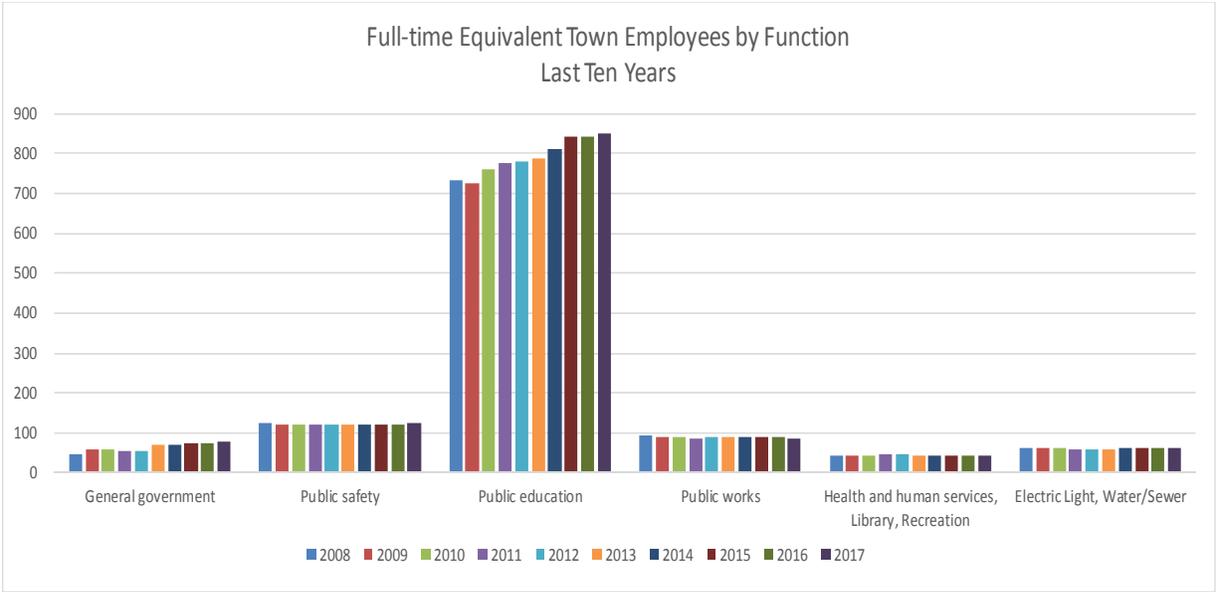
Expenses

The Town’s highest priority is the quality of education provided to its students.

- Education is by far the largest governmental activity of the Town, comprising 65% of the Town’s total expenses. Approximately \$81 million in general revenues were needed to cover its 2017 operating expenses, net of related program revenues.
- Educational expense includes a pension contribution of approximately \$16.4 million (\$11.9 million in the prior year) made by the state on-behalf of Wellesley teachers. Operating grants and educational expenses are grossed-up by recording this contribution.
- Public safety and General government are the second and third largest activities of the Town. Approximately \$17 million and \$15 million, respectively, of general revenues were needed to cover their 2017 operating expenses, net of related program revenues.



As mentioned above, most of the excluded debt relates to the construction and improvement of Schools, and the Town’s capital plans for the foreseeable future continue this focus. The Town has also made significant progress in funding its pension and OPEB liabilities however, this can put pressure on current budgets as these are funded. **Associated Risks:** An economic downturn might affect the community less significantly than other communities within the Commonwealth because the capital assets and reserves are being well maintained and expenditures could be deferred in the short term. Increased energy costs might have a negative impact, but the Town continues to explore sustainable alternatives. Employee costs continue to increase as School programs expand and health care costs increase. The Town needs to continue to evaluate the efficient delivery of Town services. The Town’s form of government is highly decentralized and this makes compromise necessary to achieve agreement on how resources can most effectively be deployed. This form of government would make it challenging if reductions were necessary.



**Business-type activities.** Business-type activities increased the Town’s net position by \$3.3 million compared to an increase of \$5.9 million during the previous year. The change relates mainly to the Municipal Light Plant where the department absorbed increased power supply costs during the year. All three enterprise funds had positive results for the year which were fairly consistent with prior year results and management’s expectations.

As shown below, business-type activities assets and deferred outflows exceeded liabilities and deferred inflows by \$104 million at the close of 2017. Net investment in capital assets was \$87.4 million (84%), net position is restricted for depreciation in the amount of \$2 million (2%), and unrestricted net position was \$14.4 million (14%). The Electric Department fund experienced a \$1 million increase in net position while the sewer and water enterprise funds net position each increased by \$366,000 and \$2 million, respectively. These results continue to reflect management’s goal of maintaining the systems while only charging users for the cost of operations, which included depreciation of \$5 million in 2017.

	<u>2017</u>	<u>2016</u>
<b>Assets:</b>		
Current assets.....	\$ 29,178,204	\$ 25,424,361
Noncurrent assets (excluding capital).....	944,175	768,466
Capital assets, non depreciable.....	2,163,375	1,857,954
Capital assets, net of accumulated depreciation.....	<u>90,191,337</u>	<u>90,882,019</u>
<b>Total assets.....</b>	<b><u>122,477,091</u></b>	<b><u>118,932,800</u></b>
<b>Deferred Outflows of Resources.....</b>	<b><u>2,149,046</u></b>	<b><u>2,406,068</u></b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	3,990,089	3,257,272
Noncurrent liabilities (excluding debt).....	10,753,852	11,184,220
Current debt.....	622,242	687,929
Noncurrent debt.....	<u>4,659,545</u>	<u>5,309,776</u>
<b>Total liabilities.....</b>	<b><u>20,025,728</u></b>	<b><u>20,439,197</u></b>
<b>Deferred Inflows of Resources.....</b>	<b><u>882,014</u></b>	<b><u>512,685</u></b>
<b>Net Position:</b>		
Net investment in capital assets.....	87,359,541	85,906,981
Restricted.....	2,000,000	2,000,000
Unrestricted.....	<u>14,358,854</u>	<u>12,792,675</u>
<b>Total net position.....</b>	<b><u>\$ 103,718,395</u></b>	<b><u>\$ 100,699,656</u></b>

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 \$794,000.

	<u>2017</u>	<u>2016</u>
<b>Program revenues:</b>		
Charges for services.....	\$ 50,429,470	\$ 49,568,998
Capital grants and contributions.....	<u>663,708</u>	<u>1,865,081</u>
<b>Total revenues.....</b>	<b><u>51,093,178</u></b>	<b><u>51,434,079</u></b>
<b>Expenses:</b>		
Sewer.....	7,401,548	7,065,470
Water.....	6,082,300	5,741,906
Electric department.....	<u>33,277,921</u>	<u>31,752,049</u>
<b>Total expenses.....</b>	<b><u>46,761,769</u></b>	<b><u>44,559,425</u></b>
<b>Excess before transfers.....</b>	<b><u>4,331,409</u></b>	<b><u>6,874,654</u></b>
<b>Transfers.....</b>	<b><u>(1,000,000)</u></b>	<b><u>(1,000,000)</u></b>
<b>Change in net position.....</b>	<b><u>3,331,409</u></b>	<b><u>5,874,654</u></b>
<b>Net position - beginning.....</b>	<b><u>100,386,986</u></b>	<b><u>94,512,332</u></b>
<b>Net position - ending.....</b>	<b><u>\$ 103,718,395</u></b>	<b><u>\$ 100,386,986</u></b>

## 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 \$50 million. Total fund balances decreased \$5.5 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 below.

### *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 \$18.6 million, while the total fund balance was \$28.5 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% of total general fund expenditures, while the total fund balance represents 17% of that same amount.

Fund balance of the General Fund increased \$3.6 million from better than expected revenue collections and from appropriation turnbacks in virtually all revenue and expenditure categories, respectively.

### *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, 2017, the fund has a receivable due from the Commonwealth in the amount of \$1.2 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 and transfers out 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 and the construction of the Senior Center. At June 30, 2017, the ending fund balance was \$4.1 million, a decrease of \$9.5 million over the prior year.

**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 \$593,000. This mainly relates to supplemental appropriations of \$500,000 to fund winter roadway maintenance and \$112,000 to fund a transfer to the Injured on Duty Stabilization Fund. These increases were offset by a \$40,000 decreased assessment of charges from the Commonwealth.

Revenues of the general fund were \$3.2 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 \$358,000 of tax lien revenue which is unbudgeted. Total expenditures and carryovers were less than budget by approximately \$1.7 million (1%) because of turn backs in a number of appropriation line items.

## **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.

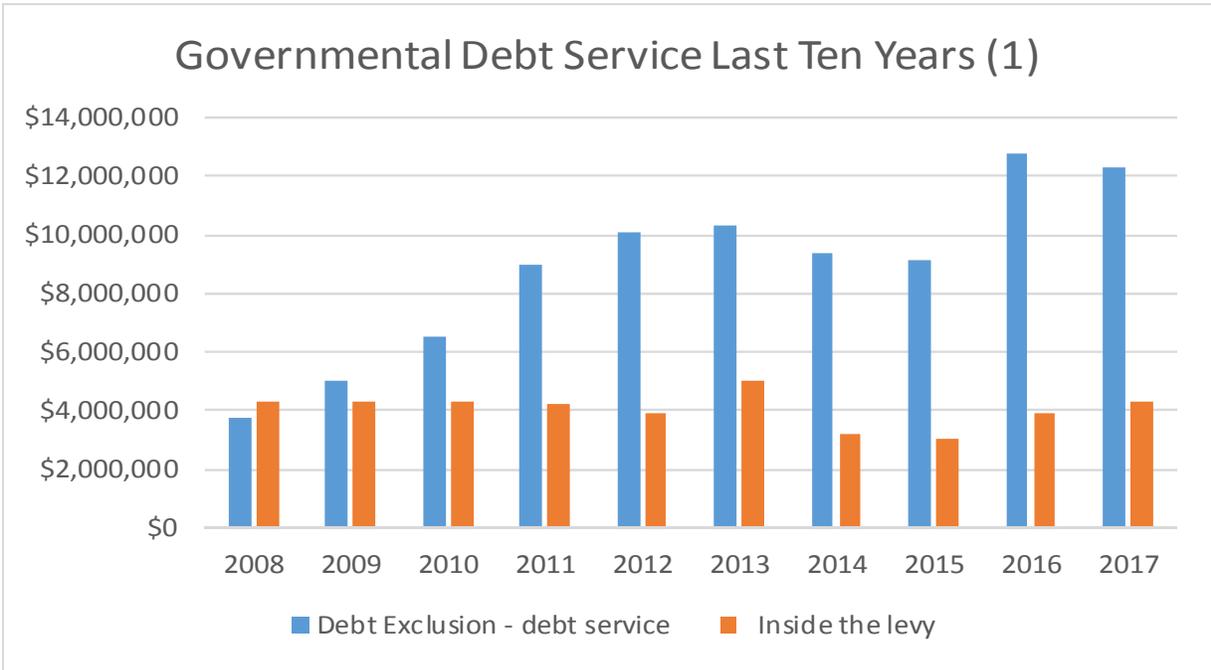
As part of the capital plan the Town has historically financed the acquisition of a portion of its capital assets from current revenue. As noted earlier, this policy will continue to improve the financial position as net position will increase by the amount of acquisitions less the current depreciation.

Major capital assets are funded by the issuance of long-term debt. During the fiscal year, the Town incurred \$22.7 million of capitalized expenditures and recognized depreciation expense of \$13.1 million. Current year additions consist mainly of building improvements to the Fiske and Schofield schools, replacement of windows on the middle school, and the police station structural improvements. The Town also incurred capitalized \$5 million of construction costs, which is classified as construction in progress, relative to the Tolles Parsons Center.

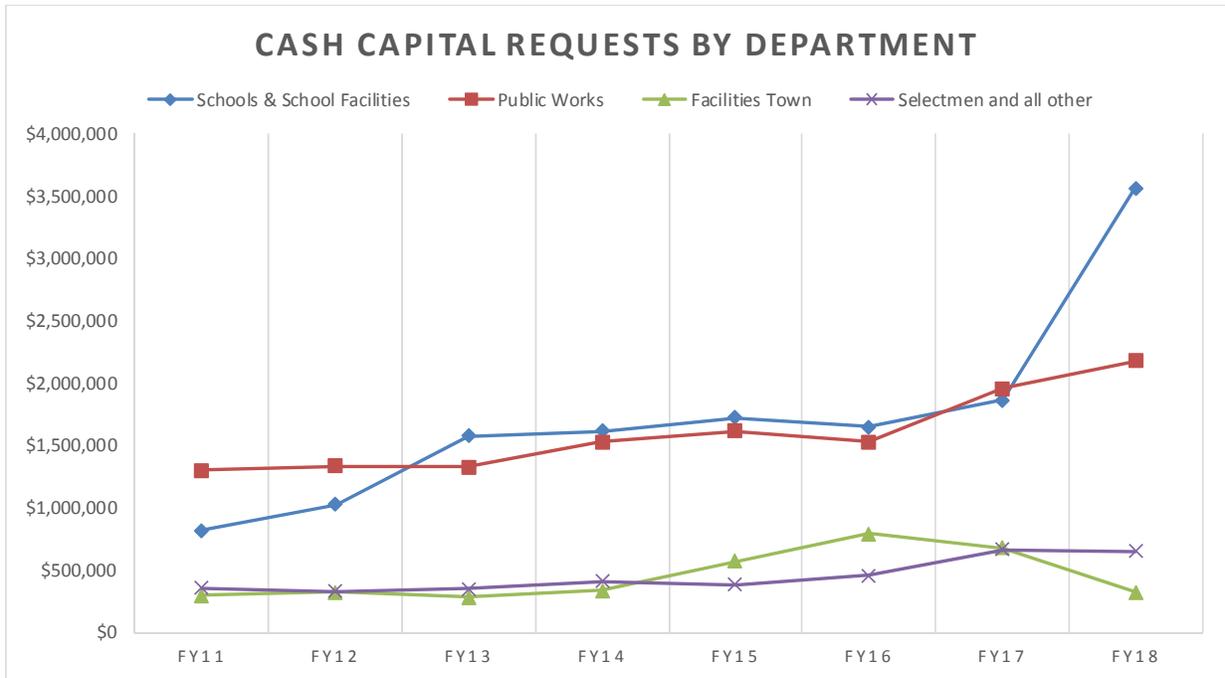
Outstanding long-term debt of the general government, as of June 30, 2017, totaled \$133.3 million, of which, \$82.6 million is related to school projects, \$33.5 issued for land purchases, including the North 40, 900 Worcester Street, and 494 Washington Street; and the balance of \$17.3 million is for projects to maintain the Town's buildings, roadway infrastructure and drainage, and departmental equipment and vehicles.

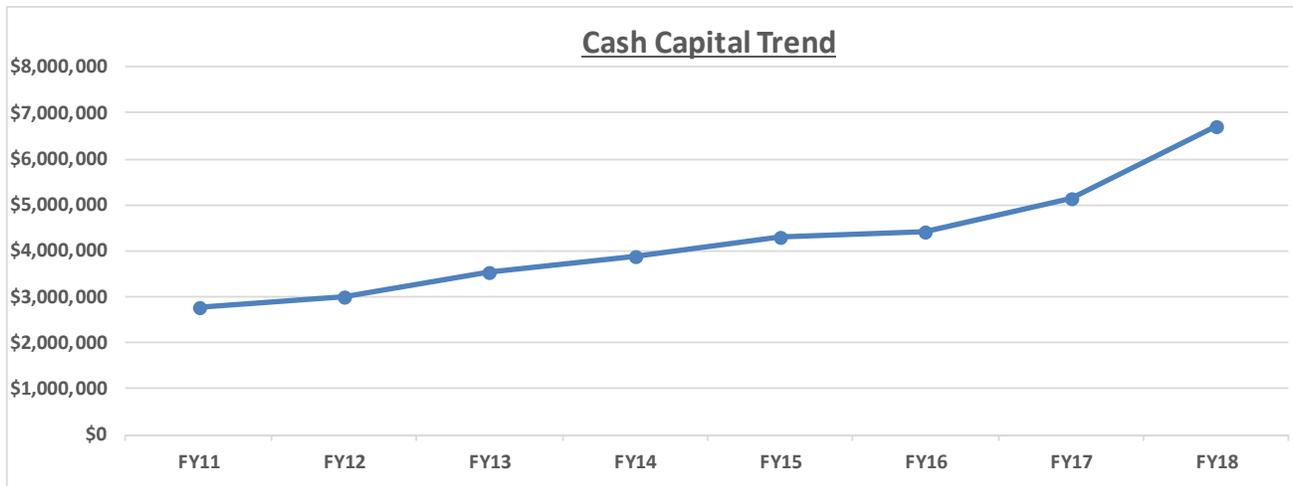
The business-type activities have \$2 million in sewer enterprise debt and \$2.9 million in water enterprise debt that is fully supported by the rates. The funds do not rely on a general fund subsidy. Related capital assets, net of accumulated depreciation were essentially unchanged from the prior year. Current year business-type activities additions totaled \$4.7 million and depreciation expense was \$5.1 million.

The following charts depict the debt service requirements for excluded and non-excluded debt over the last 10 years, along with cash requests by major department, and the total cash spending trend from FY2011 to the present.



(1) Governmental debt only; does not include self-supporting Enterprise Fund debt.





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 \$11.3 million for the calendar year ended December 31, 2016. 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 \$164.4 million at December 31, 2016. Based on the most recent actuarial valuation performed as of January 1, 2017, the System's Funded Ratio was 73.33%, virtually the same as in the previous valuation (73.56%) dated January 1, 2015. The System made changes in actuarial assumptions including lowering the investment rate of return to 6.625% from 6.75%, lowering the inflation rate from 3.50% to 2.75%, certain mortality assumption changes, and other plan provision changes.

### Other Postemployment Benefits

As of June 30, 2017 the Town has recognized an asset for other postemployment benefits in the amount of \$6 million. The current year Annual OPEB Cost (determined under GASB Statement No. 45) amounted to \$8.5 million and the Town contributed \$8.1 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 \$53.7 million at year end. As of June 30, 2017, the ratio of the Plan's Fiduciary Net Position to the Total OPEB Liability (funded ratio) is 45.8% (determined under GASB Statement No. 74), up from 36.81% in the 2016 valuation (determined under GASB Statement No. 45).

### Requests for Information

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

# ***Basic Financial Statements***

## STATEMENT OF NET POSITION

JUNE 30, 2017

	<b>Primary Government</b>		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 52,469,755	\$ 20,388,314	\$ 72,858,069
Restricted cash and cash equivalents.....	-	2,000,000	2,000,000
Investments.....	8,311,084	-	8,311,084
Receivables, net of allowance for uncollectibles:			
Real estate, personal property and tax deferrals.....	2,691,988	-	2,691,988
Tax liens.....	704,851	-	704,851
Motor vehicle excise taxes.....	273,769	-	273,769
User charges.....	-	4,530,513	4,530,513
Departmental and other.....	433,753	-	433,753
Intergovernmental.....	1,401,681	-	1,401,681
Inventory.....	-	828,848	828,848
Purchased power advance deposits.....	-	1,430,529	1,430,529
<b>Total Current Assets.....</b>	<b>66,286,881</b>	<b>29,178,204</b>	<b>95,465,085</b>
<b>NONCURRENT:</b>			
Investment in Energy New England, LLC.....	-	150,000	150,000
Other postemployment benefits asset.....	5,233,567	794,175	6,027,742
Capital assets, non depreciable.....	60,611,096	2,163,375	62,774,471
Capital assets, net of accumulated depreciation.....	226,877,007	90,191,337	317,068,344
<b>Total Noncurrent Assets.....</b>	<b>292,721,670</b>	<b>93,298,887</b>	<b>386,020,557</b>
<b>TOTAL ASSETS.....</b>	<b>359,008,551</b>	<b>122,477,091</b>	<b>481,485,642</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss from debt refunding.....	777,739	286,616	1,064,355
Deferred outflows of resources related to pensions.....	9,933,398	1,862,430	11,795,828
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>10,711,137</b>	<b>2,149,046</b>	<b>12,860,183</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	2,800,306	3,413,655	6,213,961
Accrued payroll.....	5,697,683	125,088	5,822,771
Accrued interest.....	647,507	11,502	659,009
Other liabilities.....	-	408,031	408,031
Compensated absences.....	282,400	31,813	314,213
Workers' compensation.....	226,000	-	226,000
Bonds payable.....	12,386,592	622,242	13,008,834
<b>Total Current Liabilities.....</b>	<b>22,040,488</b>	<b>4,612,331</b>	<b>26,652,819</b>
<b>NONCURRENT:</b>			
Customer deposits.....	-	838,047	838,047
Compensated absences.....	188,222	21,209	209,431
Workers' compensation.....	209,000	-	209,000
Other liabilities.....	-	979,871	979,871
Net pension liability.....	50,369,947	8,914,725	59,284,672
Bonds payable.....	124,845,960	4,659,545	129,505,505
<b>Total Noncurrent Liabilities.....</b>	<b>175,613,129</b>	<b>15,413,397</b>	<b>191,026,526</b>
<b>TOTAL LIABILITIES.....</b>	<b>197,653,617</b>	<b>20,025,728</b>	<b>217,679,345</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Advance collections - taxes.....	704,435	-	704,435
Deferred inflows of resources related to pensions.....	4,808,529	882,014	5,690,543
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>5,512,964</b>	<b>882,014</b>	<b>6,394,978</b>
<b>NET POSITION</b>			
Net investment in capital assets.....	155,132,937	87,359,541	242,492,478
Restricted for:			
Depreciation.....	-	2,000,000	2,000,000
Permanent funds:			
Expendable.....	1,036,543	-	1,036,543
Nonexpendable.....	357,953	-	357,953
Grants and gifts.....	2,397,687	-	2,397,687
Community preservation.....	6,443,847	-	6,443,847
Unrestricted.....	1,184,140	14,358,854	15,542,994
<b>TOTAL NET POSITION.....</b>	<b>\$ 166,553,107</b>	<b>\$ 103,718,395</b>	<b>\$ 270,271,502</b>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 16,205,151	\$ 1,098,986	\$ 104,033	\$ -	\$ (15,002,132)
Public safety.....	20,521,304	3,852,917	135,317	-	(16,533,070)
Public education.....	119,673,348	4,868,667	30,971,700	3,020,319	(80,812,662)
Public works.....	11,143,939	1,037,501	314,689	789,855	(9,001,894)
Health and human services.....	2,368,943	178,969	50,346	-	(2,139,628)
Library.....	4,641,770	64,953	51,816	-	(4,525,001)
Recreation.....	3,661,184	1,499,316	216,008	-	(1,945,860)
Traffic and parking management.....	832,610	925,020	-	-	92,410
Community preservation.....	187,011	-	-	238,405	51,394
Interest.....	4,830,418	-	-	-	(4,830,418)
<b>Total Governmental Activities.....</b>	<b>184,065,678</b>	<b>13,526,329</b>	<b>31,843,909</b>	<b>4,048,579</b>	<b>(134,646,861)</b>
<i>Business-Type Activities:</i>					
Sewer.....	7,401,548	7,767,885	-	-	366,337
Water.....	6,082,300	8,069,293	-	-	1,986,993
Electric department.....	33,277,921	34,592,292	-	663,708	1,978,079
<b>Total Business-Type Activities.....</b>	<b>46,761,769</b>	<b>50,429,470</b>	<b>-</b>	<b>663,708</b>	<b>4,331,409</b>
<b>Total Primary Government.....</b>	<b>\$ 230,827,447</b>	<b>\$ 63,955,799</b>	<b>\$ 31,843,909</b>	<b>\$ 4,712,287</b>	<b>\$ (130,315,452)</b>

(Continued)

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page.....	\$ (134,646,861)	\$ 4,331,409	\$ (130,315,452)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds.....	130,788,187	-	130,788,187
Tax liens.....	358,144	-	358,144
Motor vehicle and other excise taxes.....	5,265,624	-	5,265,624
Meals tax.....	637,046	-	637,046
Community preservation tax.....	1,201,441	-	1,201,441
Penalties and interest on taxes.....	459,999	-	459,999
Payments in lieu of taxes.....	76,470	-	76,470
Grants and contributions not restricted to specific programs.....	1,566,329	-	1,566,329
Unrestricted investment income.....	582,309	-	582,309
<i>Transfers, net</i> .....	1,000,000	(1,000,000)	-
Total general revenues and transfers.....	141,935,549	(1,000,000)	140,935,549
Change in net position.....	7,288,688	3,331,409	10,620,097
<i>Net Position:</i>			
Beginning of year.....	159,264,419	100,386,986	259,651,405
End of year.....	\$ 166,553,107	\$ 103,718,395	\$ 270,271,502

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2017

	General	Highway Chapter 90	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>					
Cash and cash equivalents.....	\$ 30,103,991	\$ -	\$ 4,835,262	\$ 16,228,595	\$ 51,167,848
Investments.....	5,339,506	-	-	1,169,172	6,508,678
Receivables, net of uncollectibles:					
Real estate, personal property and tax deferrals .....	2,691,988	-	-	-	2,691,988
Tax liens.....	704,851	-	-	-	704,851
Motor vehicle excise taxes.....	273,769	-	-	-	273,769
Departmental and other.....	114,818	-	-	310,175	424,993
Intergovernmental.....	-	1,220,426	-	181,255	1,401,681
Due from other funds.....	3,487	-	-	-	3,487
<b>TOTAL ASSETS.....</b>	<b>\$ 39,232,410</b>	<b>\$ 1,220,426</b>	<b>\$ 4,835,262</b>	<b>\$ 17,889,197</b>	<b>\$ 63,177,295</b>
<b>LIABILITIES:</b>					
Warrants payable.....	\$ 1,628,933	\$ -	\$ 735,615	\$ 353,166	\$ 2,717,714
Accrued payroll.....	5,180,135	-	3,244	123,922	5,307,301
Due to other funds.....	-	3,487	-	-	3,487
<b>TOTAL LIABILITIES.....</b>	<b>6,809,068</b>	<b>3,487</b>	<b>738,859</b>	<b>477,088</b>	<b>8,028,502</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Advance collections - taxes.....	696,418	-	-	8,017	704,435
Unavailable revenues.....	3,260,422	1,216,939	-	434,855	4,912,216
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>3,956,840</b>	<b>1,216,939</b>	<b>-</b>	<b>442,872</b>	<b>5,616,651</b>
<b>FUND BALANCES:</b>					
Nonspendable.....	-	-	-	357,953	357,953
Restricted.....	-	-	4,096,403	16,611,284	20,707,687
Committed.....	3,950,943	-	-	-	3,950,943
Assigned.....	5,949,459	-	-	-	5,949,459
Unassigned.....	18,566,100	-	-	-	18,566,100
<b>TOTAL FUND BALANCES.....</b>	<b>28,466,502</b>	<b>-</b>	<b>4,096,403</b>	<b>16,969,237</b>	<b>49,532,142</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 39,232,410</b>	<b>\$ 1,220,426</b>	<b>\$ 4,835,262</b>	<b>\$ 17,889,197</b>	<b>\$ 63,177,295</b>

See notes to basic financial statements.

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

JUNE 30, 2017

Total governmental fund balances.....	\$	49,532,142
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		287,488,103
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		4,912,216
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.....		5,124,869
Deferred outflows due to deferred losses on debt refundings.....		777,739
Other postemployment benefits asset.....		5,233,567
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.....		2,205,099
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(647,507)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable.....	(137,232,552)	
Net pension liability.....	(50,369,947)	
Compensated absences.....	(470,622)	
Net effect of reporting long-term liabilities.....		(188,073,121)
Net position of governmental activities.....	\$	<u>166,553,107</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

	General	Highway Chapter 90	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 131,334,072	\$ -	\$ -	\$ -	\$ 131,334,072
Tax liens.....	358,144	-	-	-	358,144
Motor vehicle and other excise taxes.....	5,544,062	-	-	-	5,544,062
Meals tax.....	637,046	-	-	-	637,046
Payments in lieu of taxes.....	76,470	-	-	-	76,470
Penalties and interest on taxes.....	459,999	-	-	-	459,999
Charges for services.....	-	-	-	1,482,112	1,482,112
Parking meter receipts.....	-	-	-	925,020	925,020
Intergovernmental.....	25,962,247	1,515,018	3,020,319	5,878,831	36,376,415
Departmental and other.....	4,660,805	-	-	6,468,412	11,129,217
Community preservation tax.....	-	-	-	1,201,441	1,201,441
Contributions.....	-	-	-	1,796,383	1,796,383
Investment income.....	431,010	-	-	149,761	580,771
<b>TOTAL REVENUES.....</b>	<b>169,463,855</b>	<b>1,515,018</b>	<b>3,020,319</b>	<b>17,901,960</b>	<b>191,901,152</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	12,666,004	-	56,587	112,552	12,835,143
Public safety.....	11,852,242	-	1,650,217	1,096,079	14,598,538
Public education.....	69,733,617	-	10,516,950	10,954,519	91,205,086
Public works.....	8,381,360	1,494,189	119,572	350,439	10,345,560
Health and human services.....	1,395,297	-	-	225,671	1,620,968
Recreation.....	350,448	-	6,448,468	1,581,743	8,380,659
Library.....	2,505,293	-	-	229,462	2,734,755
Teachers pension benefits - state funded.....	16,440,703	-	-	-	16,440,703
Town pension.....	6,408,377	-	-	-	6,408,377
Employee benefits.....	20,188,388	-	-	-	20,188,388
Traffic and parking management.....	-	-	-	832,610	832,610
Community preservation.....	-	-	-	187,011	187,011
State and county charges.....	1,230,199	-	-	-	1,230,199
Debt service:					
Principal.....	11,380,000	-	-	-	11,380,000
Interest.....	5,227,790	-	-	-	5,227,790
<b>TOTAL EXPENDITURES.....</b>	<b>167,759,718</b>	<b>1,494,189</b>	<b>18,791,794</b>	<b>15,570,086</b>	<b>203,615,787</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>1,704,137</b>	<b>20,829</b>	<b>(15,771,475)</b>	<b>2,331,874</b>	<b>(11,714,635)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of long-term debt.....	-	-	5,860,000	-	5,860,000
Premium from issuance of bonds.....	-	-	392,000	-	392,000
Transfers in.....	1,845,893	-	7,000	-	1,852,893
Transfers out.....	-	(20,829)	-	(1,848,306)	(1,869,135)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>1,845,893</b>	<b>(20,829)</b>	<b>6,259,000</b>	<b>(1,848,306)</b>	<b>6,235,758</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>3,550,030</b>	<b>-</b>	<b>(9,512,475)</b>	<b>483,568</b>	<b>(5,478,877)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>24,916,472</b>	<b>-</b>	<b>13,608,878</b>	<b>16,485,669</b>	<b>55,011,019</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 28,466,502</b>	<b>\$ -</b>	<b>\$ 4,096,403</b>	<b>\$ 16,969,237</b>	<b>\$ 49,532,142</b>

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, 2017

Net change in fund balances - total governmental funds.....	\$	(5,478,877)
<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.....	22,588,576	
Depreciation expense.....	<u>(13,108,276)</u>	
Net effect of reporting capital assets.....		9,480,300
<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>		
		(1,548,324)
Other postemployment benefits asset.....		(562,816)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Issuance of long-term debt.....	(5,860,000)	
Premium from issuance of bonds.....	(392,000)	
Amortization of deferred loss on debt refunding.....	(70,704)	
Amortization of bond premiums.....	440,228	
Debt service principal payments.....	<u>11,380,000</u>	
Net effect of reporting long-term debt.....		5,497,524
<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.....	(62,478)	
Net change in accrued interest on long-term debt.....	27,849	
Net change in deferred outflows/(inflows) of resources related to pensions.....	(4,027,553)	
Net change in net pension liability.....	<u>2,806,950</u>	
Net effect of recording long-term liabilities.....		(1,255,232)
<p>Internal service funds are used by management to account for health insurance activities, workers' compensation activities, and for information technology services and fleet maintenance services.</p>		
The net activity of internal service funds is reported with Governmental Activities.....		<u>1,156,113</u>
Change in net assets of governmental activities.....	\$	<u><u>7,288,688</u></u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**

JUNE 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Electric Department	Total	
<b>ASSETS</b>					
<b>CURRENT:</b>					
Cash and cash equivalents.....	\$ 3,416,827	\$ 7,551,572	\$ 9,419,915	\$ 20,388,314	\$ 1,301,907
Restricted cash and short-term investments.....	-	-	2,000,000	2,000,000	-
Investments.....	-	-	-	-	1,802,406
Receivables, net of allowance for uncollectibles:					
User charges.....	597,938	701,315	3,231,260	4,530,513	-
Departmental and other.....	-	-	-	-	8,760
Inventory.....	-	176,266	652,582	828,848	-
Purchased power advance deposits.....	-	-	1,430,529	1,430,529	-
<b>Total current assets.....</b>	<b>4,014,765</b>	<b>8,429,153</b>	<b>16,734,286</b>	<b>29,178,204</b>	<b>3,113,073</b>
<b>NONCURRENT:</b>					
Investment in Energy New England, LLC.....	-	-	150,000	150,000	-
Other postemployment benefits asset.....	70,334	164,112	559,729	794,175	-
Capital assets, nondepreciable.....	884,007	906,771	372,597	2,163,375	-
Capital assets, net of accumulated depreciation.....	14,460,348	15,374,234	60,356,755	90,191,337	-
<b>Total noncurrent assets.....</b>	<b>15,414,689</b>	<b>16,445,117</b>	<b>61,439,081</b>	<b>93,298,887</b>	<b>-</b>
<b>TOTAL ASSETS.....</b>	<b>19,429,454</b>	<b>24,874,270</b>	<b>78,173,367</b>	<b>122,477,091</b>	<b>3,113,073</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred loss from debt refunding.....	143,308	143,308	-	286,616	-
Deferred outflows of resources related to pensions.....	209,827	489,595	1,163,008	1,862,430	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>353,135</b>	<b>632,903</b>	<b>1,163,008</b>	<b>2,149,046</b>	<b>-</b>
<b>LIABILITIES</b>					
<b>CURRENT:</b>					
Warrants payable.....	2,311	19,781	3,391,563	3,413,655	82,592
Accrued payroll.....	12,130	61,358	51,600	125,088	390,382
Accrued interest.....	4,505	6,997	-	11,502	-
Other liabilities.....	2,075	34,445	371,511	408,031	-
Compensated absences.....	-	16,449	15,364	31,813	-
Workers' compensation.....	-	-	-	-	226,000
Bonds payable.....	225,815	396,427	-	622,242	-
<b>Total current liabilities.....</b>	<b>246,836</b>	<b>535,457</b>	<b>3,830,038</b>	<b>4,612,331</b>	<b>698,974</b>
<b>NONCURRENT:</b>					
Customer deposits.....	-	-	838,047	838,047	-
Compensated absences.....	-	10,966	10,243	21,209	-
Workers' compensation.....	-	-	-	-	209,000
Other liabilities.....	-	-	979,871	979,871	-
Net pension liability.....	1,021,504	2,383,510	5,509,711	8,914,725	-
Bonds payable.....	1,995,796	2,663,749	-	4,659,545	-
<b>Total noncurrent liabilities.....</b>	<b>3,017,300</b>	<b>5,058,225</b>	<b>7,337,872</b>	<b>15,413,397</b>	<b>209,000</b>
<b>TOTAL LIABILITIES.....</b>	<b>3,264,136</b>	<b>5,593,682</b>	<b>11,167,910</b>	<b>20,025,728</b>	<b>907,974</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of resources related to pensions.....	106,065	247,484	528,465	882,014	-
<b>NET POSITION</b>					
Net investment in capital assets.....	13,266,052	13,364,137	60,729,352	87,359,541	-
Restricted for:					
Depreciation.....	-	-	2,000,000	2,000,000	-
Unrestricted.....	3,146,336	6,301,870	4,910,648	14,358,854	2,205,099
<b>TOTAL NET POSITION.....</b>	<b>\$ 16,412,388</b>	<b>\$ 19,666,007</b>	<b>\$ 67,640,000</b>	<b>\$ 103,718,395</b>	<b>\$ 2,205,099</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2017**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Electric Department	Total	
<b>OPERATING REVENUES:</b>					
Charges for services .....	\$ 7,694,596	\$ 7,575,605	\$ 31,683,314	\$ 46,953,515	\$ 17,635,026
Contracted services.....	-	-	1,611,740	1,611,740	-
Employee contributions .....	-	-	-	-	8,576,205
Other.....	73,289	493,688	1,297,238	1,864,215	-
<b>TOTAL OPERATING REVENUES .....</b>	<b>7,767,885</b>	<b>8,069,293</b>	<b>34,592,292</b>	<b>50,429,470</b>	<b>26,211,231</b>
<b>OPERATING EXPENSES:</b>					
MWRA assessment.....	5,459,750	1,056,294	-	6,516,044	-
Purchase power.....	-	-	14,738,406	14,738,406	-
Transmission.....	-	1,106,326	5,384,449	6,490,775	-
Forward capacity market charge.....	-	-	5,857,181	5,857,181	-
Cost of contracted services.....	-	-	974,033	974,033	-
Cost associated with other revenue.....	-	-	433,998	433,998	-
Other source of supply.....	-	677,447	-	677,447	-
Pumping and treatment.....	207,113	1,052,420	-	1,259,533	-
Distribution.....	-	-	1,077,255	1,077,255	-
Collection.....	477,148	-	-	477,148	-
Customer accounts.....	134,237	235,104	587,351	956,692	-
Supplies and services.....	-	-	-	-	26,077,561
Administration and general.....	634,135	912,190	528,019	2,074,344	-
Depreciation.....	433,839	953,718	3,694,884	5,082,441	-
<b>TOTAL OPERATING EXPENSES .....</b>	<b>7,346,222</b>	<b>5,993,499</b>	<b>33,275,576</b>	<b>46,615,297</b>	<b>26,077,561</b>
<b>OPERATING INCOME.....</b>	<b>421,663</b>	<b>2,075,794</b>	<b>1,316,716</b>	<b>3,814,173</b>	<b>133,670</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income.....	-	-	-	-	6,201
Interest expense.....	(55,326)	(88,801)	(2,345)	(146,472)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>(55,326)</b>	<b>(88,801)</b>	<b>(2,345)</b>	<b>(146,472)</b>	<b>6,201</b>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS.....</b>	<b>366,337</b>	<b>1,986,993</b>	<b>1,314,371</b>	<b>3,667,701</b>	<b>139,871</b>
<b>CAPITAL CONTRIBUTIONS.....</b>	<b>-</b>	<b>-</b>	<b>663,708</b>	<b>663,708</b>	<b>-</b>
<b>TRANSFERS:</b>					
Transfers in.....	-	-	-	-	1,016,242
Transfers out.....	-	-	(1,000,000)	(1,000,000)	-
<b>CHANGE IN NET POSITION.....</b>	<b>366,337</b>	<b>1,986,993</b>	<b>978,079</b>	<b>3,331,409</b>	<b>1,156,113</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>16,046,051</b>	<b>17,679,014</b>	<b>66,661,921</b>	<b>100,386,986</b>	<b>1,048,986</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 16,412,388</b>	<b>\$ 19,666,007</b>	<b>\$ 67,640,000</b>	<b>\$ 103,718,395</b>	<b>\$ 2,205,099</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Electric Department	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers and users.....	\$ 7,798,048	\$ 8,187,624	\$ 34,547,096	\$ 50,532,768	\$ 8,567,445
Receipts from interfund services provided.....	-	-	-	-	17,643,568
Payments to vendors.....	(6,033,325)	(2,735,210)	(27,597,580)	(36,366,115)	-
Payments to employees.....	(837,600)	(2,196,615)	(1,002,501)	(4,036,716)	(371,065)
Payments for interfund services used.....	-	-	-	-	(25,538,388)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>927,123</b>	<b>3,255,799</b>	<b>5,947,015</b>	<b>10,129,937</b>	<b>301,560</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers out.....	-	-	(1,000,000)	(1,000,000)	-
Prefunding transfer for other postemployment benefits.....	(25,253)	(58,922)	(91,534)	(175,709)	-
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>(25,253)</b>	<b>(58,922)</b>	<b>(1,091,534)</b>	<b>(1,175,709)</b>	<b>1,016,242</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Capital contributions.....	-	-	663,708	663,708	-
Acquisition and construction of capital assets.....	(549,323)	(567,910)	(3,590,732)	(4,707,965)	-
Principal payments on bonds and notes.....	(257,054)	(402,889)	-	(659,943)	-
Interest expense.....	(70,287)	(104,086)	(2,345)	(176,718)	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(876,664)</b>	<b>(1,074,885)</b>	<b>(2,929,369)</b>	<b>(4,880,918)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Proceeds from sales and maturities of investments.....	-	-	-	-	652,606
Purchase of investments.....	-	-	-	-	(1,802,406)
Investment income.....	-	-	-	-	6,201
<b>NET CASH FROM INVESTING ACTIVITIES.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,143,599)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>25,206</b>	<b>2,121,992</b>	<b>1,926,112</b>	<b>4,073,310</b>	<b>174,203</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....</b>	<b>\$ 3,391,621</b>	<b>\$ 5,429,580</b>	<b>\$ 9,493,803</b>	<b>18,315,004</b>	<b>1,127,704</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR.....</b>	<b>\$ 3,416,827</b>	<b>\$ 7,551,572</b>	<b>\$ 11,419,915</b>	<b>\$ 22,388,314</b>	<b>\$ 1,301,907</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:</b>					
Operating income.....	\$ 421,663	\$ 2,075,794	\$ 1,316,716	\$ 3,814,173	\$ 133,670
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation.....	433,839	953,718	3,694,884	5,082,441	-
Deferred (outflows)/inflows related to pensions.....	91,681	213,921	-	305,602	-
Loss on disposal of capital assets.....	-	-	10,785	10,785	-
Changes in assets and liabilities:					
User charges.....	30,163	118,331	42,750	191,244	-
Department and other.....	-	-	-	-	(218)
Inventory.....	-	3,380	(55,794)	(52,414)	-
Purchased power advance deposits.....	-	-	180,636	180,636	-
Warrants payable.....	(3,313)	(8,148)	699,375	687,914	40,239
Accrued payroll.....	1,492	15,302	51,600	68,394	59,869
Customer advances for construction.....	-	-	(21,192)	(21,192)	-
Compensated absences.....	-	(3,561)	282	(3,279)	-
Workers' compensation.....	-	-	-	-	68,000
Other liabilities.....	-	-	(84,043)	(84,043)	-
Customer deposits.....	-	-	17,289	17,289	-
Net pension liability.....	(48,402)	(112,938)	93,727	(67,613)	-
<b>Total adjustments.....</b>	<b>505,460</b>	<b>1,180,005</b>	<b>4,630,299</b>	<b>6,315,764</b>	<b>167,890</b>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 927,123</b>	<b>\$ 3,255,799</b>	<b>\$ 5,947,015</b>	<b>\$ 10,129,937</b>	<b>\$ 301,560</b>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

	Pension Trust Fund (as of December 31, 2016)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund	Agency Fund
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 1,306,610	\$ -	\$ -	\$ 972,545
Investments:				
Equity securities.....	-	-	405,710	-
PRIT funds.....	162,977,492	53,669,969	-	-
Receivables, net of allowance for uncollectibles:				
Departmental and other receivables.....	445,827	-	-	-
Prepaid expenses.....	1,681	-	-	-
<b>TOTAL ASSETS.....</b>	<b>164,731,610</b>	<b>53,669,969</b>	<b>405,710</b>	<b>972,545</b>
<b>LIABILITIES</b>				
Accrued liabilities.....	378,461	-	-	-
Liabilities due depositors.....	-	-	-	972,545
<b>TOTAL LIABILITIES.....</b>	<b>378,461</b>	<b>-</b>	<b>-</b>	<b>972,545</b>
<b>NET POSITION</b>				
Restricted for pensions.....	164,353,149	-	-	-
Restricted for other postemployment benefits.....	-	53,669,969	-	-
Held in trust for other purposes.....	-	-	405,710	-
<b>TOTAL NET POSITION.....</b>	<b>\$ 164,353,149</b>	<b>\$ 53,669,969</b>	<b>\$ 405,710</b>	<b>\$ -</b>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2017

	Pension Trust Fund (as of December 31, 2016)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund
<b>ADDITIONS:</b>			
Contributions:			
Employer.....	\$ 7,572,273	\$ 3,464,970	\$ -
Employer contributions to pay for OPEB benefits.....	-	4,614,800	-
Plan members.....	3,609,517	-	-
Private donations.....	-	-	15,520
<b>Total contributions.....</b>	<b>11,181,790</b>	<b>8,079,770</b>	<b>15,520</b>
Net investment income:			
Net change in fair value of investments.....	7,637,116	978,376	-
Interest.....	7,202	5,282,130	32,829
Dividends.....	4,480,349	-	-
<b>Total investment income.....</b>	<b>12,124,667</b>	<b>6,260,506</b>	<b>32,829</b>
Less: investment expense.....	(846,854)	(285,469)	-
<b>Net investment income.....</b>	<b>11,277,813</b>	<b>5,975,037</b>	<b>32,829</b>
Intergovernmental.....	109,546	-	-
Transfers from other systems.....	584,530	-	-
<b>TOTAL ADDITIONS.....</b>	<b>23,153,679</b>	<b>14,054,807</b>	<b>48,349</b>
<b>DEDUCTIONS:</b>			
Administration.....	242,067	-	-
Transfers to other systems.....	971,094	-	-
Retirement benefits and refunds.....	11,123,466	-	-
OPEB benefits.....	-	4,614,800	-
Educational scholarships.....	-	-	11,250
<b>TOTAL DEDUCTIONS.....</b>	<b>12,336,627</b>	<b>4,614,800</b>	<b>11,250</b>
<b>CHANGE IN NET POSITION.....</b>	<b>10,817,052</b>	<b>9,440,007</b>	<b>37,099</b>
NET POSITION AT BEGINNING OF YEAR.....	153,536,097	44,229,962	368,611
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 164,353,149</b>	<b>\$ 53,669,969</b>	<b>\$ 405,710</b>

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. The System has 2 participating employers; the Town of Wellesley and the Wellesley Housing Authority.

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, unemployment benefits, information technology services, and fleet maintenance.

**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- Cash and Investments.

#### 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 1<sup>st</sup> of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date. Real estate 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 (including works of art) and assets acquired under a service concession agreement are recorded at acquisition value. 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 general fund is the only fund that reports unassigned fund balance.

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 .45 to 22.60 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 \$37,654,660 and the bank balances totaled \$40,721,932. Of the bank balance, \$36,343,281 was covered by FDIC insurance, \$55,467 was covered by SIF insurance, \$3,170 was covered by DIF insurance and \$4,320,014 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2016 the carrying amount (book value) of the Retirement System’s deposits totaled \$306,255 and the bank balance totaled \$454,693. The bank balance was fully covered by FDIC insurance.

As of June 30, 2017 the Town had the following investments:

Investment Type	Fair Value	Maturity		Rating
		Under 1 Year	1 - 5 Years	
<b>Debt Securities</b>				
Government Sponsored Enterprises (1).....	\$ 4,859,355	\$ 2,159,470	\$ 2,699,885	AAA
U.S. Treasury Notes.....	184,908	-	184,908	AAA
Corporate Bonds and Notes (2).....	<u>2,562,638</u>	-	<u>2,562,638</u>	BBB - A
Total Debt Securities.....	7,606,901	<u>\$ 2,159,470</u>	<u>\$ 5,447,431</u>	
<b>Other Investments</b>				
Equity Securities.....	1,109,893			
Money Market Mutual Funds.....	1,717,225			
PRIT.....	53,669,969			
MMDT.....	<u>36,458,729</u>			
Total Investments.....	<u>\$ 100,562,717</u>			

- (1) Government Sponsored Enterprises include various short-term investments in financial services corporations created by the United States Congress. These investments primarily consist of investments in Federal Home Loan Banks (FHLB), Federal Financing Corporation (FICO) Strips, and Federal Home Loan Mortgage Corporation Notes.
- (2) Corporate bonds are broken out into 6 separate ratings, which consist of \$230,797 of BBB rated bonds, \$301,724 of BBB+ rated bonds, \$579,673 of AA- rated bonds, \$426,208 of A- rated bonds, \$888,919 of A rated bonds, and \$135,317 of A+ rated bonds.

As of December 31, 2016, the Retirement System had investments in PRIT totaling \$162,977,492. The Retirement System also maintains a short term investment portfolio with MMDT. At December 31, 2016, the Retirement System’s investment with MMDT was \$1,000,355 which is classified as a cash equivalent.

The following table reconciles total cash and investments as of June 30, 2017, except for the Pension Trust Fund which is as of December 31, 2016:

	Primary Government		Fiduciary Funds				Totals
	Governmental Activities	Business-Type Activities	Pension Trust Fund (as of December 31, 2016)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Fund	Agency Fund	
Cash and cash equivalents.....	\$ 52,469,755	\$ 20,388,314	\$ 1,306,610	\$ -	\$ -	\$ 972,545	\$ 75,137,224
Restricted cash and cash equivalents.....	-	2,000,000	-	-	-	-	2,000,000
Investments.....	8,311,084	-	162,977,492	53,669,969	405,710	-	225,364,255
<b>Total cash and investments.....</b>	<b>\$ 60,780,839</b>	<b>\$ 22,388,314</b>	<b>\$ 164,284,102</b>	<b>\$ 53,669,969</b>	<b>\$ 405,710</b>	<b>\$ 972,545</b>	<b>\$ 302,501,479</b>
Carrying value of cash:							
Primary government.....	\$ 37,654,660						
Pension trust.....	306,255						
Investments considered							
cash and cash equivalents:							
Money market mutual funds.....	1,717,225						
MMDT held by Pension Fund.....	1,000,355						
MMDT held by Town.....	36,458,729						
Cash and cash equivalents.....	77,137,224						
Debt securities.....	7,606,901						
Equity securities.....	1,109,893						
PRIT fund (OPEB).....	53,669,969						
PRIT fund (Pension).....	162,977,492						
Investments.....	225,364,255						
<b>Total cash and investments.....</b>	<b>\$ 302,501,479</b>						

**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 \$5,969,248 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, 2016, the System’s \$162,977,492 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, 2017, that the Town measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	6/30/2017	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)
<b>Investments measured at fair value level:</b>				
<u>Debt Securities:</u>				
U.S. Treasury Notes.....	\$ 184,908	\$ 184,908	\$ -	\$ -
Corporate Bonds.....	2,562,638	-	2,562,638	-
Government Sponsored Enterprises.....	4,859,355	4,859,355	-	-
Total debt securities.....	7,606,901	5,044,263	2,562,638	-
<u>Other investments:</u>				
Equity Securities.....	1,109,893	1,109,893	-	-
Money Market Mutual Funds.....	1,717,225	1,717,225	-	-
Total other investments.....	2,827,118	2,827,118	-	-
Total investments measured at fair value.....	10,434,019	\$ 7,871,381	\$ 2,562,638	\$ -
<b>Investments measured at net asset value (NAV):</b>				
PRIT Investments.....	53,669,969			
<b>Investments measured at amortized cost:</b>				
MMDT.....	36,458,729			
Total investments.....	\$ 100,562,717			

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.

The investment in MMDT is comprised of a cash portfolio and a bond portfolio. The cash portfolio is 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. The bond portfolio is valued at fair value.

### 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, 2016:

**Investments measured at net asset value (NAV):**

PRIT Investments..... \$ 162,977,492

**Investments measured at amortized cost:**

MMDT..... 1,000,355

Total investments..... \$ 163,977,847

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

**NOTE 3 – RECEIVABLES**

At June 30, 2017, 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 .....	\$ 2,707,536	\$ (15,548)	\$ 2,691,988	(1)
Tax liens.....	704,851	-	704,851	
Motor vehicle excise taxes.....	537,566	(263,797)	273,769	(2)
Departmental and other.....	424,993	-	424,993	
Intergovernmental.....	<u>1,401,681</u>	<u>-</u>	<u>1,401,681</u>	
Total.....	<u>\$ 5,776,627</u>	<u>\$ (279,345)</u>	<u>\$ 5,497,282</u>	

(1) The allowance for uncollectible accounts of \$15,548 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, 2017, 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.....	\$ 597,938	\$ -	\$ 597,938
Water fees.....	701,315	-	701,315
Electric light fees.....	3,273,260	(42,000)	3,231,260
Department and other.....	<u>8,760</u>	<u>-</u>	<u>8,760</u>
Total.....	<u>\$ 4,581,273</u>	<u>\$ (42,000)</u>	<u>\$ 4,539,273</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.....	\$ 2,528,035	\$ -	\$ 2,528,035
Tax liens.....	704,851	-	704,851
Motor vehicle excise.....	273,769	-	273,769
Departmental and other.....	450,185	261,617	711,802
Intergovernmental.....	-	1,398,194	1,398,194
Total.....	<u>\$ 3,956,840</u>	<u>\$ 1,659,811</u>	<u>\$ 5,616,651</u>

Included in unavailable revenues above is approximately \$696,000 of advance collections for 2018 real estate taxes and approximately \$8,000 of advance collection for 2018 Community Preservation Act surcharges.

#### NOTE 4 – CAPITAL ASSETS

A summary of changes in capital asset activity for the year ended June 30, 2017, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 48,534,370	\$ -	\$ -	\$ 48,534,370
Construction in progress.....	7,250,207	6,157,216	(1,330,697)	12,076,726
Total capital assets not being depreciated.....	<u>55,784,577</u>	<u>6,157,216</u>	<u>(1,330,697)</u>	<u>60,611,096</u>
<u>Capital assets being depreciated:</u>				
Improvements other than buildings.....	20,869,788	3,044,107	-	23,913,895
Buildings.....	250,733,580	12,050,970	-	262,784,550
Machinery and equipment.....	17,914,531	1,187,542	(34,872)	19,067,201
Public domain infrastructure.....	66,381,738	1,479,438	-	67,861,176
Total capital assets being depreciated.....	<u>355,899,637</u>	<u>17,762,057</u>	<u>(34,872)</u>	<u>373,626,822</u>
<u>Less accumulated depreciation for:</u>				
Improvements other than buildings.....	(12,425,941)	(1,874,193)	-	(14,300,134)
Buildings.....	(75,681,859)	(8,463,793)	-	(84,145,652)
Machinery and equipment.....	(11,918,103)	(1,061,725)	34,872	(12,944,956)
Public domain infrastructure.....	(33,650,508)	(1,708,565)	-	(35,359,073)
Total accumulated depreciation.....	<u>(133,676,411)</u>	<u>(13,108,276)</u>	<u>34,872</u>	<u>(146,749,815)</u>
Total capital assets being depreciated, net.....	<u>222,223,226</u>	<u>4,653,781</u>	<u>-</u>	<u>226,877,007</u>
Total governmental activities capital assets, net.....	<u>\$ 278,007,803</u>	<u>\$ 10,810,997</u>	<u>\$ (1,330,697)</u>	<u>\$ 287,488,103</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business Type Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land and land rights.....	\$ 267,946	\$ -	\$ -	\$ 267,946
Construction in progress.....	1,590,008	802,738	(497,317)	1,895,429
Total capital assets not being depreciated.....	<u>1,857,954</u>	<u>802,738</u>	<u>(497,317)</u>	<u>2,163,375</u>
<u>Capital assets being depreciated:</u>				
Transmission plant.....	12,813,988	15,941	-	12,829,929
Distribution plant.....	87,001,443	3,080,353	(28,954)	90,052,842
Other plant in service.....	55,354,129	777,711	-	56,131,840
Vehicles and other equipment.....	7,356,750	528,539	(255,910)	7,629,379
Total capital assets being depreciated.....	<u>162,526,310</u>	<u>4,402,544</u>	<u>(284,864)</u>	<u>166,643,990</u>
<u>Less accumulated depreciation for:</u>				
Transmission plant.....	(9,111,174)	(421,324)	-	(9,532,498)
Distribution plant.....	(33,128,917)	(2,829,639)	18,169	(35,940,387)
Other plant in service.....	(25,698,546)	(1,245,895)	-	(26,944,441)
Vehicles and other equipment.....	(3,705,654)	(585,583)	255,910	(4,035,327)
Total accumulated depreciation.....	<u>(71,644,291)</u>	<u>(5,082,441)</u>	<u>274,079</u>	<u>(76,452,653)</u>
Total capital assets being depreciated, net.....	<u>90,882,019</u>	<u>(679,897)</u>	<u>(10,785)</u>	<u>90,191,337</u>
Total business-type activities capital assets, net.....	<u>\$ 92,739,973</u>	<u>\$ 122,841</u>	<u>\$ (508,102)</u>	<u>\$ 92,354,712</u>

Depreciation expense was charged to Town functions as follows:

<b>Governmental Activities:</b>	
General government.....	\$ 1,321,381
Public safety.....	907,042
Education.....	7,847,262
Public works.....	1,918,963
Library.....	430,989
Recreation.....	<u>682,639</u>
Total depreciation expense - governmental activities.....	<u>\$ 13,108,276</u>
<b>Business-Type Activities:</b>	
Sewer.....	\$ 433,839
Water.....	953,718
Electric light.....	<u>3,694,884</u>
Total depreciation expense - business-type activities.....	<u>\$ 5,082,441</u>

**NOTE 5 – INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2017, are summarized as follows:

Transfers Out:	Transfers In:			Total	
	General Fund	Capital Projects Fund	Internal Service Funds		
General Fund.....	\$ -	\$ -	\$ 150,000	\$ 150,000	(1)
Highway Chapter 90.....	20,829			20,829	(2)
Nonmajor Governmental Funds.....	825,064	7,000	1,016,242	1,848,306	(3)
Electric Light Department.....	1,000,000	-	-	1,000,000	(4)
<b>Total.....</b>	<b>\$ 1,845,893</b>	<b>\$ 7,000</b>	<b>\$ 1,166,242</b>	<b>\$ 3,019,135</b>	

- (1) Represents a budgeted transfer to the internal service fund for unemployment claims.
- (2) Represents transfers of Chapter 90 funding to reimburse the general fund.
- (3) Represents budgeted transfers from various nonmajor funds to the general and capital project funds, and to transfer worker's compensation and unemployment amounts previously maintained in the nonmajor funds to the Internal Service fund.
- (4) Represents transfers in from the Electric Department as a payment in lieu of taxes.

**NOTE 6 – SHORT-TERM FINANCING**

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

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

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

The Town did not have any short-term debt activity in 2017.

**NOTE 7 – OPERATING LEASE**

The Town is party to an operating lease agreement that provides the Town with office space for certain administrative functions. The current lease agreement runs through May 31, 2018; with an option to extend the lease until May 31, 2020.

The lease agreement requires the Town to pay rent in the amount of \$7,000 per month. The amount due and payable for 2018 is \$77,000.

**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, 2017, and the debt service requirements for the governmental activities are as follows:

Project	Maturity Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
<b>Inside Debt Limits</b>							
New Library.....	2017	\$ 7,250,000	3.83	\$ 585,000	\$ -	\$ 585,000	\$ -
Warren Renovation.....	2017	6,800,000	3.83	565,000	-	565,000	-
Modular Classrooms.....	2017	2,830,000	3.68	250,000	-	250,000	-
Parking Meters.....	2019	120,000	3.40	30,000	-	10,000	20,000
Sprague Field.....	2018	615,000	3.49	120,000	-	60,000	60,000
Streets and Sidewalks.....	2018	500,000	3.49	100,000	-	50,000	50,000
Fire Truck.....	2018	475,000	3.49	90,000	-	45,000	45,000
Woodside Avenue.....	2018	415,000	3.40	120,000	-	40,000	80,000
RDF Structure.....	2023	570,000	1.46	390,000	-	60,000	330,000
Kingsbury Street.....	2023	620,000	1.46	425,000	-	65,000	360,000
Town Hall HVAC.....	2023	235,000	1.46	160,000	-	25,000	135,000
Bacon Street.....	2023	100,000	1.46	70,000	-	10,000	60,000
Fire Truck.....	2023	591,000	1.46	410,000	-	60,000	350,000
St. James Land.....	2045	5,000,000	3.38	4,880,000	-	125,000	4,755,000
DPW/Highway/HVAC.....	2019	780,000	3.48	585,000	-	195,000	390,000
School Telephone Replacement.....	2019	355,000	3.48	265,000	-	90,000	175,000
Wales Street Bridge.....	2019	250,000	3.48	185,000	-	65,000	120,000
Fire Truck.....	2019	475,000	3.48	355,000	-	120,000	235,000
Various Building Repairs.....	2035	2,290,000	3.48	2,180,000	-	110,000	2,070,000
Police & Fire HVAC.....	2025	1,265,000	3.48	1,135,000	-	130,000	1,005,000
School Auditorium Seats.....	2025	315,000	3.48	280,000	-	35,000	245,000
494 Washington Street.....	2035	1,305,000	3.48	1,235,000	-	65,000	1,170,000
Fuller Brook Park.....	2025	460,000	3.48	410,000	-	50,000	360,000
School Security.....	2020	330,000	3.48	260,000	-	65,000	195,000
DPW Park/Highway Garage Construction.....	2026	575,000	3.48	575,000	-	70,000	505,000
School Security Plan/Design.....	2018	30,000	4.00	-	30,000	-	30,000
School Security Construction.....	2019	1,660,000	4.00	-	1,660,000	-	1,660,000
Police Station.....	2027	1,471,000	4.00	-	1,471,000	-	1,471,000
Turf Field High School Stadium.....	2027	947,000	4.00	-	947,000	-	947,000
Subtotal Non Exempt.....		<u>38,629,000</u>		<u>15,660,000</u>	<u>4,108,000</u>	<u>2,945,000</u>	<u>16,823,000</u>
<b>2 1/2 Exempt Debt</b>							
Middle School (Refunding).....	2025	4,345,000	1.46	3,900,000	-	445,000	3,455,000
Middle School Construction (Refunded).....	2026	3,770,000	3.48	3,770,000	-	320,000	3,450,000
Middle School Construction.....	2023	13,825,000	3.49-4.00	4,750,000	-	700,000	4,050,000
School Building Infrastructure.....	2018	4,500,000	3.49	900,000	-	450,000	450,000
Elementary Infrastructure.....	2017	3,500,000	3.40	435,000	-	435,000	-
High School Expansion-Seaver Street.....	2028	5,173,000	3.40-4.00	2,134,000	-	190,000	1,944,000
High School Planning.....	2029	1,159,500	3.40-4.00	482,500	-	40,000	442,500
High School Feasibility.....	2029	3,771,200	3.40-4.00	1,571,200	-	130,000	1,441,200
High School Project.....	2029	11,663,000	3.40-4.00	4,863,000	-	400,000	4,463,000
High School Construction.....	2035	35,000,000	3.68	26,600,000	-	1,400,000	25,200,000
High School Construction.....	2031	22,000,000	3.60	16,500,000	-	1,100,000	15,400,000
DPW Storm Water Drainage.....	2021	500,000	3.60	250,000	-	50,000	200,000
Surface Drainage.....	2018	415,000	1.46	140,000	-	20,000	120,000
Morses Pond Dredging.....	2033	485,000	1.46	335,000	-	50,000	285,000
DPW Operations Building.....	2033	1,960,000	1.46	1,365,000	-	195,000	1,170,000
Storm Water Drainage.....	2019	435,000	3.48	325,000	-	110,000	215,000
Schofield/Fiske Design.....	2035	2,045,000	3.48	1,940,000	-	105,000	1,835,000
Schofield/Fiske Construction.....	2035	13,345,000	3.48	12,675,000	-	670,000	12,005,000
Schofield and Fiske School.....	2021	2,795,000	3.48	2,795,000	-	560,000	2,235,000
Schoefield and Fiske School.....	2021	1,397,000	4.00	-	1,397,000	-	1,397,000
Middle School Windows.....	2025	1,430,000	3.48	1,285,000	-	145,000	1,140,000
Middle School Windows.....	2021	355,000	4.00	-	355,000	-	355,000
North 40 (CPC Offset).....	2045	9,850,000	3.38	9,660,000	-	190,000	9,470,000
North 40 Tax Exempt.....	2045	13,635,000	3.38	13,565,000	-	70,000	13,495,000
North 40 Taxable.....	2045	11,505,000	3.38	11,010,000	-	495,000	10,515,000
Tolles Parsons Senior Center Construction.....	2031	1,950,000	3.48	1,950,000	-	165,000	1,785,000
Subtotal 2 1/2 Exempt.....		<u>170,808,700</u>		<u>123,200,700</u>	<u>1,752,000</u>	<u>8,435,000</u>	<u>116,517,700</u>
Subtotal Long-term Debt.....		209,437,700		138,860,700	5,860,000	11,380,000	133,340,700
Unamortized Premiums on Bonds.....		-		3,940,080	392,000	440,228	3,891,852
Total Bonds Payable.....		<u>\$ 209,437,700</u>		<u>\$ 142,800,780</u>	<u>\$ 6,252,000</u>	<u>\$ 11,820,228</u>	<u>\$ 137,232,552</u>

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

Year	Principal	Interest	Total
2018.....	\$ 11,840,000	\$ 4,879,868	\$ 16,719,868
2019.....	10,080,000	4,451,431	14,531,431
2020.....	8,840,000	4,077,257	12,917,257
2021.....	8,795,000	3,767,535	12,562,535
2022.....	7,855,000	3,438,593	11,293,593
2023.....	7,895,000	3,139,880	11,034,880
2024.....	6,820,000	2,853,191	9,673,191
2025.....	6,845,000	2,615,302	9,460,302
2026.....	6,130,000	2,374,672	8,504,672
2027.....	5,655,000	2,146,318	7,801,318
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>133,340,700</u>	\$ <u>48,256,662</u>	\$ <u>181,597,362</u>

Details related to the Town's outstanding enterprise fund general obligation indebtedness at June 30, 2017, and the debt service requirements are as follows:

Project	Maturity Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
MWRA-Water Bond.....	2017	\$ 319,490	0.00	\$ 31,949	\$ -	\$ 31,949	\$ -
MWRA-Water Bond.....	2018	165,987	0.00	33,195	-	16,599	16,596
Water Garage.....	2028	2,387,500	3.40	512,500	-	172,500	340,000
Water Garage (Refunded).....	2028	1,454,650	4.00	1,454,650	-	-	1,454,650
Sewer Garage.....	2028	2,387,500	3.40	512,500	-	172,500	340,000
Sewer Garage (Refunded).....	2028	1,454,650	4.00	1,454,650	-	-	1,454,650
MWRA-Water Bond.....	2021	229,089	0.00	114,544	-	22,909	91,635
MWRA-Sewer Bond.....	2026	279,080	0.00	279,080	-	55,815	223,265
MWRA-Sewer Bond.....	2017	143,694	0.00	28,738	-	28,738	-
Water General Obligation Bond.....	2023	1,300,000	1.46	910,000	-	130,000	780,000
MWRA-Water Bond.....	2023	289,323	0.00	202,527	-	28,932	173,595
Subtotal .....		10,410,963		5,534,333	-	659,942	4,874,391
Unamortized Premiums on Bonds.....		-		463,372	-	55,976	407,396
Total .....		\$ 10,410,963		\$ 5,997,705	\$ -	\$ 715,918	\$ 5,281,787

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

Year	Principal	Interest	Total
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.....	\$ 4,874,391	\$ 894,842	\$ 5,769,233

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 2017, \$1,426,663 of loans subject to repayment was received from this program. At June 30, 2017, the outstanding principal amount of these loans totaled \$505,091.

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, 2017, the Town had the following authorized and un-issued debt:

Purpose	Amount
Water and Sewer Projects.....	\$ 6,733,342
Various Road Improvement.....	3,055,015
Drainage & Road Repairs.....	380,000
Fuller Brook Preservation.....	169,041
Track and Field Construction.....	180,000
Middle School Windows.....	28,325
Police Station.....	264,420
Schoefield and Fiske Schools.....	400,241
School Security Improvements .....	456,314
Senior Center.....	1,293,627
Town Hall Desing and Construction.....	895,505
Land Acquisition.....	<u>399</u>
Total.....	<u>\$ 13,856,229</u>

Advance Refunding and Defeased Bonds

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, 2017, \$14,295,000 of the bonds refunded remain outstanding and are considered defeased.

Changes in Long-term Liabilities

During the year ended June 30, 2017, the following changes occurred in long-term liabilities:

	Balance June 30, 2016	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Balance June 30, 2017	Due Within One Year
<b>Governmental Activities:</b>							
Long-Term Bonds.....	\$ 138,860,700	\$ 5,860,000	\$ (11,380,000)	\$ -	\$ -	\$ 133,340,700	\$ 12,155,838
Unamortized Bond Premium.....	3,940,080	392,000	(440,228)	-	-	3,891,852	230,754
Workers' Compensation.....	367,000	-	-	236,000	(168,000)	435,000	226,000
Compensated Absences.....	408,144	-	-	307,378	(244,900)	470,622	282,400
Net Pension Liability.....	53,176,897	-	-	3,583,239	(6,390,189)	50,369,947	-
Total Governmental Activities.....	196,752,821	6,252,000	(11,820,228)	4,126,617	(6,803,089)	188,508,121	12,894,992
<b>Business Type Activities:</b>							
Long-Term Bonds and Notes.....	5,534,333	-	(659,942)	-	-	4,874,391	514,120
Unamortized Bond Premium.....	463,372	-	-	-	(55,976)	407,396	108,122
Compensated Absences.....	56,301	-	-	19,909	(23,188)	53,022	31,813
Other liabilities.....	1,147,957	-	-	-	(84,043)	1,063,914	84,043
Customer deposits.....	820,758	-	-	30,139	(12,850)	838,047	-
Net Pension Liability.....	9,277,033	-	-	750,105	(1,112,413)	8,914,725	-
Total Business Type Activities.....	17,299,754	-	(659,942)	800,153	(1,288,470)	16,151,495	738,098
Total.....	\$ 214,052,575	\$ 6,252,000	\$ (12,480,170)	\$ 4,926,770	\$ (8,091,559)	\$ 204,659,616	\$ 13,633,090

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, \$435,000 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, 2017, \$3,274,957, \$500,332 and \$732,942 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			
	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund Balances</b>				
<b>Nonspendable:</b>				
Permanent fund principal..... \$	- \$	- \$	357,953 \$	357,953
<b>Restricted for:</b>				
Capital projects.....	-	4,096,403	-	4,096,403
School lunch.....	-	-	487,350	487,350
Community preservation fund.....	-	-	6,443,847	6,443,847
Grants.....	-	-	325,567	325,567
Receipts reserved.....	-	-	2,145,934	2,145,934
Revolving.....	-	-	3,699,841	3,699,841
Recreation revolving.....	-	-	400,082	400,082
Other special revenue.....	-	-	2,072,120	2,072,120
Permanent funds.....	-	-	1,036,543	1,036,543
<b>Committed for special articles to:</b>				
Network information services.....	167,761	-	-	167,761
Natural Resources Commission.....	219,289	-	-	219,289
Permanent Building Committee.....	10,483	-	-	10,483
Facilities maintenance.....	1,605,249	-	-	1,605,249
Human services.....	18,059	-	-	18,059
Public safety and protective services - Police.....	6,420	-	-	6,420
Public safety and protective services - Fire.....	76,125	-	-	76,125
Education.....	25,026	-	-	25,026
Planning Board.....	38,994	-	-	38,994
Selectmen/Executive Director.....	13,978	-	-	13,978
Public Works.....	1,766,330	-	-	1,766,330
Wellesley Free Library and branches thereof.....	3,229	-	-	3,229
<b>Assigned for carryover encumbrances to:</b>				
Human Resources Board.....	4,965	-	-	4,965
General and management services.....	448	-	-	448
Network Information Services.....	9,808	-	-	9,808
Planning Board.....	250	-	-	250
Treasurer/Collector.....	1,100	-	-	1,100
Natural Resources Commission.....	761	-	-	761
Zoning Board of Appeals.....	161	-	-	161
Facilities maintenance.....	3,021	-	-	3,021
Public safety and protective services - Police.....	46,639	-	-	46,639
Public safety and protective services - Fire.....	461	-	-	461
Public safety and protective services - All other.....	850	-	-	850
Education.....	1,607,027	-	-	1,607,027
Public Works.....	138,026	-	-	138,026
Board of Health.....	2,250	-	-	2,250
Human services.....	710	-	-	710
Advisory committee.....	4,095	-	-	4,095
Risk management.....	45,150	-	-	45,150
Subsequent year expenditures.....	4,083,737	-	-	4,083,737
<b>Unassigned.....</b>	<b>18,566,100</b>	<b>-</b>	<b>-</b>	<b>18,566,100</b>
<b>Total Fund Balances..... \$</b>	<b>28,466,502 \$</b>	<b>4,096,403 \$</b>	<b>16,969,237 \$</b>	<b>49,532,142</b>

**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 \$6.3 million at June 30, 2016 (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, 2016, 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
2016.....	\$ 535,000	\$ 125,786	\$ (293,786)	\$ 367,000	\$ 191,000
2017.....	367,000	442,167	(374,167)	435,000	226,000

**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 its 2 member units (the Town and the Wellesley Housing Authority). 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, 2016. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$16,440,703 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 \$161,173,004 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.

At December 31, 2016, the WCRS membership consists of the following:

Active members.....	709
Inactive members.....	219
Disabled members.....	35
Retirees and beneficiaries currently receiving benefits.....	<u>367</u>
Total.....	<u><u>1,330</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, 2016 was an actuarially determined amount of \$7,562,273. 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 20.53% of covered payroll. The Town's proportionate share of the required contribution was \$7,512,624.

*Pension Liabilities*

The components of the net pension liability of the participating member units at June 30, 2017 were as follows:

	<u>Total System</u>	<u>Town Share</u>	<u>Housing Authority Share</u>
Total pension liability..... \$	224,137,166	\$ 222,265,068	\$ 1,872,098
The pension plan's fiduciary net position.....	<u>(164,353,150)</u>	<u>(162,980,396)</u>	<u>(1,372,754)</u>
The net pension liability..... \$	<u>59,784,016</u>	<u>\$ 59,284,672</u>	<u>\$ 499,344</u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....	73.33%	73.33%	73.33%

At June 30, 2017, the Town reported a liability of \$59,284,672 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. 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, 2016, the Town's proportion was 99.16%, which decreased from its proportion measured at December 31, 2015 of 99.20%.

*Pension Expense*

For the year ended June 30, 2017, the Town recognized pension expense of \$8,901,117. At June 30, 2017, the Town reported deferred outflows and (inflows) of resources related to pensions of \$11,795,828 and (\$5,690,543), respectively, from difference between expected and actual experience, changes of assumptions, differences between projected and actual earnings, and the proportionate share of contributions.

The balances of deferred outflows and inflows at June 30, 2017 consist of the following:

Deferred category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (5,239,372)	\$ (5,239,372)
Changes of assumptions.....	7,008,852	-	7,008,852
Difference between projected and actual earnings.....	4,396,614	-	4,396,614
Changes in proportionate share of contributions.....	<u>390,362</u>	<u>(451,171)</u>	<u>(60,809)</u>
Total Deferred Outflows/(Inflows) of Resources.....	<u>\$ 11,795,828</u>	<u>\$ (5,690,543)</u>	<u>\$ 6,105,285</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:

2018.....	\$ 2,211,286
2019.....	2,211,284
2020.....	2,361,528
2021.....	(432,734)
2022.....	<u>(246,079)</u>
Total.....	<u>\$ 6,105,285</u>

*Actuarial Assumptions* – The total pension liability as of December 31, 2016 was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date.....	January 1, 2017
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 of assets less unrecognized return in each of the last five years with a fresh start as of January 1, 2015. Unrecognized return is equal to the difference between the actual market value 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.
Inflation rate.....	2.75% (previously, 3.5%)
Projected salary increases.....	Based on years of service, ranging from 7.00% decreasing to 3.50% after 11 years of service from Group 1 and 2 employees, and ranging from 8.00% decreasing to 4.00% after 11 years for Group 4 employees.
Cost of living adjustments.....	2.75% 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.....	RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Tables set forward one year for females projected generationally with Scale MP-2016D
Disabled Retiree.....	RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2015
Investment rate of return/Discount rate.....	6.625%, net of pension plan investment expense, including inflation (previously, 6.75%)

#### *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 December 31 2016 and the target allocations as of December 31, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	18.00%	6.44%
International developed markets equity.....	16.00%	7.40%
International emerging markets equity.....	6.00%	9.42%
Core fixed income.....	13.00%	2.02%
High-yield fixed income.....	10.00%	4.43%
Real estate.....	10.00%	5.00%
Commodities.....	4.00%	4.43%
Hedge fund, GTAA, Risk parity.....	13.00%	3.75%
Private equity.....	10.00%	10.47%
 Total Target Allocation.....	 <u>100.00%</u>	

The weighted average expected real rate of return is approximately 5.8%, which is greater than the discount rate used of 6.625% that includes inflation of 2.75%.

*Rate of return*

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.49%. 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 6.625% (net of pension plan investment expense, including inflation). 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 rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 6.625%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.625%) or 1-percentage-point higher (7.625%) than the current rate:

	1% Decrease (5.625%)	Current Discount (6.625%)	1% Increase (7.625%)
The Town's proportionate share of the net pension liability.....	\$ <u>86,643,870</u>	\$ <u>59,284,672</u>	\$ <u>36,372,965</u>
The System's total net pension liability.....	\$ <u>87,373,656</u>	\$ <u>59,784,016</u>	\$ <u>36,679,328</u>

**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.

*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 \$8,079,770 during 2017 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. For the year ended June 30, 2017, the Town’s average contribution rate was 8.78% of covered-employee payroll.

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 2017, the Town pre-funded future OPEB liabilities in the amount of \$3,459,000 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution.

The annual money-weighted rate of return on OPEB plan investments was 12.80%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

*Plan Membership* – The following table represents the Plan’s membership at June 30, 2016:

Current retirees, beneficiaries, and dependents.....	922
Current active members.....	<u>937</u>
Total.....	<u><u>1,859</u></u>

*Components of the OPEB Liability* – The following table represents the components of the Plan’s OPEB liability as of June 30, 2017:

Total OPEB Liability.....	\$	117,076,205	
Less: OPEB Plan’s fiduciary net position.....		<u>(53,669,969)</u>	
Net OPEB Liability.....	\$	<u>63,406,236</u>	(1)
The OPEB Plan’s fiduciary net position as a percentage of the total OPEB liability..			45.8%

(1) The Net OPEB liability will be fully recorded in the financial statements at June 30, 2018 when GASB Statement No. 75 is required to be implemented.

*Significant Actuarial Methods and Assumptions* – The Plan’s total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement date that was updated to June 30, 2017 to be in accordance with GASB Statement No. 74:

Valuation date.....	June 30, 2016
Actuarial cost method.....	Individual Entry Age Normal
Asset valuation method.....	Market value
Discount rate.....	6.75%
Nominal investment rate of return.....	6.75%, including inflation of 3.5%
Long-term expected real rate of investment return.....	3.25%, nominal rate of 6.75% less inflation of 3.5%
Inflation.....	3.5% as of June 30, 2016 and for future periods
Salary increases.....	Based on years of service, ranging from 7.00% decreasing to 3.50% after 10 years of service for Group 1 and 2 employees and ranging from 8.00% decreasing to 4.00% after 10 years for Group 4 employees
Healthcare cost trend rate.....	Medical and prescription drug 7% decreasing by .5% for 4 years to an ultimate level of 5.0%
Pre-retirement mortality.....	RP-2014 Blue Collar Healthy Employee mortality Table MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D
Healthy.....	RP-2014 Blue Collar Healthy Employee mortality Table MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D
Disabled mortality.....	RP-2014 Blue Collar Healthy Employee mortality Table MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D set forward 3 years for males

*Investment Policy*

The OPEB plan’s 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 OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town’s investment policy.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns 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 and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	18.00%	6.44%
International developed markets equity.....	16.00%	7.40%
International emerging markets equity.....	6.00%	9.42%
Core fixed income.....	12.00%	2.02%
High-yield fixed income.....	10.00%	4.43%
Real estate.....	10.00%	5.00%
Commodities.....	4.00%	4.43%
Hedge fund, GTAA, Risk parity.....	13.00%	3.75%
Private equity.....	11.00%	10.47%
	100.00%	
Total Target Allocation.....		

The weighted average expected real rate of return is approximately 5.9%, which is greater than the discount rate used of 6.75% that includes inflation of 2.75%.

*Discount Rate* – The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from the Town will be made in accordance with the Plan’s funding policy. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

*Sensitivity of the net OPEB liability to changes in the discount rate* – The following table presents the net other postemployment benefit liability, calculated using the discount rate of 6.75%, as well as what the net other postemployment benefit 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%)
Net OPEB liability.....	\$ 79,525,137	\$ 63,406,236	\$ 50,157,771

*Sensitivity of the net OPEB liability to changes in the healthcare trend* – The following table presents the net other postemployment benefit liability, calculated using the current healthcare trend rate, as well as what the net other postemployment benefit liability would be if it was 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Net OPEB liability.....	\$ 47,831,151	\$ 63,406,236	\$ 82,900,630

*Annual OPEB Cost and Net OPEB Obligation (GASB 45)* – 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.....	\$ (8,484,223)
Interest on net OPEB (obligation)/asset.....	433,388
Adjustments to annual required contribution.....	<u>(416,042)</u>
Annual OPEB cost.....	(8,466,877)
Contributions made.....	<u>8,079,770</u>
(Increase)/Decrease in net OPEB (obligation)/asset.....	(387,107)
Net OPEB asset/(obligation) - beginning of year.....	<u>6,414,849</u>
Net OPEB asset/(obligation) - end of year.....	<u>\$ 6,027,742</u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two most recent preceding years are as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation/Asset</u>
6/30/2017	\$ (8,466,877)	95%	\$ 6,027,742
6/30/2016	(8,294,544)	104%	6,414,849
6/30/2015	(8,074,130)	102%	6,113,767

*Funded Status and Funding Progress (GASB 45)* – 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%

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.

In the June 30, 2016 actuarial valuation, actuarial liabilities were determined using the projected unit credit method. The actuarial assumptions included a 6.75% investment return assumption, salary increases at 3.5% per year, a general inflation rate of 3.5%, and an annual medical/drug cost trend of 7.5% decreasing .5% per year to an ultimate level of 5% per year. The UAAL is being amortized over a 30 year period, using a level dollar amortization method on a closed basis.

There were no changes in assumptions or plan provisions in the most recent actuarial valuation.

### NOTE 13 – COMMITMENTS

The Town is committed to completing various projects throughout the Town which will be funded with long-term debt totaling approximately \$13.9 million.

The Wellesley Municipal Light Plant (WMLP) 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 2022.

The following are the Plant's future purchase commitments at June 30, 2017:

Energy Purchase Commitments Megawatt-Hour (MWH)				
Fiscal Year	Projected MWH's	Committed MWH's	Average Cost Per MWH	Total Commitments
2018	250,279	254,473	\$ 52.42	\$ 13,335,843
2019	252,781	258,723	56.30	14,565,032
2020	255,309	200,079	50.12	10,027,444
2021	257,862	131,604	48.72	6,428,206
2022	260,441	81,777	52.80	4,098,759
	<u>1,276,672</u>	<u>926,656</u>		<u>\$ 48,455,284</u>

Amounts are based on Energy New England's analysis, through June 2022, of the Plant's firm commitment with respect to future energy purchases. The WMLP has locked-in energy prices through this period that are approximately \$3.3 million above market prices as of June 30, 2017. However, these hedge rates may not necessarily be lower than historical rates paid for prior year's purchased power.

#### 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 *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2017, these programs are still subject to financial and compliance audits. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected that such amounts, if any, would 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, 2017, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2017.

#### NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 11, 2017, which is the date the financial statements were available to be issued.

**NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2017, the following GASB pronouncements were implemented:

- GASB Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The basic financial statements, related notes and required supplementary information were updated to be in compliance with this pronouncement.
- GASB Statement #77, *Tax Abatement Disclosures*. This pronouncement did not impact the basic financial statements.
- GASB Statement #78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This pronouncement did not impact the basic financial statements.
- GASB Statement #80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*. This pronouncement did not impact the basic financial statements.
- GASB Statement #82, *Pension Issues – an amendment of GASB Statements #67, #68, and #73*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- 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 #81, *Irrevocable Split-Interest Agreements*, which is required to be implemented in 2018.
- The GASB issued Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019.
- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2020.
- The GASB issued Statement #85, *Omnibus 2017*, which is required to be implemented in 2018.
- The GASB issued Statement #86, *Certain Debt Extinguishment Issues*, which is required to be implemented in 2018.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

## ***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, 2017

	Budgeted Amounts		Actual Amounts	Amounts	
	Original Budget	Final Budget		Carried Forward To Next Year	Variance to Final Budget
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 130,849,938	\$ 130,849,938	\$ 131,113,072	\$ -	\$ 263,134
Tax liens.....	-	-	358,144	-	358,144
Motor vehicle and other excise taxes.....	4,573,933	4,573,933	5,544,062	-	970,129
Meals tax.....	585,000	585,000	637,046	-	52,046
Penalties and interest on taxes.....	250,000	250,000	459,999	-	209,999
Payments in lieu of taxes.....	76,000	76,000	76,470	-	470
Intergovernmental.....	9,513,302	9,513,302	9,521,544	-	8,242
Departmental and other.....	3,610,000	3,610,000	4,660,805	-	1,050,805
Interest income.....	187,363	187,363	425,952	-	238,589
<b>TOTAL REVENUES.....</b>	<b>149,645,536</b>	<b>149,645,536</b>	<b>152,797,094</b>	<b>-</b>	<b>3,151,558</b>
<b>EXPENDITURES:</b>					
<b>Selectmen/Executive Director:</b>					
Personal Services.....	437,647	451,798	435,399	-	16,399
Expenses.....	30,381	29,748	26,470	-	3,278
Capital Outlay.....	55,000	55,000	25,993	13,978	15,029
	<u>523,028</u>	<u>536,546</u>	<u>487,862</u>	<u>13,978</u>	<u>34,706</u>
<b>Finance Department:</b>					
Personal Services.....	412,960	423,413	420,379	-	3,034
Expenses.....	8,700	8,700	5,515	-	3,185
	<u>421,660</u>	<u>432,113</u>	<u>425,894</u>	<u>-</u>	<u>6,219</u>
<b>General and Management Services:</b>					
Expenses.....	61,400	61,400	59,840	448	1,112
<b>Treasurer/Collector:</b>					
Personal Services.....	289,400	285,108	277,680	-	7,428
Expenses.....	124,217	135,917	124,897	1,100	9,920
	<u>413,617</u>	<u>421,025</u>	<u>402,577</u>	<u>1,100</u>	<u>17,348</u>
<b>Facilities Maintenance:</b>					
Personal Services.....	4,031,024	4,051,176	3,956,812	-	94,364
Expenses.....	3,336,731	3,336,731	3,311,829	3,021	21,881
Capital Outlay.....	2,904,021	2,904,021	1,262,807	1,605,249	35,965
	<u>10,271,776</u>	<u>10,291,928</u>	<u>8,531,448</u>	<u>1,608,270</u>	<u>152,210</u>
<b>Network Information Services:</b>					
Personal Services.....	453,719	468,272	445,825	-	22,447
Expenses.....	275,016	275,016	249,778	9,808	15,430
Capital Outlay.....	111,666	111,666	(56,095)	167,761	-
	<u>840,401</u>	<u>854,954</u>	<u>639,508</u>	<u>177,569</u>	<u>37,877</u>
<b>Human Services:</b>					
Personal Services.....	400,930	408,936	394,958	-	13,978
Expenses.....	258,919	258,919	249,838	710	8,371
Capital Outlay.....	48,700	48,700	30,641	18,059	-
	<u>708,549</u>	<u>716,555</u>	<u>675,437</u>	<u>18,769</u>	<u>22,349</u>
<b>Public Safety and Protective Services - Police:</b>					
Personal Services.....	5,310,429	5,312,592	5,312,493	-	99
Expenses.....	655,259	655,259	608,387	46,639	233
Capital Outlay.....	140,306	140,306	133,886	6,420	-
	<u>6,105,994</u>	<u>6,108,157</u>	<u>6,054,766</u>	<u>53,059</u>	<u>332</u>
<b>Public Safety and Protective Services - Fire:</b>					
Personal Services.....	4,907,350	4,909,328	4,892,545	-	16,783
Expenses.....	278,841	278,841	224,929	461	53,451
Capital Outlay.....	155,767	155,442	65,832	76,125	13,485
	<u>5,341,958</u>	<u>5,343,611</u>	<u>5,183,306</u>	<u>76,586</u>	<u>83,719</u>

(Continued)

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Amounts	
	Original Budget	Final Budget		Carried Forward To Next Year	Variance to Final Budget
Public Safety and Protective Services - All Other:					
Personal Services.....	592,966	600,696	534,624	-	66,072
Expenses.....	31,979	31,979	25,745	850	5,384
	<u>624,945</u>	<u>632,675</u>	<u>560,369</u>	<u>850</u>	<u>71,456</u>
Historical Commission.....	750	750	452	-	298
Historical District Commission.....	305	305	228	-	77
Zoning Board of Appeals:					
Personal Services.....	52,042	53,474	53,474	-	-
Expenses.....	7,367	7,367	6,069	161	1,137
	<u>59,409</u>	<u>60,841</u>	<u>59,543</u>	<u>161</u>	<u>1,137</u>
Advisory Committee:					
Personal Services.....	7,000	7,000	4,462	-	2,538
Expenses.....	25,000	25,000	7,453	4,095	13,452
	<u>32,000</u>	<u>32,000</u>	<u>11,915</u>	<u>4,095</u>	<u>15,990</u>
Audit Committee.....	58,200	58,200	58,100	-	100
Permanent Building Committee:					
Personal Services.....	217,713	218,096	108,449	-	109,647
Expenses.....	7,480	7,480	426	-	7,054
Capital Outlay.....	29,824	29,824	19,341	10,483	-
	<u>255,017</u>	<u>255,400</u>	<u>128,216</u>	<u>10,483</u>	<u>116,701</u>
Human Resources Board:					
Personal Services.....	282,960	294,027	294,027	-	-
Expenses.....	208,090	50,535	27,958	4,965	17,612
	<u>491,050</u>	<u>344,562</u>	<u>321,985</u>	<u>4,965</u>	<u>17,612</u>
Assessors:					
Personal Services.....	262,928	266,432	261,653	-	4,779
Expenses.....	81,500	81,500	79,064	-	2,436
	<u>344,428</u>	<u>347,932</u>	<u>340,717</u>	<u>-</u>	<u>7,215</u>
Board of Health:					
Personal Services.....	404,735	410,826	407,801	-	3,025
Expenses.....	81,393	81,393	63,078	2,250	16,065
Capital Outlay.....	10,241	10,241	3,716	-	6,525
Mental Health Services.....	255,691	255,691	245,265	-	10,426
	<u>752,060</u>	<u>758,151</u>	<u>719,860</u>	<u>2,250</u>	<u>36,041</u>
Natural Resources Commission:					
Personal Services.....	196,567	200,390	180,280	-	20,110
Expenses.....	161,394	161,394	158,357	761	2,276
Capital Outlay.....	292,339	292,339	72,519	219,289	531
	<u>650,300</u>	<u>654,123</u>	<u>411,156</u>	<u>220,050</u>	<u>22,917</u>
Planning Board:					
Personal Services.....	234,607	238,723	222,729	-	15,994
Expenses.....	50,850	50,850	15,934	250	34,666
Capital Outlay.....	110,000	110,000	71,006	38,994	-
	<u>395,457</u>	<u>399,573</u>	<u>309,669</u>	<u>39,244</u>	<u>50,660</u>
Recreation Commission:					
Personal Services.....	324,876	329,965	323,499	-	6,466
Expenses.....	20,000	20,000	20,000	-	-
	<u>344,876</u>	<u>349,965</u>	<u>343,499</u>	<u>-</u>	<u>6,466</u>
Town Clerk/Election and Registration:					
Personal Services.....	279,814	290,078	254,921	-	35,157
Expenses.....	40,949	41,608	30,254	-	11,354
Capital Outlay.....	48,752	48,752	19,640	-	29,112
	<u>369,515</u>	<u>380,438</u>	<u>304,815</u>	<u>-</u>	<u>75,623</u>
Legal Services and Expenses.....	345,000	345,000	236,265	-	108,735
Reserve Fund.....	175,000	175,000	-	-	175,000

(Continued)

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Amounts	
	Original Budget	Final Budget		Carried Forward To Next Year	Variance to Final Budget
Memorial Day.....	2,500	2,500	1,568	-	932
Celebrations.....	4,700	4,700	4,700	-	-
Risk Management.....	566,992	566,992	360,225	45,150	161,617
Employee Group Life and Health Insurance.....	19,288,304	19,288,304	19,288,304	-	-
Pensions and Annuities.....	6,408,774	6,408,774	6,408,377	-	397
Workers Compensation.....	517,860	517,860	517,860	-	-
Compensated Absences.....	95,371	95,371	75,800	-	19,571
Wellesley Free Library and branches thereof:					
Personal Services.....	1,843,799	1,851,422	1,838,078	-	13,344
Expenses.....	529,165	529,165	529,024	-	141
Capital Outlay.....	165,298	165,298	138,191	3,229	23,878
	2,538,262	2,545,885	2,505,293	3,229	37,363
Public Works:					
Personal Services.....	4,177,114	4,204,742	4,151,855	-	52,887
Expenses.....	2,245,124	2,263,278	1,929,266	138,026	195,986
Street lights.....	246,876	247,509	247,509	-	-
Winter Maintenance.....	350,835	850,835	848,177	-	2,658
Capital Outlay.....	2,989,102	2,971,152	1,204,822	1,766,330	-
	10,009,051	10,537,516	8,381,629	1,904,356	251,531
Education.....	75,166,620	75,178,049	69,652,079	5,415,875	110,095
State and County Charges.....	1,266,712	1,230,199	1,230,199	-	-
Debt service:					
Principal.....	11,631,041	11,507,403	11,447,785	-	59,618
Interest.....	4,891,912	5,015,550	5,015,550	-	-
	16,522,953	16,522,953	16,463,335	-	59,618
<b>TOTAL EXPENDITURES.....</b>	<b>161,974,794</b>	<b>162,460,307</b>	<b>151,156,796</b>	<b>9,600,487</b>	<b>1,703,024</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(12,329,258)</b>	<b>(12,814,771)</b>	<b>1,640,298</b>	<b>(9,600,487)</b>	<b>4,854,582</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Free cash voted to reduce tax rate for fiscal year 2017.....	2,489,757	2,489,757	-	-	(2,489,757)
Free cash voted to fund fiscal year 2017 budget.....	215,088	812,601	-	-	(812,601)
Use of prior year fund balance to fund carryovers.....	7,778,520	7,778,520	-	-	(7,778,520)
Transfers in.....	1,845,893	1,845,893	1,845,893	-	-
Transfers out.....	-	(112,000)	(112,000)	-	-
	12,329,258	12,814,771	1,733,893	-	(11,080,878)
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>-</b>	<b>-</b>	<b>3,374,191</b>	<b>(9,600,487)</b>	<b>(6,226,296)</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>23,842,902</b>	<b>23,842,902</b>	<b>23,842,902</b>	<b>-</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ 23,842,902</b>	<b>\$ 23,842,902</b>	<b>\$ 27,217,093</b>	<b>\$ (9,600,487)</b>	<b>\$ (6,226,296)</b>

(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	December 31, 2016
<b>Total pension liability:</b>			
Service cost.....	\$ 5,067,998	\$ 5,629,329	\$ 5,835,095
Interest.....	13,553,363	14,040,337	14,622,378
Differences between expected and actual experience.....	(4,690,325)	-	(3,526,008)
Changes in assumptions.....	10,614,112	-	2,112,997
Benefit payments, including refunds of employee contributions.....	<u>(10,336,763)</u>	<u>(11,105,145)</u>	<u>(11,400,054)</u>
Net change in total pension liability.....	14,208,385	8,564,521	7,644,408
Total pension liability, beginning.....	<u>193,719,852</u>	<u>207,928,237</u>	<u>216,492,758</u>
Total pension liability, ending (a).....	<u>\$ 207,928,237</u>	<u>\$ 216,492,758</u>	<u>\$ 224,137,166</u>
<b>Plan fiduciary net position:</b>			
Member contributions.....	\$ 3,393,034	\$ 3,478,496	\$ 3,608,960
Employer contributions.....	7,070,467	7,304,832	7,562,273
Net investment income (loss).....	10,717,718	1,152,712	11,291,224
Retirement benefits and refunds.....	(10,336,763)	(11,105,145)	(11,400,054)
Administrative expenses.....	<u>(226,954)</u>	<u>(250,722)</u>	<u>(245,349)</u>
Net increase (decrease) in fiduciary net position.....	10,617,502	580,173	10,817,054
Fiduciary net position at beginning of year.....	<u>142,338,421</u>	<u>152,955,923</u>	<u>153,536,096</u>
Fiduciary net position at end of year (b).....	<u>\$ 152,955,923</u>	<u>\$ 153,536,096</u>	<u>\$ 164,353,150</u>
<b>Net pension liability - ending (a) - (b).....</b>	<u>\$ 54,972,314</u>	<u>\$ 62,956,662</u>	<u>\$ 59,784,016</u>
Plan fiduciary net position as a percentage of the total pension liability.....	73.56%	70.92%	73.33%
Covered-employee payroll.....	\$ 35,228,283	\$ 35,959,727	\$ 36,836,364
Net pension liability as a percentage of covered-employee payroll.....	156.05%	175.08%	162.30%

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**

	June 30, 2015	June 30, 2016	June 30, 2017
Actuarially determined contribution.....	\$ 7,040,036	\$ 7,285,897	\$ 7,562,273
Contributions in relation to the actuarially determined contribution.....	<u>(7,070,467)</u>	<u>(7,304,832)</u>	<u>(7,562,273)</u>
Contribution deficiency (excess).....	<u>\$ (30,431)</u>	<u>\$ (18,935)</u>	<u>\$ -</u>
Covered-employee payroll.....	\$ 35,228,283	\$ 35,959,727	\$ 36,836,364
Contributions as a percentage of covered- employee payroll.....	20.07%	20.31%	20.53%

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	December 31, 2016
Annual money-weighted rate of return, net of investment expense.....	7.63%	0.76%	7.49%

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	December 31, 2016
Town's proportion of the net pension liability (asset).....	99.20%	99.20%	99.16%
Town's proportionate share of the net pension liability (asset)..... \$	54,529,625	\$ 62,453,930	59,284,672
Town's covered employee payroll..... \$	35,228,283	\$ 35,959,727	36,836,364
Net pension liability as a percentage of covered-employee payroll.....	154.79%	164.86%	160.94%
Plan fiduciary net position as a percentage of the total pension liability.....	73.56%	70.92%	73.33%

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**

	June 30, 2015	June 30, 2016	June 30, 2017
Actuarially determined contribution.....	\$ 6,983,288	\$ 7,224,702	\$ 7,512,624
Contributions in relation to the actuarially determined contribution.....	<u>6,983,288</u>	<u>7,243,637</u>	<u>7,512,624</u>
Contribution deficiency (excess).....	<u>\$ -</u>	<u>\$ (18,935)</u>	<u>\$ -</u>
Covered-employee payroll.....	\$ 35,228,283	\$ 35,959,727	\$ 36,836,364
Contributions as a percentage of covered- employee payroll.....	19.82%	20.34%	20.39%

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**

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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.

Fiscal Year	Commonwealth's 100% Share of the Net Pension Liability Associated with the Town	Town's Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2017.....	\$ 161,173,004	\$ 16,440,703	52.73%
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***

## ***Schedules presented in accordance with GASB Statement No. 74***

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

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

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

## ***Schedules presented in accordance with GASB Statement No. 45***

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 presents multiyear trend information for required and actual contributions relating to the plan.

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

**SCHEDULE OF CHANGES IN THE  
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017
<b>Total OPEB Liability</b>	
Service Cost.....	\$ 3,695,446
Interest.....	7,545,547
Changes of benefit terms.....	-
Differences between expected and actual experience.....	-
Changes of assumptions.....	-
Benefit payments.....	(4,614,800)
Net change in total OPEB liability.....	6,626,193
Total OPEB liability- beginning.....	110,450,012
Total OPEB liability- ending (a).....	117,076,205
<b>Plan fiduciary net position</b>	
Contributions- employer .....	\$ 8,079,770
Net investment income.....	5,975,037
Benefit payments.....	(4,614,800)
Net change in plan fiduciary net position.....	9,440,007
Plan fiduciary net position- beginning.....	44,229,962
Plan fiduciary net position- ending (b).....	\$ 53,669,969
<b>Town's net OPEB liability- ending (a)-(b).....</b>	<b>\$ 63,406,236</b>
Plan fiduciary net position as a percentage of the total OPEB liability.....	45.84%
Covered-employee payroll.....	\$ 96,595,069
Town's net OPEB liability as a percentage of covered-employee payroll.....	65.64%

Note: 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 TOWN'S CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017
Actuarially determined contribution.....	\$ 8,484,223
Contributions in relation to the actuarially determined contribution.....	(8,079,770)
Contribution deficiency (excess).....	\$ 404,453
Covered-employee payroll.....	\$ 96,595,069
Contributions as a percentage of covered- employee payroll.....	8.78%

Note: 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 INVESTMENT RETURNS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**

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	June 30, 2017
Annual money-weighted rate of return, net of investment expense.....	12.80%

Note: 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**  
**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**

JUNE 30, 2017

**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
2017	\$ (8,484,223)	\$ 8,079,770	95.2%
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, 2017

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Actuarial Methods:

Valuation date.....	June 30, 2016
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Amortization payments increasing at 3.5%, level % of payroll
Remaining amortization period.....	21 years as of July 1, 2016, closed (6 years as of July 1, 2016, 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.....	6.75
Inflation rate.....	3.5%
Projected salary increases.....	3.5%
Medical/drug cost trend rate.....	7.5% decreasing by 0.50% for 4 years to an ultimate level of 5.0% per year

Plan Membership:

Current retirees, beneficiaries, and dependents.....	922
Current active members.....	<u>937</u>
Total.....	<u><u>1,859</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 2017 budget consisted of approximately \$162 million in appropriations and other amounts to be raised. Included in the original budget are approximately \$7.8 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, 2017, is presented below:

Net change in fund balance, budgetary basis.....	\$ 3,374,191
<u>Perspective difference:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	117,058
<u>Basis of accounting differences:</u>	
Net change in revenue accrual.....	221,000
Net change in expenditure accrual.....	(162,219)
Recognition of revenue for on-behalf payments.....	16,440,703
Recognition of expenditures for on-behalf payments.....	<u>(16,440,703)</u>
Net change in fund balance, GAAP basis.....	<u>\$ 3,550,030</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.

**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 6.75% to 6.625%. A reduction in the investment return assumption increases the plan's liabilities.
- The mortality assumption was changed from the RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Tables with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D to the RP-2014 Blue Collar Healthy Employee and Annuitant Mortality Tables set forward one year for females projected generationally with scale MP-20162D.
- The mortality assumption for disabled participants was changed from the RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward 3 years for males projected with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D to the to the RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2015.
- The administrative expense assumption was increased from \$250,000 to \$275,000.
- The inflation rate was lowered from 3.5% to 2.75%.
- The Cost of Living Adjustment (COLA) assumption was changed from a 3% increase on the first \$15,000 of retirement allowance to a 2.75% increase on the first \$15,000 of retirement allowance.

Changes in Plan Provisions:

There were no changes in Plan provisions.

**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 Other Postemployment Benefit Plan**The Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan’s total OPEB liability, changes in the Plan’s net position, and ending net OPEB liability. It also demonstrates the Plan’s net position as a percentage of the total liability and the Plan’s net other postemployment benefit liability as a percentage of covered employee payroll.

Schedule of the Town’s Contributions

The Schedule of the Town’s Contributions includes the Town’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll.

Schedule of Investment Return

The Schedule of Investment Return includes the money-weighted investment return on the Plan’s other postemployment assets, net of investment expense.

**The Town**

The Town currently finances its other postemployment benefits (OPEB) on a combined pre-funded and pay-as-you-go basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is 45.8%. 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.

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 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.

Schedule of Funding Progress

The Schedule of Funding Progress presents multiyear trend information which compares, over time, the Town’s actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

Schedule of Employer Contributions

The Schedule of Employer Contributions presents multiyear trend information for the Town's required and actual contributions relating to the plan.

Schedule of Actuarial Methods and Assumptions

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

There were no changes in assumptions or plan provisions in the most recent actuarial valuation.

# ***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, 2017

	<b>Special Revenue Funds</b>			
	School Lunch	Community Preservation	Grants	Receipts Reserved
<b>ASSETS:</b>				
Cash and cash equivalents.....	\$ 601,164	\$ 6,458,480	\$ 383,433	\$ 2,173,029
Investments.....	-	-	-	-
Receivables, net of uncollectibles:				
Departmental and other.....	-	5,839	-	-
Intergovernmental.....	-	181,255	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 601,164</b>	<b>\$ 6,645,574</b>	<b>\$ 383,433</b>	<b>\$ 2,173,029</b>
<b>LIABILITIES:</b>				
Warrants payable.....	\$ 113,814	\$ 6,616	\$ 50,595	\$ 20,358
Accrued payroll.....	-	-	7,271	6,737
<b>TOTAL LIABILITIES.....</b>	<b>113,814</b>	<b>6,616</b>	<b>57,866</b>	<b>27,095</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Advance collections - taxes.....	-	8,017	-	-
Unavailable revenues.....	-	187,094	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>-</b>	<b>195,111</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>				
Nonspendable.....	-	-	-	-
Restricted.....	487,350	6,443,847	325,567	2,145,934
<b>TOTAL FUND BALANCES.....</b>	<b>487,350</b>	<b>6,443,847</b>	<b>325,567</b>	<b>2,145,934</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 601,164</b>	<b>\$ 6,645,574</b>	<b>\$ 383,433</b>	<b>\$ 2,173,029</b>

<b>Special Revenue Funds</b>						Total Nonmajor Governmental Funds
Revolving	Recreation Revolving	Other	Sub-total	Permanent Fund		
\$ 3,767,969	\$ 467,400	\$ 2,137,044	\$ 15,988,519	\$ 240,076	\$	16,228,595
-	-	-	-	1,169,172		1,169,172
304,336	-	-	310,175	-		310,175
-	-	-	181,255	-		181,255
<u>\$ 4,072,305</u>	<u>\$ 467,400</u>	<u>\$ 2,137,044</u>	<u>\$ 16,479,949</u>	<u>\$ 1,409,248</u>		<u>\$ 17,889,197</u>
\$ 47,678	\$ 42,038	\$ 57,315	\$ 338,414	\$ 14,752	\$	353,166
77,025	25,280	7,609	123,922	-		123,922
124,703	67,318	64,924	462,336	14,752		477,088
-	-	-	8,017	-		8,017
247,761	-	-	434,855	-		434,855
247,761	-	-	442,872	-		442,872
-	-	-	-	357,953		357,953
3,699,841	400,082	2,072,120	15,574,741	1,036,543		16,611,284
3,699,841	400,082	2,072,120	15,574,741	1,394,496		16,969,237
<u>\$ 4,072,305</u>	<u>\$ 467,400</u>	<u>\$ 2,137,044</u>	<u>\$ 16,479,949</u>	<u>\$ 1,409,248</u>		<u>\$ 17,889,197</u>

**NONMAJOR GOVERNMENTAL FUNDS**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 YEAR ENDED JUNE 30, 2017

	<b>Special Revenue Funds</b>			
	School Lunch	Community Preservation	Grants	Receipts Reserved
<b>REVENUES:</b>				
Charges for services.....	\$ 1,468,150	\$ -	\$ -	\$ -
Parking meter receipts.....	-	-	-	925,020
Intergovernmental.....	199,853	237,243	2,555,490	-
Departmental and other.....	-	-	-	305
Community preservation tax.....	-	1,201,441	-	-
Contributions.....	-	-	2,500	-
Interest income.....	-	54,200	16	-
<b>TOTAL REVENUES.....</b>	<b>1,668,003</b>	<b>1,492,884</b>	<b>2,558,006</b>	<b>925,325</b>
<b>EXPENDITURES:</b>				
Current:				
General government.....	-	-	-	-
Public safety.....	-	-	85,872	-
Public education.....	1,602,239	-	2,363,171	-
Public works.....	-	-	-	-
Health and human services.....	-	-	53,770	-
Recreation.....	-	-	39,568	-
Library.....	-	-	-	-
Traffic and parking management.....	-	-	-	832,610
Community preservation.....	-	187,011	-	-
<b>TOTAL EXPENDITURES.....</b>	<b>1,602,239</b>	<b>187,011</b>	<b>2,542,381</b>	<b>832,610</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>65,764</b>	<b>1,305,873</b>	<b>15,625</b>	<b>92,715</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out.....	-	(548,944)	-	(43,950)
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>65,764</b>	<b>756,929</b>	<b>15,625</b>	<b>48,765</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>421,586</b>	<b>5,686,918</b>	<b>309,942</b>	<b>2,097,169</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 487,350</b>	<b>\$ 6,443,847</b>	<b>\$ 325,567</b>	<b>\$ 2,145,934</b>

<b>Special Revenue Funds</b>					
<u>Revolving</u>	<u>Recreation Revolving</u>	<u>Other</u>	<u>Sub-total</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 13,962	\$ 1,482,112	\$ -	\$ 1,482,112
-	-	-	925,020	-	925,020
31,719	-	2,854,526	5,878,831	-	5,878,831
4,994,522	1,438,062	35,523	6,468,412	-	6,468,412
-	-	-	1,201,441	-	1,201,441
624,941	-	1,168,942	1,796,383	-	1,796,383
-	-	-	54,216	95,545	149,761
<u>5,651,182</u>	<u>1,438,062</u>	<u>4,072,953</u>	<u>17,806,415</u>	<u>95,545</u>	<u>17,901,960</u>
52,344	-	46,091	98,435	14,117	112,552
997,796	-	12,411	1,096,079	-	1,096,079
3,286,831	-	3,702,278	10,954,519	-	10,954,519
316,970	-	33,469	350,439	-	350,439
109,595	-	62,306	225,671	-	225,671
47,827	1,340,526	141,821	1,569,742	12,001	1,581,743
-	-	229,462	229,462	-	229,462
-	-	-	832,610	-	832,610
-	-	-	187,011	-	187,011
<u>4,811,363</u>	<u>1,340,526</u>	<u>4,227,838</u>	<u>15,543,968</u>	<u>26,118</u>	<u>15,570,086</u>
839,819	97,536	(154,885)	2,262,447	69,427	2,331,874
(163,667)	(68,503)	(7,000)	(832,064)	(1,016,242)	(1,848,306)
676,152	29,033	(161,885)	1,430,383	(946,815)	483,568
<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>
<u>\$ 3,699,841</u>	<u>\$ 400,082</u>	<u>\$ 2,072,120</u>	<u>\$ 15,574,741</u>	<u>\$ 1,394,496</u>	<u>\$ 16,969,237</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.

***Fleet 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.

***Unemployment Fund*** – This fund is used to account for required unemployment benefits of former Town employees.

***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, 2017

	Network Information Services	Fleet Maintenance	Health Insurance	Unemployment	Worker's Compensation	Total Internal Service Funds
<b>ASSETS</b>						
<b>CURRENT:</b>						
Cash and cash equivalents.....	\$ 32,910	\$ 159,471	\$ 776,819	\$ 332,707	\$ -	\$ 1,301,907
Investments.....	-	-	-	389,183	1,413,223	1,802,406
Receivables, net of allowance for uncollectibles:						
Departmental and other.....	-	-	8,760	-	-	8,760
<b>TOTAL ASSETS.....</b>	<b>32,910</b>	<b>159,471</b>	<b>785,579</b>	<b>721,890</b>	<b>1,413,223</b>	<b>3,113,073</b>
<b>LIABILITIES</b>						
<b>CURRENT:</b>						
Warrants payable.....	28,017	54,575	-	-	-	82,592
Accrued payroll.....	18,114	8,507	360,659	-	3,102	390,382
Workers' compensation.....	-	-	-	-	226,000	226,000
<b>Total current liabilities.....</b>	<b>46,131</b>	<b>63,082</b>	<b>360,659</b>	<b>-</b>	<b>229,102</b>	<b>698,974</b>
<b>NONCURRENT:</b>						
Workers' compensation.....	-	-	-	-	209,000	209,000
<b>TOTAL LIABILITIES.....</b>	<b>46,131</b>	<b>63,082</b>	<b>360,659</b>	<b>-</b>	<b>438,102</b>	<b>907,974</b>
<b>NET POSITION</b>						
Unrestricted.....	\$ (13,221)	\$ 96,389	\$ 424,920	\$ 721,890	\$ 975,121	\$ 2,205,099

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

YEAR ENDED JUNE 30, 2017

	Network Information Services	Fleet Maintenance	Health Insurance	Unemployment	Worker's Compensation	Total Internal Service Funds
<b>OPERATING REVENUES:</b>						
Employee contributions .....	\$ -	\$ -	\$ 8,576,205	\$ -	\$ -	\$ 8,576,205
Charges for services .....	1,138,625	1,416,897	14,389,504	150,000	540,000	17,635,026
<b>TOTAL OPERATING REVENUES .....</b>	<b>1,138,625</b>	<b>1,416,897</b>	<b>22,965,709</b>	<b>150,000</b>	<b>540,000</b>	<b>26,211,231</b>
<b>OPERATING EXPENSES:</b>						
Supplies and services.....	1,214,654	1,459,843	22,921,212	39,685	442,167	26,077,561
<b>OPERATING INCOME (LOSS).....</b>	<b>(76,029)</b>	<b>(42,946)</b>	<b>44,497</b>	<b>110,315</b>	<b>97,833</b>	<b>133,670</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Investment income.....	-	-	19,400	1,538	(14,737)	6,201
<b>INCOME (LOSS) BEFORE TRANSFERS.....</b>	<b>(76,029)</b>	<b>(42,946)</b>	<b>63,897</b>	<b>111,853</b>	<b>83,096</b>	<b>139,871</b>
<b>TRANSFERS:</b>						
Transfers in.....	-	-	-	610,037	406,205	1,016,242
<b>CHANGE IN NET POSITION.....</b>	<b>(76,029)</b>	<b>(42,946)</b>	<b>63,897</b>	<b>721,890</b>	<b>489,301</b>	<b>1,156,113</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>62,808</b>	<b>139,335</b>	<b>361,023</b>	<b>-</b>	<b>485,820</b>	<b>1,048,986</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ (13,221)</b>	<b>\$ 96,389</b>	<b>\$ 424,920</b>	<b>\$ 721,890</b>	<b>\$ 975,121</b>	<b>\$ 2,205,099</b>

**INTERNAL SERVICE FUNDS**  
COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2017

	Network Information Services	Fleet Maintenance	Health Insurance	Unemployment	Worker's Compensation	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers and users.....	\$ -	\$ -	\$ 8,567,445	\$ -	\$ -	\$ 8,567,445
Receipts from interfund services provided.....	1,147,167	1,416,897	14,389,504	150,000	540,000	17,643,568
Payments to employees.....	-	-	-	-	(371,065)	(371,065)
Payments for interfund services used.....	(1,228,077)	(1,408,087)	(22,862,539)	(39,685)	-	(25,538,388)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>(80,910)</b>	<b>8,810</b>	<b>94,410</b>	<b>110,315</b>	<b>168,935</b>	<b>301,560</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Transfers in.....	-	-	-	610,037	406,205	1,016,242
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Proceeds from sales and maturities of investments.....	-	-	-	-	652,606	652,606
Purchase of investments.....	-	-	-	(389,183)	(1,413,223)	(1,802,406)
Investment income.....	-	-	19,400	1,538	(14,737)	6,201
<b>NET CASH FROM INVESTING ACTIVITIES.....</b>	<b>-</b>	<b>-</b>	<b>19,400</b>	<b>(387,645)</b>	<b>(775,354)</b>	<b>(1,143,599)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>(80,910)</b>	<b>8,810</b>	<b>113,810</b>	<b>332,707</b>	<b>(200,214)</b>	<b>174,203</b>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	113,820	150,661	663,009	-	200,214	1,127,704
<b>CASH AND CASH EQUIVALENTS, END OF YEAR.....</b>	<b>\$ 32,910</b>	<b>\$ 159,471</b>	<b>\$ 776,819</b>	<b>\$ 332,707</b>	<b>\$ -</b>	<b>\$ 1,301,907</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>						
Operating income (loss).....	\$ (76,029)	\$ (42,946)	\$ 44,497	\$ 110,315	\$ 97,833	\$ 133,670
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Changes in assets and liabilities:						
Departmental and other.....	8,542	-	(8,760)	-	-	(218)
Warrants payable.....	(14,336)	54,575	-	-	-	40,239
Accrued payroll.....	913	(2,819)	58,673	-	3,102	59,869
Workers' compensation.....	-	-	-	-	68,000	68,000
Total adjustments.....	(4,881)	51,756	49,913	-	71,102	167,890
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ (80,910)</b>	<b>\$ 8,810</b>	<b>\$ 94,410</b>	<b>\$ 110,315</b>	<b>\$ 168,935</b>	<b>\$ 301,560</b>

# ***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, 2017

	Agency Accounts <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Agency Accounts <u>June 30, 2017</u>
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 2,001,364	\$ 569,717	\$ (1,598,536)	\$ 972,545
<b>LIABILITIES</b>				
Liabilities due depositors.....	\$ 2,001,364	\$ 569,717	\$ (1,598,536)	\$ 972,545

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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.



**A marker to commemorate the Fuller Brook restoration and improvement effort.**

Town of Wellesley, Massachusetts  
Comprehensive Annual Financial Report  
For the year ended June 30, 2017

# ***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**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
Net investment in capital assets.....	\$ 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	\$ 155,132,937
Restricted.....	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	10,236,030
Unrestricted.....	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)	1,184,140
<b>Total governmental activities net position.....</b>	<b>\$ 128,801,296</b>	<b>\$ 135,519,795</b>	<b>\$ 146,429,743</b>	<b>\$ 171,754,734</b>	<b>\$ 185,445,155</b>	<b>\$ 190,076,348</b>	<b>\$ 149,433,838</b>	<b>\$ 150,487,961</b>	<b>\$ 159,264,419</b>	<b>\$ 166,553,107</b>
<b>Business-type activities</b>										
Net investment in capital assets.....	\$ 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	\$ 87,359,541
Restricted.....	-	-	-	-	2,458,152	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Unrestricted.....	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	14,358,854
<b>Total business-type activities net position.....</b>	<b>\$ 85,526,852</b>	<b>\$ 84,186,730</b>	<b>\$ 85,610,114</b>	<b>\$ 89,937,655</b>	<b>\$ 95,551,408</b>	<b>\$ 98,885,113</b>	<b>\$ 92,749,497</b>	<b>\$ 94,512,332</b>	<b>\$ 100,386,986</b>	<b>\$ 103,718,395</b>
<b>Primary government</b>										
Net investment in capital assets.....	\$ 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	\$ 242,492,478
Restricted.....	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	12,236,030
Unrestricted.....	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	15,542,994
<b>Total primary government net position.....</b>	<b>\$ 214,328,148</b>	<b>\$ 219,706,525</b>	<b>\$ 232,039,857</b>	<b>\$ 261,692,389</b>	<b>\$ 280,996,563</b>	<b>\$ 288,961,461</b>	<b>\$ 242,183,335</b>	<b>\$ 245,000,293</b>	<b>\$ 259,651,405</b>	<b>\$ 270,271,502</b>

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**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government.....	\$ 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	\$ 16,205,151
Public safety.....	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	20,521,304
Public education.....	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	119,673,348
Public works.....	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	11,143,939
Health and human services.....	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	2,368,943
Library.....	3,588,760	3,662,740	3,317,361	3,639,739	3,907,255	3,853,620	4,004,455	4,004,455	4,509,513	4,641,770
Recreation.....	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	3,661,184
Traffic and parking management.....	391,994	371,662	580,125	523,460	541,165	598,789	659,832	659,832	761,292	832,610
Community preservation.....	61,876	166,752	129,981	669,739	789,270	105,345	19,992	19,992	75,855	187,011
Interest.....	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	4,830,418
<b>Total government activities expenses.....</b>	<b>119,588,898</b>	<b>124,198,830</b>	<b>130,846,883</b>	<b>136,371,184</b>	<b>149,175,545</b>	<b>151,196,578</b>	<b>157,862,235</b>	<b>157,862,235</b>	<b>173,689,969</b>	<b>184,065,678</b>
Business-type activities:										
Sewer.....	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	7,401,548
Water.....	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	6,082,300
Electric.....	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	33,277,921
<b>Total business-type activities expenses.....</b>	<b>41,327,896</b>	<b>44,829,666</b>	<b>43,762,584</b>	<b>42,167,041</b>	<b>41,079,114</b>	<b>43,242,337</b>	<b>45,794,985</b>	<b>45,794,985</b>	<b>44,559,425</b>	<b>46,761,769</b>
<b>Total primary government expenses.....</b>	<b>\$ 160,916,794</b>	<b>\$ 169,028,496</b>	<b>\$ 174,609,467</b>	<b>\$ 178,538,225</b>	<b>\$ 190,254,659</b>	<b>\$ 194,438,915</b>	<b>\$ 203,657,220</b>	<b>\$ 203,657,220</b>	<b>\$ 218,249,394</b>	<b>\$ 230,827,447</b>
<b>Program Revenues</b>										
Governmental activities:										
Education charges for services.....	\$ 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	\$ 4,868,667
Public safety charges for services.....	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	3,852,917
Other charges for services.....	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	4,804,745
Education operating grants and contributions.....	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	30,971,700
Other operating grants and contributions.....	1,437,244	823,882	906,100	1,306,643	973,067	1,391,765	1,083,745	1,083,745	1,368,563	872,209
Education capital grant and contributions.....	-	940,950	5,047,729	16,833,405	13,255,854	-	-	-	1,174,029	3,020,319
Other capital grant and contributions.....	2,012,223	947,869	919,854	1,048,294	258,148	2,345,265	990,827	990,827	2,446,151	1,028,260
<b>Total government activities program revenues.....</b>	<b>30,675,243</b>	<b>32,192,319</b>	<b>38,067,992</b>	<b>52,658,913</b>	<b>48,863,536</b>	<b>37,758,052</b>	<b>38,830,800</b>	<b>38,830,800</b>	<b>44,004,632</b>	<b>49,418,817</b>
Business-type activities:										
Electric light charges for services.....	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	34,592,292
Sewer and water charges for services.....	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	15,837,178
Electric light capital grant and contributions.....	709,035	667,821	757,381	1,110,888	550,447	441,013	602,671	602,671	1,636,744	663,708
Other capital grant and contributions.....	241,187	72,287	263,475	188,010	117,567	-	-	-	228,337	-
<b>Total business-type activities program revenues.....</b>	<b>43,414,129</b>	<b>44,489,544</b>	<b>46,185,968</b>	<b>48,358,240</b>	<b>47,692,867</b>	<b>47,576,042</b>	<b>48,249,942</b>	<b>48,249,942</b>	<b>51,434,079</b>	<b>51,093,178</b>
<b>Total primary government program revenues.....</b>	<b>\$ 74,089,372</b>	<b>\$ 76,681,863</b>	<b>\$ 84,253,960</b>	<b>\$ 101,017,153</b>	<b>\$ 96,556,403</b>	<b>\$ 85,334,094</b>	<b>\$ 87,080,742</b>	<b>\$ 87,080,742</b>	<b>\$ 95,438,711</b>	<b>\$ 100,511,995</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities.....	\$ (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)	\$ (134,646,861)
Business-type activities.....	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	4,331,409
<b>Total primary government net expense.....</b>	<b>\$ (86,827,422)</b>	<b>\$ (92,346,633)</b>	<b>\$ (90,355,507)</b>	<b>\$ (77,521,072)</b>	<b>\$ (93,698,256)</b>	<b>\$ (109,104,821)</b>	<b>\$ (116,576,478)</b>	<b>\$ (116,576,478)</b>	<b>\$ (122,810,683)</b>	<b>\$ (130,315,452)</b>
<b>General Revenues and other Changes in Net Position</b>										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 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	\$ 131,146,331
Community preservation tax.....	761,549	805,247	844,254	897,294	944,740	982,069	1,019,365	1,019,365	1,153,629	1,201,441
Motor vehicle and other excise taxes.....	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	5,265,624
Meals tax.....	-	-	135,661	473,820	510,083	527,124	547,618	583,551	620,369	637,046
Nonrestricted grants, contributions, and other.....	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	2,102,798
Unrestricted investment income.....	2,190,464	1,206,334	1,801,769	738,342	469,826	342,128	297,426	297,426	627,934	582,309
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
<b>Total governmental activities.....</b>	<b>96,642,289</b>	<b>98,725,010</b>	<b>103,824,500</b>	<b>109,037,262</b>	<b>114,002,430</b>	<b>118,069,719</b>	<b>121,763,570</b>	<b>121,799,503</b>	<b>138,461,795</b>	<b>141,935,549</b>
Business-type activities:										
Unrestricted investment income.....	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)
<b>Total business type activities.....</b>	<b>(982,402)</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>
<b>Total primary government.....</b>	<b>\$ 95,659,887</b>	<b>\$ 97,725,010</b>	<b>\$ 102,824,500</b>	<b>\$ 108,037,262</b>	<b>\$ 113,002,430</b>	<b>\$ 117,069,719</b>	<b>\$ 120,763,570</b>	<b>\$ 120,799,503</b>	<b>\$ 137,461,795</b>	<b>\$ 140,935,549</b>
<b>Changes in Net Position</b>										
Governmental activities.....	\$ 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	\$ 7,288,688
Business-type activities.....	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	3,331,409
<b>Total primary government.....</b>	<b>\$ 8,832,465</b>	<b>\$ 5,378,377</b>	<b>\$ 12,468,993</b>	<b>\$ 30,516,190</b>	<b>\$ 19,304,174</b>	<b>\$ 7,964,898</b>	<b>\$ 4,187,092</b>	<b>\$ 4,223,025</b>	<b>\$ 14,651,112</b>	<b>\$ 10,620,097</b>

Note: The Town established a Meals Tax in 2010.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Reserved.....	\$ 2,298,533	\$ 4,201,344	\$ 5,003,837	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	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	3,950,943
Assigned.....	-	-	-	1,204,575	993,682	3,633,780	5,169,365	3,726,971	3,834,068	5,949,459
Unassigned.....	-	-	-	15,961,930	18,632,699	15,342,967	15,230,000	14,521,699	18,092,104	18,566,100
<b>Total general fund.....</b>	<b>\$ 15,886,681</b>	<b>\$ 16,645,253</b>	<b>\$ 17,370,611</b>	<b>\$ 21,745,966</b>	<b>\$ 21,732,481</b>	<b>\$ 21,762,495</b>	<b>\$ 22,336,248</b>	<b>\$ 22,489,005</b>	<b>\$ 24,916,472</b>	<b>\$ 28,466,502</b>
<b>All Other Governmental Funds</b>										
Reserved.....	\$ 220,421	\$ 210,612	\$ 210,612	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	13,888,098	14,656,232	16,874,079	-	-	-	-	-	-	-
Capital projects funds.....	6,433,306	16,535,624	30,983,269	-	-	-	-	-	-	-
Permanent funds.....	2,446,689	2,089,342	1,985,854	-	-	-	-	-	-	-
Nonspendable.....	-	-	-	210,612	210,612	210,612	357,953	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	20,707,687
Unassigned.....	-	-	-	-	-	(41,158)	(807,356)	-	-	-
<b>Total all other governmental funds.....</b>	<b>\$ 22,988,514</b>	<b>\$ 33,491,810</b>	<b>\$ 50,053,814</b>	<b>\$ 43,495,570</b>	<b>\$ 24,460,440</b>	<b>\$ 21,321,026</b>	<b>\$ 17,798,858</b>	<b>\$ 34,986,556</b>	<b>\$ 30,094,547</b>	<b>\$ 21,065,640</b>

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."

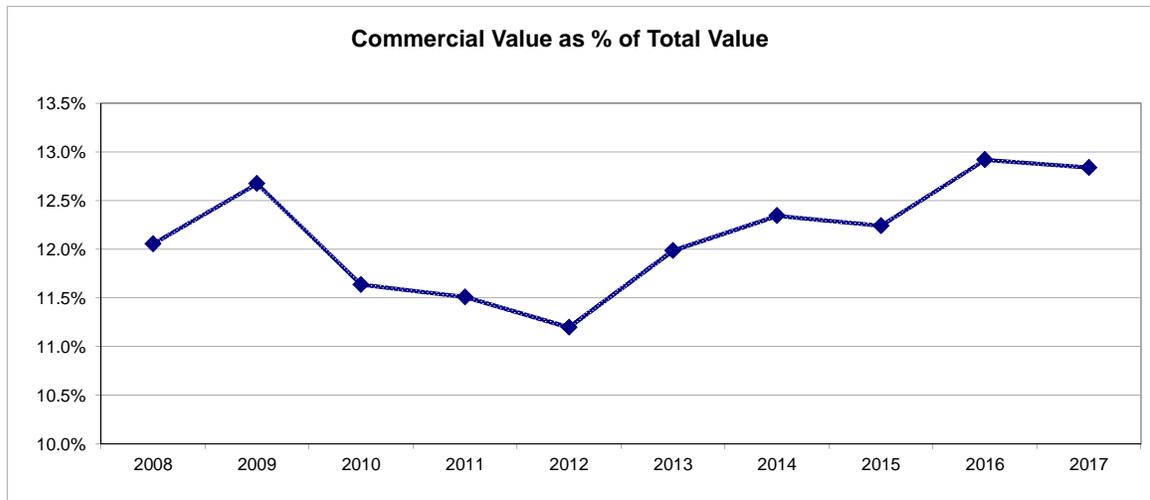
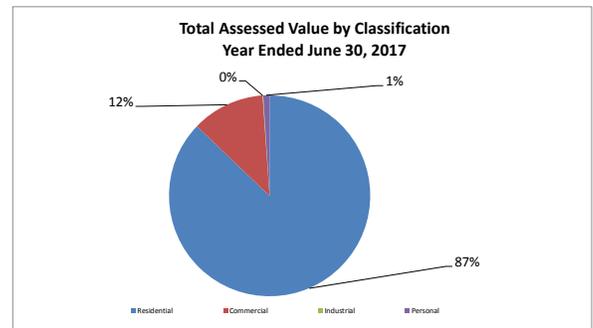
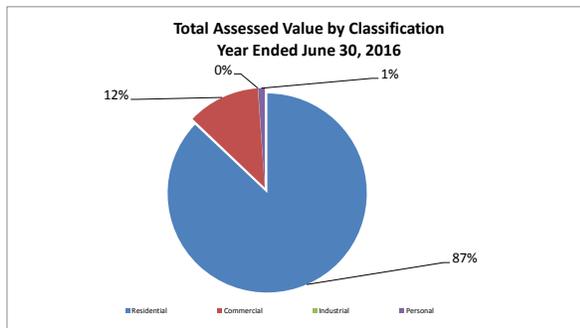
**Changes in Fund Balances, Governmental Funds  
Last Ten Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 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	\$ 131,692,216
Motor vehicle and other excise taxes.....	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	5,544,062
Meals tax.....	-	-	135,661	473,820	510,083	527,124	547,618	583,551	620,369	637,046
Community preservation tax.....	761,549	805,247	844,254	897,294	944,740	982,069	1,019,365	1,084,562	1,153,629	1,201,441
Charges for service.....	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	1,482,112
Intergovernmental.....	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	36,376,415
Departmental and other.....	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	14,967,860
<b>Total Revenue.....</b>	<b>124,419,341</b>	<b>129,899,835</b>	<b>142,378,652</b>	<b>161,046,279</b>	<b>162,477,225</b>	<b>155,249,435</b>	<b>160,195,966</b>	<b>164,227,305</b>	<b>183,060,249</b>	<b>191,901,152</b>
<b>Expenditures:</b>										
General government.....	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	12,803,406
Public safety.....	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	12,602,926
Education.....	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	79,160,007
Public works.....	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	7,909,141
Health and human services.....	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	1,620,968
Recreation.....	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	2,300,930
Library.....	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	2,734,755
Teachers pension benefits - state funded.....	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	16,440,703
Town pension.....	-	-	900,540	1,714,065	2,647,015	3,226,373	5,024,893	5,952,739	6,161,639	6,408,377
Employee benefits and insurances.....	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	20,188,388
Capital outlay.....	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	22,588,576
Community preservation.....	61,876	166,752	129,981	669,739	789,270	105,345	19,993	35,941	75,855	187,011
State and county charges.....	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	1,230,199
Other.....	391,994	371,662	580,125	523,460	541,165	598,789	659,832	651,374	761,292	832,610
Debt service.....										
Principal.....	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	11,380,000
Interest.....	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	5,227,790
<b>Total Expenditures.....</b>	<b>129,519,470</b>	<b>141,284,265</b>	<b>161,818,374</b>	<b>187,186,312</b>	<b>182,548,975</b>	<b>164,856,667</b>	<b>163,596,763</b>	<b>215,384,039</b>	<b>193,444,791</b>	<b>203,615,787</b>
Excess (Deficiency) of revenues over (under) expenditures.....	(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)	(11,714,635)
<b>Other Financing Sources (Uses)</b>										
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	5,860,000
Premium from issuance of bonds.....	226,758	521,321	727,174	347,144	23,135	1,344,535	-	1,973,541	1,612,743	392,000
Payments to refunded bond escrow agent.....	-	-	-	-	-	(6,351,703)	-	(4,274,541)	(11,738,443)	-
Transfers in.....	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	1,852,893
Transfers out.....	(4,098,569)	(1,432,932)	(625,962)	(596,641)	(4,135,568)	(1,512,416)	(538,218)	(8,839,156)	(4,923,635)	(1,869,135)
<b>Total other financing sources (uses).....</b>	<b>18,174,220</b>	<b>20,552,321</b>	<b>36,727,180</b>	<b>23,957,144</b>	<b>1,023,135</b>	<b>6,497,832</b>	<b>1,000,000</b>	<b>68,497,189</b>	<b>7,920,000</b>	<b>6,235,758</b>
<b>Net change in fund balance.....</b>	<b>\$ 13,074,091</b>	<b>\$ 9,167,891</b>	<b>\$ 17,287,458</b>	<b>\$ (2,182,889)</b>	<b>\$ (19,048,615)</b>	<b>\$ (3,109,400)</b>	<b>\$ (2,948,415)</b>	<b>\$ 17,340,455</b>	<b>\$ (2,464,542)</b>	<b>\$ (5,478,877)</b>
Debt service as a percentage of noncapital expenditures.....	6.74%	7.25%	8.21%	9.57%	9.49%	10.08%	8.04%	7.48%	9.67%	9.17%

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
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
2017	\$9,721,777,000	11.79	87.16%	\$1,309,028,000	\$7,801,000	\$115,324,400	\$1,432,153,400	11.79	12.84%	\$11,153,930,400



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	2017			2008		
		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	\$ 206,333,000	1	1.85%	\$ 160,733,000	2	1.75%
Haynes Management	Office Buildings/Real Estate	179,861,000	2	1.61%	161,725,000	1	1.76%
Federal Realty FR Linden Square*	Retail/Real Estate	125,379,000	3	1.12%	66,562,000	6	0.73%
Sun Life Assurance	Insurance and Financial Services	114,815,000	4	1.03%	97,944,000	3	1.07%
Wellesley College	Higher Education	87,213,000	5	0.78%	69,349,000	5	0.76%
Wellesley Gateway	Real Estate	84,797,000	6	0.76%	N/A	N/A	N/A
Waterstone	Senior Living	36,500,000	7	0.33%	N/A	N/A	N/A
Newton Wellesley Executive Office Park	Office Buildings	34,039,000	8	0.31%	31,529,000	8	0.34%
Hunnewell Family	Residential	33,192,000	9	0.30%	35,361,000	7	0.39%
Boston Gas Company	Gas Line	28,251,000	10	0.25%	N/A	N/A	N/A
Harvard Pilgrim	Office Buildings	N/A	N/A	N/A	71,820,000	4	0.78%
GPT Realty	Residential	N/A	N/A	N/A	27,015,000	9	0.29%
Grignaffini & Sons	Real Estate Development	N/A	N/A	N/A	20,313,000	10	0.22%
<b>Totals</b>		<u>\$ 930,380,000</u>		<u>8.34%</u>	<u>\$ 742,351,000</u>		<u>8.09%</u>

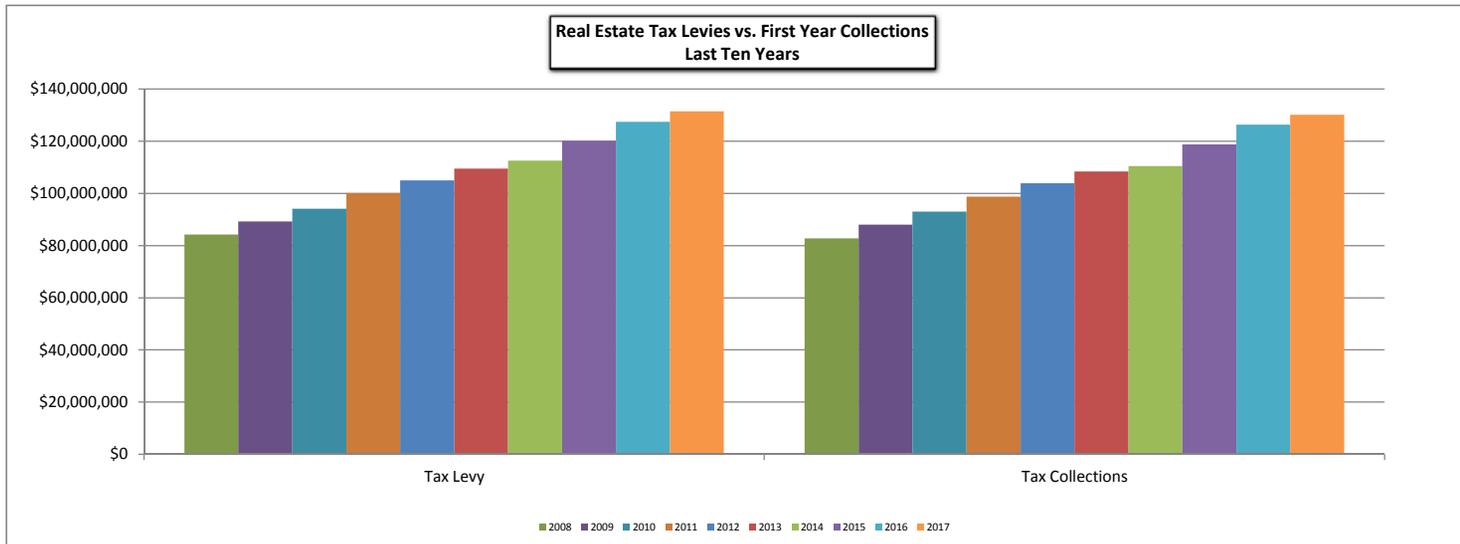
Source: Board of Assessors

\* = 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
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%
2017	\$131,504,839	\$436,914	\$131,067,925	\$130,108,550	99.3%	\$381,838	\$130,490,388	99.56%



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
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	\$75,347,321	\$2,766	4.29%	0.80%
2010	27,412	\$1,801,851,784	\$8,981,931,000	\$102,997,184	\$3,757	5.72%	1.15%
2011	27,982	\$1,876,105,536	\$8,761,624,100	\$116,457,400	\$4,162	6.21%	1.33%
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	\$148,129,507	\$5,294	7.35%	1.43%
2016	27,982	\$2,007,232,806	\$10,774,478,700	\$142,800,780	\$5,103	7.11%	1.33%
2017	27,982	\$2,058,875,872	\$11,153,930,400	\$137,232,552	\$4,904	6.67%	1.23%

Year	Business-Type Activities (2)	Total Primary Government			
	General Obligation Bonds	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2008	\$3,498,856	\$66,053,856	\$2,448	3.87%	0.72%
2009	\$9,502,203	\$84,849,524	\$3,114	4.83%	0.90%
2010	\$8,805,739	\$111,802,923	\$4,079	6.20%	1.24%
2011	\$8,214,419	\$124,671,819	\$4,455	6.65%	1.42%
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	\$6,987,483	\$97,841,273	\$3,497	4.90%	1.00%
2015	\$6,198,628	\$154,328,135	\$5,515	7.66%	1.49%
2016	\$5,997,705	\$148,798,485	\$5,318	7.41%	1.38%
2017	\$5,281,787	\$142,514,339	\$5,093	6.92%	1.28%

(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, 2017**

<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.....	\$ 14,213,000	8.61%	\$ 1,223,739
Town direct debt.....	<u>137,232,552</u>		<u>-</u>
Total direct and overlapping debt.....	\$ <u>151,445,552</u>		\$ <u>1,223,739</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 FY17 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>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>	<u>2017</u>
Equalized Valuation.....	<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>	<u>\$ 11,749,686,900</u>
Debt Limit -5% of Equalized Valuation.....	\$ 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	\$ 587,484,345
Less:										
Outstanding debt applicable to limit.....	\$ 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	\$ 137,232,552
Authorized and unissued debt.....	<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>	<u>13,856,229</u>
Legal debt margin.....	<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>	<u>\$ 436,395,564</u>
Total debt applicable to the limit as a percentage of debt limit.....	17.88%	33.94%	29.27%	28.00%	27.15%	24.56%	25.72%	31.10%	26.75%	25.72%

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

**Demographic and Economic Statistics  
Last Ten Years**

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
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%
2017	27,982	\$2,065,519,312	\$73,816	38.2	4,917	2.90%

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	2017			2008		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Sun Life Assurance	Insurance Company	1,123	1	8.30%	1,850	1	13.67%
Wellesley College	Higher Education	1,100	2	8.13%	1,500	2	11.08%
Babson College	Higher Education	1,033	3	7.63%	800	3	5.91%
Harvard Pilgrim Health Care	Insurance Company	450	4	3.33%	490	4	3.62%
Harvard Vanguard Medical Associates	Healthcare	332	5	2.45%	300	5	2.22%
Wellesley Country Club	Private Recreation Club	299	6	2.21%	N/A	N/A	N/A
Mass Bay Community College	Higher Education	281	7	2.08%	250	7	1.85%
Roche Brothers	Grocery	269	8	1.99%	250	6	1.85%
Dana Hall School	Private School	256	9	1.89%	250	8	1.85%
Whole Foods	Grocery	249	10	1.84%	107	10	0.79%
Watson Wyatt Worldwide	Actuary	N/A	N/A	N/A	200	9	1.48%
		<u>5,392</u>		<u>39.85%</u>	<u>5,997</u>		<u>44.30%</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**

<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General Government										
New home building permits.....	58	50	53	33	61	71	67	69	69	79
Facilities maintenance work orders.....	unavailable	unavailable	unavailable	unavailable	unavailable	1,353	1,254	1,371	1,102	1,006
Police										
Physical arrests.....	173	185	256	234	190	190	199	206	167	169
Motor vehicle violations.....	7,373	8,359	8,106	7,541	7,524	6,984	8,596	8,460	7,681	6,723
Police personnel and officers.....	54	56	57	57	56	56	57	58	58	59
Fire										
Inspections.....	2,118	1,871	2,013	1,864	2,076	2,160	2,024	2,469	2,222	1,967
Emergency responses.....	4,041	3,943	4,022	3,894	3,924	3,881	3,924	4,140	4,233	4,221
Fire personnel and officers.....	57	57	57	58	55	55	58	57	57	58
Education										
Number of public school students.....	4,678	4,799	4,868	4,892	4,986	4,857	4,940	4,970	4,923	4,917
Health and human services										
Number of vaccinations.....	1,489	2,039	5,585	1,716	1,162	942	771	680	669	946
Reported Disease Investigations.....	77	175	81	82	120	173	188	197	174	283
Library										
Volumes in circulation.....	605,900	644,277	667,173	672,094	730,474	741,704	758,179	743,337	739,316	760,434
eBook Collection (1).....	unavailable	unavailable	3,640	3,640	8,649	15,816	20,334	66,894	171,292	85,824
Reference Questions Answered.....	unavailable	unavailable	64,680	64,680	102,432	93,024	96,876	110,256	86,184	106,089
Recreation										
Total program revenue.....	\$1,260,132	\$989,018	\$909,217	\$963,609	\$1,002,059	\$914,214	\$1,061,929	\$1,060,831	\$1,205,072	\$1,369,561
Programs Ran.....	unavailable	unavailable	unavailable	unavailable	unavailable	541	530	605	610	702
Program Participants.....	unavailable	unavailable	unavailable	unavailable	unavailable	10,343	7,592	6,920	9,551	7,267
Morses Pond Attendance.....	19,625	16,627	16,404	27,736	36,260	41,782	17,893	24,170	24,263	28,387
Traffic and parking management										
Total parking revenue.....	\$587,919	\$522,861	\$634,513	\$647,623	\$784,911	\$882,648	\$835,971	\$832,488	\$905,227	\$881,374
Meters Repaired.....	unavailable	659	302	unavailable						
Sewer										
Number of accounts.....	8,156	8,156	8,190	8,125	8,126	8,122	8,130	8,093	8,181	8,129
Feet rodded/flushed.....	353,698	256,083	297,780	305,337	398,951	275,776	327,635	293,000	254,755	303,770
Water										
Consumption in gallons (millions).....	968	841	780	871	847	864	1,036	919	942	973
Daily consumption (millions).....	2.65	2.31	2.14	2.39	2.21	2.11	2.84	2.52	2.57	3.00
Electric										
Total kilowatt hour sales.....	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	240,208,941
Municipal kilowatt hour usage.....	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	11,626,264
Streetlight kilowatt hour usage.....	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	1,880,192

Source: Various Town Departments

(1) The eBook collection is lower in 2017 as a result of a vendor changing contracts to reduce the number of available titles and increase the quality of selection.

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

	<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>	<u>2017</u>
Function										
General government.....	47	60	60	53	53	71	71	72	74	78
Public safety.....	123	121	121	121	121	121	121	122	122	124
School Custodians.....	35	35	35	35	35	40	40	40	40	40
* Public education.....	700	691	724	742	744	749	773	804	804	811
Public works.....	93	88	88	87	88	88	88	89	89	87
Health and human services.....	5	5	5	6	6	5	5	5	5	5
Library.....	32	34	34	34	34	33	34	34	34	34
Recreation.....	7	5	5	7	7	5	5	5	5	5
Water/Sewer.....	28	27	27	25	28	28	29	29	29	29
Electric light.....	35	36	35	34	32	32	33	33	32	32
Total .....	<u>1,105</u>	<u>1,102</u>	<u>1,134</u>	<u>1,144</u>	<u>1,148</u>	<u>1,172</u>	<u>1,199</u>	<u>1,233</u>	<u>1,234</u>	<u>1,245</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**

<b><u>Function/Program</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
General Government										
Number of buildings.....	3	4	4	4	4	4	4	4	4	5
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	2	2	2	2	2	2	2	2	2	2
Education										
Number of elementary schools.....	7	7	7	7	7	7	7	7	7	7
Number of preschools.....	1	1	1	1	1	1	1	1	1	1
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets to maintain (miles).....	110	110	110	110	110	110	110	110	110	110
Sidewalks to maintain (miles).....	118	118	118	118	118	118	118	118	118	118
Library										
Buildings.....	3	3	3	3	3	3	3	3	3	3
Recreation										
Park and playground (acreage).....	365	365	365	365	365	365	365	365	365	365
Feet of public beach front.....	660	660	660	660	660	660	660	660	660	660
Public beaches.....	1	1	1	1	1	1	1	1	1	1
Tennis courts.....	16	16	16	16	16	16	16	16	16	16

Source: Various Town Departments

## Free Cash and Stabilization Fund Balances

### Last Ten Years

<u>Year</u>	<u>Free Cash</u>	<u>Stabilization Funds</u>	
		<u>General</u>	<u>Special Purpose</u>
2017.....	\$ 12,129,416	\$ 3,274,957	\$ 1,233,274
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	-

Source: Town Records

Note: New Special Purpose added in FY14



**A clear cold day on one of Wellesley's ponds.**