

Minutes December 3, 2012  
Town of Wayland  
Audit Committee

Date: December 3, 2012

Time of Meeting : 7:00 PM

Place of Meeting: Wayland Town Building, Council on Aging Conference Room

Members Present- Tony Boschetto, Gordon Cliff, Ben Downs, Chris Riley and Chris Cullen

1. Call to order
  - a. The meeting was called to order at 7:00 PM by Chris Riley
2. Assign Minute Taker
  - a. Tony Boschetto
3. Public Comment- none, public comment was further deferred until after discussion with Auditor.
4. Review/discuss/Amend/approve minutes from October 30,2012
  - a. The committee accepted and approved the minutes as drafted 5-0
5. Review Audit and Management Letter with Auditor Melanson Heath
  - a. Scott McIntire and Alina Korsak from Melanson, Heath and Company presented information.
  - b. Draft Management Report, Annual Financial Statements and support schedules were presented and incorporated by reference.
  - c. Overall statement that Audit went well and that books and records of the Town are in good working order. Transaction testing was done in the spring with substantive audit work done in Fall.
  - d. No substantial audit entries.
  - e. The only significant assumptions on the financial statements are the actuarial assumptions with respect to OPEB.
  - f. Major changes from prior year include the impact of the School building project and the decrease of unassigned fund balance by use of free cash.
  - g. Mike DiPietro's departure was after the engagement and had no impact.
  - h. Question about providing comparative financial statements was discussed and M&H indicated that some towns include a CAFR report as part of their financial statements that provide further comprehensive comparative analysis and something we can consider. Approx 20-25 communities currently provide this detail. Some comparative analysis provided on page 5 and 6.
  - i. A substantive review of all information in the Audited Financial Statement, Management report and related schedules was performed and the following follow up actions items recommended.

- i. Please include information provided on handout and further clarity on changes in unassigned fund balance in the MDA section of report.
  - ii. On page 43 and 44 please provide similar and comparative details for the 2011 fund balances.
  - iii. On page 20- budget to actual- please provide further breakout of detail in transfer from other funds \$1,333.625.
  - iv. On page 20 – please provide reconciliation of income and expenses used on page 20 with the revenue and expenses reported on page 18 statement of revenue, expenditures and changes in fund balances.
  - v. On page 20- please provide further breakout of detail in the unclassified amount as available.
  - vi. On page 24 and 25- OPEB
  - vii. Please provide a clear reconciliation and explanation of actual fund balance \$9.5M vs. Net OPEB Asset on page 46.- \$4.7m
  - viii. Maintain the current gross up of the contribution and benefits paid however, please provide proper disclosure of how actual contributions are being made.
  - ix. Further, the contributions should reconcile with between page 25 and 46.
  - x. Please provide any further details and clarity on benefits paid as available.
  - xi. Please coordinate with Segal group on any further reconciliations they are performing for Board of Selectman and Finance Comm. and reflect data as necessary in report.
  - xii. On page 21- unrestricted fund balance in Proprietary funds. Please provide further necessary disclosures as to the nature of funds, availability of use and source as reasonable.
  - xiii. Please correct the footnote disclosure which indicates that 100% of health premiums are paid by Employees.
  - xiv. Health Insurance Expense- Please review email from BOS and Finance Comm. and provide necessary management recommendation to properly segregate employer and employee holding accounts within the Munis account system and proper reconciliation of Employee liabilities.
  - xv. Provide any breakout of details on Health Insurance between Health, Dental, OPEB on page 18.
- j. M&H indicated they would have responses and adjusted reports within 1-2 weeks.

6. Public Comment was resumed

- a. Mr. Jay Sherry had question about appropriate authorization of fund transfers and spending. Discussion followed around best practice and Town of Wayland is consistent with other towns. However, mgmt recommendation does include suggestions for enhanced policies on

Formalizing a Fund Balance Policy which could include further clarity on authorization.

- b. Ms. Molly Upton asked for any clarity on the water fund reporting as compared to budget. Details was discussed with no recommended changes.
7. Discussion on School Comm. Audit and follow up.
  - a. The Committee agreed that Chris Riley would follow up with Powers and Sullivan and offer our assistance in accordance with BOS recommendation item c) "support and assist...audit firm in responding to questions and gathering documents necessary to complete their review of certain school accounts as outlined in the scope of services/"
8. Discuss Individual committee meetings members public opinion (written or oral) disclaimer.
  - a. Ben Downs presented analysis of other boards and committees for review.
  - b. After initial discussion it was recommended that Ben draft proposed guidelines using language from the BOS code of conduct for further discussion at next meeting.
9. Next Meeting Agenda
  - a. Given need for follow up with Auditors it was suggested that Chris Riley reach out to BOS to defer presentation of Final audit report to date after December 10.
  - b. Next Meeting to be scheduled at date to be determined after receipt of new information from M&H, with likely dates between December 10-18, preferably before December 14.
    - i. Review revised Audit and Management Letter with Auditor Melanson Heath
    - ii. Discuss policy on committee members public communication.
    - iii. Update on School Audit
10. Meeting Adjourned at 10:30

#### Documents

1. Draft Annual Financial Statements
2. Draft Management Letter
3. Munis Reconciliation
4. Notes from Ben Downs on communication policies.

**TOWN OF WAYLAND, MASSACHUSETTS**

**Annual Financial Statements**

**For the Year Ended June 30, 2012**

**DRAFT**

## TABLE OF CONTENTS

	<u>PAGE</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3
<b>BASIC FINANCIAL STATEMENTS:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Assets	14
Statement of Activities	15
<b>Fund Financial Statements:</b>	
<b>Governmental Funds:</b>	
Balance Sheet	16
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities in the Statement of Net Assets	17
Statement of Revenues, Expenditures, and Changes in Fund Balances	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues and Other Sources, and Expenditures and Other Uses - Budget and Actual - General Fund	20
<b>Proprietary Funds:</b>	
Statement of Net Assets	21
Statement of Revenues, Expenses, and Changes in Fund Net Assets	22
Statement of Cash Flows	23
<b>Fiduciary Funds:</b>	
Statement of Fiduciary Net Assets	24
Statement of Changes in Fiduciary Net Assets	25
<b>Notes to Financial Statements</b>	26
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Schedule of Funding Progress	50

## INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen  
Town of Wayland, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wayland, Massachusetts, as of and for the year ended June 30, 2012, which collectively comprises the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Wayland's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wayland, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have issued our report dated \_\_\_\_\_, 2012 on our consideration of the Town of Wayland's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other post-employment benefits schedule of funding progress 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 evidence sufficient to express an opinion or provide any assurance.

Andover, Massachusetts  
2012

DRAFT

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Town of Wayland, we offer readers this narrative overview and analysis of the financial activities of the Town of Wayland for the fiscal year ended June 30, 2012. **Unless otherwise noted, all amounts are expressed in thousands.**

### **A. OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes 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, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities include water and wastewater activities.

**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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds 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 financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term 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.

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds.** Proprietary funds are maintained as follows:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Specifically, enterprise funds are used to account for water and wastewater operations.

Proprietary funds provide the same type of information as the business-type activities reported in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and wastewater operations, both of which are considered to be major funds.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the 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.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

**B. FINANCIAL HIGHLIGHTS**

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$ 117,237 (i.e., net assets), a change of \$ 16,558 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$ 41,705, a change of \$ (14,639) in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 7,997 a change of \$ (6,095) in comparison with the prior year.
- Total bonds payable at the close of the current fiscal year was \$ 74,430, a change of \$ (3,860) in comparison to the prior year.

**C. GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 52,570	\$ 69,319	\$ 7,336	\$ 9,883	\$ 59,906	\$ 79,202
Capital assets	121,523	97,924	19,083	15,689	140,606	113,613
Total assets	<u>174,093</u>	<u>167,243</u>	<u>26,419</u>	<u>25,572</u>	<u>200,512</u>	<u>192,815</u>
Long-term liabilities outstanding	61,886	65,953	15,744	16,268	77,630	82,221
Other liabilities	5,355	9,518	290	399	5,645	9,917
Total liabilities	<u>67,241</u>	<u>75,471</u>	<u>16,034</u>	<u>16,667</u>	<u>83,275</u>	<u>92,138</u>
Net assets:						
Invested in capital assets, net	66,934	52,617	4,287	3,464	71,221	56,081
Restricted	17,455	15,793	-	-	17,455	15,793
Unrestricted	22,463	23,363	6,098	5,442	28,561	28,805
Total net assets	<u>\$ 106,852</u>	<u>\$ 91,773</u>	<u>\$ 10,385</u>	<u>\$ 8,906</u>	<u>\$ 117,237</u>	<u>\$ 100,679</u>

**CHANGES IN NET ASSETS**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 8,814	\$ 7,728	\$ 4,421	\$ 4,260	\$ 13,235	\$ 11,988
Operating grants and contributions	9,808	9,952	-	-	9,808	9,952
<b>General revenues:</b>						
Property taxes	56,211	56,879	-	-	56,211	56,879
Excises	1,992	1,989	-	-	1,992	1,989
Grants and contributions not restricted to specific programs	16,866	13,071	-	-	16,866	13,071
Investment income	363	831	17	25	380	856
Other	141	76	-	-	141	76
<b>Total revenues</b>	<b>94,195</b>	<b>90,526</b>	<b>4,438</b>	<b>4,285</b>	<b>98,633</b>	<b>94,811</b>
<b>Expenses:</b>						
General government	4,275	4,300	-	-	4,275	4,300
Public safety	6,246	6,061	-	-	6,246	6,061
Education	48,546	45,904	-	-	48,546	45,904
Public works	2,682	3,087	-	-	2,682	3,087
Sanitation	115	279	-	-	115	279
Health and human services	1,146	1,090	-	-	1,146	1,090
Culture and recreation	2,652	2,585	-	-	2,652	2,585
Intergovernmental	192	186	-	-	192	186
Employee benefits	10,491	10,045	-	-	10,491	10,045
Interest on long-term debt	2,261	1,789	-	-	2,261	1,789
Water	-	-	2,970	3,054	2,970	3,054
Sewer	-	-	499	258	499	258
<b>Total expenses</b>	<b>78,606</b>	<b>75,326</b>	<b>3,469</b>	<b>3,312</b>	<b>82,075</b>	<b>78,638</b>
Change in net assets before transfers	15,589	15,200	969	973	16,558	16,173
Transfers in (out)	(510)	-	510	-	-	-
<b>Change in net assets</b>	<b>15,079</b>	<b>15,200</b>	<b>1,479</b>	<b>973</b>	<b>16,558</b>	<b>16,173</b>
Net assets - beginning of year	91,773	76,573	8,906	7,933	100,679	84,506
<b>Net assets - end of year</b>	<b>\$ 106,852</b>	<b>\$ 91,773</b>	<b>\$ 10,385</b>	<b>\$ 8,906</b>	<b>\$ 117,237</b>	<b>\$ 100,679</b>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

The largest portion of net assets \$ 71,221 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used 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 net assets \$ 17,455 represents resources that are subject to external restrictions on how they may be used.

The remaining balance of net assets represents unrestricted net assets of \$ 28,561, which may be used to meet the government's ongoing obligations to citizens and creditors.

**Governmental activities.** Governmental activities for the year resulted in a change in net assets of \$ 15,080. Key elements of this change are as follows:

General fund revenues over expenditures	\$ (1,267)
Special revenue and permanent fund revenues over expenditures	662
Capital project transfers and intergovernmental revenues used for capital assets	14,241
Change in net OPEB asset	1,479
Other	(35)
<b>Total</b>	<b>\$ 15,080</b>

**Business-type activities.** Business-type activities for the year resulted in a change in net assets of \$ 1,479. Key elements of this change are as follows:

Water operations	\$ 1,636
Sewer operations	(157)
<b>Total</b>	<b>\$ 1,479</b>

**D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources.

Such information is useful in assessing financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$ 41,705, a change of \$ (14,639) in comparison to the prior year. Key elements of this change are as follows:

General fund revenues over expenditures	\$ (1,267)
Premium on issuance of bonds	68
Transfer from general fund to water fund	(510)
CPA fund revenues over expenditures	778
Special revenue and permanent fund revenues over expenditures	662
Deficiency of current year bond proceeds and intergovernmental revenues over current year capital expenditures	<u>(14,370)</u>
Total	<u>\$ (14,639)</u>

The Town implemented *Governmental Accounting Standards Board Statement #54 Fund Balance Reporting and Governmental Fund Type Definitions*. In general, amounts previously reported as undesignated fund balance, are now reported as unassigned fund balance. Full definitions of all fund balance classifications can be found in the notes to the financial statements. Additionally, amounts previously reported in stabilization funds, are now required to be presented as committed fund balance in the general fund.

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$ 7,997, while total fund balance was \$ 20,413. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/12</u>	<u>6/30/11</u>	<u>Change</u>	<u>Balance % of Total General Fund Expenditures 6/30/12</u>
Restricted	\$ 1,380	\$ 1,505	\$ (125)	2%
Committed	2,111	2,375	(264)	3%
Assigned	8,923	4,976	3,947	12%
Unassigned	<u>7,998</u>	<u>14,092</u>	<u>(6,094)</u>	11%
Total fund balance	<u>\$ 20,412</u>	<u>\$ 22,948</u>	<u>\$ (2,536)</u>	28%

The total fund balance of the general fund changed by \$ (2,536) during the current fiscal year. Key factors in this change are as follows:

Use of free cash as a funding source	\$ (7,035)
Use of reserved fund balances	(155)
Revenues in excess of budget	170
Other financing sources in excess of budget	931
Expenditures less than budget	3,254
Other	<u>299</u>
Total	<u>\$ (2,536)</u>

**Proprietary funds.** Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net assets of the enterprise funds at the end of the year amounted to \$ 6,098, a change of \$ 656 in comparison with the prior year.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

#### **E. GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$ 982, which was primarily due to the \$ 725 transfer out for the DPW/design article. \$ 270 was for an article to redevelop the old septage site; \$ 30 was for an article for school revolving fund audit.

Even though State aid, motor vehicle excise, and payoff of some tax title accounts with penalties exceeded the budgeted revenues, overall revenues only exceeded budget by \$ 170.

#### **F. CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** Total investment in capital assets for governmental and business-type activities at year-end amounted to \$ 140,606 (net of accumulated depreciation), a change of \$ 26,993 from the prior year. This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

- High School renovation of \$ 24,639.
- Highway infrastructure improvements of \$ 237.
- Highway vehicles and equipment of \$ 765.
- Town building improvements of \$ 387.

- School technology equipment of \$ 306.
- Beach house of \$ 447.
- Route 27 and 30 intersection water system upgrade of \$ 490.
- Wastewater plant improvements of \$ 464.

Additional information on capital assets can be found in the Notes to the Financial Statements.

**Change in credit rating.** During the fiscal year, the Moody Investor Services has affirmed the Town's Aaa rating.

**Long-term debt.** At the end of the current fiscal year, total bonded debt outstanding was \$ 74,430, all of which was backed by the full faith and credit of the government.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

**G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

(Leave two pages)

DRAFT

DRAFT



DRAFT

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Wayland's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town Administrator  
Town of Wayland  
41 Cochituate Road  
Wayland, Massachusetts 01778

**DRAFT**

TOWN OF WAYLAND, MASSACHUSETTS

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current:			
Cash and short-term investments	\$ 30,474,669	\$ 5,701,303	\$ 36,175,972
Investments	15,080,254	-	15,080,254
Receivables, net of allowance for uncollectibles:			
Property taxes	752,602	-	752,602
Excises	76,696	-	76,696
User fees	-	1,634,987	1,634,987
Assessments	108,177	-	108,177
Departmental and other	195,776	-	195,776
Total current assets	<u>46,688,174</u>	<u>7,336,290</u>	<u>54,024,464</u>
Noncurrent:			
Property taxes	1,107,714	-	1,107,714
Net OPEB asset	4,774,123	-	4,774,123
Capital assets:			
Nondepreciable capital assets	23,326,333	-	23,326,333
Other capital assets, net of accumulated depreciation	98,196,563	19,082,812	117,279,375
Total noncurrent assets	<u>127,404,733</u>	<u>19,082,812</u>	<u>146,487,545</u>
<b>TOTAL ASSETS</b>	<u>174,092,907</u>	<u>26,419,102</u>	<u>200,512,009</u>
<b>LIABILITIES</b>			
Current:			
Accounts payable	2,393,460	112,328	2,505,788
Accrued liabilities	1,014,229	139,900	1,154,129
Accrued payroll and withholdings	774,928	5,371	780,299
Guaranteed deposits payable	800,102	-	800,102
Other liabilities	372,048	-	372,048
Current portion of long-term liabilities:			
Bonds and loans payable	5,382,097	1,091,886	6,473,983
Other liabilities	341,404	32,851	374,255
Total current liabilities	<u>11,078,268</u>	<u>1,382,336</u>	<u>12,460,604</u>
Noncurrent:			
Bonds and loans payable, net of current portion	55,006,973	14,652,000	69,658,973
Other liabilities, net of current portion	1,155,190	-	1,155,190
Total noncurrent liabilities	<u>56,162,163</u>	<u>14,652,000</u>	<u>70,814,163</u>
<b>TOTAL LIABILITIES</b>	<u>67,240,431</u>	<u>16,034,336</u>	<u>83,274,767</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	66,933,642	4,287,180	71,220,822
Restricted for:			
Grants and by enabling legislation	14,684,213	-	14,684,213
Permanent fund:			
Nonspendable	1,144,272	-	1,144,272
Spendable	1,626,407	-	1,626,407
Unrestricted	22,463,942	6,097,586	28,561,528
<b>TOTAL NET ASSETS</b>	<u>\$ 106,852,476</u>	<u>\$ 10,384,766</u>	<u>\$ 117,237,242</u>

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental Activities:</b>							
General government	\$ 4,275,223	\$ 1,229,604	\$ 405,087	\$ -	\$ (2,640,532)	\$ -	\$ (2,640,532)
Public safety	6,246,651	1,612,365	14,622	-	(4,619,664)	-	(4,619,664)
Education	48,546,684	4,354,230	9,187,355	-	(35,005,099)	-	(35,005,099)
Public works	2,681,988	536,424	89,946	-	(2,055,618)	-	(2,055,618)
Sanitation	114,618	-	-	-	(114,618)	-	(114,618)
Health and human services	1,145,762	231,989	19,069	-	(894,704)	-	(894,704)
Culture and recreation	2,651,804	849,872	92,401	-	(1,709,531)	-	(1,709,531)
Intergovernmental	191,501	-	-	-	(191,501)	-	(191,501)
Employee benefits	10,491,313	-	-	-	(10,491,313)	-	(10,491,313)
Interest	2,260,818	-	-	-	(2,260,818)	-	(2,260,818)
Total Governmental Activities	78,606,362	8,814,484	9,808,480	-	(59,983,398)	-	(59,983,398)
<b>Business-Type Activities:</b>							
Water services	2,970,350	4,096,357	-	-	-	1,126,007	1,126,007
Wastewater services	498,707	324,512	-	-	-	(174,195)	(174,195)
Total Business-Type Activities	3,469,057	4,420,869	-	-	-	951,812	951,812
Total	\$ 82,075,419	\$ 13,235,353	\$ 9,808,480	\$ -	(59,983,398)	951,812	(59,031,586)
<b>General Revenues:</b>							
Property taxes					56,210,914	-	56,210,914
Excise taxes					1,992,464	-	1,992,464
Grants and contributions not restricted to specific programs					16,866,244	-	16,866,244
Investment income					362,492	16,887	379,379
Other					141,249	-	141,249
Transfers, net					(510,000)	510,000	-
Total general revenues and transfers					75,063,363	526,887	75,590,250
Change in Net Assets					15,079,965	1,478,699	16,558,664
<b>Net Assets:</b>							
Beginning of year					91,772,511	8,906,067	100,678,578
End of year					\$ 106,852,476	\$ 10,384,766	\$ 117,237,242

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2012

	<u>General</u>	<u>Community Preservation Fund</u>	<u>High School Renovation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and short-term investments	\$ 7,716,749	\$ 8,248,877	\$ 1,339,451	\$ 13,169,592	\$ 30,474,669
Investments	15,080,254	-	-	-	15,080,254
Receivables:					
Property taxes	2,059,173	8,251	-	-	2,067,424
Excises	129,108	-	-	-	129,108
Assessments	67,223	-	-	40,954	108,177
Departmental and other	250	-	-	209,905	210,155
<b>TOTAL ASSETS</b>	<b><u>\$ 25,052,757</u></b>	<b><u>\$ 8,257,128</u></b>	<b><u>\$ 1,339,451</u></b>	<b><u>\$ 13,420,451</u></b>	<b><u>\$ 48,069,787</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Warrants and accounts payable	\$ 937,763	\$ 50,432	\$ 1,066,766	\$ 338,495	\$ 2,393,456
Accrued payroll and withholdings	765,259	-	-	9,670	774,929
Deferred revenues	2,137,071	8,251	-	250,859	2,396,181
Guaranteed deposits payable	800,102	-	-	-	800,102
<b>TOTAL LIABILITIES</b>	<b>4,640,195</b>	<b>58,683</b>	<b>1,066,766</b>	<b>599,024</b>	<b>6,364,668</b>
Fund Balances:					
Nonspendable	-	-	-	1,144,272	1,144,272
Restricted	1,380,195	8,198,445	272,685	11,677,155	21,528,480
Committed	2,111,293	-	-	-	2,111,293
Assigned	8,923,173	-	-	-	8,923,173
Unassigned	7,997,901	-	-	-	7,997,901
<b>TOTAL FUND BALANCES</b>	<b><u>20,412,562</u></b>	<b><u>8,198,445</u></b>	<b><u>272,685</u></b>	<b><u>12,821,427</u></b>	<b><u>41,705,119</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 25,052,757</u></b>	<b><u>\$ 8,257,128</u></b>	<b><u>\$ 1,339,451</u></b>	<b><u>\$ 13,420,451</u></b>	<b><u>\$ 48,069,787</u></b>

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND  
BALANCES TO NET ASSETS OF GOVERNMENTAL  
ACTIVITIES IN THE STATEMENT OF NET ASSETS

JUNE 30, 2012

<b>Total governmental fund balances</b>	\$ 41,705,119
<ul style="list-style-type: none"> <li>• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. <span style="float: right;">121,522,896</span></li> <li>• Net Other Post Employment Benefits asset is reported on the statement of net assets, and not reported in the funds. <span style="float: right;">4,774,123</span></li> <li>• Revenues are reported on the accrual basis of accounting and are not deferred until collection. <span style="float: right;">2,122,279</span></li> <li>• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <span style="float: right;">(1,014,229)</span></li> <li>• Other liabilities, that are not considered liabilities in the funds. <span style="float: right;">(372,048)</span></li> <li>• Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</li> </ul>	
Bonds payable	(58,686,028)
Unamortized debt premium	(1,703,042)
Landfill liability	(356,341)
Compensated absences liability	<u>(1,140,253)</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 106,852,476</u></b>

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2012

	General	Community Preservation Fund	High School Renovation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 55,300,572	\$ 676,027	\$ -	\$ -	\$ 55,976,599
Excise taxes	2,011,745	-	-	-	2,011,745
Licenses and permits	769,814	-	-	-	769,814
Intergovernmental	11,629,964	183,029	11,686,335	3,100,181	26,599,509
Charges for services	711,437	-	-	6,948,979	7,660,416
Investment income	227,192	22,372	-	112,928	362,492
Fines and forfeitures	80,303	-	-	-	80,303
Contributions	-	-	-	75,215	75,215
Total Revenues	<u>70,731,027</u>	<u>881,428</u>	<u>11,686,335</u>	<u>10,237,303</u>	<u>93,536,093</u>
<b>Expenditures:</b>					
Current:					
General government	3,401,469	102,475	-	610,912	4,114,856
Public safety	5,551,068	-	-	284,618	5,835,686
Education	38,548,104	-	-	7,108,652	45,656,756
Public works	1,550,224	-	-	447,225	1,997,449
Sanitation	30,233	-	-	-	30,233
Health and human services	1,076,901	-	-	68,860	1,145,761
Culture and recreation	1,947,750	1,000	-	485,626	2,434,376
Employee benefits	11,970,590	-	-	-	11,970,590
Intergovernmental	191,501	-	-	-	191,501
Debt service:					
Principal	5,329,750	-	-	16,476	5,346,226
Interest	2,400,720	-	-	-	2,400,720
Capital outlay	-	-	24,638,946	3,979,642	28,618,588
Total Expenditures	<u>71,998,310</u>	<u>103,475</u>	<u>24,638,946</u>	<u>13,002,011</u>	<u>109,742,742</u>
Excess (deficiency) of revenues over expenditures	(1,267,283)	777,953	(12,952,611)	(2,764,708)	(16,206,649)
<b>Other Financing Sources (Uses):</b>					
Issuance of bonds	-	-	-	2,010,000	2,010,000
Premium	67,203	-	-	-	67,203
Transfers in	1,223,636	-	-	826,364	2,050,000
Transfers out	(2,560,000)	-	-	-	(2,560,000)
Total Other Financing Sources (Uses)	<u>(1,269,161)</u>	<u>-</u>	<u>-</u>	<u>2,836,364</u>	<u>1,567,203</u>
Net change in fund balances	(2,536,444)	777,953	(12,952,611)	71,656	(14,639,446)
Fund Balances, at Beginning of Year	<u>22,949,006</u>	<u>7,420,492</u>	<u>13,225,296</u>	<u>12,749,771</u>	<u>56,344,565</u>
Fund Balances, at End of Year	<u>\$ 20,412,562</u>	<u>\$ 8,198,445</u>	<u>\$ 272,685</u>	<u>\$ 12,821,427</u>	<u>\$ 41,705,119</u>

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS  
 RECONCILIATION OF THE STATEMENT OF REVENUES  
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2012

**NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS**                    \$ (14,639,446)

- 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:

Capital outlay purchases, net of disposals	27,983,484
Depreciation	(4,384,723)

- Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.

518,986

- Change in net OPEB asset

1,479,277

- 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:

Repayments of debt	5,346,226
Issuance of bonds	(2,010,000)
Deferred debt amortization	74,045

- In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.

139,902

- Change in other liabilities

(84,385)

- 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.

Compensated absences	21,495
Landfill	635,104

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES**                    \$ 15,079,965

See notes to financial statements.



TOWN OF WAYLAND, MASSACHUSETTS

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES  
AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
<b>Revenues</b>				
Property Taxes, net	\$ 59,167,646	\$ 54,307,752	\$ 54,307,752	\$ -
Intergovernmental	4,237,177	4,368,986	4,475,640	106,654
Motor Vehicle & Other Excise Tax	1,980,000	2,125,000	2,170,691	45,691
Penalties & Interest	140,000	140,000	205,125	65,125
In-Lieu Payments	30,000	30,000	33,348	3,348
Departmental Fees & Charges	700,000	850,000	712,195	(137,805)
Licenses & Permits	450,000	725,000	769,814	44,814
Special Assessments	5,000	5,000	10,725	5,725
Fines & Forfeits	40,000	50,000	89,603	39,603
Investment Income	150,000	225,000	222,344	(2,656)
<b>Total Revenues</b>	<b>66,899,823</b>	<b>62,826,738</b>	<b>62,997,237</b>	<b>170,499</b>
<b>Expenditures</b>				
Current:				
General government	3,817,457	4,207,155	3,612,165	594,990
Public safety	5,501,159	5,776,928	5,558,237	218,691
Education	31,376,713	32,089,953	31,414,947	675,006
Public works	1,765,699	1,797,294	1,676,647	120,647
Health and human services	1,071,897	1,115,094	1,080,823	34,271
Culture & recreation	1,870,439	1,882,938	1,893,152	(10,214)
State & county assessments	302,549	229,464	191,501	37,963
Debt service	7,776,459	7,776,459	7,730,470	45,989
Pension	3,420,633	3,420,633	3,420,633	-
Unclassified	10,657,000	9,520,587	7,983,857	1,536,730
<b>Total Expenditures</b>	<b>67,560,005</b>	<b>67,816,505</b>	<b>64,562,432</b>	<b>3,254,073</b>
<b>Other Financing Sources (Uses)</b>				
Use of free cash	2,010,000	7,035,000	-	(7,035,000)
Use of reserved fund balance	-	29,585	-	(29,585)
Use of bond premium	125,182	125,182	-	(125,182)
Bond premium	-	-	67,203	67,203
Transfers from other funds	360,000	360,000	1,223,636	863,636
Transfers to other funds	(1,835,000)	(2,560,000)	(2,560,000)	-
<b>Total Other Financing Sources(Uses)</b>	<b>660,182</b>	<b>4,989,767</b>	<b>(1,269,161)</b>	<b>(6,258,928)</b>
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ (2,834,356)	\$ (2,834,356)

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Business-Type Activities Enterprise Funds		
	Water Fund	Wastewater Fund	Total
<b><u>ASSETS</u></b>			
Current:			
Cash and short-term investments	\$ 4,482,302	\$ 1,219,001	\$ 5,701,303
User fees receivable	<u>1,294,144</u>	<u>340,843</u>	<u>1,634,987</u>
Total current assets	5,776,446	1,559,844	7,336,290
Noncurrent:			
Capital assets:			
Other capital assets, net of accumulated depreciation	<u>14,028,424</u>	<u>5,054,388</u>	<u>19,082,812</u>
Total noncurrent assets	<u>14,028,424</u>	<u>5,054,388</u>	<u>19,082,812</u>
<b>TOTAL ASSETS</b>	<u>19,804,870</u>	<u>6,614,232</u>	<u>26,419,102</u>
<b><u>LIABILITIES</u></b>			
Current:			
Accounts payable	107,448	4,878	112,326
Accrued liabilities	139,902	-	139,902
Accrued payroll	5,371	-	5,371
Current portion of long-term liabilities:			
Bonds and loans payable	848,250	243,636	1,091,886
Compensated absences	<u>32,851</u>	<u>-</u>	<u>32,851</u>
Total current liabilities	1,133,822	248,514	1,382,336
Noncurrent:			
Bonds and loans payable, net of current portion	<u>9,294,000</u>	<u>5,358,000</u>	<u>14,652,000</u>
Total noncurrent liabilities	<u>9,294,000</u>	<u>5,358,000</u>	<u>14,652,000</u>
<b>TOTAL LIABILITIES</b>	10,427,822	5,606,514	16,034,336
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	4,180,057	107,123	4,287,180
Unrestricted	<u>5,196,991</u>	<u>900,595</u>	<u>6,097,586</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 9,377,048</u>	<u>\$ 1,007,718</u>	<u>\$ 10,384,766</u>

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities Enterprise Funds		
	Water Fund	Wastewater Fund	Total
<b>Operating Revenues:</b>			
Charges for services	\$ 4,096,357	\$ 324,512	\$ 4,420,869
Total Operating Revenues	4,096,357	324,512	4,420,869
<b>Operating Expenses:</b>			
Personal services	939,141	-	939,141
Nonpersonnel	1,186,097	147,330	1,333,427
Depreciation	463,726	136,460	600,186
Total Operating Expenses	2,588,964	283,790	2,872,754
Operating Income	1,507,393	40,722	1,548,115
<b>Nonoperating Revenues (Expenses):</b>			
Investment income	-	16,887	16,887
Interest expense	(381,386)	(214,917)	(596,303)
Total Nonoperating Revenues (Expenses), Net	(381,386)	(198,030)	(579,416)
Income Before Transfers	1,126,007	(157,308)	968,699
Transfers in	510,000	-	510,000
Change in Net Assets	1,636,007	(157,308)	1,478,699
Net Assets at Beginning of Year	7,741,041	1,165,026	8,906,067
Net Assets at End of Year	\$ 9,377,048	\$ 1,007,718	\$ 10,384,766

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities Enterprise Funds		
	Water Fund	Wastewater Fund	Total
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers and users	\$ 3,426,887	\$ 285,818	\$ 3,712,705
Payments of employee salaries, benefits, and related expenses	(938,267)	-	(938,267)
Payments to vendors	<u>(1,133,669)</u>	<u>(300,900)</u>	<u>(1,434,569)</u>
Net Cash Provided By Operating Activities	1,354,951	(15,082)	1,339,869
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(749,194)	(3,244,946)	(3,994,140)
Transfers in from other funds	510,000	-	510,000
Proceeds from bonds	100,000	400,000	500,000
Principal payments on bonds	(825,250)	(198,518)	(1,023,768)
Interest expense	<u>(389,261)</u>	<u>(214,917)</u>	<u>(604,178)</u>
Net Cash (Used For) Capital and Related Financing Activities	(1,353,705)	(3,258,381)	(4,612,086)
<b>Cash Flows From Investing Activities:</b>			
Investment income	-	16,887	16,887
Net Cash Provided By Investing Activities	-	16,887	16,887
Net Change in Cash and Short-Term Investments	1,246	(3,256,576)	(3,255,330)
Cash and Short-Term Investments, Beginning of Year	<u>4,481,056</u>	<u>4,475,577</u>	<u>8,956,633</u>
Cash and Short-Term Investments, End of Year	<u>\$ 4,482,302</u>	<u>\$ 1,219,001</u>	<u>\$ 5,701,303</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating income	\$ 1,507,393	\$ 40,722	\$ 1,548,115
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	463,726	136,460	600,186
Changes in assets and liabilities:			
User fees receivables	(669,470)	(38,694)	(708,164)
Accounts payable	52,428	(153,570)	(101,142)
Accrued payroll	5,371	-	5,371
Compensated absences	<u>(4,497)</u>	<u>-</u>	<u>(4,497)</u>
Net Cash Provided By Operating Activities	<u>\$ 1,354,951</u>	<u>\$ (15,082)</u>	<u>\$ 1,339,869</u>

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2012

	Other Post- Employment Benefits Trust Fund	Agency Fund
<b><u>ASSETS</u></b>		
Cash and short-term investments	\$ 9,859,540	\$ 288,150
Total Assets	9,859,540	288,150
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Other liabilities		288,150
Total Liabilities	-	288,150
<b><u>NET ASSETS</u></b>		
Total net assets held in trust for other post employment benefits and other purposes	<u>\$ 9,859,540</u>	<u>\$ -</u>

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2012

	Other Post- Employment Benefits Trust Fund
<b>Additions:</b>	
Contributions	\$ 5,189,551
Investment Income:	42,795
Total additions	<u>5,232,346</u>
<b>Deductions:</b>	
Benefits	\$ <u>2,293,966</u>
Total deductions	<u>2,293,966</u>
Change in Net Assets	2,938,380
<b>Net assets:</b>	
Beginning of year	<u>6,921,160</u>
End of year	<u>\$ 9,859,540</u>

See notes to financial statements.

# TOWN OF WAYLAND, MASSACHUSETTS

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

The accounting policies of the Town of Wayland (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

#### A. Reporting Entity

The government is a municipal corporation governed by an elected Board of Selectmen. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2012, it was determined that no entities met the required GASB 39 criteria of component units.

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

##### Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given 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 (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

##### Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter 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.

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*, as is the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Community Preservation Fund* was adopted by the Town on April 24, 2001 by a state-wide act enabling legislation to allow Cities



and Towns to choose to create a new funding source that can be used to address three core community concerns:

- Acquisition and preservation of open space
  - Creation and support of affordable housing
  - Acquisition and preservation of historic buildings and landscapes
- The *High School Renovation Fund* accounts for capital improvements to the High School and related funding.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The government reports the following major proprietary funds:

- The *Wastewater Fund* is used to report the Town's wastewater enterprise fund operations.
- The *Water Fund* is used to report the Town's water enterprise fund operations.

#### D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

For purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

#### E. Investments

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Investments for the Trust Funds consist of marketable securities, bonds and short-term money market investments. Investments are carried at market value.

#### F. Property Tax Limitations

Legislation known as "Proposition 2½" has limited the amount of revenue that can be derived from property taxes. The prior fiscal year's tax levy limit is used as a base and cannot increase by more than 2.5 percent (excluding new growth), unless an override is voted. The actual fiscal year 2012 tax levy reflected an excess capacity of \$ 5,306,002.

#### G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (for enterprise funds only) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$ 5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Infrastructure	40
Vehicles	7
Equipment	7

**H. Compensated Absences**

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**I. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

**J. Fund Equity**

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net assets".

**Fund Balance** - Generally, fund balance represents the difference between the current assets and current liabilities. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The Town's fund balance classification policies and procedures are as follows:

- 1) Nonspendable funds represent the perpetual care trust principal, which can never be spent.
- 2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended. In the case of capital project funds, these funds are restricted for projects financed by bonds.
- 3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the government (i.e., the Town Meeting).
- 4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet paid for. This account also includes fund balance (free cash) voted to be used in the subsequent fiscal year.
- 5) Unassigned funds are available to be spent in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned and unassigned.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Permanent fund restricted net assets are segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions. All other net assets are reported as unrestricted.

#### K. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and

expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

*L. Change in Presentation*

The financial statement presentation for internal balances due to pooled cash (i.e. due to/from) has been changed to cash and short-term investments in the current year.

**2. Stewardship, Compliance, and Accountability**

*A. Budgetary Information*

At the annual town meeting, the Finance Committee presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by town meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special town meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Finance Committee is empowered to transfer funds from the Reserve Fund (a contingency appropriation) to a departmental appropriation. "Extraordinary" includes expenses which are not in the usual line, or are great or exceptional. "Unforeseen" includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted.

Departments are limited to the line items as voted. Certain items may exceed the line item budget as approved if it is for an emergency and for the safety of the general public. These items are limited by the Massachusetts General Laws and must be raised in the next year's tax rate.

Formal budgetary integration is employed as a management control device during the year for the General Fund. Effective budgetary control is achieved for all other funds through provisions of the Massachusetts General Laws.

At year-end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

*B. Budgetary Basis*

The general fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

C. Budget/GAAP Reconciliation

The budgetary data for the general fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison with budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP Basis)	\$ 70,731,027	\$ 71,998,310
Other financing sources/uses (GAAP Basis)	1,290,839	2,560,000
Subtotal (GAAP Basis)	72,021,866	74,558,310
Adjust tax revenue to accrual basis	(726,389)	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(1,045,901)
Add end of year appropriation carryforwards to expenditures	-	1,356,941
Reverse the effect of non- budgeted state contributions for police, fire, and teachers retirement	(7,002,553)	(7,002,553)
Reverse non-budgeted funds	(4,848)	(744,365)
Budgetary Basis	<u>\$ 64,288,076</u>	<u>\$ 67,122,432</u>

D. Deficit Fund Equity

The FY09 Substance Abuse Prevention, October 2011 Storm Reimbursement, and WPSF had deficits of \$ 37,677, \$ 29,744 and \$ 9,679, respectively, as of June 30, 2012, which will be eliminated through future inter-governmental and other reimbursement revenues.

### 3. Cash and Short-Term Investments

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the Town's deposits "in a bank or trust company or banking company to an amount not exceeding sixty percent of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." The Town does not have a deposit policy for custodial credit risk.

As of June 30, 2012, \$ 22,707,913 of the Town's bank balance of \$ 46,860,008 was exposed to custodial credit risk as uninsured or uncollateralized; \$ 5,185,068 of the uncollateralized amount was invested in the state pool.

### 4. Investments

#### A. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, Massachusetts General Law, Chapter 44, Section 55, limits the Town's investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSROs).

Presented below (in thousands) is the actual rating as of year-end for each investment of the Town. (All federal agency securities have an implied credit rating of AAA.):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year-end</u>			
			<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>
Federal agency securities	\$ 684	\$ -	\$ 684	\$ -	\$ -	\$ -
Certificates of deposits	8,098	8,098	-	-	-	-
Corporate bonds	30	-	-	-	30	-
Bond mutual funds	944	-	692	39	112	101
Mutual funds	3,866	3,866	-	-	-	-
Corporate equities	1,458	1,458	-	-	-	-
<b>Total investments</b>	<b>\$ 15,080</b>	<b>\$ 13,422</b>	<b>\$ 1,376</b>	<b>\$ 39</b>	<b>\$ 142</b>	<b>\$ 101</b>

**B. Custodial Credit Risk**

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town does not have policies for custodial credit risk.

**C. Concentration of Credit Risk**

The Town places no limit on the amount the Town may invest in any one issuer. Investment in any one issuer (other than U.S. Treasury securities and mutual funds) that represents 5% or more of total investments is the First Trade Union Bank certificates of deposit of \$ 8,098,313.

**D. 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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Exempt</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>
Debt-related Securities:					
Federal agency securities	\$ 684	\$ -	\$ -	\$ 578	\$ 106
Corporate bonds	30	-	-	30	-
Bond mutual funds	944	944	-	-	-
Total	<u>\$ 1,658</u>	<u>\$ 944</u>	<u>\$ -</u>	<u>\$ 608</u>	<u>\$ 106</u>

**E. Foreign Currency Risk**

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have policies for foreign currency risk.

**5. Taxes Receivable**

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by



the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on a quarterly basis and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year they relate to.

Fourteen days after the due date for the final tax bill for real estate taxes, a demand notice may be sent to the delinquent taxpayer. Fourteen days after the demand notice has been sent, the tax collector may proceed to file a lien against the delinquent taxpayers' property. The Town has an ultimate right to foreclose on property for unpaid taxes. Personal property taxes cannot be secured through the lien process.

Taxes receivable at June 30, 2012 consist of the following:

	Real Estate		
	2012	\$ 654,667	
	2011	57,776	
	2010	17,951	
		<hr/>	730,394
	Personal Property		
	2012	6,254	
	2011	3,555	
	2010	2,381	
	2009	1,767	
		<hr/>	13,957
	Community Preservation Act		8,251
	Tax Title		936,695
	Deferred Taxes		378,127
			<hr/>
	Total	\$	<u><u>2,067,424</u></u>

**6. Allowance for Doubtful Accounts**

The receivables reported in the accompanying entity-wide financial statements reflect the following estimated allowances for doubtful accounts:

	<u>Governmental</u>	<u>Business-Type</u>
Property taxes	\$ 207,108	\$ -
Excises	52,412	-
Ambulance	14,379	-
Utilities	-	161,895

**7. Interfund Transfers**

The following is an analysis of interfund transfers made in fiscal year 2012:

	<u>Transfers In</u>	<u>Transfers out</u>
<u>Governmental Funds:</u>		
General fund	\$ 1,223,636	\$ 2,560,000
Nonmajor governmental funds	826,364	-
<u>Enterprise Fund:</u>		
Water fund	<u>510,000</u>	<u>-</u>
Total	<u>\$ 2,560,000</u>	<u>\$ 2,560,000</u>

The transfers are used to move revenues from the fund that legislature or budget requires to expend them. Transfer into Water Fund from the General Fund represents a budgeted amount for water system upgrades at Route 27 and 30 intersection funded by the General Fund unassigned fund balance.

**8. Capital Assets**

Capital asset activity for the year ended June 30, 2012 was as follows (in thousands):



	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 105,016	\$ 26,043	\$ -	\$ 131,059
Machinery, equipment, and furnishings	9,222	908	(474)	9,656
Vehicles	5,610	543	-	6,153
Infrastructure	<u>6,030</u>	<u>489</u>	<u>-</u>	<u>6,519</u>
Total capital assets, being depreciated	125,878	27,983	(474)	153,387
Less accumulated depreciation for:				
Buildings and improvements	(34,857)	(2,990)	-	(37,847)
Machinery, equipment, and furnishings	(7,383)	(719)	474	(7,628)
Vehicles	(4,700)	(368)	-	(5,068)
Infrastructure	<u>(4,340)</u>	<u>(308)</u>	<u>-</u>	<u>(4,648)</u>
Total accumulated depreciation	<u>(51,280)</u>	<u>(4,385)</u>	<u>474</u>	<u>(55,191)</u>
Total capital assets, being depreciated, net	74,598	23,598	-	98,196
Capital assets, not being depreciated:				
Land	21,580	-	-	21,580
Collections	<u>1,746</u>	<u>-</u>	<u>-</u>	<u>1,746</u>
Total capital assets, not being depreciated	<u>23,326</u>	<u>-</u>	<u>-</u>	<u>23,326</u>
Governmental activities capital assets, net	<u>\$ 97,924</u>	<u>\$ 23,598</u>	<u>\$ -</u>	<u>\$ 121,522</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 830	\$ -	\$ -	\$ 830
Machinery, equipment, and furnishings	55	81	-	136
Vehicles	505	-	-	505
Infrastructure	<u>17,057</u>	<u>3,913</u>	<u>-</u>	<u>20,970</u>
Total capital assets, being depreciated	18,447	3,994	-	22,441
Less accumulated depreciation for:				
Buildings and improvements	(103)	(21)	-	(124)
Machinery, equipment, and furnishings	(28)	(23)	-	(51)
Vehicles	(371)	(32)	-	(403)
Infrastructure	<u>(2,256)</u>	<u>(524)</u>	<u>-</u>	<u>(2,780)</u>
Total accumulated depreciation	<u>(2,758)</u>	<u>(600)</u>	<u>-</u>	<u>(3,358)</u>
Business-type activities capital assets, net	<u>\$ 15,689</u>	<u>\$ 3,394</u>	<u>\$ -</u>	<u>\$ 19,083</u>

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

Governmental Activities:	
General government	\$ 181,862
Public safety	410,965
Education	2,889,928
Public works	684,540
Culture and recreation	<u>217,428</u>
Total depreciation expense - governmental activities	<u>\$ 4,384,723</u>

Business-Type Activities:	
Water	\$ 463,726
Wastewater	<u>136,460</u>
Total depreciation expense - business-type activities	<u>\$ 600,186</u>

**9. Warrants and Accounts Payable**

Warrants payable represent 2012 expenditures paid by July 15, 2012. Accounts payable represent additional 2012 expenditures paid after July 15, 2012.

**10. Deferred Revenue**

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

The balance of the General Fund *deferred revenues* account is equal to the total of all June 30, 2012 receivable balances, except real and personal property taxes that are accrued for subsequent 60-day collections.

**11. Long-Term Debt**

**A. General Obligation Bonds**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds currently outstanding are as follows:

<u>Governmental Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/12</u>
Buildings - Town	02/01/18	2.99-4.59%	\$ 4,883,200
Department Equipment	02/01/16	2.99-3.95%	1,305,911
Buildings - School	02/01/27	2.99-4.59%	5,496,299
School - Other	02/01/14	2.99-4.59%	1,499,090
Other - Various	02/01/25	2.99-4.69%	3,274,249
School - Buildings	02/01/36	3.40-4.54%	41,280,000
Other - Outside	02/01/19	3.95-4.25%	148,279
MWPAT Title V	07/02/25	0.00%	799,000
<b>Total Governmental Activities:</b>			<b>\$ 58,686,028</b>

<u>Business-Type Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/12</u>
Water	02/01/31	2.99-4.59%	\$ 10,142,250
MWPAT Wastewater	07/01/22	-	376,636
Wastewater Treatment Plant	02/01/31	3.95%	5,225,000
<b>Total Business-Type Activities:</b>			<b>\$ 15,743,886</b>

**B. Future Debt Service**

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2012 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 5,308,052	\$ 2,371,514	\$ 7,679,566
2014	4,714,948	2,212,958	6,927,906
2015	3,984,948	2,066,242	6,051,190
2016	3,564,759	1,921,968	5,486,727
2017	3,249,759	1,826,378	5,076,137
2018-2022	12,792,589	7,458,250	20,250,839
2023-2027	9,990,973	5,178,780	15,169,753
2028-2032	8,600,000	2,953,200	11,553,200
2033-2036	6,480,000	757,500	7,237,500
<b>Total</b>	<b>\$ 58,686,028</b>	<b>\$ 26,746,790</b>	<b>\$ 85,432,818</b>

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,091,886	\$ 606,297	\$ 1,698,183
2014	1,080,136	573,418	1,653,554
2015	1,020,136	537,953	1,558,089
2016	1,009,942	499,667	1,509,609
2017	999,942	466,821	1,466,763
2018-2022	4,796,844	1,768,722	6,565,566
2023-2027	3,960,000	897,081	4,857,081
2028-2031	1,785,000	190,513	1,975,513
Total	<u>\$ 15,743,886</u>	<u>\$ 5,540,472</u>	<u>\$ 21,284,358</u>

**C. Changes in General Long-Term Liabilities**

During the year ended June 30, 2012, the following changes occurred in long-term liabilities (in thousands):

	<u>Total Balance 7/1/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total Balance 6/30/12</u>	<u>Less Current Portion</u>	<u>Equals Long-Term Portion 6/30/12</u>
<b>Governmental Activities</b>						
Bonds payable	\$ 62,022	\$ 2,010	(5,346)	\$ 58,686	\$ (5,218)	\$ 53,468
Unamortized debt premium	1,777	-	(74)	1,703	(74)	1,629
Subtotal	63,799	2,010	(5,420)	60,389	(5,292)	55,097
<b>Other:</b>						
Landfill closure	991	-	(635)	356	(56)	300
Accrued employee benefits	1,162	-	(22)	1,140	(285)	855
Totals	<u>\$ 65,952</u>	<u>\$ 2,010</u>	<u>\$ (6,077)</u>	<u>\$ 61,885</u>	<u>\$ (5,633)</u>	<u>\$ 56,252</u>

	<u>Total Balance 7/1/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total Balance 6/30/12</u>	<u>Less Current Portion</u>	<u>Equals Long-Term Portion 6/30/12</u>
<b>Business-Type Activities</b>						
Bonds payable	\$ 16,268	\$ 500	(1,024)	\$ 15,744	\$ (1,092)	\$ 14,652
Accrued employee benefits	37	-	(4)	33	(33)	-
Totals	<u>\$ 16,305</u>	<u>\$ 500</u>	<u>\$ (1,028)</u>	<u>\$ 15,777</u>	<u>\$ (1,125)</u>	<u>\$ 14,652</u>

Compensated absences are repaid from the funds that the costs relate to, mostly general fund and also water fund.

**12. Landfill Closure and Postclosure Care Costs**

The Town's municipal solid waste landfill is closed. The Town is now working with the State Regulatory Agency (DEP) to cap the landfill. State and Federal laws and regulations require the Town to place a final cover on its landfill site after it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. On February 1, 2011, the Town borrowed \$ 850,000 to fund the expected costs of closure and monitoring and most of the proceeds were used in fiscal year 2012 for capping costs.

The \$ 356,341 reported as landfill closure and postclosure care liability at June 30, 2012 is based on remaining capping costs to be incurred after fiscal year 2012, including annual postclosure monitoring and care costs. The Town expects to complete the capping of the landfill in fiscal year 2013. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

**13. Governmental Fund Balances**

The following is a breakdown of the Town's governmental fund balances at June 30, 2012:

DRAFT

	General Fund	Community Preservation Fund	High School Renovation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Nonexpendable permanent funds	\$ -	\$ -	\$ -	\$ 1,144,272	\$ 1,144,272
<b>Total Nonexpendable</b>	-	-	-	1,144,272	1,144,272
Restricted:					
Bond premium	1,380,195	-	-	-	1,380,195
High school renovation	-	-	272,685	-	272,685
Community preservation	-	8,198,445	-	-	8,198,445
Town special revenue accounts:					
Town center gift	-	-	-	123,787	123,787
Town center revolving	-	-	-	154,777	154,777
Receipts reserved for sale of real estate	-	-	-	542,485	542,485
Receipts reserved for concom receipts	-	-	-	118,007	118,007
Health reimbursement account	-	-	-	135,000	135,000
Cafeteria plan	-	-	-	135,467	135,467
Ambulance	-	-	-	1,320,813	1,320,813
Transfer station	-	-	-	188,523	188,523
Turf field	-	-	-	107,563	107,563
Receipts reserved for sale of cemetery lots	-	-	-	142,919	142,919
Other town grants and revolving accounts	-	-	-	949,095	949,095
School special revenue accounts:					
Before and after school program	-	-	-	465,485	465,485
PEGASUS	-	-	-	261,179	261,179
The Children's Way	-	-	-	293,100	293,100
School lunch	-	-	-	155,527	155,527
Transportation fees	-	-	-	157,171	157,171
SPED Circuit Breaker	-	-	-	493,747	493,747
Other school grants and revolving accounts	-	-	-	482,014	482,014
Town capital project accounts:					
Assessor equipment	-	-	-	147,534	147,534
Dam repairs	-	-	-	100,000	100,000
Town building repairs	-	-	-	228,103	228,103
Public safety building repairs	-	-	-	1,538,798	1,538,798
New DPW facility study	-	-	-	736,170	736,170
Drainage improvements	-	-	-	157,678	157,678
Beach house	-	-	-	125,533	125,533
Other capital project funds	-	-	-	467,857	467,857
School capital project accounts:					
FY09 capital building repairs	-	-	-	227,890	227,890
Other capital project funds	-	-	-	94,526	94,526
Expendable permanent funds	-	-	-	1,626,407	1,626,407
<b>Total Restricted</b>	<b>1,380,195</b>	<b>8,198,445</b>	<b>272,685</b>	<b>11,677,155</b>	<b>21,528,480</b>

(continued)



(continued)

	General Fund	Community Preservation Fund	High School Renovation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Committed:					
Stabilization	1,535,791	-	-	-	1,535,791
Septage	214,133	-	-	-	214,133
Town meeting articles	361,369	-	-	-	361,369
<b>Total Committed</b>	<b>2,111,293</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,111,293</b>
Assigned:					
Encumbrances	496,820	-	-	-	496,820
Use of fund balance for fiscal 13	6,740,000	-	-	-	6,740,000
Non-insurance	1,187,601	-	-	-	1,187,601
Management assignments	498,752	-	-	-	498,752
<b>Total Assigned</b>	<b>8,923,173</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,923,173</b>
Unassigned:	7,997,901	-	-	-	7,997,901
<b>Total Unassigned</b>	<b>7,997,901</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,997,901</b>
<b>Total Fund Balance</b>	<b>\$ 20,412,562</b>	<b>\$ 8,198,445</b>	<b>\$ 272,685</b>	<b>\$ 12,821,427</b>	<b>\$ 41,705,119</b>

#### **14. Commitments and Contingencies**

Outstanding Legal Issues - There are several pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

#### **15. Post-Employment Healthcare and Life Insurance Benefits**

##### **Other Post-Employment Benefits**

GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the

statement of activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Assets over time.

A. Plan Description

In addition to providing the pension benefits described, the Town provides post-employment health care and life insurance benefits for retired employees through the Town's single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by Chapter 32 of the Massachusetts General Laws. As of December 31, 2010, the actuarial valuation date, approximately 424 retirees and 424 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

The Town provides medical, prescription drug, mental health/substance abuse and life insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

C. Funding Policy

Retirees contribute 100% of the cost of the health plan, as determined by the Town. The Town contributes the remainder of the health plan costs on a pre-funded basis.

The Town has established an OPEB trust in accordance with State legislature, through which assets are accumulated and benefits are paid as they come due. Employer contributions to the plan are irrevocable. Plan assets are dedicated to providing benefits to retirees and their spouses in accordance with the terms of the plan, and plan assets are legally protected from creditors of the employer.

D. Annual OPEB Costs and Net OPEB Obligation

The Town's fiscal 2012 annual OPEB 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 No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the Town's annual OPEB cost for the year ending June 30, 2012, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of December 31, 2010.

Annual Required Contribution (ARC)	\$ 3,657,200
Interest on net OPEB obligation	(230,639)
Adjustment to ARC	<u>188,128</u>
Annual OPEB cost	3,614,689
Contributions made	<u>5,093,966</u>
Increase in net OPEB asset	1,479,277
Net OPEB asset - beginning of year	<u>3,294,846</u>
Net OPEB asset - end of year	<u><u>\$ 4,774,123</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Asset</u>
2012	\$ 3,614,689	140.9%	\$ 4,774,123
2011	\$ 3,560,074	147.1%	\$ 3,294,846
2010	\$ 3,138,586	127.3%	\$ 1,618,922
2009	\$ 3,020,926	100.4%	\$ 763,238

The Town's net OPEB obligation as of June 30, 2012 is recorded as a component of the "other long-term liabilities" line item.

**E. Funded Status and Funding Progress**

The funded status of the plan as of December 31, 2010, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ (49,476,106)
Actuarial value of plan assets	<u>3,762,563</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ (45,713,543)</u></u>
Funded ratio (actuarial value of plan assets/AAL)	<u><u>7.6%</u></u>
Estimated Covered payroll (active plan members)	<u><u>\$ 38,000,000</u></u>
UAAL as a percentage of covered payroll	<u><u>120.3%</u></u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future

employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the Town 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 Town and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2010 actuarial valuation the projected unit credit cost method was used. The actuarial assumptions included a 7.0% investment rate of return and an initial annual healthcare cost trend rate of 10.0% which decreases to a 5.0% long-term rate for all healthcare benefits after seven years. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a closed basis. This has been calculated assuming the amortization payment increases at a rate of 3.5%.

## **16. Pension Plan**

The Town follows the provisions of GASB Statement No. 27, (as amended by GASB 50) *Accounting for Pensions for State and Local Government Employees*, with respect to the employees' retirement funds. Chapter 32 of the Massachusetts General Laws assigns the System the authority to establish and amend benefit provisions of the plan, and the State legislature has the authority to grant cost-of-living increases.

#### A. Plan Description

The Town contributes to the Middlesex Retirement System (the "System"), a cost-sharing multiple-employer, defined benefit pension plan administered by a county retirement board. The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws assigns the System the authority to establish and amend benefit provisions of the plan and grant cost-of-living increases. The System issues a publicly available financial report

that can be obtained through the Middlesex Retirement System at 25 Linnell Circle, Billerica, Massachusetts 01865.

**B. Funding Policy**

Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the remaining system-wide actuarially determined contribution plus administration costs which are apportioned among the employers based on active covered payroll. The contributions of plan members and the Town are governed by Chapter 32 of the Massachusetts General Laws. The Town's contributions to the System for the years ended June 30, 2012, 2011, and 2010 were \$ 3,420,633, \$ 3,140,204, and \$ 3,005,975, respectively, which were equal to its annual required contributions for each of these years. The payroll for employees covered by the System for the year ended June 30, 2012 was approximately \$ 15,775,000.

**C. Massachusetts Teacher Retirement System (MTRS) - Plan Description**

As required by State Statutes, teachers of the Town are covered by the Massachusetts Teachers Retirement System (MTRS). The MTRS is funded by contributions from covered employees and the Commonwealth of Massachusetts. The MTRS was established under Chapter 15, Section 16 of the Massachusetts General Laws, however, Chapter 32 of the Massachusetts General Laws assigns the System the authority to establish and amend benefit provisions of the plan, and the State legislature has the authority to grant cost-of-living increases. The Town is not required to contribute.

**D. Teachers**

As required by State statutes, teachers of the Town are covered by the Massachusetts Teachers Retirement System (MTRS). The MTRS is funded by contributions from covered employees and the Commonwealth of Massachusetts. The Town is not required to contribute.

All persons employed on at least a half-time basis, who are covered under a contractual agreement requiring certification by the Board of Education are eligible, and must participate in the MTRS.

Based on the Commonwealth of Massachusetts' retirement laws, employees covered by the pension plan must contribute a percentage of gross earnings into the pension fund. The percentage is determined by the participant's date of entry into the system and gross earnings, up to \$ 30,000, as follows:

Before January 1, 1975	5%
January 1, 1975 - December 31, 1983	7% *
January 1, 1984 - June 30, 1996	8% *
July 1, 1996 - June 30, 2001	9% *
Beginning July 1, 2001	11%

\*Effective January 1, 1990, all participants hired after January 1, 1979, who have not elected to increase to 11%, contribute an additional 2% of salary in excess of \$ 30,000.

The Town's current year covered payroll for teachers and administrators was approximately \$ 21,200,000.

In fiscal year 2012, the Commonwealth of Massachusetts contributed \$ 7,002,553 to the MTRS on behalf of the Town. This is included in the education expenditures and intergovernmental revenues in the general fund.

## 17. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

## 18. Implementation of New GASB Standards

- The GASB has issued Statement 63, *Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which is required to be implemented in fiscal year 2013. Management's current assessment is that this pronouncement will have a significant impact on the Town's basic financial statements by eliminating the deferred charges. The Town anticipates that by eliminating the deferred charges, its net assets will be reduced accordingly.
- The GASB has issued Statement 68 *Accounting and Financial Reporting for Pensions*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will have a significant impact on the Town's basic financial statements by recognizing as a liability and expense, the Town's applicable portion of the Town of Wayland's actuarially accrued liability.

**TOWN OF WAYLAND, MASSACHUSETTS  
SCHEDULE OF FUNDING PROGRESS  
REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2012  
(Unaudited)  
(Amounts Expressed in thousands)**

**Other Post-Employment Benefits**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
12/31/08	\$ 764	\$ 40,852	\$ 40,088	1.9%	\$ 35,600	112.6%
12/31/10	3,763	49,476	45,713	7.6%	38,000	120.3%

See Independent Auditors' Report.

**TOWN OF WAYLAND, MASSACHUSETTS**

**Management Letter**

**For the Year Ended June 30, 2012**

**DRAFT**



TABLE OF CONTENTS

	<u>PAGE</u>
<b>INTRODUCTORY LETTER</b>	1
 <b><u>CURRENT YEAR RECOMMENDATIONS:</u></b>	
1. Develop a More Formal Risk Assessment Process	3
2. Formalize a Fund Balance Policy	3
3. Segregate and Monitor School Billing, Collection and Turnover Procedures	4
4. Examine the Use of Unauthorized Bank Accounts	5
5. Strengthen Departmental Receipt Controls and Perform Internal Audits	5
6. Prepare to Implement GASB 68	6

To the Board of Selectmen  
Town of Wayland, Massachusetts

In planning and performing our audit of the financial statements of the Town of Wayland, Massachusetts as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Wayland's internal accounting control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. In addition, because of the inherent limitation in internal control, including the possibility of management's override of controls, misstatements due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

During our audit, we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions concerning those matters.

The Town's written response to our comments and suggestions has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, Board of Selectmen, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

After you have had an opportunity to consider our comments and recommendations, we would be pleased to discuss them with you.

Andover, Massachusetts  
, 2012

DRAFT

## **CURRENT YEAR RECOMMENDATIONS:**

### **1. Develop a More Formal Risk Assessment Process**

The Town informally performs its own risk assessment for possible fraud or material misstatements through various policies and procedures and regular reviews of trends in the financial statements. Risk assessment is a management function designed to identify where an organization may be vulnerable to errors and/or irregularities. A complete risk assessment process involves a written description of risk areas identified by those charged with governance (management and elected officials) and a description of how the organization intends on responding to the risks. As part of this process, the Town should pay particular attention to its assessment of the Control Environment; specifically, the risks associated with related parties and potential conflicts of interest. Specific monitoring activities to address these risks should be documented and implemented as well.

We recommend that the Town implement a more formal risk assessment process that includes written identification of areas where potential fraud or material misstatements to the basic financial statements may occur. Regular department head meetings could be used as a starting point for such risk assessment discussion.

Town's Response:

### **2. Formalize a Fund Balance Policy**

The Town does not have a formal (written) fund balance policy to guide the Town in maintaining a required or desired level of unassigned fund balance and set policy over other types of governmental fund balances. As a result, the Town's unassigned fund balance has fluctuated considerably over the past two years, and inconsistent classification of other types of governmental fund balance may exist. The other types of government fund balance includes non-spendable, restricted, committed, and assigned, the definitions of which can be found in the Town's basic financial statements.

Specific items that should be addressed in a fund balance policy include (but not limited to):

- Required/desired level of unassigned fund balance.
- Required/desired level of unrestricted net assets.
- Specify prioritization of fund balance amounts when multiple sources are used for one project, grant or activity (i.e., general fund monies are appropriated to partially fund a capital project, or a grant match).
- Specify the body or official authorized to make assignments of fund balance and define time constraints on each assignment.
- Distinguish between encumbrances (commitments related to contracts not yet performed and orders not yet filled) and other assignments (previously called designations).
- Define any approval process for modifying existing assignments.

We recommend that the Town formalize a fund balance policy to provide guidance over the above noted areas.

Town's Response:

### **3. Segregate and Monitor School Billing, Collection and Turnover Procedures**

A lack of segregation of duties exists as the School Department is currently responsible for billing and collecting/handling/remitting receipts of many substantial programs including: BASE, Pegasus, Global language, Tutoring, Enrichment, Kindergarten, METCO and TCW. As a result, this increases the risk that errors or irregularities could occur and not be detected.

We recommend the Town and School Department work together to segregate and monitor the billing, collection, and remittance of receipts over the above noted programs. We further recommend that the Town and School Department review all programs to ensure that appropriate segregation of duties are in place. This will strengthen internal controls over the receipts and disbursement over these programs.

Town's Response:

**4. Examine the Use of Unauthorized Bank Accounts**

In fiscal year 2012, several bank accounts used by the School Department were identified that were not previously under the control of the Town Treasurer or accounted for in the Town's general ledger. We understand that the Town has taken steps to close these accounts and further understand that the Town is considering performing additional analysis on these accounts. Based on our general review of the accounts, we concur with the Town's approach of further examination.

We recommend the Town review the monthly bank statements of these previously unidentified bank accounts to gain an understanding of the amounts and nature of the transactions to determine whether further examination should be conducted. We further recommend that the Town contact local financial institutions to search for other bank accounts that may be in the Town's name.

Town's Response:

**5. Strengthen Departmental Receipt Controls and Perform Internal Audits**

While the Town has a written receipt process, we found several Departments were not following the required procedures. As a result, inconsistencies exist between how departments collect, record and turn over monies, which increases the risk of errors or irregularities occurring and going undetected. We further noticed that the Finance Department does not regularly perform internal audits of departments to help ensure compliance with policy.

We recommend the Town provide a copy of the Receipt Policy to each department as an annual reminder of the procedures to be followed. Compliance with the Receipt Policy will improve documentation and control over

departmental receipts, and may reduce the risk of errors or irregularities from occurring and going undetected. Prior to re-circulating the policy, the Town should review and strengthen the policy by requiring a documented breakdown of cash versus check and requiring Finance to regularly provide departments with revenue reports for reconciliation with departmental logs. We also recommend the Finance Department establish a schedule for periodic internal audits of departmental accounting records. Implementation of these recommendations will result in improved oversight and should reduce the risk of errors or irregularities occurring and going undetected.

Town's Response:

**6. Prepare to Implement GASB 68**

Beginning in fiscal year 2015, the Town is required to implement the Governmental Accounting Standards Board (GASB) Statement 68 – *Accounting and Financial Reporting for Pensions* that will require the unfunded pension liability be recognized on the Town's Statement of Net Assets, including enterprise funds. It is widely expected that the implementation of this accounting standard will have a material impact on the Town's basic financial statements.

We recommend the Town begin planning for the implementation of GASB 68, which includes gaining an understanding of the new requirements, educating applicable financial statement users, and ensuring that the Town's applicable portions of unfunded retirement system's unfunded liability is audited and available for inclusion in your financial statements. We will be monitoring best practices for implementing this standard across the state and will provide guidance in the coming year.

Town's Response:

Account Number	Description	Balance	Audit JEs	General Fund	CPA	Town SRF	School SRF	Trusts	High School Renovation	Town CPF	School CPF	Water	Sewer	OPEB	Agency
10 -32110	FUND BAL RES FOR ENCUMBRANCE	(1,356,940.65)		(1,356,940.65)											
10 -32401	FUND BAL RES FOR EXPENDITURES	(7,465,000.00)		(7,465,000.00)											
10 -35901	UNDESIGNATED FUND BALANCE	(7,390,205.86)	112,840.00	(7,277,365.86)											
10 -35931	FD BAL-UNPROV ABATE/EXEMPT	4,466.33		4,466.33											
10 -35952	FD BAL-RES EXEMPT PREMIUMS	(1,380,195.00)		(1,380,195.00)											
23 -32110	FUND BAL RES FOR ENCUMBRANCE	(109,567.00)			(109,567.00)										
23 -35901	UNDESIGNATED FUND BALANCE	(8,088,876.94)			(8,088,876.94)										
24 -32110	FUND BAL RES FOR ENCUMBRANCE	(37,662.33)				(37,662.33)									
24 -35901	UNDESIGNATED FUND BALANCE	(3,880,773.95)				(3,880,773.95)									
25 -32110	FUND BAL RES FOR ENCUMBRANCE	(47,354.77)					(47,354.77)								
25 -35901	UNDESIGNATED FUND BALANCE	(2,549,017.87)					(2,260,867.46)								(288,150.41)
40 -32110	FUND BAL RES FOR ENCUMBRANCE	(1,416,231.54)								(1,416,231.54)					
40 -35901	UNDESIGNATED FUND BALANCE	(2,085,441.86)								(2,085,441.86)					
41 -32110	FUND BAL RES FOR ENCUMBRANCE	(24,461.25)						(14,883.25)			(9,578.00)				
41 -35901	UNDESIGNATED FUND BALANCE	(570,639.25)						(257,801.70)			(312,837.55)				
42 -32110	FUND BAL RES FOR ENCUMBRANCE	(164,964.21)										(164,964.21)			
42 -35901	UNDESIGNATED FUND BALANCE	(128,918.72)										(128,918.72)			
44 -32110	FUND BAL RES FOR ENCUMBRANCE	(463,935.86)											(463,935.86)		
44 -35901	UNDESIGNATED FUND BALANCE	(190,435.20)											(190,435.20)		
61 -32110	FUND BAL RES FOR ENCUMBRANCE	(53,170.37)										(53,170.37)			
61 -32401	FUND BAL RES FOR EXPENDITURES	(1,910,000.00)										(1,910,000.00)			
61 -35901	UNDESIGNATED FUND BALANCE	(2,112,430.97)	(5,007,565.14)									(7,119,996.11)			
62 -31901	UNDESIGNATED RETAINED EARNINGS	(181,326.38)		(181,326.38)											
62 -32401	FUND BAL RES FOR EXPENDITURES	(32,807.00)		(32,807.00)											
63 -31901	UNDESIGNATED RETAINED EARNINGS	(355,843.95)	206,404.88										(149,439.07)		
63 -32401	FUND BAL RES FOR EXPENDITURES	(203,908.00)											(203,908.00)		
83 -35901	UNDESIGNATED FUND BALANCE	(2,723,392.07)		(2,723,392.07)											
84 -35901	UNDESIGNATED FUND BALANCE	(9,859,540.14)												(9,859,540.14)	
85 -35901	UNDESIGNATED FUND BALANCE	(2,770,679.48)						(2,770,679.48)							
Total				(20,412,560.63)	(8,198,443.94)	(3,918,436.28)	(2,308,222.23)	(2,770,679.48)	(272,684.95)	(3,501,673.40)	(322,415.55)	(9,377,049.41)	(1,007,718.13)	(9,859,540.14)	(288,150.41)

Summary of Audit Adjustments:

General Fund:	
To propose 60 day rule	(118,684.00)
To propose school payroll accrual	231,524.00
Subtotal	112,840.00

Water fund - conversion to accrual basis:

To propose recording capital assets	(14,028,424.00)
To propose recording debt	10,142,250.00
To propose elimination of deferred revenue	(1,439,084.14)
To propose accrual of debt interest	139,902.00
To propose accrual of compensated absences	32,851.00
To propose allowance for doubtful accounts	144,940.00
Subtotal	(5,007,565.14)

Sewer fund - conversion to accrual basis:

To propose recording capital assets	(5,054,388.00)
To propose recording debt	5,601,636.00
To propose elimination of deferred revenue	(357,798.12)
To propose allowance for doubtful accounts	16,955.00
Subtotal	206,404.88

Stabilization	1,535,790.82
Non-insurance	1,187,601.25
Subtotal	2,723,392.07



TOWN OF WAYLAND, MASSACHUSETTS

GENERAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2012

	<u>General</u>	<u>Septage</u>	<u>Stabilization Fund</u>	<u>Non-Insurance Fund</u>	<u>Total General Funds</u>	<u>Interfund Activity</u>	<u>Net General Funds</u>
<b>ASSETS</b>							
Cash and short-term investments	\$ 4,779,224	\$ 214,133	\$ 1,535,791	\$ 1,187,601	\$ 7,716,749	\$	\$ 7,716,749
Investments	15,080,254				15,080,254		15,080,254
Receivables:							
Property taxes	2,059,173	-			2,059,173		2,059,173
Excises	129,108	-			129,108		129,108
Assessments	67,223	-			67,223		67,223
Departmental and other	250	-			250		250
Intergovernmental	-	-			-		-
<b>TOTAL ASSETS</b>	<b>\$ 22,115,232</b>	<b>\$ 214,133</b>	<b>\$ 1,535,791</b>	<b>\$ 1,187,601</b>	<b>\$ 25,052,757</b>	<b>\$ -</b>	<b>\$ 25,052,757</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Warrants and accounts payable	\$ 937,767	\$ -	\$	\$	\$ 937,767	\$	\$ 937,767
Accrued liabilities	-	-			-		-
Accrued payroll and withholdings	765,259	-			765,259		765,259
Deferred revenues	2,137,071	-			2,137,071		2,137,071
Notes payable	-	-			-		-
Guaranteed deposits payable	800,102	-			800,102		800,102
Due to other funds	-	-			-		-
Landfill liability	-	-			-		-
Other liabilities	-	-			-		-
<b>TOTAL LIABILITIES</b>	<b>4,640,199</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,640,199</b>	<b>-</b>	<b>4,640,199</b>
Fund Balances:							
Restricted	1,380,195	-			1,380,195		1,380,195
Committed	361,369	214,133	1,535,791		2,111,293		2,111,293
Assigned	7,735,572	-		1,187,601	8,923,173		8,923,173
Unassigned	7,997,901	-			7,997,901		7,997,901
<b>TOTAL FUND BALANCES</b>	<b>17,475,037</b>	<b>214,133</b>	<b>1,535,791</b>	<b>1,187,601</b>	<b>20,412,562</b>	<b>-</b>	<b>20,412,562</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 22,115,236</b>	<b>\$ 214,133</b>	<b>\$ 1,535,791</b>	<b>\$ 1,187,601</b>	<b>\$ 25,052,761</b>	<b>\$ -</b>	<b>\$ 25,052,761</b>

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2012

<b>ASSETS</b>	<u>General</u>	Community Preservation <u>Fund</u>	High School Renovation <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Cash and short-term investments	\$ 7,716,749	\$ 8,248,877	\$ 1,339,451	\$ 13,169,592	\$ 30,474,669
Investments	15,080,254	-	-	-	15,080,254
Receivables:					
Property taxes	2,059,173	8,251	-	-	2,067,424
Excises	129,108	-	-	-	129,108
Assessments	67,223	-	-	40,954	108,177
Departmental and other	250	-	-	209,905	210,155
<b>TOTAL ASSETS</b>	<u>\$ 25,052,757</u>	<u>\$ 8,257,128</u>	<u>\$ 1,339,451</u>	<u>\$ 13,420,451</u>	<u>\$ 48,069,787</u>
 <b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Warrants and accounts payable	\$ 937,763	\$ 50,432	\$ 1,066,766	\$ 338,495	\$ 2,393,456
Accrued payroll and withholdings	765,259	-	-	9,670	774,929
Deferred revenues	2,137,071	8,251	-	250,859	2,396,181
Guaranteed deposits payable	800,102	-	-	-	800,102
<b>TOTAL LIABILITIES</b>	4,640,195	58,683	1,066,766	599,024	6,364,668
Fund Balances:					
Nonspendable	-	-	-	1,144,272	1,144,272
Restricted	1,380,195	8,198,445	272,685	11,677,155	21,528,480
Committed	2,111,293	-	-	-	2,111,293
Assigned	8,923,173	-	-	-	8,923,173
Unassigned	7,997,901	-	-	-	7,997,901
<b>TOTAL FUND BALANCES</b>	<u>20,412,562</u>	<u>8,198,445</u>	<u>272,685</u>	<u>12,821,427</u>	<u>41,705,119</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 25,052,757</u>	<u>\$ 8,257,128</u>	<u>\$ 1,339,451</u>	<u>\$ 13,420,451</u>	<u>\$ 48,069,787</u>

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2012

	<u>Special Revenue Funds</u>			
	<u>Town</u>	<u>School</u>	<u>Trust</u>	<u>Subtotals</u>
<b><u>ASSETS</u></b>				
Cash and short-term investments	\$ 3,983,647	\$ 2,379,600	\$ 2,770,679	\$ 9,133,926
Property taxes receivables	-	-	-	-
Assessments receivable	40,954	-	-	40,954
Departmental and other receivables	209,905	-	-	209,905
Intergovernmental receivables	-	-	-	-
Loans receivable	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 4,234,506</u>	<u>\$ 2,379,600</u>	<u>\$ 2,770,679</u>	<u>\$ 9,384,785</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Warrants and accounts payable	\$ 55,541	\$ 71,377	\$ -	\$ 126,918
Accrued liabilities	-	-	-	-
Deferred revenues	250,859	-	-	250,859
Notes payable	-	-	-	-
Accrued payroll	9,670	-	-	9,670
Other liabilities	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	316,070	71,377	-	387,447
Fund Balances:				
Nonspendable	-	-	1,144,272	1,144,272
Restricted	<u>3,918,436</u>	<u>2,308,223</u>	<u>1,626,407</u>	<u>7,853,066</u>
Total Fund Balances	<u>3,918,436</u>	<u>2,308,223</u>	<u>2,770,679</u>	<u>8,997,338</u>
Total Liabilities and Fund Balances	<u>\$ 4,234,506</u>	<u>\$ 2,379,600</u>	<u>\$ 2,770,679</u>	<u>\$ 9,384,785</u>

(continued)

	<u>Capital Project Funds</u>			Total Nonmajor Governmental Funds
	<u>Town</u>	<u>School</u>	<u>Subtotal</u>	
<u>ASSETS</u>				
Cash and short-term investments	\$ 3,703,043	\$ 332,623	\$ 4,035,666	\$ 13,169,592
Property taxes receivable	-	-	-	-
Assessments receivable	-	-	-	40,954
Departmental and other receivables	-	-	-	209,905
Intergovernmental receivables	-	-	-	-
Loans receivable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>3,703,043</u>	\$ <u>332,623</u>	\$ <u>4,035,666</u>	\$ <u>13,420,451</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Warrants and accounts payable	\$ 201,370	\$ 10,207	\$ 211,577	\$ 338,495
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	250,859
Notes payable	-	-	-	-
Accrued payroll	-	-	-	9,670
Other liabilities	-	-	-	-
	<u>201,370</u>	<u>10,207</u>	<u>211,577</u>	<u>599,024</u>
Total Liabilities	201,370	10,207	211,577	599,024
Fund Balances:				
Nonspendable	-	-	-	1,144,272
Restricted	<u>3,501,673</u>	<u>322,416</u>	<u>3,824,089</u>	<u>11,677,155</u>
Total Fund Balances	<u>3,501,673</u>	<u>322,416</u>	<u>3,824,089</u>	<u>12,821,427</u>
Total Liabilities and Fund Balances	\$ <u>3,703,043</u>	\$ <u>332,623</u>	\$ <u>4,035,666</u>	\$ <u>13,420,451</u>

TOWN OF WAYLAND, MASSACHUSETTS  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET ASSETS  
 JUNE 30, 2012

	<u>Other Post- Employment Benefits Trust Fund</u>	<u>Agency Fund</u>
<b><u>ASSETS</u></b>		
Cash and short-term investments	\$ <u>9,859,540</u>	\$ <u>288,150</u>
Total Assets	9,859,540	288,150
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Other liabilities	<u>-</u>	<u>288,150</u>
Total Liabilities	<u>-</u>	<u>288,150</u>
<b><u>NET ASSETS</u></b>		
Total net assets held in trust for other post employment benefits and other purposes	\$ <u><u>9,859,540</u></u>	\$ <u><u>-</u></u>

See notes to financial statements.

## TOWN OF WAYLAND, MASSACHUSETTS

## PROPRIETARY FUNDS

## STATEMENT OF NET ASSETS

JUNE 30, 2012

	Business-Type Activities		
	Water		
	<u>Water Operating</u>	<u>Water CPF</u>	<u>Water Total</u>
<b><u>ASSETS</u></b>			
Current:			
Cash	\$ 4,157,487	\$ 324,815	\$ 4,482,302
User fees receivable	1,294,144	-	1,294,144
Intergovernmental receivable	-	-	-
Due from other funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total current assets	5,451,631	324,815	5,776,446
Noncurrent:			
Depreciable capital assets, net of accumulated depreciation	14,028,424	-	14,028,424
	<hr/>	<hr/>	<hr/>
Total noncurrent assets	14,028,424	-	14,028,424
	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	19,480,055	324,815	19,804,870
<b><u>LIABILITIES</u></b>			
Current:			
Accounts payable	76,515	30,933	107,448
Accrued liabilities	139,902	-	139,902
Deferred revenue	-	-	-
Accrued payroll	5,371	-	5,371
Other current liabilities	-	-	-
Current portion of long-term liabilities:			
Bonds and loans payable	848,250	-	848,250
Compensated absences	32,851	-	32,851
	<hr/>	<hr/>	<hr/>
Total current liabilities	1,102,889	30,933	1,133,822
Noncurrent:			
Bonds and loans payable, net of current portion	9,294,000	-	9,294,000
	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	9,294,000	-	9,294,000
	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	10,396,889	30,933	10,427,822
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	4,180,057	-	4,180,057
Unrestricted	4,903,109	293,882	5,196,991
	<hr/>	<hr/>	<hr/>
<b>TOTAL NET ASSETS</b>	\$ 9,083,166	\$ 293,882	\$ 9,377,048
	<hr/>	<hr/>	<hr/>

See notes to financial statements.

Business-Type Activities  
Sewer

<u>Sewer Operating</u>	<u>Sewer CPF</u>	<u>Sewer Total</u>
\$ 564,630	\$ 654,371	\$ 1,219,001
340,843	-	340,843
-	-	-
-	-	-
905,473	654,371	1,559,844
5,054,388	-	5,054,388
5,054,388	-	5,054,388
5,959,861	654,371	6,614,232
4,878	-	4,878
-	-	-
-	-	-
-	-	-
243,636	-	243,636
248,514	-	248,514
5,358,000	-	5,358,000
5,358,000	-	5,358,000
5,606,514	-	5,606,514
107,123	-	107,123
246,224	654,371	900,595
\$ 353,347	\$ 654,371	\$ 1,007,718

Statement of Revenues, Expenditures & Fund Balances-Special Rev & Trust Funds											
June 30, 2012											
org	object	project			Balance	Transfers/ Adjustments	Revenues	Expenditures	Encumbrances	Unreserved Fund Balance June 30, 2012	Total Fund Balance
					July 1, 2011						
23161103	54199				DOCUMENT PRESERVATION			50,433.00	109,567.00	0.00	
23196103	54199				SWQC WEED MGMT			(5,000.00)		5,000.00	
23198303	54199				CPA ADMIN			2,500.00		15,853.00	
					NIKE					54,891.61	
23198603	54199				NIKE SITE - SILOS			(21,622.60)		78,308.96	
23198703	54199				RAILROAD FREIGHT HOUSE			27,815.89		0.89	
23198803	54199				RAIL TRAIL			0.00		25,000.00	
23198903	54199				VOKES THEATRE			2,700.00		600.00	
23199003	54199				MAINSTONE FARM			10,650.00		7,750.00	
23199103	54199				DUDLEY AREA STUDY - PARTIAL			35,000.00		0.00	
23199203	54199				BOSTON POST RD PRE-PERMITTING	90,000.00				90,000.00	
23199303	54199				STONEBRIDGE RD-AFFORDABLE HOUSING	356,000.00				356,000.00	
23651403	54199				IMPROVE MEMORIALS & MONUMENTS	5,000.00		1,000.00		4,000.00	
					Appropriations only - not revenue		(446,000.00)			(446,000.00)	
					CPA receipts	7,016,045.00	881,428.00			7,897,473.00	
					<b>Fund 23</b>	<b>7,420,491.86</b>	<b>0.00</b>	<b>881,428.00</b>	<b>103,475.40</b>	<b>109,567.00</b>	<b>8,088,877.46</b>
										<b>8,198,444.46</b>	
24122400	54199			1 D	TOWN CENTER GIFT	136,625.69		12,838.61		123,787.08	
24122600	54199			1 D	RAYTHEON ENVIRONMENT	7,392.34				7,392.34	
24122700	52167			1 D	TOWN CENTER REVOLVING	4,593.53	150,183.33			154,776.86	
24122800	54199			1 D	RAIL TRAIL GIFTS/DONATIONS	1,202.77	2,767.50	128.56		3,841.71	
24122900	54199			1 D	WAVELAND GIFTS	12,196.40	2,000.00	300.00		13,896.40	
24123300	54199			1 D	SODA MACHINE	315.56	1,711.24	1,498.19		528.61	
24135100	54199			1 D	RECEIPT RES SALE OF R.E.	542,484.55				542,484.55	
24135200	54199			1 D	FLEX ADMIN	80,251.87	7,152.00			87,403.87	
24135800	54199			1 D	ELECTION REIMB	0.00	1,082.00	1,082.00		0.00	
24155400	54199			1 D	I.T. NETWORK	17,088.00	30,000.00	1,480.00		45,608.00	
24170900	54199			1 D	RECEIPT RES CONCOM RECEIPTS	118,006.68				118,006.68	
24171100	54199			1 D	CONSERVATION GIFTS	42,635.72				42,635.72	
24171300	54199			1 D	WETLAND FILING FEE	20,191.00	4,233.75			24,424.75	
24192400	54199			1 FG	FEMA FLOOD	(277,918.77)	205,310.82	(72,607.95)		0.00	
24192500	54199			1 G	GREEN COMMUNITIES	0.00	65,887.50	48,658.46		17,229.04	
24195100	54199			1 D	HIST COMMISSION MARKERS	2,528.00	150.00	116.00		2,562.00	
24196300	54199			1 D	DUDLEY GRANT	13,702.50	2,836.00			16,538.50	
24198100	54199			1 D	VETERAN'S MEMORIAL DONATIONS	17,142.23	(263.69)			16,878.54	
24198200	54199			1 D	HOUSING FUND	53,839.53		2,500.00		51,339.53	
24199700	54199			1 D	HRA	0.00	375,000.00	240,000.00		135,000.00	
24199900	54199			1 D	CAF PLAN	134,844.31	268,716.88	268,094.45		135,466.74	
24210100	54199			2 D	POLICE GIFTS	2,853.04		462.50		2,390.54	
24210200	54199			2 D	POLICE FID ACCT	16,413.15	9,300.00	6,462.50		19,250.65	
24210400	54199			2 G	COMMUNITY POLICING GRANT	665.38		665.38		0.00	
24210700	54199			2 G	EMPG GRANT	0.00	3,565.00	3,565.00		0.00	
24210800	51001			2 D	POLICE DETAIL	48,635.73	223,626.50	261,053.57		11,208.66	
24220100	54199			2 D	FIRE/AMBULANCE GIFTS	1,222.02		535.60		686.42	
24220200	54199			2 G	FIRE DEPT-SAFE	8,307.18		816.21		7,490.97	
24220300	54199			2 FG	FIRE FED FUNDS	0.00	11,057.00	11,057.00		0.00	
24220700	54199			2 D	FIRE CO DETECTORS/GIFTS	518.09				518.09	
24220900	54199			2 D	AMBULANCE RECEIPTS	1,270,392.50	410,420.53	360,000.00		1,320,813.03	
24422100	54199			4 D	HIGHWAY GIFTS	5,360.00	83.87			5,443.87	
24422300	54199			4 D	HIGHWAY UTILITY APPLICATIONS	94,113.20	21,101.80	115,215.00		0.00	



Statement of Revenues, Expenditures & Fund Balances-Special Rev & Trust Funds												
June 30, 2012												
org	object	project			Balance	Transfers/ Adjustments	Revenues	Expenditures	Encumbrances	Unreserved Fund Balance June 30, 2012	Total Fund Balance	
					July 1, 2011							
24422400	54199		STREET/SIDEWALK REFUNDABLE DEP	4	D	33,931.32	8,813.80	1,300.00		41,445.12		
24423200	54199		STORM REIMBURSEMENT	4	FG	(49,890.00)	49,139.86	(750.14)		0.00		
24423300	54199		STORM REIMB-IRENE	4	FG	0.00	34,029.12	34,029.12		0.00		
24423400	54199		STORM REIMB-OCT STORM	4	FG	0.00	3,488.87	33,233.29		(29,744.42)		
24453100	54199		WATER CONSERVATION GRANT	4	D	0.00	3,287.67			3,287.67		
24494000	54199		TRANSFER STATION	4	D	61,510.27	506,424.87	379,412.29	1,962.33	186,560.52		
24494100	54199		DIRT ACCT	4	D	53,190.00			35,700.00	17,490.00		
24510900	54199		BOH TITLE 5 BETTERMENT	5	D	97,652.76	7,742.37	16,476.00		88,919.13		
24511800	54199		BOH/FLU SHOT REIMB	5	D	12,232.39	32,394.28	17,963.42		26,663.25		
24546100	54199		COA REVOLVING	5	D	90,541.49	31,973.87	32,923.22		89,592.14		
24546200	54199		COA GIFT FUND	5	D	18,431.11	465.37			18,896.48		
24546300	54199		ELDER AFFAIRS GRANT	5	G	10,449.11	19,069.00	17,973.70		11,544.41		
24612100	54199		STATE AID TO LIBRARIES	6	G	77,040.60	10,742.88	17,684.17		70,099.31		
24612200	54199		LIBRARY AUTOMATION ACCT	6	G	1,224.42	2,573.38	2,305.43		1,492.37		
24612300	54199		LIBRARY CHILDRENS CENTER ROOM	6	D	553.03				553.03		
24612400	54199		LIBRARY GIFTS	6	D	9,070.96	3,524.96	1,975.07		10,620.85		
24650100	54199		TURF FIELD	6	D	77,017.21	33,546.25	3,000.00		107,563.46		
24651300	54199		HANNAH WILLIAMS PLAYGROUND	6	D	11,780.59	6,078.74	17,796.36		62.97		
24651500	54199		RECEIPTS RES-SALE OF CEMETERY LOTS	6	D	138,369.23	4,550.00			142,919.23		
24652000	51001		RECREATION REVOLVING	6	D	104,399.44	429,257.62	439,289.84		94,367.22		
24652200	54199		RECREATION GIFTS	6	D	8,277.97				8,277.97		
24653600	54199		CULTURAL COUNCIL	6	G	1,669.70	3,875.05	3,575.00		1,969.75		
24922100	54199		INSURANCE REIMBURSEMENT < 20K	9	D	526,807.34	3,783.00	450,000.00		80,590.34		
			<b>Fund 24</b>			<b>3,659,861.14</b>	<b>0.00</b>	<b>2,990,682.99</b>	<b>2,732,107.85</b>	<b>37,662.33</b>	<b>3,880,773.95</b>	<b>3,918,436.28</b>
			<b>PY AJE to record storm reimb AR</b>			<b>49,140.00</b>						
						<b>3,709,001.14</b>						



Statement of Revenues, Expenditures & Fund Balances-Special Rev & Trust Funds											
June 30, 2012											
org	object	project			Balance	Transfers/ Adjustments	Revenues	Expenditures	Encumbrances	Unreserved Fund Balance June 30, 2012	Total Fund Balance
					July 1, 2011						
<b>Fund 25</b>					<b>2,859,060.36</b>	<b>18,781.76</b>	<b>6,539,032.39</b>	<b>7,108,652.28</b>	<b>47,354.77</b>	<b>2,260,867.46</b>	<b>2,308,222.23</b>
PY encumbrances					18,781.76						
					2,877,842.12						
<b>SUB-TOTAL SPEC REV-(24 &amp; 25 )</b>					<b>6,518,921.50</b>	<b>18,781.76</b>	<b>9,529,715.38</b>	<b>9,840,760.13</b>	<b>85,017.10</b>	<b>6,141,641.41</b>	
25206642	55480	3620	HS STUDENT ACTIVITY	s D	171,568.59		346,974.93	335,506.46		183,037.06	
25306642	55480	3630	MS STUDENT ACTIVITY	s D	68,777.70		175,274.88	173,982.95		70,069.63	
25406642	55480	3640	CH STUDENT ACTIVITY	s D	5,452.50		30,105.27	26,221.24		9,336.53	
25506642	55480	3650	HH STUDENT ACTIVITY	s D	22,866.33		27,323.96	32,748.56		17,441.73	
25606642	55480	3660	LO STUDENT ACTIVITY	s D	5,189.22		7,018.86	3,942.62		8,265.46	
<b>Fund 25</b>					<b>273,854.34</b>	<b>0.00</b>	<b>586,697.90</b>	<b>572,401.83</b>	<b>0.00</b>	<b>288,150.41</b>	
83970000	54199		STABILIZATION FUND	9	1,531,570.15		4,220.67			1,535,790.82	1,535,790.82 to GF
83970200	54199		NON-INSURANCE FUND	9	1,070,209.20		190,000.00	72,607.95		1,187,601.25	1,187,601.25 to GF
84970300	54199		OPEB	9	6,921,159.71		2,938,380.43			9,859,540.14	9,859,540.14 to FF
85971000	54199		VANGUARD TRUST	1	2,673,273.15		204,230.31	106,823.98		2,770,679.48	2,770,679.48 to Trust
<b>Fund 83 &amp; 84 &amp; 85</b>					<b>12,196,212.21</b>	<b>0.00</b>	<b>3,336,831.41</b>	<b>179,431.93</b>	<b>0.00</b>	<b>15,353,611.69</b>	

Statement of Revenues, Expenditures & Fund Balances - Capital Projects															
June 30, 2012															
ORG	OBJECT	PROJECT	DOR	CAT		Balance July 1, 2011	Transfers/ Adjustments	Revenues	Expenditures	Encumbrances	(OFS)/OFU	Balance June 30, 2012	Total Balance	Less Amounts Not Borrowed	Ending Balance 6/30/2012
<b>Town Capital-40</b>															
40141103	58500		E	1	ASSESSOR EQUIPMENT	0.00	185,665.83		38,132.21	76,751.33		70,782.29	147,533.62		147,533.62
40155103	58500		E	1	I.T. EQUIPMENT	50,000.00	130,753.99		152,738.21			28,015.78	28,015.78		28,015.78
40155203	58500		E	1	I.T. FINANCIAL SOFTWARE	0.00	78,367.95		37,116.72		41,251.23	0.00	0.00		0.00
40171403	58215		E	1	DAM REPAIRS	100,000.00						100,000.00	100,000.00		100,000.00
40171503	52100		E	1	STORMWATER MAPPING	35,000.00				35,000.00		0.00	35,000.00		35,000.00
40192103	58201		B	1	TOWN BUILDING REPAIRS	0.00	614,789.09		386,686.46	99,530.76		128,571.87	228,102.63		228,102.63
40210603	58500		E	2	POLICE CAPITAL EQUIPMENT	40,000.00			40,000.00			0.00	0.00		0.00
40211203	58201		B	2	PUBLIC SAFETY BUILDING REPAIRS	1,000,000.00	627,563.56		88,765.77	1,027,618.40		511,179.39	1,538,797.79		1,538,797.79
40221503	58502		E	2	FIRE VEHICLES	75,000.00			69,558.80		5,441.20	0.00	0.00		0.00
40422503	58300		H	4	HIGHWAY CH90	0.00	(315,948.89)	552,498.09	236,549.20			0.00	0.00		0.00
40423703	58500		E	4	HIGHWAY EQUIPMENT	265,000.00			265,000.00			0.00	0.00		0.00
40423803	58502		V	4	HIGHWAY VEHICLES	500,000.00			499,720.00		280.00	0.00	0.00		0.00
40423903	58300		B	4	HIGHWAY SIDEWALKS	0.00	65,706.70					65,706.70	65,706.70		65,706.70
40424203	58202		B	4	NEW DPW FACILITY STUDY	175,000.00	734,000.00		172,830.00	14,170.00		722,000.00	736,170.00		736,170.00
40424303	58215		B	4	HGWY ROADWORK DESIGN (27/30)	0.00	39,657.50		37,329.73			2,327.77	2,327.77		2,327.77
40424403	58215		B	4	HGWY TRAFFIC CALMING	0.00	21,013.54					21,013.54	21,013.54		21,013.54
40424503	58300		B	4	DRAINAGE IMPROVEMENTS	200,000.00			42,321.70	27,713.31		129,964.99	157,678.30		157,678.30
40494403	58215		B	4	TF STATION CAPPING	0.00	691,445.19		635,103.74	55,692.03		649.42	56,341.45		56,341.45
40546403	52100		B	6	COA FEASIBILITY STUDY	0.00	16,096.22		15,277.10		819.12	0.00	0.00		0.00
40650303	52100		B	6	PARKS FIELD RENOVATION	125,000.00	88,486.06		144,018.96	26,568.49		42,898.61	69,467.10		69,467.10
40650403	52100		B	6	FIELD ANALYSIS	75,000.00	2,544.46		10,033.46			67,511.00	67,511.00		67,511.00
40651303	58215		B	6	HANNAH WILLIAMS PLAYGROUND	120,000.00			120,000.00			0.00	0.00		0.00
40651703	58201		B	6	BEACH HOUSE	0.00	572,238.15		446,704.81	31,169.22		94,364.12	125,533.34		125,533.34
40651903	58215		B	6	CEMENTERY SITE IMPROVEMENTS	0.00	93,543.90		46,069.52	22,018.00		25,456.38	47,474.38		47,474.38
40652303	58215		B	6	BEACH IMPROVEMENTS	75,000.00						75,000.00	75,000.00		75,000.00
KEEP THIS LINE BLANK															KEEP THIS LINE BLANK
<b>Town Capital Total</b>						2,835,000.00	3,645,923.25	552,498.09	3,483,956.39	1,416,231.54	47,791.55	2,085,441.86	3,501,673.40		3,501,673.40
<b>Less New Authorization</b>							(725,000.00)								
							2,920,923.25								
<b>School Capital-41</b>															
41116048	55480	3700			MIDDLE SCH RENOVATIONS	0.00	29,798.87		16,071.48		13,727.39	0.00	0.00		0.00
41152148	55451	3750			FY10 BUILDING REPAIRS	0.00	2,299.22				2,299.22	0.00	0.00		0
41152148	55451	3752			FY12 BUILDING REPAIRS	100,000.00			51,386.64			48,613.36	48,613.36		48,613
41152148	55451	3757			FY07 BUILDING REPAIRS	0.00	88,904.52		78,936.26		9,968.26	0.00	0.00		0
41152148	55480	3759			FY09 BUILDING REPAIRS	0.00	227,890.00					227,890.00	227,890.00		227,890
41152166	55597	3761			FY12 CAPITAL EQUIPMENT-VEHICLE	50,000.00			43,539.00		6,461.00	0.00	0.00		0
41183131	55530	3771			FY11 CAPITAL TECHNOLOGY	0.00	1,664.22		1,664.22			0.00	0.00		0
41183131	55530	3772			FY12 CAPITAL TECHNOLOGY	350,000.00			304,087.81	9,578.00		36,334.19	45,912.19		45,912
41152148	55480	3788			FY08 HS BUILDING REPAIRS	0.00	218,174.00				218,174.00	0.00	0.00		0
			S	3	<b>School Capital Total</b>	500,000.00	568,730.83	0.00	495,685.41	9,578.00	250,629.87	312,837.55	322,415.55	0.00	322,415.55
<b>MH&amp;Co Major Fund</b>															
41116048	55480	3705			HIGH SCH RENOVATIONS/PLANNING	0.00	30,649,662.13		24,638,946.18	14,883.25		5,995,832.70	6,010,715.95	(5,738,031)	272,684.95
<b>Not yet borrowed in prior year</b>							(17,424,366.00)								
							13,225,296.13								
KEEP THIS LINE BLANK															KEEP THIS LINE BLANK
<b>Town &amp; Sch Capital Total</b>						3,335,000.00	34,864,316.21	552,498.09	28,618,587.98	1,440,692.79	298,421.42	8,394,112.11	9,834,804.90	(5,738,031.00)	4,096,773.90
<b>Water Capital-42</b>															
42452203	58300				TANK REPAIRS	0.00	75,000.00		9,937.50			65,062.50	65,062.50		65,062.50
42452403	58500				CAPITAL EQUIPMENT	50,000.00	100,510.00		81,473.78	5,180.00		63,856.22	69,036.22		69,036.22

42452503	58300			SYSTEM UPGRADES	0.00	67,954.16		67,954.16		0.00	67,954.16		67,954.16			
42452603	58300			WATER C&L OLD SUDBURY/GLEEZAN	0.00	143,148.38		139,612.19	0.00	3,536.19	0.00	0.00	0.00			
42452703	58300			RTE 27/30 SYSTEM UPGRADE	510,000.00			489,697.45	20,302.55		0.00	20,302.55	20,302.55			
42452803	58300			PUMP STATION UPGRADES	100,000.00			28,472.50	71,527.50		0.00	71,527.50	71,527.50			
KEEP THIS LINE BLANK												KEEP THIS LINE BLANK				
			<b>W</b>	<b>4W</b>	<b>Water Capital Total</b>	<b>660,000.00</b>	<b>PY</b>	<b>386,612.54</b>	<b>0.00</b>	<b>749,193.42</b>	<b>164,964.21</b>	<b>3,536.19</b>	<b>128,918.72</b>	<b>293,882.93</b>	<b>0.00</b>	<b>293,882.93</b>
					<b>Wastewater Capital-44</b>											
44443103	58201			PLANT	0.00	4,099,316.90		3,244,945.84	463,935.86		390,435.20	854,371.06	(200,000)	654,371.06		
KEEP THIS LINE BLANK												KEEP THIS LINE BLANK				
			<b>WW</b>	<b>4WW</b>	<b>WWATER Capital Total</b>	<b>0.00</b>	<b>4,099,316.90</b>	<b>0.00</b>	<b>3,244,945.84</b>	<b>463,935.86</b>	<b>0.00</b>	<b>390,435.20</b>	<b>854,371.06</b>	<b>(200,000.00)</b>	<b>654,371.06</b>	
					<b>Not borrowed yet in prior year</b>		<b>(600,000.00)</b>									
							<b>3,499,316.90</b>									
					<b>All Capital Projects - Total</b>	<b>3,995,000.00</b>		<b>39,350,245.65</b>	<b>552,498.09</b>	<b>32,612,727.24</b>	<b>2,069,592.86</b>	<b>301,957.61</b>	<b>8,913,466.03</b>	<b>10,983,058.89</b>	<b>(5,938,031.00)</b>	<b>5,045,027.89</b>

**TOWN OF WAYLAND, MASSACHUSETTS**

**Annual Financial Statements**

**For the Year Ended June 30, 2012**

**DRAFT**

## TABLE OF CONTENTS

	<u>PAGE</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3
<b>BASIC FINANCIAL STATEMENTS:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Assets	14
Statement of Activities	15
<b>Fund Financial Statements:</b>	
<b>Governmental Funds:</b>	
Balance Sheet	16
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities in the Statement of Net Assets	17
Statement of Revenues, Expenditures, and Changes in Fund Balances	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues and Other Sources, and Expenditures and Other Uses - Budget and Actual - General Fund	20
<b>Proprietary Funds:</b>	
Statement of Net Assets	21
Statement of Revenues, Expenses, and Changes in Fund Net Assets	22
Statement of Cash Flows	23
<b>Fiduciary Funds:</b>	
Statement of Fiduciary Net Assets	24
Statement of Changes in Fiduciary Net Assets	25
<b>Notes to Financial Statements</b>	26
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Schedule of Funding Progress	50

## INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen  
Town of Wayland, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wayland, Massachusetts, as of and for the year ended June 30, 2012, which collectively comprises the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Wayland's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wayland, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have issued our report dated \_\_\_\_\_, 2012 on our consideration of the Town of Wayland's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial



reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other post-employment benefits schedule of funding progress 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 evidence sufficient to express an opinion or provide any assurance.

Andover, Massachusetts  
2012

DRAFT

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Town of Wayland, we offer readers this narrative overview and analysis of the financial activities of the Town of Wayland for the fiscal year ended June 30, 2012. **Unless otherwise noted, all amounts are expressed in thousands.**

### **A. OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes 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, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities include water and wastewater activities.

**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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds 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 financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term 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.

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds.** Proprietary funds are maintained as follows:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Specifically, enterprise funds are used to account for water and wastewater operations.

Proprietary funds provide the same type of information as the business-type activities reported in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and wastewater operations, both of which are considered to be major funds.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the 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.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

**B. FINANCIAL HIGHLIGHTS**

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$ 117,237 (i.e., net assets), a change of \$ 16,558 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$ 41,705, a change of \$ (14,639) in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 7,997 a change of \$ (6,095) in comparison with the prior year.
- Total bonds payable at the close of the current fiscal year was \$ 74,430, a change of \$ (3,860) in comparison to the prior year.

**C. GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 52,570	\$ 69,319	\$ 7,336	\$ 9,883	\$ 59,906	\$ 79,202
Capital assets	121,523	97,924	19,083	15,689	140,606	113,613
Total assets	<u>174,093</u>	<u>167,243</u>	<u>26,419</u>	<u>25,572</u>	<u>200,512</u>	<u>192,815</u>
Long-term liabilities outstanding	61,886	65,953	15,744	16,268	77,630	82,221
Other liabilities	5,355	9,518	290	399	5,645	9,917
Total liabilities	<u>67,241</u>	<u>75,471</u>	<u>16,034</u>	<u>16,667</u>	<u>83,275</u>	<u>92,138</u>
Net assets:						
Invested in capital assets, net	66,934	52,617	4,287	3,464	71,221	56,081
Restricted	17,455	15,793	-	-	17,455	15,793
Unrestricted	22,463	23,363	6,098	5,442	28,561	28,805
Total net assets	<u>\$ 106,852</u>	<u>\$ 91,773</u>	<u>\$ 10,385</u>	<u>\$ 8,906</u>	<u>\$ 117,237</u>	<u>\$ 100,679</u>

**CHANGES IN NET ASSETS**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 8,814	\$ 7,728	\$ 4,421	\$ 4,260	\$ 13,235	\$ 11,988
Operating grants and contributions	9,808	9,952	-	-	9,808	9,952
<b>General revenues:</b>						
Property taxes	56,211	56,879	-	-	56,211	56,879
Excises	1,992	1,989	-	-	1,992	1,989
Grants and contributions not restricted to specific programs	16,866	13,071	-	-	16,866	13,071
Investment income	363	831	17	25	380	856
Other	141	76	-	-	141	76
<b>Total revenues</b>	<b>94,195</b>	<b>90,526</b>	<b>4,438</b>	<b>4,285</b>	<b>98,633</b>	<b>94,811</b>
<b>Expenses:</b>						
General government	4,275	4,300	-	-	4,275	4,300
Public safety	6,246	6,061	-	-	6,246	6,061
Education	48,546	45,904	-	-	48,546	45,904
Public works	2,682	3,087	-	-	2,682	3,087
Sanitation	115	279	-	-	115	279
Health and human services	1,146	1,090	-	-	1,146	1,090
Culture and recreation	2,652	2,585	-	-	2,652	2,585
Intergovernmental	192	186	-	-	192	186
Employee benefits	10,491	10,045	-	-	10,491	10,045
Interest on long-term debt	2,261	1,789	-	-	2,261	1,789
Water	-	-	2,970	3,054	2,970	3,054
Sewer	-	-	499	258	499	258
<b>Total expenses</b>	<b>78,606</b>	<b>75,326</b>	<b>3,469</b>	<b>3,312</b>	<b>82,075</b>	<b>78,638</b>
Change in net assets before transfers	15,589	15,200	969	973	16,558	16,173
Transfers in (out)	(510)	-	510	-	-	-
<b>Change in net assets</b>	<b>15,079</b>	<b>15,200</b>	<b>1,479</b>	<b>973</b>	<b>16,558</b>	<b>16,173</b>
Net assets - beginning of year	91,773	76,573	8,906	7,933	100,679	84,506
<b>Net assets - end of year</b>	<b>\$ 106,852</b>	<b>\$ 91,773</b>	<b>\$ 10,385</b>	<b>\$ 8,906</b>	<b>\$ 117,237</b>	<b>\$ 100,679</b>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

The largest portion of net assets \$ 71,221 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used 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 net assets \$ 17,455 represents resources that are subject to external restrictions on how they may be used.

The remaining balance of net assets represents unrestricted net assets of \$ 28,561, which may be used to meet the government's ongoing obligations to citizens and creditors.

**Governmental activities.** Governmental activities for the year resulted in a change in net assets of \$ 15,080. Key elements of this change are as follows:

General fund revenues over expenditures	\$ (1,267)
Special revenue and permanent fund revenues over expenditures	662
Capital project transfers and intergovernmental revenues used for capital assets	14,241
Change in net OPEB asset	1,479
Other	(35)
<b>Total</b>	<b>\$ 15,080</b>

**Business-type activities.** Business-type activities for the year resulted in a change in net assets of \$ 1,479. Key elements of this change are as follows:

Water operations	\$ 1,636
Sewer operations	(157)
<b>Total</b>	<b>\$ 1,479</b>

**D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources.

Such information is useful in assessing financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$ 41,705, a change of \$ (14,639) in comparison to the prior year. Key elements of this change are as follows:

General fund revenues over expenditures	\$ (1,267)
Premium on issuance of bonds	68
Transfer from general fund to water fund	(510)
CPA fund revenues over expenditures	778
Special revenue and permanent fund revenues over expenditures	662
Deficiency of current year bond proceeds and intergovernmental revenues over current year capital expenditures	<u>(14,370)</u>
Total	<u>\$ (14,639)</u>

The Town implemented *Governmental Accounting Standards Board Statement #54 Fund Balance Reporting and Governmental Fund Type Definitions*. In general, amounts previously reported as undesignated fund balance, are now reported as unassigned fund balance. Full definitions of all fund balance classifications can be found in the notes to the financial statements. Additionally, amounts previously reported in stabilization funds, are now required to be presented as committed fund balance in the general fund.

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$ 7,997, while total fund balance was \$ 20,413. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/12</u>	<u>6/30/11</u>	<u>Change</u>	<u>Balance % of Total General Fund Expenditures 6/30/12</u>
Restricted	\$ 1,380	\$ 1,505	\$ (125)	2%
Committed	2,111	2,375	(264)	3%
Assigned	8,923	4,976	3,947	12%
Unassigned	<u>7,998</u>	<u>14,092</u>	<u>(6,094)</u>	11%
Total fund balance	<u>\$ 20,412</u>	<u>\$ 22,948</u>	<u>\$ (2,536)</u>	28%

The total fund balance of the general fund changed by \$ (2,536) during the current fiscal year. Key factors in this change are as follows:

Use of free cash as a funding source	\$ (7,035)
Use of reserved fund balances	(155)
Revenues in excess of budget	170
Other financing sources in excess of budget	931
Expenditures less than budget	3,254
Other	<u>299</u>
Total	<u>\$ (2,536)</u>

**Proprietary funds.** Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net assets of the enterprise funds at the end of the year amounted to \$ 6,098, a change of \$ 656 in comparison with the prior year.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

#### **E. GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$ 982, which was primarily due to the \$ 725 transfer out for the DPW/design article. \$ 270 was for an article to redevelop the old septage site; \$ 30 was for an article for school revolving fund audit.

Even though State aid, motor vehicle excise, and payoff of some tax title accounts with penalties exceeded the budgeted revenues, overall revenues only exceeded budget by \$ 170.

#### **F. CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** Total investment in capital assets for governmental and business-type activities at year-end amounted to \$ 140,606 (net of accumulated depreciation), a change of \$ 26,993 from the prior year. This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

- High School renovation of \$ 24,639.
- Highway infrastructure improvements of \$ 237.
- Highway vehicles and equipment of \$ 765.
- Town building improvements of \$ 387.



- School technology equipment of \$ 306.
- Beach house of \$ 447.
- Route 27 and 30 intersection water system upgrade of \$ 490.
- Wastewater plant improvements of \$ 464.

Additional information on capital assets can be found in the Notes to the Financial Statements.

**Change in credit rating.** During the fiscal year, the Moody Investor Services has affirmed the Town's Aaa rating.

**Long-term debt.** At the end of the current fiscal year, total bonded debt outstanding was \$ 74,430, all of which was backed by the full faith and credit of the government.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

#### **G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

(Leave two pages)

DRAFT

DRAFT

DRAFT

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Wayland's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town Administrator  
Town of Wayland  
41 Cochituate Road  
Wayland, Massachusetts 01778

**DRAFT**

TOWN OF WAYLAND, MASSACHUSETTS

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current:			
Cash and short-term investments	\$ 30,474,669	\$ 5,701,303	\$ 36,175,972
Investments	15,080,254	-	15,080,254
Receivables, net of allowance for uncollectibles:			
Property taxes	752,602	-	752,602
Excises	76,696	-	76,696
User fees	-	1,634,987	1,634,987
Assessments	108,177	-	108,177
Departmental and other	195,776	-	195,776
Total current assets	<u>46,688,174</u>	<u>7,336,290</u>	<u>54,024,464</u>
Noncurrent:			
Property taxes	1,107,714	-	1,107,714
Net OPEB asset	4,774,123	-	4,774,123
Capital assets:			
Nondepreciable capital assets	23,326,333	-	23,326,333
Other capital assets, net of accumulated depreciation	98,196,563	19,082,812	117,279,375
Total noncurrent assets	<u>127,404,733</u>	<u>19,082,812</u>	<u>146,487,545</u>
<b>TOTAL ASSETS</b>	<u>174,092,907</u>	<u>26,419,102</u>	<u>200,512,009</u>
<b>LIABILITIES</b>			
Current:			
Accounts payable	2,393,460	112,328	2,505,788
Accrued liabilities	1,014,229	139,900	1,154,129
Accrued payroll and withholdings	774,928	5,371	780,299
Guaranteed deposits payable	800,102	-	800,102
Other liabilities	372,048	-	372,048
Current portion of long-term liabilities:			
Bonds and loans payable	5,382,097	1,091,886	6,473,983
Other liabilities	341,404	32,851	374,255
Total current liabilities	<u>11,078,268</u>	<u>1,382,336</u>	<u>12,460,604</u>
Noncurrent:			
Bonds and loans payable, net of current portion	55,006,973	14,652,000	69,658,973
Other liabilities, net of current portion	1,155,190	-	1,155,190
Total noncurrent liabilities	<u>56,162,163</u>	<u>14,652,000</u>	<u>70,814,163</u>
<b>TOTAL LIABILITIES</b>	<u>67,240,431</u>	<u>16,034,336</u>	<u>83,274,767</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	66,933,642	4,287,180	71,220,822
Restricted for:			
Grants and by enabling legislation	14,684,213	-	14,684,213
Permanent fund:			
Nonspendable	1,144,272	-	1,144,272
Spendable	1,626,407	-	1,626,407
Unrestricted	22,463,942	6,097,586	28,561,528
<b>TOTAL NET ASSETS</b>	<u>\$ 106,852,476</u>	<u>\$ 10,384,766</u>	<u>\$ 117,237,242</u>

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental Activities:</b>							
General government	\$ 4,275,223	\$ 1,229,604	\$ 405,087	\$ -	\$ (2,640,532)	\$ -	\$ (2,640,532)
Public safety	6,246,651	1,612,365	14,622	-	(4,619,664)	-	(4,619,664)
Education	48,546,684	4,354,230	9,187,355	-	(35,005,099)	-	(35,005,099)
Public works	2,681,988	536,424	89,946	-	(2,055,618)	-	(2,055,618)
Sanitation	114,618	-	-	-	(114,618)	-	(114,618)
Health and human services	1,145,762	231,989	19,069	-	(894,704)	-	(894,704)
Culture and recreation	2,651,804	849,872	92,401	-	(1,709,531)	-	(1,709,531)
Intergovernmental	191,501	-	-	-	(191,501)	-	(191,501)
Employee benefits	10,491,313	-	-	-	(10,491,313)	-	(10,491,313)
Interest	2,260,818	-	-	-	(2,260,818)	-	(2,260,818)
<b>Total Governmental Activities</b>	<b>78,606,362</b>	<b>8,814,484</b>	<b>9,808,480</b>	<b>-</b>	<b>(59,983,398)</b>	<b>-</b>	<b>(59,983,398)</b>
<b>Business-Type Activities:</b>							
Water services	2,970,350	4,096,357	-	-	-	1,126,007	1,126,007
Wastewater services	498,707	324,512	-	-	-	(174,195)	(174,195)
<b>Total Business-Type Activities</b>	<b>3,469,057</b>	<b>4,420,869</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>951,812</b>	<b>951,812</b>
<b>Total</b>	<b>\$ 82,075,419</b>	<b>\$ 13,235,353</b>	<b>\$ 9,808,480</b>	<b>\$ -</b>	<b>(59,983,398)</b>	<b>951,812</b>	<b>(59,031,586)</b>
<b>General Revenues:</b>							
Property taxes					56,210,914	-	56,210,914
Excise taxes					1,992,464	-	1,992,464
Grants and contributions not restricted to specific programs					16,866,244	-	16,866,244
Investment income					362,492	16,887	379,379
Other					141,249	-	141,249
Transfers, net					(510,000)	510,000	-
<b>Total general revenues and transfers</b>					<b>75,063,363</b>	<b>526,887</b>	<b>75,590,250</b>
<b>Change in Net Assets</b>					<b>15,079,965</b>	<b>1,478,699</b>	<b>16,558,664</b>
<b>Net Assets:</b>							
Beginning of year					91,772,511	8,906,067	100,678,578
End of year					\$ 106,852,476	\$ 10,384,766	\$ 117,237,242

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2012

	<u>General</u>	<u>Community Preservation Fund</u>	<u>High School Renovation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and short-term investments	\$ 7,716,749	\$ 8,248,877	\$ 1,339,451	\$ 13,169,592	\$ 30,474,669
Investments	15,080,254	-	-	-	15,080,254
Receivables:					
Property taxes	2,059,173	8,251	-	-	2,067,424
Excises	129,108	-	-	-	129,108
Assessments	67,223	-	-	40,954	108,177
Departmental and other	250	-	-	209,905	210,155
<b>TOTAL ASSETS</b>	<b><u>\$ 25,052,757</u></b>	<b><u>\$ 8,257,128</u></b>	<b><u>\$ 1,339,451</u></b>	<b><u>\$ 13,420,451</u></b>	<b><u>\$ 48,069,787</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Warrants and accounts payable	\$ 937,763	\$ 50,432	\$ 1,066,766	\$ 338,495	\$ 2,393,456
Accrued payroll and withholdings	765,259	-	-	9,670	774,929
Deferred revenues	2,137,071	8,251	-	250,859	2,396,181
Guaranteed deposits payable	800,102	-	-	-	800,102
<b>TOTAL LIABILITIES</b>	<b>4,640,195</b>	<b>58,683</b>	<b>1,066,766</b>	<b>599,024</b>	<b>6,364,668</b>
Fund Balances:					
Nonspendable	-	-	-	1,144,272	1,144,272
Restricted	1,380,195	8,198,445	272,685	11,677,155	21,528,480
Committed	2,111,293	-	-	-	2,111,293
Assigned	8,923,173	-	-	-	8,923,173
Unassigned	7,997,901	-	-	-	7,997,901
<b>TOTAL FUND BALANCES</b>	<b><u>20,412,562</u></b>	<b><u>8,198,445</u></b>	<b><u>272,685</u></b>	<b><u>12,821,427</u></b>	<b><u>41,705,119</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 25,052,757</u></b>	<b><u>\$ 8,257,128</u></b>	<b><u>\$ 1,339,451</u></b>	<b><u>\$ 13,420,451</u></b>	<b><u>\$ 48,069,787</u></b>

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND  
BALANCES TO NET ASSETS OF GOVERNMENTAL  
ACTIVITIES IN THE STATEMENT OF NET ASSETS

JUNE 30, 2012

<b>Total governmental fund balances</b>	\$ 41,705,119
<ul style="list-style-type: none"> <li>• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. <span style="float: right;">121,522,896</span></li> <li>• Net Other Post Employment Benefits asset is reported on the statement of net assets, and not reported in the funds. <span style="float: right;">4,774,123</span></li> <li>• Revenues are reported on the accrual basis of accounting and are not deferred until collection. <span style="float: right;">2,122,279</span></li> <li>• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <span style="float: right;">(1,014,229)</span></li> <li>• Other liabilities, that are not considered liabilities in the funds. <span style="float: right;">(372,048)</span></li> <li>• Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</li> </ul>	
Bonds payable	(58,686,028)
Unamortized debt premium	(1,703,042)
Landfill liability	(356,341)
Compensated absences liability	<u>(1,140,253)</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 106,852,476</u></b>

See notes to financial statements.



TOWN OF WAYLAND, MASSACHUSETTS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2012

	General	Community Preservation Fund	High School Renovation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 55,300,572	\$ 676,027	\$ -	\$ -	\$ 55,976,599
Excise taxes	2,011,745	-	-	-	2,011,745
Licenses and permits	769,814	-	-	-	769,814
Intergovernmental	11,629,964	183,029	11,686,335	3,100,181	26,599,509
Charges for services	711,437	-	-	6,948,979	7,660,416
Investment income	227,192	22,372	-	112,928	362,492
Fines and forfeitures	80,303	-	-	-	80,303
Contributions	-	-	-	75,215	75,215
Total Revenues	<u>70,731,027</u>	<u>881,428</u>	<u>11,686,335</u>	<u>10,237,303</u>	<u>93,536,093</u>
<b>Expenditures:</b>					
Current:					
General government	3,401,469	102,475	-	610,912	4,114,856
Public safety	5,551,068	-	-	284,618	5,835,686
Education	38,548,104	-	-	7,108,652	45,656,756
Public works	1,550,224	-	-	447,225	1,997,449
Sanitation	30,233	-	-	-	30,233
Health and human services	1,076,901	-	-	68,860	1,145,761
Culture and recreation	1,947,750	1,000	-	485,626	2,434,376
Employee benefits	11,970,590	-	-	-	11,970,590
Intergovernmental	191,501	-	-	-	191,501
Debt service:					
Principal	5,329,750	-	-	16,476	5,346,226
Interest	2,400,720	-	-	-	2,400,720
Capital outlay	-	-	24,638,946	3,979,642	28,618,588
Total Expenditures	<u>71,998,310</u>	<u>103,475</u>	<u>24,638,946</u>	<u>13,002,011</u>	<u>109,742,742</u>
Excess (deficiency) of revenues over expenditures	(1,267,283)	777,953	(12,952,611)	(2,764,708)	(16,206,649)
<b>Other Financing Sources (Uses):</b>					
Issuance of bonds	-	-	-	2,010,000	2,010,000
Premium	67,203	-	-	-	67,203
Transfers in	1,223,636	-	-	826,364	2,050,000
Transfers out	(2,560,000)	-	-	-	(2,560,000)
Total Other Financing Sources (Uses)	<u>(1,269,161)</u>	<u>-</u>	<u>-</u>	<u>2,836,364</u>	<u>1,567,203</u>
Net change in fund balances	(2,536,444)	777,953	(12,952,611)	71,656	(14,639,446)
Fund Balances, at Beginning of Year	<u>22,949,006</u>	<u>7,420,492</u>	<u>13,225,296</u>	<u>12,749,771</u>	<u>56,344,565</u>
Fund Balances, at End of Year	<u>\$ 20,412,562</u>	<u>\$ 8,198,445</u>	<u>\$ 272,685</u>	<u>\$ 12,821,427</u>	<u>\$ 41,705,119</u>

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS  
 RECONCILIATION OF THE STATEMENT OF REVENUES  
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2012

**NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS**                    \$ (14,639,446)

- 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:

Capital outlay purchases, net of disposals	27,983,484
Depreciation	(4,384,723)

- Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.

518,986

- Change in net OPEB asset

1,479,277

- 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:

Repayments of debt	5,346,226
Issuance of bonds	(2,010,000)
Deferred debt amortization	74,045

- In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.

139,902

- Change in other liabilities

(84,385)

- 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.

Compensated absences	21,495
Landfill	635,104

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES**                    \$ 15,079,965

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES  
AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
<b>Revenues</b>				
Property Taxes, net	\$ 59,167,646	\$ 54,307,752	\$ 54,307,752	\$ -
Intergovernmental	4,237,177	4,368,986	4,475,640	106,654
Motor Vehicle & Other Excise Tax	1,980,000	2,125,000	2,170,691	45,691
Penalties & Interest	140,000	140,000	205,125	65,125
In-Lieu Payments	30,000	30,000	33,348	3,348
Departmental Fees & Charges	700,000	850,000	712,195	(137,805)
Licenses & Permits	450,000	725,000	769,814	44,814
Special Assessments	5,000	5,000	10,725	5,725
Fines & Forfeits	40,000	50,000	89,603	39,603
Investment Income	150,000	225,000	222,344	(2,656)
<b>Total Revenues</b>	<b>66,899,823</b>	<b>62,826,738</b>	<b>62,997,237</b>	<b>170,499</b>
<b>Expenditures</b>				
Current:				
General government	3,817,457	4,207,155	3,612,165	594,990
Public safety	5,501,159	5,776,928	5,558,237	218,691
Education	31,376,713	32,089,953	31,414,947	675,006
Public works	1,765,699	1,797,294	1,676,647	120,647
Health and human services	1,071,897	1,115,094	1,080,823	34,271
Culture & recreation	1,870,439	1,882,938	1,893,152	(10,214)
State & county assessments	302,549	229,464	191,501	37,963
Debt service	7,776,459	7,776,459	7,730,470	45,989
Pension	3,420,633	3,420,633	3,420,633	-
Unclassified	10,657,000	9,520,587	7,983,857	1,536,730
<b>Total Expenditures</b>	<b>67,560,005</b>	<b>67,816,505</b>	<b>64,562,432</b>	<b>3,254,073</b>
<b>Other Financing Sources (Uses)</b>				
Use of free cash	2,010,000	7,035,000	-	(7,035,000)
Use of reserved fund balance	-	29,585	-	(29,585)
Use of bond premium	125,182	125,182	-	(125,182)
Bond premium	-	-	67,203	67,203
Transfers from other funds	360,000	360,000	1,223,636	863,636
Transfers to other funds	(1,835,000)	(2,560,000)	(2,560,000)	-
<b>Total Other Financing Sources(Uses)</b>	<b>660,182</b>	<b>4,989,767</b>	<b>(1,269,161)</b>	<b>(6,258,928)</b>
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ (2,834,356)	\$ (2,834,356)

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Business-Type Activities Enterprise Funds		
	Water Fund	Wastewater Fund	Total
<b><u>ASSETS</u></b>			
Current:			
Cash and short-term investments	\$ 4,482,302	\$ 1,219,001	\$ 5,701,303
User fees receivable	1,294,144	340,843	1,634,987
Total current assets	5,776,446	1,559,844	7,336,290
Noncurrent:			
Capital assets:			
Other capital assets, net of accumulated depreciation	14,028,424	5,054,388	19,082,812
Total noncurrent assets	14,028,424	5,054,388	19,082,812
<b>TOTAL ASSETS</b>	<b>19,804,870</b>	<b>6,614,232</b>	<b>26,419,102</b>
<b><u>LIABILITIES</u></b>			
Current:			
Accounts payable	107,448	4,878	112,326
Accrued liabilities	139,902	-	139,902
Accrued payroll	5,371	-	5,371
Current portion of long-term liabilities:			
Bonds and loans payable	848,250	243,636	1,091,886
Compensated absences	32,851	-	32,851
Total current liabilities	1,133,822	248,514	1,382,336
Noncurrent:			
Bonds and loans payable, net of current portion	9,294,000	5,358,000	14,652,000
Total noncurrent liabilities	9,294,000	5,358,000	14,652,000
<b>TOTAL LIABILITIES</b>	<b>10,427,822</b>	<b>5,606,514</b>	<b>16,034,336</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	4,180,057	107,123	4,287,180
Unrestricted	5,196,991	900,595	6,097,586
<b>TOTAL NET ASSETS</b>	<b>\$ 9,377,048</b>	<b>\$ 1,007,718</b>	<b>\$ 10,384,766</b>

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities Enterprise Funds		
	Water Fund	Wastewater Fund	Total
<b>Operating Revenues:</b>			
Charges for services	\$ 4,096,357	\$ 324,512	\$ 4,420,869
Total Operating Revenues	4,096,357	324,512	4,420,869
<b>Operating Expenses:</b>			
Personal services	939,141	-	939,141
Nonpersonnel	1,186,097	147,330	1,333,427
Depreciation	463,726	136,460	600,186
Total Operating Expenses	2,588,964	283,790	2,872,754
Operating Income	1,507,393	40,722	1,548,115
<b>Nonoperating Revenues (Expenses):</b>			
Investment income	-	16,887	16,887
Interest expense	(381,386)	(214,917)	(596,303)
Total Nonoperating Revenues (Expenses), Net	(381,386)	(198,030)	(579,416)
Income Before Transfers	1,126,007	(157,308)	968,699
Transfers in	510,000	-	510,000
Change in Net Assets	1,636,007	(157,308)	1,478,699
Net Assets at Beginning of Year	7,741,041	1,165,026	8,906,067
Net Assets at End of Year	\$ 9,377,048	\$ 1,007,718	\$ 10,384,766

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities Enterprise Funds		
	Water Fund	Wastewater Fund	Total
<b><u>Cash Flows From Operating Activities:</u></b>			
Receipts from customers and users	\$ 3,426,887	\$ 285,818	\$ 3,712,705
Payments of employee salaries, benefits, and related expenses	(938,267)	-	(938,267)
Payments to vendors	<u>(1,133,669)</u>	<u>(300,900)</u>	<u>(1,434,569)</u>
Net Cash Provided By Operating Activities	1,354,951	(15,082)	1,339,869
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>			
Acquisition and construction of capital assets	(749,194)	(3,244,946)	(3,994,140)
Transfers in from other funds	510,000	-	510,000
Proceeds from bonds	100,000	400,000	500,000
Principal payments on bonds	(825,250)	(198,518)	(1,023,768)
Interest expense	<u>(389,261)</u>	<u>(214,917)</u>	<u>(604,178)</u>
Net Cash (Used For) Capital and Related Financing Activities	(1,353,705)	(3,258,381)	(4,612,086)
<b><u>Cash Flows From Investing Activities:</u></b>			
Investment income	-	16,887	16,887
Net Cash Provided By Investing Activities	<u>-</u>	<u>16,887</u>	<u>16,887</u>
Net Change in Cash and Short-Term Investments	1,246	(3,256,576)	(3,255,330)
Cash and Short-Term Investments, Beginning of Year	<u>4,481,056</u>	<u>4,475,577</u>	<u>8,956,633</u>
Cash and Short-Term Investments, End of Year	<u>\$ 4,482,302</u>	<u>\$ 1,219,001</u>	<u>\$ 5,701,303</u>
<b><u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u></b>			
Operating income	\$ 1,507,393	\$ 40,722	\$ 1,548,115
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	463,726	136,460	600,186
Changes in assets and liabilities:			
User fees receivables	(669,470)	(38,694)	(708,164)
Accounts payable	52,428	(153,570)	(101,142)
Accrued payroll	5,371	-	5,371
Compensated absences	<u>(4,497)</u>	<u>-</u>	<u>(4,497)</u>
Net Cash Provided By Operating Activities	<u>\$ 1,354,951</u>	<u>\$ (15,082)</u>	<u>\$ 1,339,869</u>

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2012

	Other Post- Employment Benefits Trust Fund	Agency Fund
<b><u>ASSETS</u></b>		
Cash and short-term investments	\$ 9,859,540	\$ 288,150
Total Assets	9,859,540	288,150
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Other liabilities		288,150
Total Liabilities	-	288,150
<b><u>NET ASSETS</u></b>		
Total net assets held in trust for other post employment benefits and other purposes	<u>\$ 9,859,540</u>	<u>\$ -</u>

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2012

	Other Post- Employment Benefits Trust Fund
<b>Additions:</b>	
Contributions	\$ 5,189,551
Investment Income:	42,795
Total additions	<u>5,232,346</u>
<b>Deductions:</b>	
Benefits	\$ <u>2,293,966</u>
Total deductions	<u>2,293,966</u>
Change in Net Assets	2,938,380
<b>Net assets:</b>	
Beginning of year	<u>6,921,160</u>
End of year	<u><u>\$ 9,859,540</u></u>

See notes to financial statements.



# TOWN OF WAYLAND, MASSACHUSETTS

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

The accounting policies of the Town of Wayland (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

#### A. Reporting Entity

The government is a municipal corporation governed by an elected Board of Selectmen. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2012, it was determined that no entities met the required GASB 39 criteria of component units.

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

##### Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given 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 (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

##### Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter 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.

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*, as is the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Community Preservation Fund* was adopted by the Town on April 24, 2001 by a state-wide act enabling legislation to allow Cities

and Towns to choose to create a new funding source that can be used to address three core community concerns:

- Acquisition and preservation of open space
  - Creation and support of affordable housing
  - Acquisition and preservation of historic buildings and landscapes
- The *High School Renovation Fund* accounts for capital improvements to the High School and related funding.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The government reports the following major proprietary funds:

- The *Wastewater Fund* is used to report the Town's wastewater enterprise fund operations.
- The *Water Fund* is used to report the Town's water enterprise fund operations.

#### D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

For purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

#### E. Investments

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Investments for the Trust Funds consist of marketable securities, bonds and short-term money market investments. Investments are carried at market value.

#### F. Property Tax Limitations

Legislation known as "Proposition 2½" has limited the amount of revenue that can be derived from property taxes. The prior fiscal year's tax levy limit is used as a base and cannot increase by more than 2.5 percent (excluding new growth), unless an override is voted. The actual fiscal year 2012 tax levy reflected an excess capacity of \$ 5,306,002.

#### G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (for enterprise funds only) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$ 5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Infrastructure	40
Vehicles	7
Equipment	7

#### H. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

#### J. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net assets".

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The Town's fund balance classification policies and procedures are as follows:

- 1) Nonspendable funds represent the perpetual care trust principal, which can never be spent.
- 2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended. In the case of capital project funds, these funds are restricted for projects financed by bonds.
- 3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the government (i.e., the Town Meeting).
- 4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet paid for. This account also includes fund balance (free cash) voted to be used in the subsequent fiscal year.
- 5) Unassigned funds are available to be spent in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned and unassigned.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Permanent fund restricted net assets are segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions. All other net assets are reported as unrestricted.

#### K. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and

expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

*L. Change in Presentation*

The financial statement presentation for internal balances due to pooled cash (i.e. due to/from) has been changed to cash and short-term investments in the current year.

**2. Stewardship, Compliance, and Accountability**

*A. Budgetary Information*

At the annual town meeting, the Finance Committee presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by town meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special town meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Finance Committee is empowered to transfer funds from the Reserve Fund (a contingency appropriation) to a departmental appropriation. "Extraordinary" includes expenses which are not in the usual line, or are great or exceptional. "Unforeseen" includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted.

Departments are limited to the line items as voted. Certain items may exceed the line item budget as approved if it is for an emergency and for the safety of the general public. These items are limited by the Massachusetts General Laws and must be raised in the next year's tax rate.

Formal budgetary integration is employed as a management control device during the year for the General Fund. Effective budgetary control is achieved for all other funds through provisions of the Massachusetts General Laws.

At year-end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

*B. Budgetary Basis*

The general fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

C. Budget/GAAP Reconciliation

The budgetary data for the general fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison with budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP Basis)	\$ 70,731,027	\$ 71,998,310
Other financing sources/uses (GAAP Basis)	1,290,839	2,560,000
Subtotal (GAAP Basis)	72,021,866	74,558,310
Adjust tax revenue to accrual basis	(726,389)	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(1,045,901)
Add end of year appropriation carryforwards to expenditures	-	1,356,941
Reverse the effect of non- budgeted state contributions for police, fire, and teachers retirement	(7,002,553)	(7,002,553)
Reverse non-budgeted funds	(4,848)	(744,365)
Budgetary Basis	<u>\$ 64,288,076</u>	<u>\$ 67,122,432</u>

D. Deficit Fund Equity

The FY09 Substance Abuse Prevention, October 2011 Storm Reimbursement, and WPSF had deficits of \$ 37,677, \$ 29,744 and \$ 9,679, respectively, as of June 30, 2012, which will be eliminated through future inter-governmental and other reimbursement revenues.



### 3. Cash and Short-Term Investments

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the Town's deposits "in a bank or trust company or banking company to an amount not exceeding sixty percent of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." The Town does not have a deposit policy for custodial credit risk.

As of June 30, 2012, \$ 22,707,913 of the Town's bank balance of \$ 46,860,008 was exposed to custodial credit risk as uninsured or uncollateralized; \$ 5,185,068 of the uncollateralized amount was invested in the state pool.

### 4. Investments

#### A. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, Massachusetts General Law, Chapter 44, Section 55, limits the Town's investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSROs).

Presented below (in thousands) is the actual rating as of year-end for each investment of the Town. (All federal agency securities have an implied credit rating of AAA.):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year-end</u>			
			<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>
Federal agency securities	\$ 684	\$ -	\$ 684	\$ -	\$ -	\$ -
Certificates of deposits	8,098	8,098	-	-	-	-
Corporate bonds	30	-	-	-	30	-
Bond mutual funds	944	-	692	39	112	101
Mutual funds	3,866	3,866	-	-	-	-
Corporate equities	1,458	1,458	-	-	-	-
<b>Total investments</b>	<b>\$ 15,080</b>	<b>\$ 13,422</b>	<b>\$ 1,376</b>	<b>\$ 39</b>	<b>\$ 142</b>	<b>\$ 101</b>

**B. Custodial Credit Risk**

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town does not have policies for custodial credit risk.

**C. Concentration of Credit Risk**

The Town places no limit on the amount the Town may invest in any one issuer. Investment in any one issuer (other than U.S. Treasury securities and mutual funds) that represents 5% or more of total investments is the First Trade Union Bank certificates of deposit of \$ 8,098,313.

**D. 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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Exempt</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>
Debt-related Securities:					
Federal agency securities	\$ 684	\$ -	\$ -	\$ 578	\$ 106
Corporate bonds	30	-	-	30	-
Bond mutual funds	944	944	-	-	-
Total	<u>\$ 1,658</u>	<u>\$ 944</u>	<u>\$ -</u>	<u>\$ 608</u>	<u>\$ 106</u>

**E. Foreign Currency Risk**

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have policies for foreign currency risk.

**5. Taxes Receivable**

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by

the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on a quarterly basis and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year they relate to.

Fourteen days after the due date for the final tax bill for real estate taxes, a demand notice may be sent to the delinquent taxpayer. Fourteen days after the demand notice has been sent, the tax collector may proceed to file a lien against the delinquent taxpayers' property. The Town has an ultimate right to foreclose on property for unpaid taxes. Personal property taxes cannot be secured through the lien process.

Taxes receivable at June 30, 2012 consist of the following:

	Real Estate		
	2012	\$ 654,667	
	2011	57,776	
	2010	17,951	
		<hr/>	730,394
	Personal Property		
	2012	6,254	
	2011	3,555	
	2010	2,381	
	2009	1,767	
		<hr/>	13,957
	Community Preservation Act		8,251
	Tax Title		936,695
	Deferred Taxes		378,127
			<hr/>
	Total	\$	<u><u>2,067,424</u></u>

**6. Allowance for Doubtful Accounts**

The receivables reported in the accompanying entity-wide financial statements reflect the following estimated allowances for doubtful accounts:

	<u>Governmental</u>	<u>Business-Type</u>
Property taxes	\$ 207,108	\$ -
Excises	52,412	-
Ambulance	14,379	-
Utilities	-	161,895

**7. Interfund Transfers**

The following is an analysis of interfund transfers made in fiscal year 2012:

	<u>Transfers In</u>	<u>Transfers out</u>
<u>Governmental Funds:</u>		
General fund	\$ 1,223,636	\$ 2,560,000
Nonmajor governmental funds	826,364	-
<u>Enterprise Fund:</u>		
Water fund	<u>510,000</u>	<u>-</u>
Total	<u>\$ 2,560,000</u>	<u>\$ 2,560,000</u>

The transfers are used to move revenues from the fund that legislature or budget requires to expend them. Transfer into Water Fund from the General Fund represents a budgeted amount for water system upgrades at Route 27 and 30 intersection funded by the General Fund unassigned fund balance.

**8. Capital Assets**

Capital asset activity for the year ended June 30, 2012 was as follows (in thousands):

**DRAFT**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 105,016	\$ 26,043	\$ -	\$ 131,059
Machinery, equipment, and furnishings	9,222	908	(474)	9,656
Vehicles	5,610	543	-	6,153
Infrastructure	<u>6,030</u>	<u>489</u>	<u>-</u>	<u>6,519</u>
Total capital assets, being depreciated	125,878	27,983	(474)	153,387
Less accumulated depreciation for:				
Buildings and improvements	(34,857)	(2,990)	-	(37,847)
Machinery, equipment, and furnishings	(7,383)	(719)	474	(7,628)
Vehicles	(4,700)	(368)	-	(5,068)
Infrastructure	<u>(4,340)</u>	<u>(308)</u>	<u>-</u>	<u>(4,648)</u>
Total accumulated depreciation	<u>(51,280)</u>	<u>(4,385)</u>	<u>474</u>	<u>(55,191)</u>
Total capital assets, being depreciated, net	74,598	23,598	-	98,196
Capital assets, not being depreciated:				
Land	21,580	-	-	21,580
Collections	<u>1,746</u>	<u>-</u>	<u>-</u>	<u>1,746</u>
Total capital assets, not being depreciated	<u>23,326</u>	<u>-</u>	<u>-</u>	<u>23,326</u>
Governmental activities capital assets, net	<u>\$ 97,924</u>	<u>\$ 23,598</u>	<u>\$ -</u>	<u>\$ 121,522</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 830	\$ -	\$ -	\$ 830
Machinery, equipment, and furnishings	55	81	-	136
Vehicles	505	-	-	505
Infrastructure	<u>17,057</u>	<u>3,913</u>	<u>-</u>	<u>20,970</u>
Total capital assets, being depreciated	18,447	3,994	-	22,441
Less accumulated depreciation for:				
Buildings and improvements	(103)	(21)	-	(124)
Machinery, equipment, and furnishings	(28)	(23)	-	(51)
Vehicles	(371)	(32)	-	(403)
Infrastructure	<u>(2,256)</u>	<u>(524)</u>	<u>-</u>	<u>(2,780)</u>
Total accumulated depreciation	<u>(2,758)</u>	<u>(600)</u>	<u>-</u>	<u>(3,358)</u>
Business-type activities capital assets, net	<u>\$ 15,689</u>	<u>\$ 3,394</u>	<u>\$ -</u>	<u>\$ 19,083</u>

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

Governmental Activities:	
General government	\$ 181,862
Public safety	410,965
Education	2,889,928
Public works	684,540
Culture and recreation	<u>217,428</u>
Total depreciation expense - governmental activities	<u>\$ 4,384,723</u>

Business-Type Activities:	
Water	\$ 463,726
Wastewater	<u>136,460</u>
Total depreciation expense - business-type activities	<u>\$ 600,186</u>

**9. Warrants and Accounts Payable**

Warrants payable represent 2012 expenditures paid by July 15, 2012. Accounts payable represent additional 2012 expenditures paid after July 15, 2012.

**10. Deferred Revenue**

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

The balance of the General Fund *deferred revenues* account is equal to the total of all June 30, 2012 receivable balances, except real and personal property taxes that are accrued for subsequent 60-day collections.

**11. Long-Term Debt**

**A. General Obligation Bonds**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds currently outstanding are as follows:

<u>Governmental Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/12</u>
Buildings - Town	02/01/18	2.99-4.59%	\$ 4,883,200
Department Equipment	02/01/16	2.99-3.95%	1,305,911
Buildings - School	02/01/27	2.99-4.59%	5,496,299
School - Other	02/01/14	2.99-4.59%	1,499,090
Other - Various	02/01/25	2.99-4.69%	3,274,249
School - Buildings	02/01/36	3.40-4.54%	41,280,000
Other - Outside	02/01/19	3.95-4.25%	148,279
MWPAT Title V	07/02/25	0.00%	799,000
<b>Total Governmental Activities:</b>			<b>\$ 58,686,028</b>

<u>Business-Type Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/12</u>
Water	02/01/31	2.99-4.59%	\$ 10,142,250
MWPAT Wastewater	07/01/22	-	376,636
Wastewater Treatment Plant	02/01/31	3.95%	5,225,000
<b>Total Business-Type Activities:</b>			<b>\$ 15,743,886</b>

**B. Future Debt Service**

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2012 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 5,308,052	\$ 2,371,514	\$ 7,679,566
2014	4,714,948	2,212,958	6,927,906
2015	3,984,948	2,066,242	6,051,190
2016	3,564,759	1,921,968	5,486,727
2017	3,249,759	1,826,378	5,076,137
2018-2022	12,792,589	7,458,250	20,250,839
2023-2027	9,990,973	5,178,780	15,169,753
2028-2032	8,600,000	2,953,200	11,553,200
2033-2036	6,480,000	757,500	7,237,500
<b>Total</b>	<b>\$ 58,686,028</b>	<b>\$ 26,746,790</b>	<b>\$ 85,432,818</b>

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,091,886	\$ 606,297	\$ 1,698,183
2014	1,080,136	573,418	1,653,554
2015	1,020,136	537,953	1,558,089
2016	1,009,942	499,667	1,509,609
2017	999,942	466,821	1,466,763
2018-2022	4,796,844	1,768,722	6,565,566
2023-2027	3,960,000	897,081	4,857,081
2028-2031	1,785,000	190,513	1,975,513
Total	<u>\$ 15,743,886</u>	<u>\$ 5,540,472</u>	<u>\$ 21,284,358</u>

**C. Changes in General Long-Term Liabilities**

During the year ended June 30, 2012, the following changes occurred in long-term liabilities (in thousands):

	<u>Total Balance 7/1/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total Balance 6/30/12</u>	<u>Less Current Portion</u>	<u>Equals Long-Term Portion 6/30/12</u>
<b>Governmental Activities</b>						
Bonds payable	\$ 62,022	\$ 2,010	(5,346)	\$ 58,686	\$ (5,218)	\$ 53,468
Unamortized debt premium	1,777	-	(74)	1,703	(74)	1,629
Subtotal	63,799	2,010	(5,420)	60,389	(5,292)	55,097
<b>Other:</b>						
Landfill closure	991	-	(635)	356	(56)	300
Accrued employee benefits	1,162	-	(22)	1,140	(285)	855
Totals	<u>\$ 65,952</u>	<u>\$ 2,010</u>	<u>\$ (6,077)</u>	<u>\$ 61,885</u>	<u>\$ (5,633)</u>	<u>\$ 56,252</u>
	<u>Total Balance 7/1/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total Balance 6/30/12</u>	<u>Less Current Portion</u>	<u>Equals Long-Term Portion 6/30/12</u>
<b>Business-Type Activities</b>						
Bonds payable	\$ 16,268	\$ 500	(1,024)	\$ 15,744	\$ (1,092)	\$ 14,652
Accrued employee benefits	37	-	(4)	33	(33)	-
Totals	<u>\$ 16,305</u>	<u>\$ 500</u>	<u>\$ (1,028)</u>	<u>\$ 15,777</u>	<u>\$ (1,125)</u>	<u>\$ 14,652</u>

Compensated absences are repaid from the funds that the costs relate to, mostly general fund and also water fund.



**12. Landfill Closure and Postclosure Care Costs**

The Town's municipal solid waste landfill is closed. The Town is now working with the State Regulatory Agency (DEP) to cap the landfill. State and Federal laws and regulations require the Town to place a final cover on its landfill site after it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. On February 1, 2011, the Town borrowed \$ 850,000 to fund the expected costs of closure and monitoring and most of the proceeds were used in fiscal year 2012 for capping costs.

The \$ 356,341 reported as landfill closure and postclosure care liability at June 30, 2012 is based on remaining capping costs to be incurred after fiscal year 2012, including annual postclosure monitoring and care costs. The Town expects to complete the capping of the landfill in fiscal year 2013. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

**13. Governmental Fund Balances**

The following is a breakdown of the Town's governmental fund balances at June 30, 2012:

DRAFT

	General Fund	Community Preservation Fund	High School Renovation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Nonexpendable permanent funds	\$ -	\$ -	\$ -	\$ 1,144,272	\$ 1,144,272
Total Nonexpendable	-	-	-	1,144,272	1,144,272
Restricted:					
Bond premium	1,380,195	-	-	-	1,380,195
High school renovation	-	-	272,685	-	272,685
Community preservation	-	8,198,445	-	-	8,198,445
Town special revenue accounts:					
Town center gift	-	-	-	123,787	123,787
Town center revolving	-	-	-	154,777	154,777
Receipts reserved for sale of real estate	-	-	-	542,485	542,485
Receipts reserved for concom receipts	-	-	-	118,007	118,007
Health reimbursement account	-	-	-	135,000	135,000
Cafeteria plan	-	-	-	135,467	135,467
Ambulance	-	-	-	1,320,813	1,320,813
Transfer station	-	-	-	188,523	188,523
Turf field	-	-	-	107,563	107,563
Receipts reserved for sale of cemetery lots	-	-	-	142,919	142,919
Other town grants and revolving accounts	-	-	-	949,095	949,095
School special revenue accounts:					
Before and after school program	-	-	-	465,485	465,485
PEGASUS	-	-	-	261,179	261,179
The Children's Way	-	-	-	293,100	293,100
School lunch	-	-	-	155,527	155,527
Transportation fees	-	-	-	157,171	157,171
SPED Circuit Breaker	-	-	-	493,747	493,747
Other school grants and revolving accounts	-	-	-	482,014	482,014
Town capital project accounts:					
Assessor equipment	-	-	-	147,534	147,534
Dam repairs	-	-	-	100,000	100,000
Town building repairs	-	-	-	228,103	228,103
Public safety building repairs	-	-	-	1,538,798	1,538,798
New DPW facility study	-	-	-	736,170	736,170
Drainage improvements	-	-	-	157,678	157,678
Beach house	-	-	-	125,533	125,533
Other capital project funds	-	-	-	467,857	467,857
School capital project accounts:					
FY09 capital building repairs	-	-	-	227,890	227,890
Other capital project funds	-	-	-	94,526	94,526
Expendable permanent funds	-	-	-	1,626,407	1,626,407
Total Restricted	1,380,195	8,198,445	272,685	11,677,155	21,528,480

(continued)

(continued)

	General Fund	Community Preservation Fund	High School Renovation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Committed:					
Stabilization	1,535,791	-	-	-	1,535,791
Septage	214,133	-	-	-	214,133
Town meeting articles	361,369	-	-	-	361,369
<b>Total Committed</b>	<b>2,111,293</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,111,293</b>
Assigned:					
Encumbrances	496,820	-	-	-	496,820
Use of fund balance for fiscal 13	6,740,000	-	-	-	6,740,000
Non-insurance	1,187,601	-	-	-	1,187,601
Management assignments	498,752	-	-	-	498,752
<b>Total Assigned</b>	<b>8,923,173</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,923,173</b>
Unassigned:	7,997,901	-	-	-	7,997,901
<b>Total Unassigned</b>	<b>7,997,901</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,997,901</b>
<b>Total Fund Balance</b>	<b>\$ 20,412,562</b>	<b>\$ 8,198,445</b>	<b>\$ 272,685</b>	<b>\$ 12,821,427</b>	<b>\$ 41,705,119</b>

#### **14. Commitments and Contingencies**

Outstanding Legal Issues - There are several pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

#### **15. Post-Employment Healthcare and Life Insurance Benefits**

##### **Other Post-Employment Benefits**

GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the

statement of activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Assets over time.

A. Plan Description

In addition to providing the pension benefits described, the Town provides post-employment health care and life insurance benefits for retired employees through the Town's single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by Chapter 32 of the Massachusetts General Laws. As of December 31, 2010, the actuarial valuation date, approximately 424 retirees and 424 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

The Town provides medical, prescription drug, mental health/substance abuse and life insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

C. Funding Policy

Retirees contribute 100% of the cost of the health plan, as determined by the Town. The Town contributes the remainder of the health plan costs on a pre-funded basis.

The Town has established an OPEB trust in accordance with State legislature, through which assets are accumulated and benefits are paid as they come due. Employer contributions to the plan are irrevocable. Plan assets are dedicated to providing benefits to retirees and their spouses in accordance with the terms of the plan, and plan assets are legally protected from creditors of the employer.

D. Annual OPEB Costs and Net OPEB Obligation

The Town's fiscal 2012 annual OPEB 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 No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the Town's annual OPEB cost for the year ending June 30, 2012, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of December 31, 2010.

Annual Required Contribution (ARC)	\$ 3,657,200
Interest on net OPEB obligation	(230,639)
Adjustment to ARC	<u>188,128</u>
Annual OPEB cost	3,614,689
Contributions made	<u>5,093,966</u>
Increase in net OPEB asset	1,479,277
Net OPEB asset - beginning of year	<u>3,294,846</u>
Net OPEB asset - end of year	<u><u>\$ 4,774,123</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Asset</u>
2012	\$ 3,614,689	140.9%	\$ 4,774,123
2011	\$ 3,560,074	147.1%	\$ 3,294,846
2010	\$ 3,138,586	127.3%	\$ 1,618,922
2009	\$ 3,020,926	100.4%	\$ 763,238

The Town's net OPEB obligation as of June 30, 2012 is recorded as a component of the "other long-term liabilities" line item.

**E. Funded Status and Funding Progress**

The funded status of the plan as of December 31, 2010, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ (49,476,106)
Actuarial value of plan assets	<u>3,762,563</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ (45,713,543)</u></u>
Funded ratio (actuarial value of plan assets/AAL)	<u><u>7.6%</u></u>
Estimated Covered payroll (active plan members)	<u><u>\$ 38,000,000</u></u>
UAAL as a percentage of covered payroll	<u><u>120.3%</u></u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future

employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the Town 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 Town and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2010 actuarial valuation the projected unit credit cost method was used. The actuarial assumptions included a 7.0% investment rate of return and an initial annual healthcare cost trend rate of 10.0% which decreases to a 5.0% long-term rate for all healthcare benefits after seven years. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a closed basis. This has been calculated assuming the amortization payment increases at a rate of 3.5%.

### **16. Pension Plan**

The Town follows the provisions of GASB Statement No. 27, (as amended by GASB 50) *Accounting for Pensions for State and Local Government Employees*, with respect to the employees' retirement funds. Chapter 32 of the Massachusetts General Laws assigns the System the authority to establish and amend benefit provisions of the plan, and the State legislature has the authority to grant cost-of-living increases.

#### A. Plan Description

The Town contributes to the Middlesex Retirement System (the "System"), a cost-sharing multiple-employer, defined benefit pension plan administered by a county retirement board. The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws assigns the System the authority to establish and amend benefit provisions of the plan and grant cost-of-living increases. The System issues a publicly available financial report

that can be obtained through the Middlesex Retirement System at 25 Linnell Circle, Billerica, Massachusetts 01865.

**B. Funding Policy**

Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the remaining system-wide actuarially determined contribution plus administration costs which are apportioned among the employers based on active covered payroll. The contributions of plan members and the Town are governed by Chapter 32 of the Massachusetts General Laws. The Town's contributions to the System for the years ended June 30, 2012, 2011, and 2010 were \$ 3,420,633, \$ 3,140,204, and \$ 3,005,975, respectively, which were equal to its annual required contributions for each of these years. The payroll for employees covered by the System for the year ended June 30, 2012 was approximately \$ 15,775,000.

**C. Massachusetts Teacher Retirement System (MTRS) - Plan Description**

As required by State Statutes, teachers of the Town are covered by the Massachusetts Teachers Retirement System (MTRS). The MTRS is funded by contributions from covered employees and the Commonwealth of Massachusetts. The MTRS was established under Chapter 15, Section 16 of the Massachusetts General Laws, however, Chapter 32 of the Massachusetts General Laws assigns the System the authority to establish and amend benefit provisions of the plan, and the State legislature has the authority to grant cost-of-living increases. The Town is not required to contribute.

**D. Teachers**

As required by State statutes, teachers of the Town are covered by the Massachusetts Teachers Retirement System (MTRS). The MTRS is funded by contributions from covered employees and the Commonwealth of Massachusetts. The Town is not required to contribute.

All persons employed on at least a half-time basis, who are covered under a contractual agreement requiring certification by the Board of Education are eligible, and must participate in the MTRS.

Based on the Commonwealth of Massachusetts' retirement laws, employees covered by the pension plan must contribute a percentage of gross earnings into the pension fund. The percentage is determined by the participant's date of entry into the system and gross earnings, up to \$ 30,000, as follows:

Before January 1, 1975	5%
January 1, 1975 - December 31, 1983	7% *
January 1, 1984 - June 30, 1996	8% *
July 1, 1996 - June 30, 2001	9% *
Beginning July 1, 2001	11%

\*Effective January 1, 1990, all participants hired after January 1, 1979, who have not elected to increase to 11%, contribute an additional 2% of salary in excess of \$ 30,000.

The Town's current year covered payroll for teachers and administrators was approximately \$ 21,200,000.

In fiscal year 2012, the Commonwealth of Massachusetts contributed \$ 7,002,553 to the MTRS on behalf of the Town. This is included in the education expenditures and intergovernmental revenues in the general fund.

## 17. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

## 18. Implementation of New GASB Standards

- The GASB has issued Statement 63, *Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which is required to be implemented in fiscal year 2013. Management's current assessment is that this pronouncement will have a significant impact on the Town's basic financial statements by eliminating the deferred charges. The Town anticipates that by eliminating the deferred charges, its net assets will be reduced accordingly.
- The GASB has issued Statement 68 *Accounting and Financial Reporting for Pensions*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will have a significant impact on the Town's basic financial statements by recognizing as a liability and expense, the Town's applicable portion of the Town of Wayland's actuarially accrued liability.



**TOWN OF WAYLAND, MASSACHUSETTS  
SCHEDULE OF FUNDING PROGRESS  
REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2012**

**(Unaudited)**

**(Amounts Expressed in thousands)**

**Other Post-Employment Benefits**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
12/31/08	\$ 764	\$ 40,852	\$ 40,088	1.9%	\$ 35,600	112.6%
12/31/10	3,763	49,476	45,713	7.6%	38,000	120.3%

See Independent Auditors' Report.

**TOWN OF WAYLAND, MASSACHUSETTS**

**Management Letter**

**For the Year Ended June 30, 2012**

**DRAFT**

## TABLE OF CONTENTS

	<u>PAGE</u>
<b>INTRODUCTORY LETTER</b>	1
 <b><u>CURRENT YEAR RECOMMENDATIONS:</u></b>	
1. Develop a More Formal Risk Assessment Process	3
2. Formalize a Fund Balance Policy	3
3. Segregate and Monitor School Billing, Collection and Turnover Procedures	4
4. Examine the Use of Unauthorized Bank Accounts	5
5. Strengthen Departmental Receipt Controls and Perform Internal Audits	5
6. Prepare to Implement GASB 68	6

To the Board of Selectmen  
Town of Wayland, Massachusetts

In planning and performing our audit of the financial statements of the Town of Wayland, Massachusetts as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Wayland's internal accounting control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. In addition, because of the inherent limitation in internal control, including the possibility of management's override of controls, misstatements due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

During our audit, we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions concerning those matters.

The Town's written response to our comments and suggestions has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, Board of Selectmen, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

After you have had an opportunity to consider our comments and recommendations, we would be pleased to discuss them with you.

Andover, Massachusetts  
, 2012

DRAFT

## **CURRENT YEAR RECOMMENDATIONS:**

### **1. Develop a More Formal Risk Assessment Process**

The Town informally performs its own risk assessment for possible fraud or material misstatements through various policies and procedures and regular reviews of trends in the financial statements. Risk assessment is a management function designed to identify where an organization may be vulnerable to errors and/or irregularities. A complete risk assessment process involves a written description of risk areas identified by those charged with governance (management and elected officials) and a description of how the organization intends on responding to the risks. As part of this process, the Town should pay particular attention to its assessment of the Control Environment; specifically, the risks associated with related parties and potential conflicts of interest. Specific monitoring activities to address these risks should be documented and implemented as well.

We recommend that the Town implement a more formal risk assessment process that includes written identification of areas where potential fraud or material misstatements to the basic financial statements may occur. Regular department head meetings could be used as a starting point for such risk assessment discussion.

Town's Response:

### **2. Formalize a Fund Balance Policy**

The Town does not have a formal (written) fund balance policy to guide the Town in maintaining a required or desired level of unassigned fund balance and set policy over other types of governmental fund balances. As a result, the Town's unassigned fund balance has fluctuated considerably over the past two years, and inconsistent classification of other types of governmental fund balance may exist. The other types of government fund balance includes non-spendable, restricted, committed, and assigned, the definitions of which can be found in the Town's basic financial statements.

Specific items that should be addressed in a fund balance policy include (but not limited to):

- Required/desired level of unassigned fund balance.
- Required/desired level of unrestricted net assets.
- Specify prioritization of fund balance amounts when multiple sources are used for one project, grant or activity (i.e., general fund monies are appropriated to partially fund a capital project, or a grant match).
- Specify the body or official authorized to make assignments of fund balance and define time constraints on each assignment.
- Distinguish between encumbrances (commitments related to contracts not yet performed and orders not yet filled) and other assignments (previously called designations).
- Define any approval process for modifying existing assignments.

We recommend that the Town formalize a fund balance policy to provide guidance over the above noted areas.

Town's Response:

### **3. Segregate and Monitor School Billing, Collection and Turnover Procedures**

A lack of segregation of duties exists as the School Department is currently responsible for billing and collecting/handling/remitting receipts of many substantial programs including: BASE, Pegasus, Global language, Tutoring, Enrichment, Kindergarten, METCO and TCW. As a result, this increases the risk that errors or irregularities could occur and not be detected.

We recommend the Town and School Department work together to segregate and monitor the billing, collection, and remittance of receipts over the above noted programs. We further recommend that the Town and School Department review all programs to ensure that appropriate segregation of duties are in place. This will strengthen internal controls over the receipts and disbursement over these programs.

Town's Response:

**4. Examine the Use of Unauthorized Bank Accounts**

In fiscal year 2012, several bank accounts used by the School Department were identified that were not previously under the control of the Town Treasurer or accounted for in the Town's general ledger. We understand that the Town has taken steps to close these accounts and further understand that the Town is considering performing additional analysis on these accounts. Based on our general review of the accounts, we concur with the Town's approach of further examination.

We recommend the Town review the monthly bank statements of these previously unidentified bank accounts to gain an understanding of the amounts and nature of the transactions to determine whether further examination should be conducted. We further recommend that the Town contact local financial institutions to search for other bank accounts that may be in the Town's name.

Town's Response:

**5. Strengthen Departmental Receipt Controls and Perform Internal Audits**

While the Town has a written receipt process, we found several Departments were not following the required procedures. As a result, inconsistencies exist between how departments collect, record and turn over monies, which increases the risk of errors or irregularities occurring and going undetected. We further noticed that the Finance Department does not regularly perform internal audits of departments to help ensure compliance with policy.

We recommend the Town provide a copy of the Receipt Policy to each department as an annual reminder of the procedures to be followed. Compliance with the Receipt Policy will improve documentation and control over



departmental receipts, and may reduce the risk of errors or irregularities from occurring and going undetected. Prior to re-circulating the policy, the Town should review and strengthen the policy by requiring a documented breakdown of cash versus check and requiring Finance to regularly provide departments with revenue reports for reconciliation with departmental logs. We also recommend the Finance Department establish a schedule for periodic internal audits of departmental accounting records. Implementation of these recommendations will result in improved oversight and should reduce the risk of errors or irregularities occurring and going undetected.

Town's Response:

**6. Prepare to Implement GASB 68**

Beginning in fiscal year 2015, the Town is required to implement the Governmental Accounting Standards Board (GASB) Statement 68 – *Accounting and Financial Reporting for Pensions* that will require the unfunded pension liability be recognized on the Town's Statement of Net Assets, including enterprise funds. It is widely expected that the implementation of this accounting standard will have a material impact on the Town's basic financial statements.

We recommend the Town begin planning for the implementation of GASB 68, which includes gaining an understanding of the new requirements, educating applicable financial statement users, and ensuring that the Town's applicable portions of unfunded retirement system's unfunded liability is audited and available for inclusion in your financial statements. We will be monitoring best practices for implementing this standard across the state and will provide guidance in the coming year.

Town's Response:

Account Number	Description	Balance	Audit JEs	General Fund	CPA	Town SRF	School SRF	Trusts	High School Renovation	Town CPF	School CPF	Water	Sewer	OPEB	Agency
10 -32110	FUND BAL RES FOR ENCUMBRANCE	(1,356,940.65)		(1,356,940.65)											
10 -32401	FUND BAL RES FOR EXPENDITURES	(7,465,000.00)		(7,465,000.00)											
10 -35901	UNDESIGNATED FUND BALANCE	(7,390,205.86)	112,840.00	(7,277,365.86)											
10 -35931	FD BAL-UNPROV ABATE/EXEMPT	4,466.33		4,466.33											
10 -35952	FD BAL-RES EXEMPT PREMIUMS	(1,380,195.00)		(1,380,195.00)											
23 -32110	FUND BAL RES FOR ENCUMBRANCE	(109,567.00)			(109,567.00)										
23 -35901	UNDESIGNATED FUND BALANCE	(8,088,876.94)			(8,088,876.94)										
24 -32110	FUND BAL RES FOR ENCUMBRANCE	(37,662.33)				(37,662.33)									
24 -35901	UNDESIGNATED FUND BALANCE	(3,880,773.95)				(3,880,773.95)									
25 -32110	FUND BAL RES FOR ENCUMBRANCE	(47,354.77)					(47,354.77)								
25 -35901	UNDESIGNATED FUND BALANCE	(2,549,017.87)					(2,260,867.46)								(288,150.41)
40 -32110	FUND BAL RES FOR ENCUMBRANCE	(1,416,231.54)								(1,416,231.54)					
40 -35901	UNDESIGNATED FUND BALANCE	(2,085,441.86)								(2,085,441.86)					
41 -32110	FUND BAL RES FOR ENCUMBRANCE	(24,461.25)						(14,883.25)			(9,578.00)				
41 -35901	UNDESIGNATED FUND BALANCE	(570,639.25)						(257,801.70)			(312,837.55)				
42 -32110	FUND BAL RES FOR ENCUMBRANCE	(164,964.21)										(164,964.21)			
42 -35901	UNDESIGNATED FUND BALANCE	(128,918.72)										(128,918.72)			
44 -32110	FUND BAL RES FOR ENCUMBRANCE	(463,935.86)											(463,935.86)		
44 -35901	UNDESIGNATED FUND BALANCE	(190,435.20)											(190,435.20)		
61 -32110	FUND BAL RES FOR ENCUMBRANCE	(53,170.37)										(53,170.37)			
61 -32401	FUND BAL RES FOR EXPENDITURES	(1,910,000.00)										(1,910,000.00)			
61 -35901	UNDESIGNATED FUND BALANCE	(2,112,430.97)	(5,007,565.14)									(7,119,996.11)			
62 -31901	UNDESIGNATED RETAINED EARNINGS	(181,326.38)		(181,326.38)											
62 -32401	FUND BAL RES FOR EXPENDITURES	(32,807.00)		(32,807.00)											
63 -31901	UNDESIGNATED RETAINED EARNINGS	(355,843.95)	206,404.88										(149,439.07)		
63 -32401	FUND BAL RES FOR EXPENDITURES	(203,908.00)											(203,908.00)		
83 -35901	UNDESIGNATED FUND BALANCE	(2,723,392.07)		(2,723,392.07)											
84 -35901	UNDESIGNATED FUND BALANCE	(9,859,540.14)												(9,859,540.14)	
85 -35901	UNDESIGNATED FUND BALANCE	(2,770,679.48)						(2,770,679.48)							
Total				(20,412,560.63)	(8,198,443.94)	(3,918,436.28)	(2,308,222.23)	(2,770,679.48)	(272,684.95)	(3,501,673.40)	(322,415.55)	(9,377,049.41)	(1,007,718.13)	(9,859,540.14)	(288,150.41)

Summary of Audit Adjustments:

General Fund:	
To propose 60 day rule	(118,684.00)
To propose school payroll accrual	231,524.00
Subtotal	112,840.00

Water fund - conversion to accrual basis:

To propose recording capital assets	(14,028,424.00)
To propose recording debt	10,142,250.00
To propose elimination of deferred revenue	(1,439,084.14)
To propose accrual of debt interest	139,902.00
To propose accrual of compensated absences	32,851.00
To propose allowance for doubtful accounts	144,940.00
Subtotal	(5,007,565.14)

Sewer fund - conversion to accrual basis:

To propose recording capital assets	(5,054,388.00)
To propose recording debt	5,601,636.00
To propose elimination of deferred revenue	(357,798.12)
To propose allowance for doubtful accounts	16,955.00
Subtotal	206,404.88

Stabilization	1,535,790.82
Non-insurance	1,187,601.25
Subtotal	2,723,392.07

TOWN OF WAYLAND, MASSACHUSETTS

GENERAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2012

<b>ASSETS</b>	<u>General</u>	<u>Septage</u>	<u>Stabilization Fund</u>	<u>Non-Insurance Fund</u>	<u>Total General Funds</u>	<u>Interfund Activity</u>	<u>Net General Funds</u>
Cash and short-term investments	\$ 4,779,224	\$ 214,133	\$ 1,535,791	\$ 1,187,601	\$ 7,716,749	\$	\$ 7,716,749
Investments	15,080,254				15,080,254		15,080,254
Receivables:							
Property taxes	2,059,173	-			2,059,173		2,059,173
Excises	129,108	-			129,108		129,108
Assessments	67,223	-			67,223		67,223
Departmental and other	250	-			250		250
Intergovernmental	-	-			-		-
<b>TOTAL ASSETS</b>	<b>\$ 22,115,232</b>	<b>\$ 214,133</b>	<b>\$ 1,535,791</b>	<b>\$ 1,187,601</b>	<b>\$ 25,052,757</b>	<b>\$ -</b>	<b>\$ 25,052,757</b>
 <b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Warrants and accounts payable	\$ 937,767	\$ -	\$	\$	\$ 937,767	\$	\$ 937,767
Accrued liabilities	-	-			-		-
Accrued payroll and withholdings	765,259	-			765,259		765,259
Deferred revenues	2,137,071	-			2,137,071		2,137,071
Notes payable	-	-			-		-
Guaranteed deposits payable	800,102	-			800,102		800,102
Due to other funds	-	-			-		-
Landfill liability	-	-			-		-
Other liabilities	-	-			-		-
<b>TOTAL LIABILITIES</b>	<b>4,640,199</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,640,199</b>	<b>-</b>	<b>4,640,199</b>
Fund Balances:							
Restricted	1,380,195	-			1,380,195		1,380,195
Committed	361,369	214,133	1,535,791		2,111,293		2,111,293
Assigned	7,735,572	-	-	1,187,601	8,923,173		8,923,173
Unassigned	7,997,901	-			7,997,901		7,997,901
<b>TOTAL FUND BALANCES</b>	<b>17,475,037</b>	<b>214,133</b>	<b>1,535,791</b>	<b>1,187,601</b>	<b>20,412,562</b>	<b>-</b>	<b>20,412,562</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 22,115,236</b>	<b>\$ 214,133</b>	<b>\$ 1,535,791</b>	<b>\$ 1,187,601</b>	<b>\$ 25,052,761</b>	<b>\$ -</b>	<b>\$ 25,052,761</b>

See notes to financial statements.

## TOWN OF WAYLAND, MASSACHUSETTS

## GOVERNMENTAL FUNDS

## BALANCE SHEET

JUNE 30, 2012

<b>ASSETS</b>	<u>General</u>	Community Preservation <u>Fund</u>	High School Renovation <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Cash and short-term investments	\$ 7,716,749	\$ 8,248,877	\$ 1,339,451	\$ 13,169,592	\$ 30,474,669
Investments	15,080,254	-	-	-	15,080,254
Receivables:					
Property taxes	2,059,173	8,251	-	-	2,067,424
Excises	129,108	-	-	-	129,108
Assessments	67,223	-	-	40,954	108,177
Departmental and other	250	-	-	209,905	210,155
<b>TOTAL ASSETS</b>	<u>\$ 25,052,757</u>	<u>\$ 8,257,128</u>	<u>\$ 1,339,451</u>	<u>\$ 13,420,451</u>	<u>\$ 48,069,787</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Warrants and accounts payable	\$ 937,763	\$ 50,432	\$ 1,066,766	\$ 338,495	\$ 2,393,456
Accrued payroll and withholdings	765,259	-	-	9,670	774,929
Deferred revenues	2,137,071	8,251	-	250,859	2,396,181
Guaranteed deposits payable	800,102	-	-	-	800,102
<b>TOTAL LIABILITIES</b>	4,640,195	58,683	1,066,766	599,024	6,364,668
Fund Balances:					
Nonspendable	-	-	-	1,144,272	1,144,272
Restricted	1,380,195	8,198,445	272,685	11,677,155	21,528,480
Committed	2,111,293	-	-	-	2,111,293
Assigned	8,923,173	-	-	-	8,923,173
Unassigned	7,997,901	-	-	-	7,997,901
<b>TOTAL FUND BALANCES</b>	<u>20,412,562</u>	<u>8,198,445</u>	<u>272,685</u>	<u>12,821,427</u>	<u>41,705,119</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 25,052,757</u>	<u>\$ 8,257,128</u>	<u>\$ 1,339,451</u>	<u>\$ 13,420,451</u>	<u>\$ 48,069,787</u>

See notes to financial statements.

TOWN OF WAYLAND, MASSACHUSETTS

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2012

	<u>Special Revenue Funds</u>			
	<u>Town</u>	<u>School</u>	<u>Trust</u>	<u>Subtotals</u>
<b><u>ASSETS</u></b>				
Cash and short-term investments	\$ 3,983,647	\$ 2,379,600	\$ 2,770,679	\$ 9,133,926
Property taxes receivables	-	-	-	-
Assessments receivable	40,954	-	-	40,954
Departmental and other receivables	209,905	-	-	209,905
Intergovernmental receivables	-	-	-	-
Loans receivable	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 4,234,506</u>	<u>\$ 2,379,600</u>	<u>\$ 2,770,679</u>	<u>\$ 9,384,785</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Warrants and accounts payable	\$ 55,541	\$ 71,377	\$ -	\$ 126,918
Accrued liabilities	-	-	-	-
Deferred revenues	250,859	-	-	250,859
Notes payable	-	-	-	-
Accrued payroll	9,670	-	-	9,670
Other liabilities	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	316,070	71,377	-	387,447
Fund Balances:				
Nonspendable	-	-	1,144,272	1,144,272
Restricted	<u>3,918,436</u>	<u>2,308,223</u>	<u>1,626,407</u>	<u>7,853,066</u>
Total Fund Balances	<u>3,918,436</u>	<u>2,308,223</u>	<u>2,770,679</u>	<u>8,997,338</u>
Total Liabilities and Fund Balances	<u>\$ 4,234,506</u>	<u>\$ 2,379,600</u>	<u>\$ 2,770,679</u>	<u>\$ 9,384,785</u>

(continued)

	<u>Capital Project Funds</u>			Total Nonmajor Governmental Funds
	<u>Town</u>	<u>School</u>	<u>Subtotal</u>	
<u>ASSETS</u>				
Cash and short-term investments	\$ 3,703,043	\$ 332,623	\$ 4,035,666	\$ 13,169,592
Property taxes receivable	-	-	-	-
Assessments receivable	-	-	-	40,954
Departmental and other receivables	-	-	-	209,905
Intergovernmental receivables	-	-	-	-
Loans receivable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>3,703,043</u>	\$ <u>332,623</u>	\$ <u>4,035,666</u>	\$ <u>13,420,451</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Warrants and accounts payable	\$ 201,370	\$ 10,207	\$ 211,577	\$ 338,495
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	250,859
Notes payable	-	-	-	-
Accrued payroll	-	-	-	9,670
Other liabilities	-	-	-	-
	<u>201,370</u>	<u>10,207</u>	<u>211,577</u>	<u>599,024</u>
Total Liabilities	201,370	10,207	211,577	599,024
Fund Balances:				
Nonspendable	-	-	-	1,144,272
Restricted	<u>3,501,673</u>	<u>322,416</u>	<u>3,824,089</u>	<u>11,677,155</u>
Total Fund Balances	<u>3,501,673</u>	<u>322,416</u>	<u>3,824,089</u>	<u>12,821,427</u>
Total Liabilities and Fund Balances	\$ <u>3,703,043</u>	\$ <u>332,623</u>	\$ <u>4,035,666</u>	\$ <u>13,420,451</u>

TOWN OF WAYLAND, MASSACHUSETTS  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET ASSETS  
 JUNE 30, 2012

	<u>Other Post- Employment Benefits Trust Fund</u>	<u>Agency Fund</u>
<b><u>ASSETS</u></b>		
Cash and short-term investments	\$ <u>9,859,540</u>	\$ <u>288,150</u>
Total Assets	9,859,540	288,150
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Other liabilities	<u>-</u>	<u>288,150</u>
Total Liabilities	<u>-</u>	<u>288,150</u>
<b><u>NET ASSETS</u></b>		
Total net assets held in trust for other post employment benefits and other purposes	\$ <u><u>9,859,540</u></u>	\$ <u><u>-</u></u>

See notes to financial statements.

## TOWN OF WAYLAND, MASSACHUSETTS

## PROPRIETARY FUNDS

## STATEMENT OF NET ASSETS

JUNE 30, 2012

	Business-Type Activities		
	Water		
	<u>Water</u> <u>Operating</u>	<u>Water</u> <u>CPF</u>	<u>Water</u> <u>Total</u>
<b><u>ASSETS</u></b>			
Current:			
Cash	\$ 4,157,487	\$ 324,815	\$ 4,482,302
User fees receivable	1,294,144	-	1,294,144
Intergovernmental receivable	-	-	-
Due from other funds	-	-	-
Total current assets	<u>5,451,631</u>	<u>324,815</u>	<u>5,776,446</u>
Noncurrent:			
Depreciable capital assets, net of accumulated depreciation	<u>14,028,424</u>	<u>-</u>	<u>14,028,424</u>
Total noncurrent assets	<u>14,028,424</u>	<u>-</u>	<u>14,028,424</u>
<b>TOTAL ASSETS</b>	<b>19,480,055</b>	<b>324,815</b>	<b>19,804,870</b>
<b><u>LIABILITIES</u></b>			
Current:			
Accounts payable	76,515	30,933	107,448
Accrued liabilities	139,902		139,902
Deferred revenue	-	-	-
Accrued payroll	5,371	-	5,371
Other current liabilities			-
Current portion of long-term liabilities:			-
Bonds and loans payable	848,250	-	848,250
Compensated absences	<u>32,851</u>		<u>32,851</u>
Total current liabilities	<u>1,102,889</u>	<u>30,933</u>	<u>1,133,822</u>
Noncurrent:			
Bonds and loans payable, net of current portion	<u>9,294,000</u>	<u>-</u>	<u>9,294,000</u>
Total noncurrent liabilities	<u>9,294,000</u>	<u>-</u>	<u>9,294,000</u>
<b>TOTAL LIABILITIES</b>	<b>10,396,889</b>	<b>30,933</b>	<b>10,427,822</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	4,180,057	-	4,180,057
Unrestricted	<u>4,903,109</u>	<u>293,882</u>	<u>5,196,991</u>
<b>TOTAL NET ASSETS</b>	<b>\$ <u>9,083,166</u></b>	<b>\$ <u>293,882</u></b>	<b>\$ <u>9,377,048</u></b>

See notes to financial statements.



Business-Type Activities  
Sewer

<u>Sewer Operating</u>	<u>Sewer CPF</u>	<u>Sewer Total</u>
\$ 564,630	\$ 654,371	\$ 1,219,001
340,843	-	340,843
-	-	-
-	-	-
905,473	654,371	1,559,844
5,054,388	-	5,054,388
5,054,388	-	5,054,388
5,959,861	654,371	6,614,232
4,878	-	4,878
-	-	-
-	-	-
-	-	-
243,636	-	243,636
248,514	-	248,514
5,358,000	-	5,358,000
5,358,000	-	5,358,000
5,606,514	-	5,606,514
107,123	-	107,123
246,224	654,371	900,595
\$ 353,347	\$ 654,371	\$ 1,007,718

Statement of Revenues, Expenditures & Fund Balances-Special Rev & Trust Funds											
June 30, 2012											
org	object	project			Balance	Transfers/ Adjustments	Revenues	Expenditures	Encumbrances	Unreserved Fund Balance June 30, 2012	Total Fund Balance
					July 1, 2011						
23161103	54199				160,000.00			50,433.00	109,567.00	0.00	
23196103	54199				0.00			(5,000.00)		5,000.00	
23198303	54199				18,353.00			2,500.00		15,853.00	
					54,891.61					54,891.61	
23198603	54199				56,686.36			(21,622.60)		78,308.96	
23198703	54199				27,815.89			27,815.00		0.89	
23198803	54199				25,000.00			0.00		25,000.00	
23198903	54199				3,300.00			2,700.00		600.00	
23199003	54199				18,400.00			10,650.00		7,750.00	
23199103	54199				35,000.00			35,000.00		0.00	
23199203	54199				0.00	90,000.00				90,000.00	
23199303	54199				0.00	356,000.00				356,000.00	
23651403	54199				5,000.00			1,000.00		4,000.00	
						(446,000.00)				(446,000.00)	
					7,016,045.00		881,428.00			7,897,473.00	
					<b>7,420,491.86</b>	<b>0.00</b>	<b>881,428.00</b>	<b>103,475.40</b>	<b>109,567.00</b>	<b>8,088,877.46</b>	<b>8,198,444.46</b>
24122400	54199			1	D	136,625.69		12,838.61		123,787.08	
24122600	54199			1	D	7,392.34				7,392.34	
24122700	52167			1	D	4,593.53	150,183.33			154,776.86	
24122800	54199			1	D	1,202.77	2,767.50	128.56		3,841.71	
24122900	54199			1	D	12,196.40	2,000.00	300.00		13,896.40	
24123300	54199			1	D	315.56	1,711.24	1,498.19		528.61	
24135100	54199			1	D	542,484.55				542,484.55	
24135200	54199			1	D	80,251.87	7,152.00			87,403.87	
24135800	54199			1	D	0.00	1,082.00	1,082.00		0.00	
24155400	54199			1	D	17,088.00	30,000.00	1,480.00		45,608.00	
24170900	54199			1	D	118,006.68				118,006.68	
24171100	54199			1	D	42,635.72				42,635.72	
24171300	54199			1	D	20,191.00	4,233.75			24,424.75	
24192400	54199			1	FG	(277,918.77)	205,310.82	(72,607.95)		0.00	
24192500	54199			1	G	0.00	65,887.50	48,658.46		17,229.04	
24195100	54199			1	D	2,528.00	150.00	116.00		2,562.00	
24196300	54199			1	D	13,702.50	2,836.00			16,538.50	
24198100	54199			1	D	17,142.23	(263.69)			16,878.54	
24198200	54199			1	D	53,839.53		2,500.00		51,339.53	
24199700	54199			1	D	0.00	375,000.00	240,000.00		135,000.00	
24199900	54199			1	D	134,844.31	268,716.88	268,094.45		135,466.74	
24210100	54199			2	D	2,853.04		462.50		2,390.54	
24210200	54199			2	D	16,413.15	9,300.00	6,462.50		19,250.65	
24210400	54199			2	G	665.38		665.38		0.00	
24210700	54199			2	G	0.00	3,565.00	3,565.00		0.00	
24210800	51001			2	D	48,635.73	223,626.50	261,053.57		11,208.66	
24220100	54199			2	D	1,222.02		535.60		686.42	
24220200	54199			2	G	8,307.18		816.21		7,490.97	
24220300	54199			2	FG	0.00	11,057.00	11,057.00		0.00	
24220700	54199			2	D	518.09				518.09	
24220900	54199			2	D	1,270,392.50	410,420.53	360,000.00		1,320,813.03	
24422100	54199			4	D	5,360.00	83.87			5,443.87	
24422300	54199			4	D	94,113.20	21,101.80	115,215.00		0.00	

Statement of Revenues, Expenditures & Fund Balances-Special Rev & Trust Funds											
June 30, 2012											
org	object	project			Balance	Transfers/ Adjustments	Revenues	Expenditures	Encumbrances	Unreserved Fund Balance June 30, 2012	Total Fund Balance
					July 1, 2011						
24422400	54199		STREET/SIDEWALK REFUNDABLE DEP	4 D	33,931.32		8,813.80	1,300.00		41,445.12	
24423200	54199		STORM REIMBURSEMENT	4 FG	(49,890.00)		49,139.86	(750.14)		0.00	
24423300	54199		STORM REIMB-IRENE	4 FG	0.00		34,029.12	34,029.12		0.00	
24423400	54199		STORM REIMB-OCT STORM	4 FG	0.00		3,488.87	33,233.29		(29,744.42)	
24453100	54199		WATER CONSERVATION GRANT	4 D	0.00		3,287.67			3,287.67	
24494000	54199		TRANSFER STATION	4 D	61,510.27		506,424.87	379,412.29	1,962.33	186,560.52	
24494100	54199		DIRT ACCT	4 D	53,190.00				35,700.00	17,490.00	
24510900	54199		BOH TITLE 5 BETTERMENT	5 D	97,652.76		7,742.37	16,476.00		88,919.13	
24511800	54199		BOH/FLU SHOT REIMB	5 D	12,232.39		32,394.28	17,963.42		26,663.25	
24546100	54199		COA REVOLVING	5 D	90,541.49		31,973.87	32,923.22		89,592.14	
24546200	54199		COA GIFT FUND	5 D	18,431.11		465.37			18,896.48	
24546300	54199		ELDER AFFAIRS GRANT	5 G	10,449.11		19,069.00	17,973.70		11,544.41	
24612100	54199		STATE AID TO LIBRARIES	6 G	77,040.60		10,742.88	17,684.17		70,099.31	
24612200	54199		LIBRARY AUTOMATION ACCT	6 G	1,224.42		2,573.38	2,305.43		1,492.37	
24612300	54199		LIBRARY CHILDRENS CENTER ROOM	6 D	553.03					553.03	
24612400	54199		LIBRARY GIFTS	6 D	9,070.96		3,524.96	1,975.07		10,620.85	
24650100	54199		TURF FIELD	6 D	77,017.21		33,546.25	3,000.00		107,563.46	
24651300	54199		HANNAH WILLIAMS PLAYGROUND	6 D	11,780.59		6,078.74	17,796.36		62.97	
24651500	54199		RECEIPTS RES-SALE OF CEMETERY LOTS	6 D	138,369.23		4,550.00			142,919.23	
24652000	51001		RECREATION REVOLVING	6 D	104,399.44		429,257.62	439,289.84		94,367.22	
24652200	54199		RECREATION GIFTS	6 D	8,277.97					8,277.97	
24653600	54199		CULTURAL COUNCIL	6 G	1,669.70		3,875.05	3,575.00		1,969.75	
24922100	54199		INSURANCE REIMBURSEMENT < 20K	9 D	526,807.34		3,783.00	450,000.00		80,590.34	
			<b>Fund 24</b>		<b>3,659,861.14</b>	<b>0.00</b>	<b>2,990,682.99</b>	<b>2,732,107.85</b>	<b>37,662.33</b>	<b>3,880,773.95</b>	<b>3,918,436.28</b>
			<b>PY AJE to record storm reimb AR</b>		<b>49,140.00</b>						
					<b>3,709,001.14</b>						

Statement of Revenues, Expenditures & Fund Balances-Special Rev & Trust Funds										Unreserved	Total
June 30, 2012										Fund	Fund
org	object	project			Balance	Transfers/				Balance	Fund
					July 1, 2011	Adjustments	Revenues	Expenditures	Encumbrances	June 30, 2012	Balance
25709260	55103	3110	BASE	s D	405,442.18		909,192.45	849,149.76	3,810.67	461,674.20	
25709360	55103	3111	PEGASUS	s D	340,904.01		140,119.90	219,845.14	911.24	260,267.53	
25709160	55104	3112	TCW	s D	285,505.60	157.12	808,593.07	801,155.04	9,379.36	283,721.39	
25709460	55480	3113	GLOBAL LANGUAGE	s D	35,752.53		33,131.40	21,990.69		46,893.24	
25709560	55480	3114	TUTORING	s D	23,103.04		34,282.85	20,826.11		36,559.78	
25709060	55380	3115	ENRICHMENT	s D	29,465.07		58,645.94	55,006.91		33,104.10	
25603312	55120	3116	FULL DAY KINDERGARTEN	s D	78,262.50		492,561.00	520,577.19	1,413.20	48,833.11	
25798540	55222	3120	SCHOOL LUNCH	s FG	168,139.63		1,022,936.84	1,035,549.42		155,527.05	
25250841	55411	3130	ATHLETICS	s D	301,798.78		294,428.75	586,387.53		9,840.00	
25250841	55180	3135	ICE HOCKEY	s D	3,955.93		60,027.08	48,035.88		15,947.13	
25250841	55180	3136	WEIGHT ROOM REVOLVING	s D	5,814.00			5,227.00		587.00	
25200243	55306	3140	HS PARKING FEES	s D	89,669.37		2,994.00	89,805.22	1,075.50	1,782.65	
25206642	55181	3141	HS ACTIVITY FEES	s D	3,650.00					3,650.00	
25154315	55150	3146	INSTRUMENTAL MUSIC FEES	s D	108,263.00		53,550.00	128,210.10	3,614.00	29,988.90	
25157339	55480	3150	TRANSPORTATION FEES	s D	322,818.45		222,750.33	388,397.38	300.00	156,871.40	
25152144	55356	3160	BUILDING USE FEES	s D	31,797.37		41,137.67	33,838.88		39,096.16	
25140726	55516	3200	WPSF	s D	21,039.86	755.13	131,056.21	154,625.56	7,904.78	(9,679.14)	
25708004	55480	3210	METCO REVOLVING	s D	71,974.55		70,066.12	114,182.35	5,039.62	22,818.70	
25203815	55150	3215	SCHOOL CABLE STUDIO	s D	38,947.02			20,775.00		18,172.02	
25120202	55480	3220	GENERAL GIFTS	s D	13,413.48		50.00			13,463.48	
25300542	55480	3221	HANEY GIFT	s D	2,535.75					2,535.75	
25141425	55413	3225	PROF DEV REVOLVING	s D	30,559.92	250.00	21,911.00	16,700.66	8,600.00	27,420.26	
25141410	55515	3226	CURRICULUM	s D	9,631.37		13,009.99	16,150.56		6,490.80	
25183125	55680	3231	ERATE ACCOUNT	s D	15,192.18		21,599.40	21,150.89		15,640.69	
25200229	55521	3240	HIGH SCHOOL GIFT	s D	18,599.06		242.93	7,101.46		11,740.53	
25300229	55521	3241	MIDDLE SCHOOL GIFT	s D	6,363.63		171.65	1,764.22	763.75	4,007.31	
25400229	55521	3242	CLAYPIT HILL GIFT	s D	4,717.06		404.55	4,380.98	98.84	641.79	
25500229	55521	3243	HAPPY HOLLOW GIFT	s D	2,891.87			2,183.81	597.50	110.56	
25600229	55521	3244	LOKER GIFT	s D	1,694.29		761.81	1,101.63		1,354.47	
25709160	55480	3245	CHILDREN'S WAY GIFT	s D	0.00		20,104.71	3,000.00	701.95	16,402.76	
25200226	55517	3246	HIGH SCHOOL LOST BOOKS	s D	6,722.19		2,786.89	7,131.58		2,377.50	
25300226	55517	3247	MIDDLE SCHOOL LOST BOOKS	s D	13,865.92		837.47	8,258.71		6,444.68	
25400226	55518	3248	CLAYPIT HILL LOST BOOKS	s D	27.48		296.23	10.24		313.47	
25500226	55517	3249	HAPPY HOLLOW LOST BOOKS	s D	203.85		11.45	212.22		3.08	
25120202	55480	3310	GOSSOLS ACADEMIC EXCELLENCE	s D	0.00		11,112.60	11,112.60		0.00	
25201126	55505	3311	FRANCIS SMITH DIGNITAS AWARD	s D	1,606.18		3.37			1,609.55	
25203128	55564	3340	HS STUDENT COMPUTER MAINTENANCE	s D	0.00		1,020.00			1,020.00	
25166271	55650	3417	SPED CIRCUIT BREAKER	s G	312,823.76	7,464.00	493,747.00	320,287.32		493,747.44	
25207716	55521	3432	FY12 ACAD SUPPORT	s G	0.00		5,400.00	4,052.93		1,347.07	
25708004	55103	3472	FY12 METCO	s G	0.00		602,678.00	602,678.00		0.00	
25166216	55150	3501	FY11 SPED 240	s FG	36,095.82	170.00	21,294.00	57,559.82		0.00	
25166216	55150	3502	FY12 SPED 240	s FG	0.00		575,432.00	538,880.95	1,353.85	35,197.20	
25166220	55302	3512	FY12 SPED EARLY CHILDHOOD	s FG	0.00		12,201.00	12,201.00		0.00	
25166225	55676	3522	FY12 SPED PROGRAM IMPROVEMENT	s FG	0.00		29,415.00	595.00		28,820.00	
25130725	55527	3532	FY12 TITLE IIA	s FG	0.00		7,367.00	4,221.01		3,145.99	
25162504	55103	3579	FY09 SUBSTANCE ABUSE PREVE	s FG	(29,032.78)	1,980.00	116,882.73	125,716.58	1,790.51	(37,677.14)	
25144010	55103	3582	FY12 TITLE I	s FG	0.00		9,055.00			9,055.00	
25166216	55150	3591	FY11 ARRA IDEA	s FG	44,846.44	8,005.51	195,763.00	248,614.95		0.00	

Statement of Revenues, Expenditures & Fund Balances-Special Rev & Trust Funds											
June 30, 2012											
org	object	project			Balance	Transfers/ Adjustments	Revenues	Expenditures	Encumbrances	Unreserved Fund Balance June 30, 2012	Total Fund Balance
					July 1, 2011						
			<b>Fund 25</b>		<b>2,859,060.36</b>	<b>18,781.76</b>	<b>6,539,032.39</b>	<b>7,108,652.28</b>	<b>47,354.77</b>	<b>2,260,867.46</b>	<b>2,308,222.23</b>
			<b>PY encumbrances</b>		<b>18,781.76</b>						
					<b>2,877,842.12</b>						
			<b>SUB-TOTAL SPEC REV-(24 &amp; 25 )</b>		<b>6,518,921.50</b>	<b>18,781.76</b>	<b>9,529,715.38</b>	<b>9,840,760.13</b>	<b>85,017.10</b>	<b>6,141,641.41</b>	
25206642	55480	3620	HS STUDENT ACTIVITY	s D	171,568.59		346,974.93	335,506.46		183,037.06	
25306642	55480	3630	MS STUDENT ACTIVITY	s D	68,777.70		175,274.88	173,982.95		70,069.63	
25406642	55480	3640	CH STUDENT ACTIVITY	s D	5,452.50		30,105.27	26,221.24		9,336.53	
25506642	55480	3650	HH STUDENT ACTIVITY	s D	22,866.33		27,323.96	32,748.56		17,441.73	
25606642	55480	3660	LO STUDENT ACTIVITY	s D	5,189.22		7,018.86	3,942.62		8,265.46	
			<b>Fund 25</b>		<b>273,854.34</b>	<b>0.00</b>	<b>586,697.90</b>	<b>572,401.83</b>	<b>0.00</b>	<b>288,150.41</b>	
83970000	54199		STABILIZATION FUND	9	1,531,570.15		4,220.67			1,535,790.82	1,535,790.82 to GF
83970200	54199		NON-INSURANCE FUND	9	1,070,209.20		190,000.00	72,607.95		1,187,601.25	1,187,601.25 to GF
84970300	54199		OPEB	9	6,921,159.71		2,938,380.43			9,859,540.14	9,859,540.14 to FF
85971000	54199		VANGUARD TRUST	1	2,673,273.15		204,230.31	106,823.98		2,770,679.48	2,770,679.48 to Trust
			<b>Fund 83 &amp; 84 &amp; 85</b>		<b>12,196,212.21</b>	<b>0.00</b>	<b>3,336,831.41</b>	<b>179,431.93</b>	<b>0.00</b>	<b>15,353,611.69</b>	

Statement of Revenues, Expenditures & Fund Balances - Capital Projects															
June 30, 2012															
ORG	OBJECT	PROJECT	DOR	CAT		Balance July 1, 2011	Transfers/ Adjustments	Revenues	Expenditures	Encumbrances	(OFS)/OFU	Balance June 30, 2012	Total Balance	Less Amounts Not Borrowed	Ending Balance 6/30/2012
<b>Town Capital-40</b>															
40141103	58500		E	1	ASSESSOR EQUIPMENT	0.00	185,665.83		38,132.21	76,751.33		70,782.29	147,533.62		147,533.62
40155103	58500		E	1	I.T. EQUIPMENT	50,000.00	130,753.99		152,738.21			28,015.78	28,015.78		28,015.78
40155203	58500		E	1	I.T. FINANCIAL SOFTWARE	0.00	78,367.95		37,116.72		41,251.23	0.00	0.00		0.00
40171403	58215		E	1	DAM REPAIRS	100,000.00						100,000.00	100,000.00		100,000.00
40171503	52100		E	1	STORMWATER MAPPING	35,000.00				35,000.00		0.00	35,000.00		35,000.00
40192103	58201		B	1	TOWN BUILDING REPAIRS	0.00	614,789.09		386,686.46	99,530.76		128,571.87	228,102.63		228,102.63
40210603	58500		E	2	POLICE CAPITAL EQUIPMENT	40,000.00			40,000.00			0.00	0.00		0.00
40211203	58201		B	2	PUBLIC SAFETY BUILDING REPAIRS	1,000,000.00	627,563.56		88,765.77	1,027,618.40		511,179.39	1,538,797.79		1,538,797.79
40221503	58502		E	2	FIRE VEHICLES	75,000.00			69,558.80		5,441.20	0.00	0.00		0.00
40422503	58300		H	4	HIGHWAY CH90	0.00	(315,948.89)	552,498.09	236,549.20			0.00	0.00		0.00
40423703	58500		E	4	HIGHWAY EQUIPMENT	265,000.00			265,000.00			0.00	0.00		0.00
40423803	58502		V	4	HIGHWAY VEHICLES	500,000.00			499,720.00		280.00	0.00	0.00		0.00
40423903	58300		B	4	HIGHWAY SIDEWALKS	0.00	65,706.70					65,706.70	65,706.70		65,706.70
40424203	58202		B	4	NEW DPW FACILITY STUDY	175,000.00	734,000.00		172,830.00	14,170.00		722,000.00	736,170.00		736,170.00
40424303	58215		B	4	HGWY ROADWORK DESIGN (27/30)	0.00	39,657.50		37,329.73			2,327.77	2,327.77		2,327.77
40424403	58215		B	4	HGWY TRAFFIC CALMING	0.00	21,013.54					21,013.54	21,013.54		21,013.54
40424503	58300		B	4	DRAINAGE IMPROVEMENTS	200,000.00			42,321.70	27,713.31		129,964.99	157,678.30		157,678.30
40494403	58215		B	4	TF STATION CAPPING	0.00	691,445.19		635,103.74	55,692.03		649.42	56,341.45		56,341.45
40546403	52100		B	6	COA FEASIBILITY STUDY	0.00	16,096.22		15,277.10		819.12	0.00	0.00		0.00
40650303	52100		B	6	PARKS FIELD RENOVATION	125,000.00	88,486.06		144,018.96	26,568.49		42,898.61	69,467.10		69,467.10
40650403	52100		B	6	FIELD ANALYSIS	75,000.00	2,544.46		10,033.46			67,511.00	67,511.00		67,511.00
40651303	58215		B	6	HANNAH WILLIAMS PLAYGROUND	120,000.00			120,000.00			0.00	0.00		0.00
40651703	58201		B	6	BEACH HOUSE	0.00	572,238.15		446,704.81	31,169.22		94,364.12	125,533.34		125,533.34
40651903	58215		B	6	CEMENTERY SITE IMPROVEMENTS	0.00	93,543.90		46,069.52	22,018.00		25,456.38	47,474.38		47,474.38
40652303	58215		B	6	BEACH IMPROVEMENTS	75,000.00						75,000.00	75,000.00		75,000.00
KEEP THIS LINE BLANK															KEEP THIS LINE BLANK
<b>Town Capital Total</b>						2,835,000.00	3,645,923.25	552,498.09	3,483,956.39	1,416,231.54	47,791.55	2,085,441.86	3,501,673.40		3,501,673.40
<b>Less New Authorization</b>							(725,000.00)								
							2,920,923.25								
<b>School Capital-41</b>															
41116048	55480	3700			MIDDLE SCH RENOVATIONS	0.00	29,798.87		16,071.48		13,727.39	0.00	0.00		0.00
41152148	55451	3750			FY10 BUILDING REPAIRS	0.00	2,299.22				2,299.22	0.00	0.00		0
41152148	55451	3752			FY12 BUILDING REPAIRS	100,000.00			51,386.64			48,613.36	48,613.36		48,613
41152148	55451	3757			FY07 BUILDING REPAIRS	0.00	88,904.52		78,936.26		9,968.26	0.00	0.00		0
41152148	55480	3759			FY09 BUILDING REPAIRS	0.00	227,890.00					227,890.00	227,890.00		227,890
41152166	55597	3761			FY12 CAPITAL EQUIPMENT-VEHICLE	50,000.00			43,539.00		6,461.00	0.00	0.00		0
41183131	55530	3771			FY11 CAPITAL TECHNOLOGY	0.00	1,664.22		1,664.22			0.00	0.00		0
41183131	55530	3772			FY12 CAPITAL TECHNOLOGY	350,000.00			304,087.81	9,578.00		36,334.19	45,912.19		45,912
41152148	55480	3788			FY08 HS BUILDING REPAIRS	0.00	218,174.00				218,174.00	0.00	0.00		0
<b>School Capital Total</b>						500,000.00	568,730.83	0.00	495,685.41	9,578.00	250,629.87	312,837.55	322,415.55	0.00	322,415.55
<b>MH&amp;Co Major Fund</b>															
41116048	55480	3705			HIGH SCH RENOVATIONS/PLANNING	0.00	30,649,662.13		24,638,946.18	14,883.25		5,995,832.70	6,010,715.95	(5,738,031)	272,684.95
<b>Not yet borrowed in prior year</b>							(17,424,366.00)								
							13,225,296.13								
KEEP THIS LINE BLANK															KEEP THIS LINE BLANK
<b>Town &amp; Sch Capital Total</b>						3,335,000.00	34,864,316.21	552,498.09	28,618,587.98	1,440,692.79	298,421.42	8,394,112.11	9,834,804.90	(5,738,031.00)	4,096,773.90
<b>Water Capital-42</b>															
42452203	58300				TANK REPAIRS	0.00	75,000.00		9,937.50			65,062.50	65,062.50		65,062.50
42452403	58500				CAPITAL EQUIPMENT	50,000.00	100,510.00		81,473.78	5,180.00		63,856.22	69,036.22		69,036.22

42452503	58300			SYSTEM UPGRADES	0.00	67,954.16		67,954.16		0.00	67,954.16		67,954.16			
42452603	58300			WATER C&L OLD SUDBURY/GLEEZAN	0.00	143,148.38		139,612.19	0.00	3,536.19	0.00	0.00	0.00			
42452703	58300			RTE 27/30 SYSTEM UPGRADE	510,000.00			489,697.45	20,302.55		0.00	20,302.55	20,302.55			
42452803	58300			PUMP STATION UPGRADES	100,000.00			28,472.50	71,527.50		0.00	71,527.50	71,527.50			
KEEP THIS LINE BLANK													KEEP THIS LINE BLANK			
			<b>W</b>	<b>4W</b>	<b>Water Capital Total</b>	<b>660,000.00</b>	<b>PY</b>	<b>386,612.54</b>	<b>0.00</b>	<b>749,193.42</b>	<b>164,964.21</b>	<b>3,536.19</b>	<b>128,918.72</b>	<b>293,882.93</b>	<b>0.00</b>	<b>293,882.93</b>
					<b>Wastewater Capital-44</b>											
44443103	58201			PLANT	0.00	4,099,316.90		3,244,945.84	463,935.86		390,435.20	854,371.06	(200,000)	654,371.06		
KEEP THIS LINE BLANK													KEEP THIS LINE BLANK			
			<b>WW</b>	<b>4WW</b>	<b>WWATER Capital Total</b>	<b>0.00</b>	<b>4,099,316.90</b>	<b>0.00</b>	<b>3,244,945.84</b>	<b>463,935.86</b>	<b>0.00</b>	<b>390,435.20</b>	<b>854,371.06</b>	<b>(200,000.00)</b>	<b>654,371.06</b>	
					<b>Not borrowed yet in prior year</b>		<b>(600,000.00)</b>									
							<b>3,499,316.90</b>									
					<b>All Capital Projects - Total</b>	<b>3,995,000.00</b>		<b>39,350,245.65</b>	<b>552,498.09</b>	<b>32,612,727.24</b>	<b>2,069,592.86</b>	<b>301,957.61</b>	<b>8,913,466.03</b>	<b>10,983,058.89</b>	<b>(5,938,031.00)</b>	<b>5,045,027.89</b>