



**TOWN OF WELLESLEY, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018**

On the cover: Town Hall.



The Tolles-Parsons Senior Center opened in October of 2017.

TOWN OF WELLESLEY, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2018



Prepared by:

The Finance Department of the Town of Wellesley, Massachusetts

TOWN OF WELLESLEY, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2018

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Introductory Section



A new boardwalk at Boulder Brook.

Town of Wellesley, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2018

Introductory Section

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Town of Wellesley

525 Washington Street
Wellesley, MA 02482

Letter of Transmittal

October 23, 2018

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

State law requires the Town of Wellesley to publish at the close of each year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue this Comprehensive Annual Financial Report (CAFR) of the Town of Wellesley, Massachusetts, for the year ending June 30, 2018 for your review.

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

The Town's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town's financial statements for the year ended June 30, 2018, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Town

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

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

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

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

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

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

Local Economy

The Town continues to reflect stronger economic conditions than other communities - both within the Commonwealth and nationally. Massachusetts unemployment continues to be less than the national average, and Wellesley's rate of 2.7% is approximately 82% of the state's rate.

Because of its proximity to Boston and the quality of services provided, Wellesley remains attractive to urban professionals whose wealth levels are among the highest in the Commonwealth. While the median household income in Massachusetts is higher than national levels, Wellesley's (\$171,719) is among the top five in the Commonwealth and more than twice the average. The relative wealth is also seen in the owner occupied median housing value, which, at \$1,051,000 is more than twice that of the state and four times that of the nation. The town is relatively densely populated and land is increasingly valuable. Tear downs and residential improvements continue to contribute to increased permit fee revenue and taxable new growth. Although the Town is 87% residential, commercial activity is diversified and the presence of Wellesley College, Babson College, and Massachusetts Bay Community College contribute to a lower unemployment rate and greater economic stability.

The Town continues to manage its financial affairs in a prudent manner. It has maintained its “excellent” bond rating of Aaa by incorporating long range planning tools such as a Town-wide Financial Plan; maintaining reserve levels despite tight budgets; investing in technology to ensure efficient operations; maintaining its facilities to avoid costly emergency repairs; continuing an aggressive pay-as-you-go financing strategy for capital improvements and utilizing the dedicated revenue streams from debt that is exempt from the constraints of Proposition 2 ½ to finance some of its larger projects.

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

Financial Planning and Internal Controls

The Town has intentionally increased its financial reserves during the last thirteen years and the Town’s management has adopted a formal reserve policy to inform its recommendations in its annual Town-Wide Financial Plan (TWFP). Fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 16.5 percent of the total general fund revenues. This is a slight decrease from the prior year ratio of 16.8 percent.

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

The annual pension contribution to the Wellesley Contributory Retirement System, a defined benefit pension plan administered by the Wellesley Contributory Retirement Board, represents a significant portion of the Town’s annual budget. An independent actuary engaged by the Retirement Board calculates the amount of the annual contribution the Town must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees. The funded status was 73.33% as reflected in the actuarial valuation performed as of January 1, 2017. The Retirement Board has reduced the assumed actuarial rate of return on investment from 6.75% to 6.625% in the latest valuation and adopted a number of more conservative assumptions regarding mortality rates, salary growth, etc., that tend to reduce the funded status. Management continues to factor updated valuations into its TWFP projections.

Similarly, health insurance costs and the liability for postemployment health care benefits for certain retirees and their dependents (OPEB) are key considerations in the TWFP. The Town has undertaken a number of proactive steps over the last ten years to reduce current costs and amortize the unfunded OPEB liability. As of the current actuarial valuation, done as of June 30, 2018, in accordance with GASB Statement No. 74, the funding status has improved to 50.6%, and the Town remains a leader within the Commonwealth in dealing with this liability.

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

Once balanced, the annual budget is then presented to the Annual Town Meeting for authorization by the Selectmen, together with comments and recommendations of the Advisory Committee. The level of budgetary control is established by Town Meeting and this approval defines the level at which expenditures may not exceed appropriations. This level is typically at the individual department salary and expense level. The state of the art financial system has a number of built in controls and department managers have ready access to their budgets.

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

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

New Initiatives

During fiscal year 2018, the Town continued to study its elementary school needs, particularly in light of interest from the Massachusetts School Building Authority (MSBA) in the Hardy/Upham project. Community meetings continued in an effort to inform and seek citizen input. During a Spring Special Town Meeting, town meeting members approved \$1,000,000 for a feasibility study to construct a new Hunnewell Elementary school, and it is expected that a feasibility study for the proposed MSBA project will soon follow.

The Board of Selectmen learned of the opportunity to acquire several parcels of land on Rt 9/Worcester Street as a result of a developer's 40B proposal. Independent of any decisions on the future of the Hardy School site as a location for the new MSBA-supported Hardy/Upham project, the adjacent parcels significantly improve the Town's existing site for municipal purposes. Despite uncertainty about the eventual use of the property, Town Meeting agreed that it made sense to authorize debt to acquire the three parcels.

Developers have recently submitted an unprecedented number of Affordable Housing proposals for consideration under the terms of Massachusetts General Law Chapter 40B. The Town continues to work toward meeting affordable housing needs while preserving the character of the Town, and has requested input on two "friendly" 40B projects which might support the Town values as articulated in the Town's new Unified Plan. Affordable housing will continue to be an issue, both this fiscal year and in the next several years.

Construction activity was strong once again and added to the tax base. The demolition delay does not seem to have slowed residential growth at this time. The local colleges continue to expand and upgrade their facilities, resulting in robust permit revenues during 2018.

This year the Town began a major project to protect the historical Town Hall from further deterioration from water and weather conditions. This project, as a result of its significant size, will trigger additional mandated accessibility modifications. These accessibility requirements will be quantified and presented to a future Town Meeting for consideration.

In June the Town issued \$13,330,000 in debt for several projects; including the Rt 9/Worcester land purchase, the Town Hall exterior renovation, reconstruction of Cliff Road, Water meters, Tolles-Parsons Senior Center, Rt 9/Kingsbury intersection, and several other projects.

Awards and Acknowledgements

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

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

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

Respectively submitted,



Blythe C. Robinson
Executive Director of General Government Services



Sheryl Strother
Finance Director/Town Accountant



Government Finance Officers Association

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

Presented to

**Town of Wellesley
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

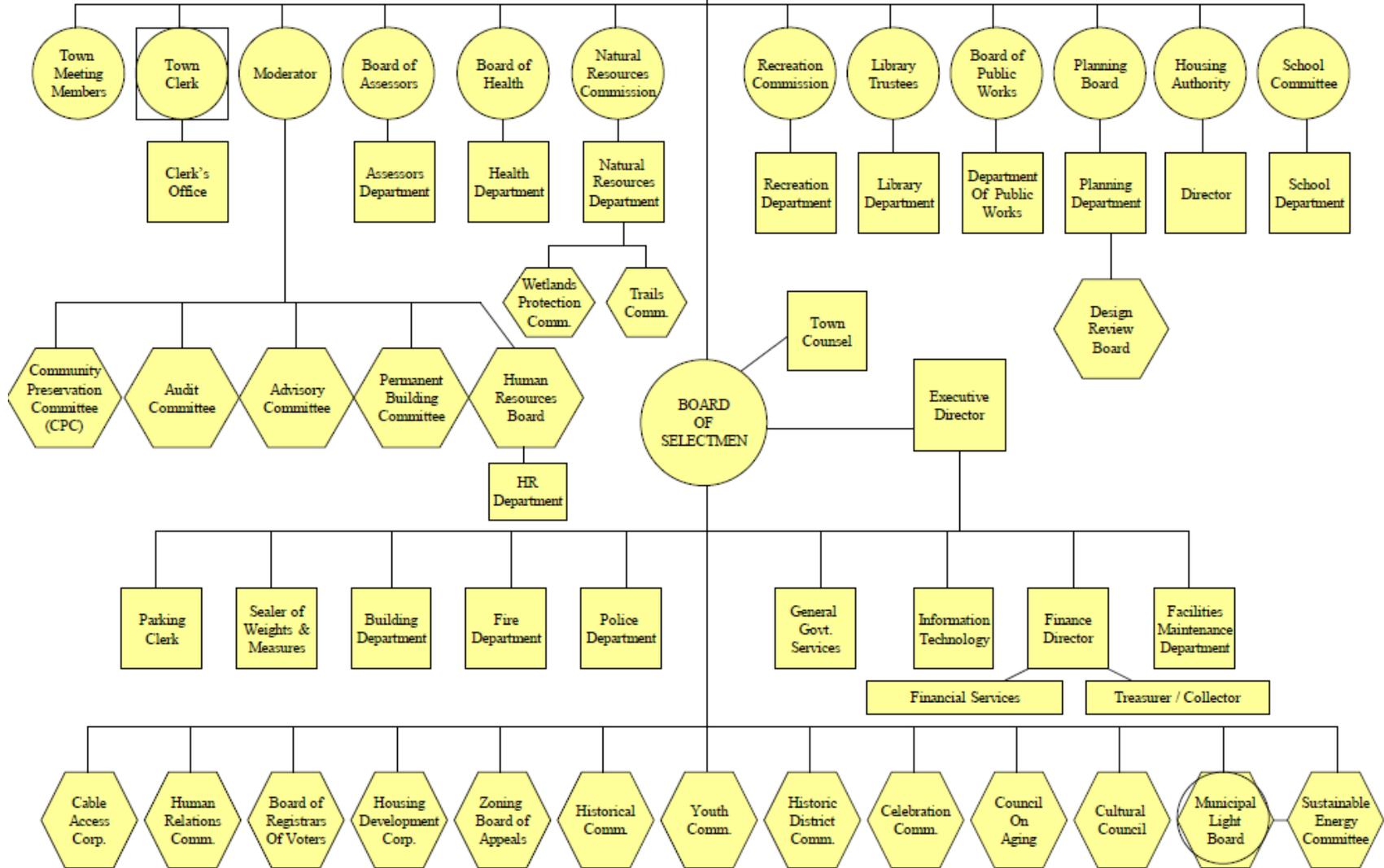


Wellesley Town Government Organization

VOTERS

Elected	Appointed	Town Employee

www.wellesleyma.gov



Principal Town Officials

<u>Elected Officials</u>		<u>Term Expires</u>
Board of Selectmen	Jack Morgan, Chairman	2021
	Marjorie Freiman, Vice Chair	2021
	Ellen Gibbs, Secretary	2019
	Beth Sullivan Woods	2020
	Tom Ulfelder	2020
Moderator	Don McCauley	2019
Town Clerk	K.C. Kato	2021
School Committee	Matt Kelley, Chair	2020
	Melissa Martin, Vice Chair	2020
	Linda Chow, Secretary	2021
	Sharon Gray, Member	2021
	Michael D'Ortenzio Jr., Member	2019

Appointed Officials

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

Other Officials

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



Fells Library Sitting Area.

Town of Wellesley, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2018

Financial Section

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wellesley, Massachusetts, as of and for the year ended June 30, 2018 (except for the Wellesley Contributory Retirement System which is as of and for the year ended December 31, 2017), and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wellesley, Massachusetts, as of June 30, 2018 (except for the Wellesley Contributory Retirement System which is as of December 31, 2017), and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2018 on our consideration of the Town of Wellesley, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Wellesley's internal control over financial reporting and compliance.

Powers & Sullivan LLC

October 23, 2018

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Wellesley, Massachusetts, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town of Wellesley for the year ended June 30, 2018. We encourage readers to consider the information presented in this report in conjunction with additional information that we have furnished in our letter of transmittal.

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

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

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Highlights

- The Town's government-wide assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the recent year by \$111.8 million and \$99 million for governmental activities and business-type activities, respectively. The business-type activities include the activities of the sewer, water, and electric enterprise funds.
- At the close of the current year, the Town of Wellesley's general fund reported an ending fund balance of \$29.3 million, an increase of \$882,000 over the prior year. Total fund balance represents 17% of total general fund expenditures, which management considers adequate and within expectations as compared to the Town's Financial Reserve Policy. \$20.8 million or 12% of this total amount is unassigned and available for appropriation at the Town's discretion. The remaining portions of the general fund balance, \$8.6 million, are committed and assigned to fund special articles, carryover encumbrances, and the 2019 budget.
- The Town of Wellesley's total governmental long-term debt increased by approximately \$1.1 million during the current year as a result of new issuances of \$13.5 million, inclusive of a \$1.1 million premium, and scheduled principal payments of \$12.4 million.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented this year. This standard resulted in the Town reporting a \$63.4 million Net OPEB liability and a \$8.7 million deferred outflow of resources related to OPEB, on the statement of net position; as well as added Note disclosures and Required Supplemental Information related to the Town's Net OPEB liability and the related OPEB Trust fund.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town of Wellesley's assets and deferred outflows exceeded its liabilities and deferred inflows by \$210.7 million at the close of 2018.

Government-wide net position of \$244.6 million reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$12.7 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position had a year-end deficit balance of \$46.6 million.

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

Governmental activities. The governmental activities net position increased by \$6.9 million during the current year compared to an increase of \$5.5 million in the prior year. Total revenues increased by \$5.6 million, while total expenses increased by \$4.2 million. Capital grants related to state funding of school construction projects decreased during 2018 as school construction spending decreased. Taxes, charges for services and operating grants were up. This was in line with management's expectations.

	2018	2017 (As Revised)
Assets:		
Current assets.....	\$ 76,279,738	\$ 66,286,881
Capital assets, non depreciable.....	53,936,894	60,611,096
Capital assets, net of accumulated depreciation.....	<u>231,858,021</u>	<u>226,877,007</u>
Total assets.....	<u>362,074,653</u>	<u>353,774,984</u>
Deferred outflows of resources.....	13,602,672	18,238,774
Liabilities:		
Current liabilities (excluding debt).....	10,111,588	9,653,896
Noncurrent liabilities (excluding debt).....	99,711,474	114,778,065
Current debt.....	12,285,594	12,386,592
Noncurrent debt.....	<u>126,079,595</u>	<u>124,845,960</u>
Total liabilities.....	<u>248,188,251</u>	<u>261,664,513</u>
Deferred inflows of resources.....	15,739,045	5,512,964
Net position:		
Net investment in capital assets.....	157,153,332	155,132,937
Restricted.....	10,715,597	10,236,030
Unrestricted.....	<u>(56,118,900)</u>	<u>(60,532,686)</u>
Total net position.....	<u>\$ 111,750,029</u>	<u>\$ 104,836,281</u>

Governmental capital assets decreased by \$1.6 million due to \$12.5 million of current year additions, offset by depreciation expense of \$14.1 million. Current year capital additions included the completion of the Tolles Parsons Senior Center, Fuller Brook Park, Schofield/Fiske School renovations, roadway infrastructure work, as well as two land purchases.

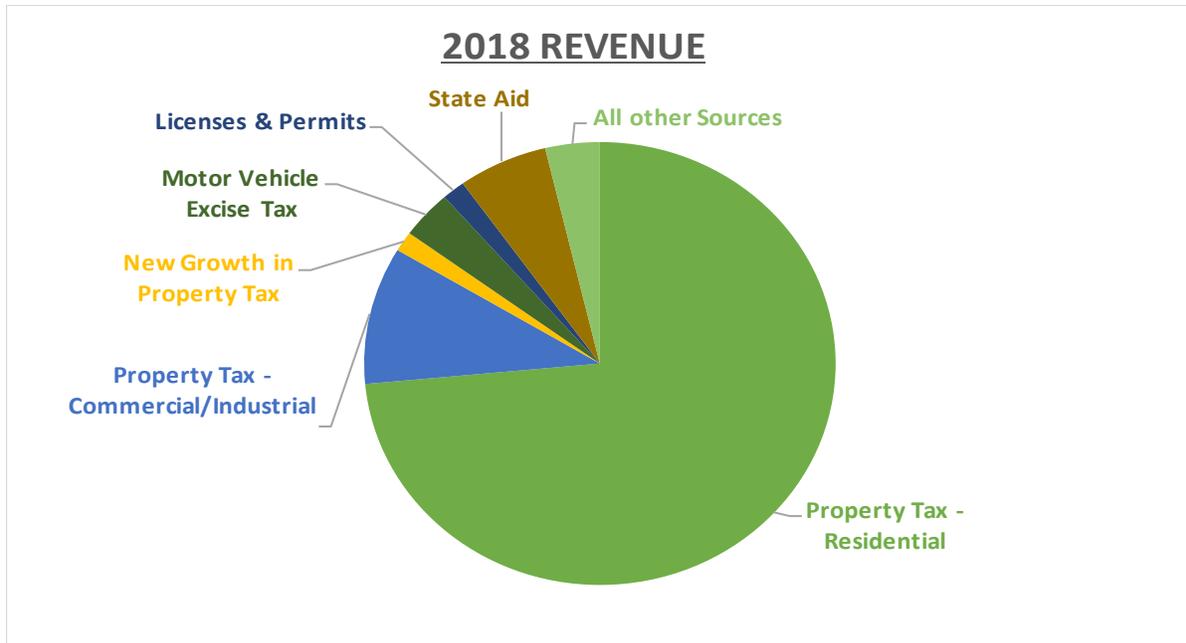
Non-current liabilities, excluding debt, consist mainly of the \$37.3 million net pension liability, as well as the \$62 million net OPEB liability which was reported for the first time due to the implementation of GASB Statement #75.

Beginning net position has been revised to reflect the implementation of GASB Statement #75. To reflect this change, the Town has revised the net other postemployment liability (OPEB), which has resulted in the revision of the June 30, 2017, balance by \$61,716,826. Accordingly, previously reported net position of \$166,553,107, has been revised to \$104,836,281 (see note 17 for additional information).

	2018	2017 (As Revised)
Program Revenues:		
Charges for services.....	\$ 15,606,790	\$ 13,526,329
Operating grants and contributions.....	33,268,571	31,843,909
Capital grants and contributions.....	580,951	4,048,579
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	135,752,243	130,788,189
Tax and liens.....	244,918	358,144
Motor vehicle and other excise taxes.....	5,847,263	5,265,624
Meals tax.....	658,814	637,046
Community preservation tax.....	1,247,964	1,201,443
Penalties and interest on taxes.....	214,884	459,999
Payments in lieu of taxes.....	76,490	76,470
Grants and contributions not restricted to specific programs.....	1,444,485	1,566,027
Unrestricted investment income.....	1,041,214	582,607
Total revenues.....	195,984,587	190,354,366
Expenses:		
General government.....	8,814,934	8,805,331
Facilities maintenance.....	12,350,521	11,880,224
Natural resources.....	725,662	636,909
Public safety.....	17,548,998	17,132,944
Public education.....	122,811,840	118,927,884
Public works.....	13,920,456	14,112,079
Health.....	1,001,200	1,103,030
Recreation.....	2,607,564	3,176,831
Library.....	4,420,548	4,251,592
Community preservation.....	687,669	187,011
Traffic and parking management.....	789,994	832,610
Interest.....	4,391,453	4,830,418
Total expenses.....	190,070,839	185,876,862
Excess (Deficiency) before transfers.....	5,913,748	4,477,504
Transfers.....	1,000,000	1,000,000
Change in net position.....	6,913,748	5,477,504
Net position, beginning of year (as revised).....	104,836,281	99,358,777
Net position, end of year.....	\$ 111,750,029	\$ 104,836,281

Revenues

Wellesley's revenues are primarily dependent upon the income of Town residents and their willingness and ability to pay, rather than relying on external sources such as State grants. These revenues include property taxes, including those taxes derived from voter-authorized debt exclusions, Community Preservation tax surcharges, and local receipts from vehicle excise taxes and building permits. The amount of debt exclusions is notable in that it is a dedicated revenue stream for capital projects voluntarily added to the assessments by voter referendum. Because of the affluence of Wellesley's citizens, the Town is able to afford to maintain its services, assets, reserves and provide many extra services that improve the life of its citizens. **Associated Risks:** Income and wealth levels directly impact the Town's revenues and these factors have remained strong through various economies because of the Town's educational reputation and its proximity to Boston. These revenues account for over 88 percent of the revenue increase from 2017 to 2018.



Other financial notes related to governmental activities

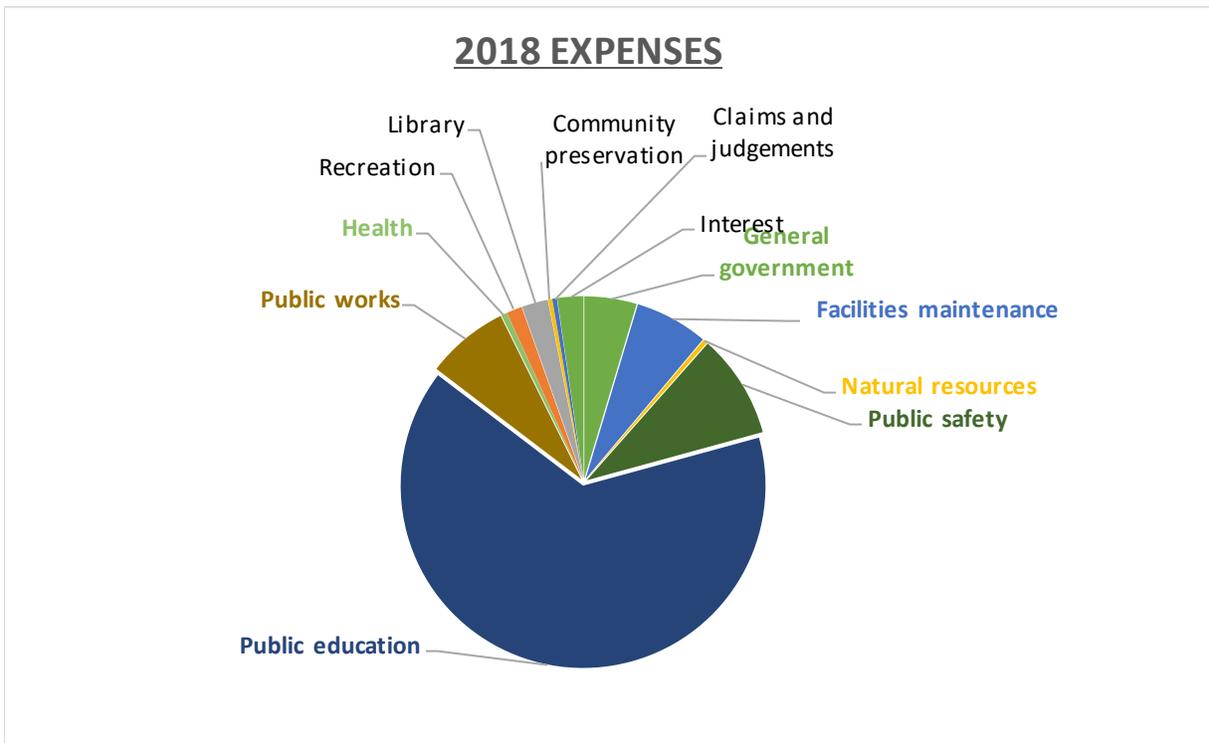
In addition to the 69% of total revenues that property taxes provide, the following is a brief description of our other revenue sources.

- Operating grants and contributions accounted for 17% percent of total governmental revenues. Most of these resources apply to educational operations. These resources offset costs within the school department and supplement their general fund operating budget. The increase in operating grants reflected above is primarily related to a \$1.0 million increase in the revenue and expense recorded as on-behalf assistance from the Commonwealth of Massachusetts’ Teachers Retirement System relative to the Town’s recognition of a special funding situation for teacher pensions as described in more detail in the notes to the basic financial statements.
- Charges for services represented 8% of total governmental revenues. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by the Town are included in this category. This category increased by roughly \$2.1 million primarily due to an increase in building permit revenue.
- Other taxes and other revenues also comprised a total of 6% percent of the governmental revenues. These primarily include capital grants, motor vehicle and other excise taxes, non-restricted grants and contributions, and investment earnings.

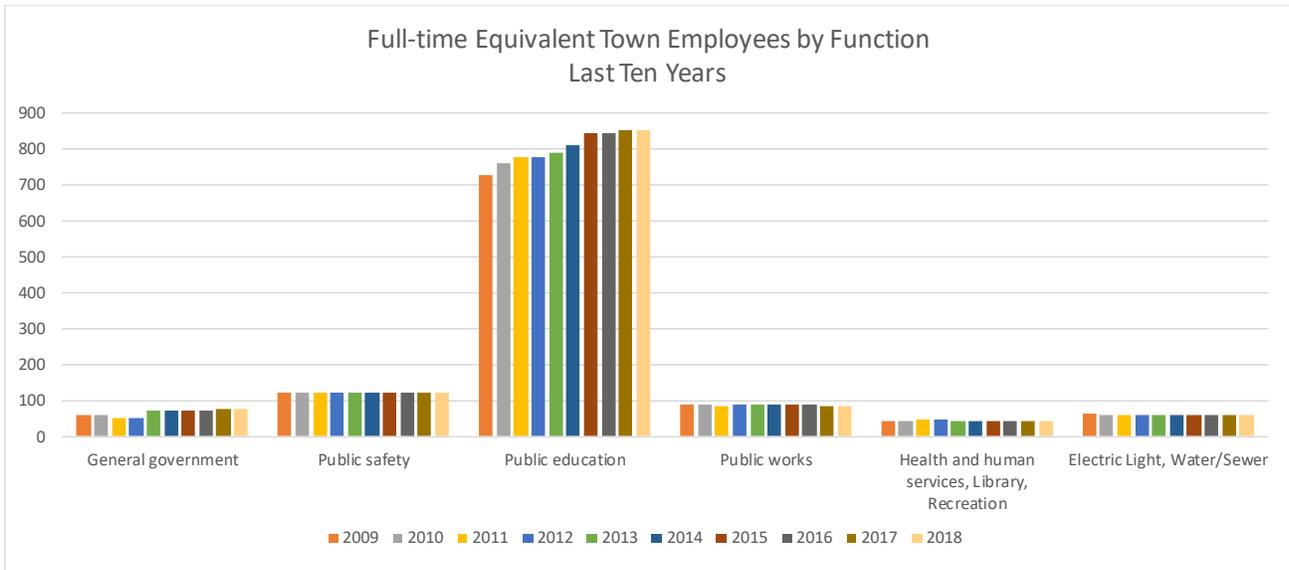
Expenses

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

- Education is by far the largest governmental activity of the Town, comprising 65% of the Town’s total expenses. Approximately \$86 million in general revenues were needed to cover its 2018 operating expenses, net of related program revenues.
- Educational expense includes a pension contribution of approximately \$17.4 million (\$16.4 million in the prior year) made by the state on-behalf of Wellesley teachers. Operating grants and educational expenses are grossed-up by recording this contribution.
- Public safety and Public works are the second and third largest activities of the Town. Approximately \$10.7 million and \$12.3 million, respectively, of general revenues were needed to cover their 2018 operating expenses, net of related program revenues.



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



Business-type activities. Business-type activities decreased the Town’s net position by \$2.3 million compared to an increase of \$3.4 million during the previous year. The change relates mainly to the Municipal Light Plant where the department absorbed increased power supply costs during the year. All three enterprise funds had positive results for the year which were fairly consistent with prior year results and management’s expectations.

As shown on the next page, business-type activities assets and deferred outflows exceeded liabilities and deferred inflows by \$99 million at the close of 2018. Net investment in capital assets was \$87.5 million (88%), net position is restricted for depreciation in the amount of \$2 million (2%), and unrestricted net position was \$9.5 million (10%). The Electric Department fund experienced a \$3.4 million decrease in net position while the water and sewer enterprise funds net position each increased by \$775,000 and \$333,000, respectively. These results continue to reflect management’s goal of maintaining the systems while only charging users for the cost of operations, which included depreciation of \$3.9 million in 2018.

	2018	2017 (As Revised)
Assets:		
Current assets.....	\$ 26,774,972	\$ 29,178,204
Noncurrent assets (excluding capital).....	150,000	150,000
Capital assets, non depreciable.....	4,573,065	2,163,375
Capital assets, net of accumulated depreciation.....	88,459,674	90,191,337
Total assets.....	119,957,711	121,682,916
Deferred outflows of resources.....	1,469,850	2,701,179
Liabilities:		
Current liabilities (excluding debt).....	4,536,010	3,990,089
Noncurrent liabilities (excluding debt).....	9,801,189	12,963,006
Current debt.....	746,438	622,242
Noncurrent debt.....	5,064,573	4,659,545
Total liabilities.....	20,148,210	22,234,882
Deferred inflows of resources.....	2,315,832	882,014
Net position:		
Net investment in capital assets.....	87,482,288	87,359,541
Restricted.....	2,000,000	2,000,000
Unrestricted.....	9,481,231	11,907,658
Total net position.....	\$ 98,963,519	\$ 101,267,199

Non-current liabilities (excluding debt) are primarily comprised of the \$6.5 million net pension liability and the \$1.4 million net OPEB liability.

	2018	2017 (As Revised)
Program Revenues:		
Charges for services.....	\$ 50,433,334	\$ 50,429,470
Capital grants and contributions.....	1,027,411	663,708
Total revenues.....	51,460,745	51,093,178
Expenses:		
Water.....	6,707,078	6,100,706
Sewer.....	7,452,341	7,403,979
Municipal Light.....	38,605,006	33,237,686
Total expenses.....	52,764,425	46,742,371
Excess (Deficiency) before transfers.....	(1,303,680)	4,350,807
Transfers.....	(1,000,000)	(1,000,000)
Change in net position.....	(2,303,680)	3,350,807
Net position, beginning of year (as revised).....	101,267,199	97,916,392
Net position, end of year.....	\$ 98,963,519	\$ 101,267,199

Beginning net position has been revised to reflect the implementation of GASB Statement #75. To reflect this change, the Town has revised the net other postemployment liability (OPEB), which has resulted in the revision of the June 30, 2017, balance by \$2,451,196. Accordingly, previously reported net position of \$103,718,395, has been revised to \$101,267,199 (see note 17 for additional information).

Financial Analysis of the Town's Major Funds

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

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

As of the end of the current year, governmental funds reported combined ending fund balances of \$56.3 million. Total fund balances increased \$6.7 million from the prior year mainly due to the permanent financing of prior year capital project expenditures.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current year, the unassigned fund balance of the general fund was \$20.8 million, while the total fund balance was \$29.3 million. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures. The unassigned fund balance represents 12% of total general fund expenditures, while the total fund balance represents 17% of that same amount.

Fund balance of the General Fund increased \$882,000 over the prior year as a result of better than expected revenue collections and from appropriation turnbacks in virtually all expenditure categories.

Highway Chapter 90 Major Fund

This fund is a special revenue fund that accounts for activities associated with on-going road and sidewalk projects that are funded with grants from the Commonwealth of Massachusetts. At June 30, 2018, the fund has a receivable due from the Commonwealth in the amount of \$1.1 million; however, the associated revenue is not available but will be recognized and realized by the Town as future grant reimbursement requests are submitted to the granting agency. Fund expenditures and transfers out were 100% offset by grant revenues. The ending fund balance was zero.

Capital Projects Major Fund

This fund is used to account for resources that are restricted to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds. During the year the fund incurred expenditures for various general government, school, and facility projects. Additionally, \$12.4 million of bond proceeds were received to permanently finance capital expenditures incurred in the current and prior year. At June 30, 2018, the ending fund balance was \$9.0 million, an increase of \$4.9 million over the prior year. These funds will be used for future capital outlays.

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

General Fund Budgetary Highlights

The original 2018 budget consisted of approximately \$170.8 million in appropriations and other amounts to be raised. Included in the original budget are approximately \$9.6 million in amounts carried over from previous years. During 2018 the Town approved approximately \$1.6 million of supplemental appropriations primarily for snow and ice costs, and special education tuition costs. These supplemental appropriations were financed through the use of free cash.

Revenues of the general fund were \$3.6 million higher than budget expectations and this is mainly due to higher than expected building permit and motor vehicle excise tax revenues. Total expenditures and carryovers were less than budget by approximately \$3.2 million (2%) because of turn backs in a number of appropriation line items.

Capital Assets and Debt Management

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

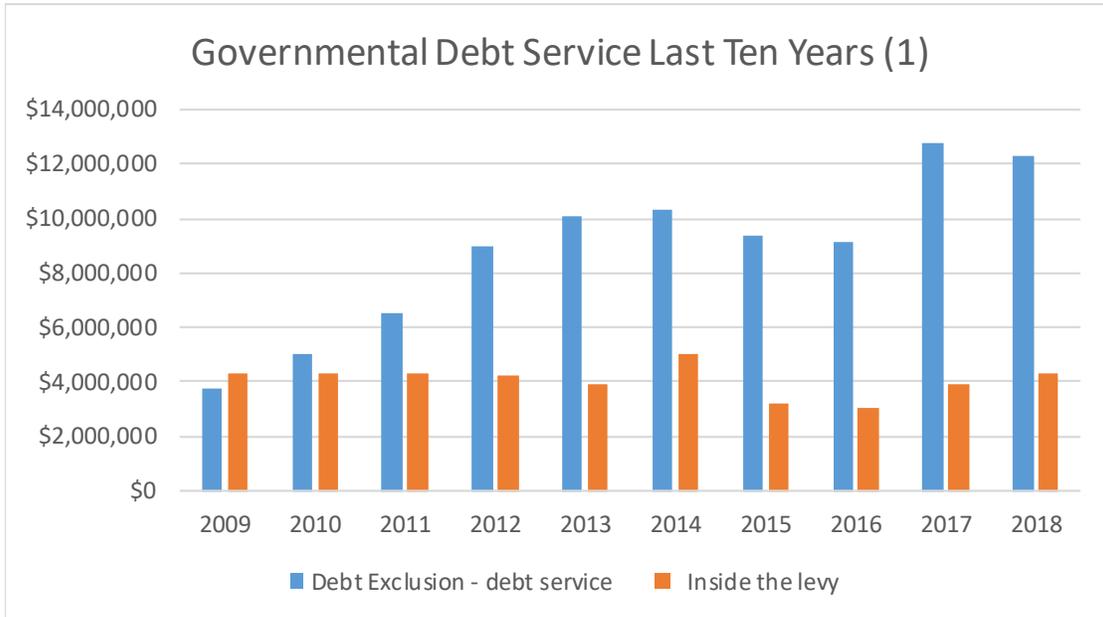
As part of the capital plan the Town has historically financed the acquisition of a portion of its capital assets from current revenue. As noted earlier, this policy will continue to improve the financial position as net position will increase by the amount of acquisitions less the current depreciation.

Major capital assets are funded by the issuance of long-term debt. During the fiscal year, the Town incurred \$12.5 million of capitalized expenditures and recognized depreciation expense of \$14.2 million. Current year additions consist mainly of the completion of the senior center, the purchase of land parcels, as well as various school building reengineering and upgrades.

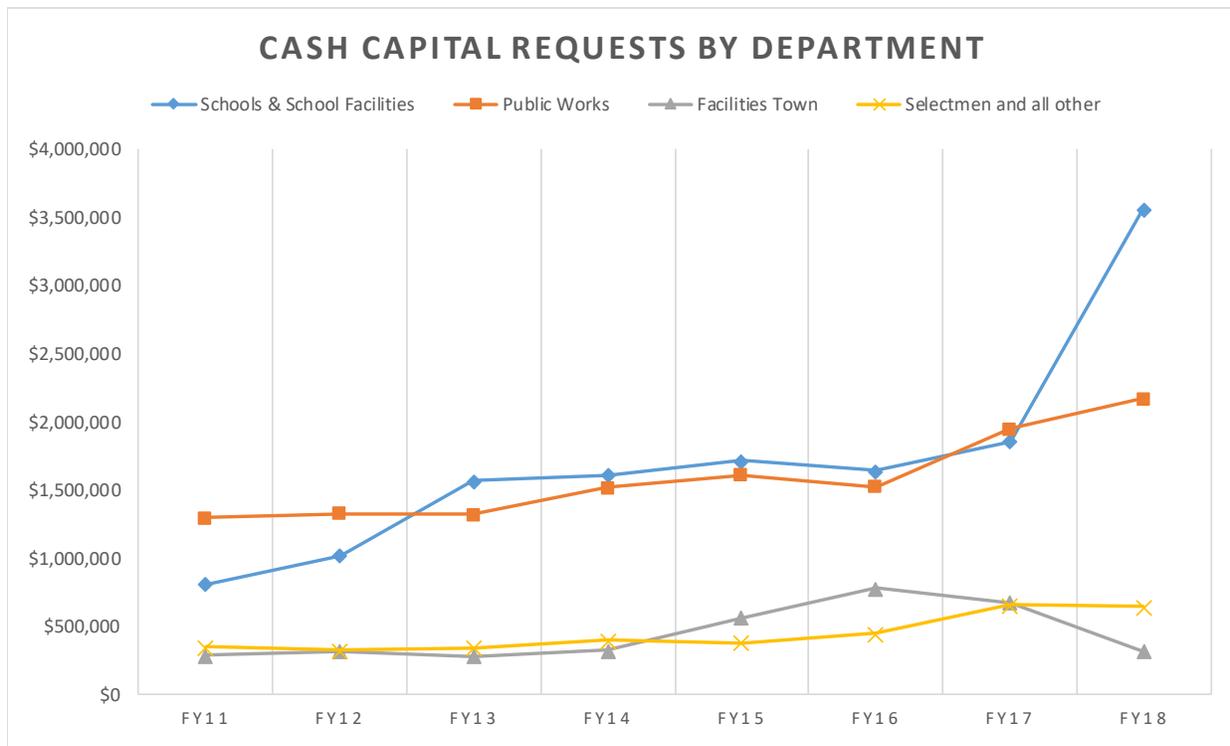
Outstanding long-term debt of the general government, as of June 30, 2018, totaled \$138.4 million. During 2018 the Town issued \$13.5 million of long term debt in the form of bond proceeds and a related premium. This issuance financed expenditures for the Town Hall design and construction project, the reconstruction of Cliff Road, the purchase of three land parcels on Worcester Street, as well as several other capital projects.

The business-type activities have \$3.7 million in water enterprise debt and \$2.1 million in sewer enterprise debt that is fully supported by the rates. The funds do not rely on a general fund subsidy. During 2018 the water and sewer enterprise funds issued \$887,000 and \$179,454 of new long-term debt. Related capital assets, net of accumulated depreciation increased by \$678,000 over the prior year. Current year business-type activities additions totaled \$6.1 million and were primarily for distribution plant improvements. Depreciation expense was \$5.3 million.

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



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





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

Pension Trust Fund

The Pension Trust Fund (System) recognized net investment income of \$27.9 million for the calendar year ended December 31, 2017. The System paid out \$12.9 million of retirement benefits, administration costs and transfers to other systems. Total net position of the System amounted to \$192.2 million at December 31, 2017. Based on the most recent actuarial valuation performed as of January 1, 2017, the System’s Funded Ratio was 73.33%, virtually the same as in the previous valuation (73.56%) dated January 1, 2015. The System made changes in actuarial assumptions including lowering the investment rate of return to 6.625% from 6.75%, lowering the inflation rate from 3.50% to 2.75%, certain mortality assumption changes, and other plan provision changes.

Other Postemployment Benefits

As of June 30, 2018 the Town has recognized a net other postemployment benefits (OPEB) liability in the amount of \$63.4 million in accordance with the provisions of GASB Statement No.75. The implementation of GASB Statement No.75 required net position at the beginning of the period to be revised for the net OPEB liability and deferred outflows of resources related to OPEB balances at the beginning of the year (see Note 17). During 2018 the Town transferred \$3.6 million of pre-funding contributions to the OPEB Trust fund. The assets set aside in trust for future benefits amounted to \$62.6 million at year end. As of June 30, 2018, the ratio of the Plan’s Fiduciary Net Position to the Total OPEB Liability (funded ratio) is 62% (determined under GASB Statement No. 74).

Requests for Information

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

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 55,108,979	\$ 18,106,364	\$ 73,215,343
Restricted cash and cash equivalents.....	-	2,000,000	2,000,000
Investments.....	15,591,810	-	15,591,810
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	2,652,994	-	2,652,994
Tax liens.....	1,049,925	-	1,049,925
Motor vehicle and other excise taxes.....	277,761	-	277,761
User charges.....	-	4,624,646	4,624,646
Departmental and other.....	357,773	-	357,773
Intergovernmental.....	1,240,496	-	1,240,496
Inventory.....	-	948,573	948,573
Purchased power advanced deposits.....	-	1,095,389	1,095,389
Total current assets.....	76,279,738	26,774,972	103,054,710
NONCURRENT:			
Investment in Energy New England.....	-	150,000	150,000
Capital assets, nondepreciable.....	53,936,894	4,573,065	58,509,959
Capital assets, net of accumulated depreciation.....	231,858,021	88,459,674	320,317,695
Total noncurrent assets.....	285,794,915	93,182,739	378,977,654
TOTAL ASSETS.....	362,074,653	119,957,711	482,032,364
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows for refunding debt.....	707,035	260,560	967,595
Deferred outflows related to pensions.....	4,481,385	899,023	5,380,408
Deferred outflows related to other postemployment benefits.....	8,414,252	310,267	8,724,519
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	13,602,672	1,469,850	15,072,522
LIABILITIES			
CURRENT:			
Warrants payable.....	2,571,616	3,893,421	6,465,037
Accrued payroll.....	6,094,929	126,380	6,221,309
Tax refunds payable.....	370,830	-	370,830
Accrued interest.....	631,113	11,177	642,290
Other liabilities.....	-	475,834	475,834
Compensated absences.....	262,100	29,198	291,298
Workers' compensation.....	181,000	-	181,000
Bonds payable.....	12,285,594	746,438	13,032,032
Total current liabilities.....	22,397,182	5,282,446	27,679,630
NONCURRENT:			
Customer deposits.....	-	892,977	892,977
Other liabilities.....	-	895,828	895,828
Compensated absences.....	174,786	19,465	194,251
Workers' compensation.....	266,000	-	266,000
Net pension liability.....	37,272,453	6,584,729	43,857,182
Net OPEB liability.....	61,998,235	1,408,190	63,406,425
Bonds payable.....	126,079,595	5,064,573	131,144,168
Total noncurrent liabilities.....	225,791,069	14,865,762	240,656,831
TOTAL LIABILITIES.....	248,188,251	20,148,210	268,336,461
DEFERRED INFLOWS OF RESOURCES			
Taxes paid in advance.....	3,095,339	-	3,095,339
Deferred inflows related to pensions.....	12,643,706	2,315,832	14,959,538
TOTAL DEFERRED INFLOWS OF RESOURCES.....	15,739,045	2,315,832	18,054,877
NET POSITION			
Net investment in capital assets.....	157,153,332	87,482,288	244,635,620
Restricted for:			
Depreciation.....	-	2,000,000	2,000,000
Permanent funds:			
Expendable.....	1,031,521	-	1,031,521
Nonexpendable.....	357,952	-	357,952
Gifts and grants.....	2,560,016	-	2,560,016
Community preservation.....	6,766,108	-	6,766,108
Unrestricted.....	(56,118,900)	9,481,231	(46,637,669)
TOTAL NET POSITION.....	\$ 111,750,029	\$ 98,963,519	\$ 210,713,548

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

<u>Functions/Programs</u>	Program Revenues				<u>Net (Expense) Revenue</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 8,814,934	\$ 699,650	\$ 296,452	\$ -	\$ (7,818,832)
Facilities maintenance.....	12,350,521	-	5,958	-	(12,344,563)
Natural resources.....	725,662	16,650	13,892	-	(695,120)
Public safety.....	17,548,998	6,577,435	224,125	-	(10,747,438)
Public education.....	122,811,840	4,968,173	32,205,325	-	(85,638,342)
Public works.....	13,920,456	1,086,601	194,592	374,499	(12,264,764)
Health.....	1,001,200	80,270	40,151	-	(880,779)
Recreation.....	2,607,564	1,512,096	82,344	-	(1,013,124)
Library.....	4,420,548	123,980	205,732	-	(4,090,836)
Community preservation.....	687,669	-	-	206,452	(481,217)
Traffic and parking management.....	789,994	541,935	-	-	(248,059)
Interest.....	4,391,453	-	-	-	(4,391,453)
Total Governmental Activities.....	190,070,839	15,606,790	33,268,571	580,951	(140,614,527)
<i>Business-Type Activities:</i>					
Water.....	6,707,078	7,481,614	-	-	774,536
Sewer.....	7,452,341	7,638,113	-	146,826	332,598
Municipal Light.....	38,605,006	35,313,607	-	880,585	(2,410,814)
Total Business-Type Activities.....	52,764,425	50,433,334	-	1,027,411	(1,303,680)
Total Primary Government.....	\$ 242,835,264	\$ 66,040,124	\$ 33,268,571	\$ 1,608,362	\$ (141,918,207)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(140,614,527)	(1,303,680)	(141,918,207)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	135,752,243	-	135,752,243
Tax liens.....	244,918	-	244,918
Motor vehicle and other excise taxes.....	5,847,263	-	5,847,263
Meals tax.....	658,814	-	658,814
Community preservation tax.....	1,247,964	-	1,247,964
Penalties and interest on taxes.....	214,884	-	214,884
Payments in lieu of taxes.....	76,490	-	76,490
Grants and contributions not restricted to specific programs.....	1,444,485	-	1,444,485
Unrestricted investment income.....	1,041,214	-	1,041,214
<i>Transfers, net</i>	1,000,000	(1,000,000)	-
Total general revenues and transfers.....	147,528,275	(1,000,000)	146,528,275
Change in net position.....	6,913,748	(2,303,680)	4,610,068
<i>Net position:</i>			
Beginning of year (as revised).....	104,836,281	101,267,199	206,103,480
End of year..... \$	<u>111,750,029</u>	<u>98,963,519</u>	<u>210,713,548</u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2018

	General	Highway Chapter 90	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 28,064,523	\$ -	\$ 9,059,682	\$ 17,213,076	\$ 54,337,281
Investments.....	12,240,205	-	-	1,170,844	13,411,049
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	2,652,994	-	-	-	2,652,994
Tax liens.....	1,049,925	-	-	-	1,049,925
Motor vehicle and other excise taxes.....	277,761	-	-	-	277,761
Departmental and other.....	107,183	-	-	244,364	351,547
Intergovernmental.....	-	1,096,980	-	143,516	1,240,496
TOTAL ASSETS.....	\$ 44,392,591	\$ 1,096,980	\$ 9,059,682	\$ 18,771,800	\$ 73,321,053
LIABILITIES					
Warrants payable.....	\$ 2,160,355	\$ -	\$ 41,209	\$ 352,574	\$ 2,554,138
Accrued payroll.....	5,632,946	-	1,902	124,359	5,759,207
Tax refunds payable.....	370,830	-	-	-	370,830
TOTAL LIABILITIES.....	8,164,131	-	43,111	476,933	8,684,175
DEFERRED INFLOWS OF RESOURCES					
Taxes paid in advance.....	3,058,446	-	-	36,893	3,095,339
Unavailable revenue.....	3,821,861	1,096,980	-	352,593	5,271,434
TOTAL DEFERRED INFLOWS OF RESOURCES.....	6,880,307	1,096,980	-	389,486	8,366,773
FUND BALANCES					
Nonspendable.....	-	-	-	357,952	357,952
Restricted.....	-	-	9,016,571	17,547,429	26,564,000
Committed.....	5,080,885	-	-	-	5,080,885
Assigned.....	3,478,397	-	-	-	3,478,397
Unassigned.....	20,788,871	-	-	-	20,788,871
TOTAL FUND BALANCES.....	29,348,153	-	9,016,571	17,905,381	56,270,105
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 44,392,591	\$ 1,096,980	\$ 9,059,682	\$ 18,771,800	\$ 73,321,053

See notes to basic financial statements.

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

JUNE 30, 2018

Total governmental fund balances.....		\$ 56,270,105
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		285,794,915
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		5,271,434
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....		958,966
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		2,158,485
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(631,113)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(138,365,189)	
Net pension liability.....	(37,272,453)	
Other postemployment benefits.....	(61,998,235)	
Compensated absences.....	(436,886)	
Net effect of reporting long-term liabilities.....		<u>(238,072,763)</u>
Net position of governmental activities.....		<u>\$ 111,750,029</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2018

	General	Highway Chapter 90	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 134,787,162	\$ -	\$ -	\$ -	\$ 134,787,162
Tax liens.....	244,918	-	-	-	244,918
Motor vehicle and other excise taxes.....	5,843,270	-	-	-	5,843,270
Meals tax.....	658,814	-	-	-	658,814
Charges for services.....	-	-	-	1,503,011	1,503,011
Parking meter receipts.....	-	-	-	918,461	918,461
Penalties and interest on taxes.....	214,884	-	-	-	214,884
Payments in lieu of taxes.....	76,490	-	-	-	76,490
Intergovernmental - Teachers Retirement.....	17,404,000	-	-	-	17,404,000
Intergovernmental.....	9,882,002	803,098	-	6,006,454	16,691,554
Departmental and other.....	5,928,042	-	33,705	7,754,315	13,716,062
Community preservation taxes.....	-	-	-	1,247,964	1,247,964
Contributions and donations.....	-	-	-	1,277,565	1,277,565
Investment income.....	893,314	-	-	109,132	1,002,446
TOTAL REVENUES.....	175,932,896	803,098	33,705	18,816,902	195,586,601
EXPENDITURES:					
Current:					
General government.....	4,871,384	-	7,086,768	412,255	12,370,407
Facilities maintenance.....	8,666,177	-	-	25,958	8,692,135
Natural resources.....	510,259	-	-	-	510,259
Public safety.....	12,162,881	-	198,789	1,631,636	13,993,306
Public education.....	73,516,890	-	19,537	11,173,409	84,709,836
Public works.....	9,687,503	803,098	1,327,673	360,886	12,179,160
Health.....	736,934	-	-	17,267	754,201
Recreation.....	355,055	-	-	1,496,109	1,851,164
Library.....	2,573,894	-	-	379,238	2,953,132
Community preservation.....	-	-	-	687,669	687,669
Pension benefits.....	6,640,351	-	-	-	6,640,351
Pension benefits - Teachers Retirement.....	17,404,000	-	-	-	17,404,000
Employee benefits.....	21,869,262	-	-	-	21,869,262
Traffic and parking management.....	-	-	-	789,994	789,994
State and county charges.....	1,239,256	-	-	-	1,239,256
Debt service:					
Principal.....	11,840,000	-	-	-	11,840,000
Interest.....	4,883,736	-	-	-	4,883,736
TOTAL EXPENDITURES.....	176,957,582	803,098	8,632,767	16,974,421	203,367,868
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,024,686)	-	(8,599,062)	1,842,481	(7,781,267)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds.....	-	-	12,443,000	-	12,443,000
Premium from issuance of bonds.....	-	-	1,076,230	-	1,076,230
Transfers in.....	1,906,337	-	-	-	1,906,337
Transfers out.....	-	-	-	(906,337)	(906,337)
TOTAL OTHER FINANCING SOURCES (USES)....	1,906,337	-	13,519,230	(906,337)	14,519,230
NET CHANGE IN FUND BALANCES.....	881,651	-	4,920,168	936,144	6,737,963
FUND BALANCES AT BEGINNING OF YEAR.....	28,466,502	-	4,096,403	16,969,237	49,532,142
FUND BALANCES AT END OF YEAR.....	\$ 29,348,153	\$ -	\$ 9,016,571	\$ 17,905,381	\$ 56,270,105

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds.....		\$ 6,737,963
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	12,460,987	
Depreciation expense.....	<u>(14,154,175)</u>	
Net effect of reporting capital assets.....		(1,693,188)
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		359,218
<p>The issuance of long-term debt 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 has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Issuance of bonds.....	(12,443,000)	
Premium from issuance of bonds.....	(1,076,230)	
Net amortization of premium from issuance of bonds.....	546,593	
Net change in deferred charge on refunding.....	(70,704)	
Debt service principal payments.....	<u>11,840,000</u>	
Net effect of reporting long-term debt.....		(1,203,341)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	33,736	
Net change in accrued interest on long-term debt.....	16,394	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(13,287,190)	
Net change in net pension liability.....	13,097,494	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...	886,615	
Net change in other postemployment benefits liability.....	<u>2,012,661</u>	
Net effect of recording long-term liabilities.....		2,759,710
The net activity of internal service funds is reported with Governmental Activities.....		<u>(46,614)</u>
Change in net position of governmental activities.....		<u>\$ 6,913,748</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Electric Light	Total	
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 9,298,925	\$ 3,678,130	\$ 5,129,309	\$ 18,106,364	\$ 771,698
Restricted cash and cash equivalents.....	-	-	2,000,000	2,000,000	-
Investments.....	-	-	-	-	2,180,761
Receivables, net of allowance for uncollectibles:					
User charges.....	828,281	671,618	3,124,747	4,624,646	-
Departmental and other.....	-	-	-	-	6,226
Inventory.....	180,576	-	767,997	948,573	-
Purchased power advanced deposits.....	-	-	1,095,389	1,095,389	-
Total current assets.....	10,307,782	4,349,748	12,117,442	26,774,972	2,958,685
NONCURRENT:					
Investment in Energy New England.....	-	-	150,000	150,000	-
Capital assets, non depreciable.....	1,856,038	1,260,231	1,456,796	4,573,065	-
Capital assets, net of accumulated depreciation.....	14,553,195	14,013,838	59,892,641	88,459,674	-
Total noncurrent assets.....	16,409,233	15,274,069	61,499,437	93,182,739	-
TOTAL ASSETS.....	26,717,015	19,623,817	73,616,879	119,957,711	2,958,685
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding.....	130,280	130,280	-	260,560	-
Deferred outflows related to pensions.....	225,552	96,665	576,806	899,023	-
Deferred outflows related to other postemployment benefits.....	110,087	47,180	153,000	310,267	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	465,919	274,125	729,806	1,469,850	-
LIABILITIES					
CURRENT:					
Warrants payable.....	670,573	7,816	3,215,032	3,893,421	17,478
Accrued payroll.....	59,353	12,027	55,000	126,380	335,722
Accrued interest.....	6,672	4,505	-	11,177	-
Other liabilities.....	34,445	2,075	439,314	475,834	-
Compensated absences.....	13,581	-	15,617	29,198	-
Workers' compensation.....	-	-	-	-	181,000
Bonds payable.....	492,636	253,802	-	746,438	-
Total current liabilities.....	1,277,260	280,225	3,724,963	5,282,448	534,200
NONCURRENT:					
Customer deposits.....	-	-	892,977	892,977	-
Other liabilities.....	-	-	895,828	895,828	-
Compensated absences.....	9,054	-	10,411	19,465	-
Workers' compensation.....	-	-	-	-	266,000
Net other postemployment benefits liability.....	472,895	202,669	732,626	1,408,190	-
Net pension liability.....	1,767,662	757,570	4,059,497	6,584,729	-
Bonds payable.....	3,171,113	1,893,460	-	5,064,573	-
Total noncurrent liabilities.....	5,420,724	2,853,699	6,591,339	14,865,762	266,000
TOTAL LIABILITIES.....	6,697,984	3,133,924	10,316,302	20,148,210	800,200
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions.....	651,531	279,228	1,385,073	2,315,832	-
NET POSITION					
Net investment in capital assets.....	12,875,764	13,257,087	61,349,437	87,482,288	-
Restricted for:					
Depreciation.....	-	-	2,000,000	2,000,000	-
Unrestricted.....	6,957,655	3,227,703	(704,127)	9,481,231	2,158,485
TOTAL NET POSITION.....	\$ 19,833,419	\$ 16,484,790	\$ 62,645,310	\$ 98,963,519	\$ 2,158,485

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Electric Light	Total	
OPERATING REVENUES:					
Employee contributions.....	\$ -	\$ -	\$ -	\$ -	\$ 9,198,045
Charges for services.....	7,023,029	7,575,113	32,330,735	46,928,877	17,718,048
Contracted services.....	-	-	1,378,825	1,378,825	-
Other operating revenues.....	458,585	63,000	1,604,047	2,125,632	-
TOTAL OPERATING REVENUES	7,481,614	7,638,113	35,313,607	50,433,334	26,916,093
OPERATING EXPENSES:					
Administration and general.....	1,521,894	543,019	336,402	2,401,315	-
MWRA assessment.....	1,742,278	5,601,602	-	7,343,880	-
Purchased power.....	-	-	14,934,666	14,934,666	-
Transmission.....	1,135,239	-	16,345,991	17,481,230	-
Cost of contracted services.....	-	-	882,864	882,864	-
Cost associated with other revenue.....	-	-	403,439	403,439	-
Pumping and treatment.....	1,087,819	191,222	-	1,279,041	-
Distribution.....	-	-	1,120,665	1,120,665	-
Collection.....	-	490,196	-	490,196	-
Customer accounts.....	226,299	123,466	653,349	1,003,114	-
Depreciation.....	913,822	448,179	3,922,915	5,284,916	-
Supplies and services.....	-	-	-	-	27,001,475
TOTAL OPERATING EXPENSES	6,627,351	7,397,684	38,600,291	52,625,326	27,001,475
OPERATING INCOME (LOSS)	854,263	240,429	(3,286,684)	(2,191,992)	(85,382)
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	-	-	-	-	38,768
Interest expense.....	(79,727)	(54,657)	(4,715)	(139,099)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET	(79,727)	(54,657)	(4,715)	(139,099)	38,768
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	774,536	185,772	(3,291,399)	(2,331,091)	(46,614)
CAPITAL CONTRIBUTIONS	-	146,826	880,585	1,027,411	-
TRANSFERS:					
Transfers out.....	-	-	(1,000,000)	(1,000,000)	-
CHANGE IN NET POSITION	774,536	332,598	(3,410,814)	(2,303,680)	(46,614)
NET POSITION AT BEGINNING OF YEAR (as revised)	19,058,883	16,152,192	66,056,124	101,267,199	2,205,099
NET POSITION AT END OF YEAR	\$ 19,833,419	\$ 16,484,790	\$ 62,645,310	\$ 98,963,519	\$ 2,158,485

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Fund
	Water	Sewer	Electric Light	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users.....	\$ 7,354,648	\$ 7,564,433	\$ 35,458,810	\$ 50,377,891	\$ 9,200,579
Receipts from interfund services provided.....	-	-	-	-	17,718,048
Payments to vendors.....	(2,741,488)	(6,100,211)	(34,029,823)	(42,871,522)	-
Payments to employees.....	(2,360,306)	(855,874)	(1,052,464)	(4,268,644)	-
Payments for interfund services used.....	-	-	-	-	(27,109,249)
NET CASH FROM OPERATING ACTIVITIES.....	2,252,854	608,348	376,523	3,237,725	(190,622)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Payment in lieu of taxes, Town of Wellesley.....	-	-	(1,000,000)	(1,000,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the issuance of bonds.....	887,000	179,454	-	1,066,454	-
Premium from the issuance of bonds.....	113,000	-	-	113,000	-
Capital contributions.....	-	146,826	880,585	1,027,411	-
Acquisition and construction of capital assets.....	(1,042,050)	(377,893)	(4,542,999)	(5,962,942)	-
Principal payments on bonds and notes.....	(368,440)	(225,816)	-	(594,256)	-
Interest expense.....	(95,011)	(69,616)	(4,715)	(169,342)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(505,501)	(347,045)	(3,667,129)	(4,519,675)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investments.....	-	-	-	-	(378,355)
Investment income.....	-	-	-	-	38,768
NET CASH FROM INVESTING ACTIVITIES.....	-	-	-	-	(339,587)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	1,747,353	261,303	(4,290,606)	(2,281,950)	(530,209)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	7,551,572	3,416,827	11,419,915	22,388,314	1,301,907
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 9,298,925	\$ 3,678,130	\$ 7,129,309	\$ 20,106,364	\$ 771,698
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH					
FROM OPERATING ACTIVITIES:					
Operating income (loss).....	\$ 854,263	\$ 240,429	\$ (3,286,684)	\$ (2,191,992)	\$ (85,382)
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation.....	913,822	448,179	3,922,915	5,284,916	-
Deferred (outflows)/inflows related to pensions.....	668,090	286,325	1,442,810	2,397,225	-
Deferred (outflows)/inflows related to OPEB.....	65,344	28,005	148,517	241,866	-
Changes in assets and liabilities:					
User charges.....	(126,966)	(73,680)	106,513	(94,133)	-
Departmental and other.....	-	-	-	-	2,534
Inventory.....	(4,310)	-	(115,415)	(119,725)	-
Purchased power advanced deposits.....	-	-	335,140	335,140	-
Warrants payable.....	650,792	5,505	(176,532)	479,765	(65,114)
Accrued payroll.....	(2,005)	(103)	3,400	1,292	(54,660)
Customer deposits.....	-	-	54,930	54,930	-
Other liabilities.....	-	-	(16,240)	(16,240)	-
Compensated absences.....	(4,780)	-	421	(4,359)	-
Workers' compensation.....	-	-	-	-	12,000
Net pension liability.....	(615,848)	(263,934)	(1,450,214)	(2,329,996)	-
Other postemployment benefits.....	(145,548)	(62,378)	(593,038)	(800,964)	-
Total adjustments.....	1,398,591	367,919	3,663,207	5,429,717	(105,240)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 2,252,854	\$ 608,348	\$ 376,523	\$ 3,237,725	\$ (190,622)

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2018

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents.....	\$ 569,368	\$ 9,899	\$ 1,218,139
Investments:			
Investments in Pension Reserve Investment Trust.....	254,191,116	-	-
Equity securities.....	-	413,237	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	563,139	-	-
Other assets.....	1,705	-	-
TOTAL ASSETS.....	255,325,328	423,136	1,218,139
LIABILITIES			
Warrants payable.....	504,383	-	-
Liabilities due depositors.....	-	-	1,218,139
TOTAL LIABILITIES.....	504,383	-	1,218,139
NET POSITION			
Restricted for pensions.....	192,197,254	-	-
Restricted for other postemployment benefits.....	62,623,691	-	-
Held in trust for other purposes.....	-	423,136	-
TOTAL NET POSITION.....	\$ 254,820,945	\$ 423,136	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2018

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 11,482,146	\$ -
Employer contributions for other postemployment benefit payments....	5,078,148	-
Member contributions.....	3,730,518	-
Transfers from other systems.....	743,438	-
3(8)c contributions from other systems.....	393,734	-
Workers compensation settlements.....	5,077	-
Member makeup payments and redeposits.....	9,875	-
Private donations.....	-	24,159
Intergovernmental.....	134,122	-
Total contributions.....	21,577,058	24,159
Net investment income:		
Investment income.....	34,430,610	5,767
Less: investment expense.....	(1,255,189)	-
Net investment income (loss).....	33,175,421	5,767
TOTAL ADDITIONS.....	54,752,479	29,926
DEDUCTIONS:		
Administration.....	243,555	-
Transfers to other systems.....	638,333	-
3(8)c transfer to other systems.....	547,414	-
Retirement benefits and refunds.....	11,447,201	-
Other postemployment benefit payments.....	5,078,148	-
Educational scholarships.....	-	12,500
TOTAL DEDUCTIONS.....	17,954,651	12,500
NET INCREASE (DECREASE) IN NET POSITION.....	36,797,828	17,426
NET POSITION AT BEGINNING OF YEAR.....	218,023,117	405,710
NET POSITION AT END OF YEAR.....	\$ 254,820,945	\$ 423,136

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

In the Fiduciary Funds:

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

The System is governed by a five-member board comprised of the Finance Director (ex officio), two members elected by System’s participants, one member appointed by the Board of Selectmen of the Town and a member appointed by the Board members.

The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

Availability of Financial Information for Component Units

The System issues a publicly available audited financial report in accordance with guidelines established by the Commonwealth of Massachusetts’ (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 525 Washington Street, Wellesley, MA 02482.

B. Government-Wide and Fund-Level Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

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

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

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

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

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

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

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

The following major proprietary funds are reported:

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

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

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

Additionally, the following proprietary fund type is reported:

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

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

The following fiduciary fund types are reported:

The *pension and other employee benefit trust fund* is used to account for the activities of the System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries and of the *other postemployment benefit trust fund* which accumulates resources to provide funding for future OPEB (other postemployment benefits) liabilities.

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

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

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

E. Fair Value Measurements

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

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

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

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

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

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

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially

affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments please see Note 2- Cash and Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

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

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

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

Motor Vehicle Excise

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

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

User Charges

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

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

Departmental and Other

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

Intergovernmental

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

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

Community Preservation Surcharge

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

G. Inventories***Government-Wide and Fund Financial Statements***

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

Materials and supplies held by the Enterprise Funds are generally recorded at original cost, using the weighted average method.

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

Capital assets include land, land improvements, buildings, machinery and equipment, and public domain infrastructure (e.g., roads, street lights, sewer mains, and similar items), which are reported in the applicable governmental or business-type activity column of the government-wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets (including works of art) and assets acquired under a service concession agreement are recorded at acquisition value. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

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

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

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

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

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

Governmental Fund Financial Statements

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

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Unavailable Revenue

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

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

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

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

Net position has been “restricted for” the following:

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

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

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

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

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

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

Fund Financial Statements (Fund Balances)

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

The governmental fund balance classifications are as follows:

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

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

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

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

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

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

N. Pensions

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

O. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

P. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

Q. Investment Income

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

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

R. Use of Estimates

Government-Wide and Fund Financial Statements

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

S. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

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

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

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

The Retirement System participates, as a Participating member, in the Pension Reserves Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves

Investment Management Board, which was established by the Treasurer of the Commonwealth of Massachusetts who serves as trustee. The fair value of the position in the PRIT is the same as the value of the PRIT shares.

The PRIT fund, as a pool, invests in various products including, but not limited to, money market mutual funds, equities, pooled foreign and domestic fixed income and equity funds, United States government sponsored enterprises and Treasury notes, real estate, and commodities. The underlying components of PRIT's fixed income portfolio had an effective weighted duration rate ranging from 0.15 to 16.31 years.

Custodial Credit Risk – Deposits

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

At year-end the carrying amount (book value) of the Town's deposits totaled \$38,613,225 and the bank balances totaled \$39,171,240. Of the bank balance, \$35,182,093 was covered by FDIC insurance, \$58,419 was covered by SIF insurance, \$4,295 was covered by DIF insurance, \$804,807 was collateralized, and \$3,121,626 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2017 the carrying amount (book value) of the Retirement System's deposits totaled \$156,744 and the bank balance totaled \$289,671. The bank balance was fully covered by FDIC insurance.

As of June 30, 2018 the Town had the following investments:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>		<u>Rating</u>
		<u>Under 1 Year</u>	<u>1-5 Years</u>	
<u>Debt securities:</u>				
U.S. treasury bonds.....	\$ 177,261	\$ -	\$ 177,261	AAA
Government sponsored enterprises (1).....	12,239,139	8,773,115	3,466,024	AAA-AA+
Corporate bonds (2).....	2,482,898	839,926	1,642,972	BBB-AA
Total debt securities.....	14,899,298	\$ 9,613,041	\$ 5,286,257	
<u>Other investments:</u>				
Equity securities.....	1,105,749			
Money market mutual funds.....	1,223,774			
Pension Reserve Investment Trust (PRIT).....	62,623,691			
MMDT - Cash portfolio.....	36,606,382			
Total investments.....	\$ 116,458,894			

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

(2) Corporate bonds are broken out into 5 separate ratings, which consist of \$521,870 of BBB rated bonds, \$437,514 of A- rated bonds, \$412,609 of A rated bonds, \$860,582 of A+ rated bonds, and \$250,323 of AAA rated bonds.

As of December 31, 2017, the Retirement System had investments in PRIT totaling \$191,567,425. The Retirement System also maintains a short term investment portfolio with MMDT. At December 31, 2017, the Retirement System's investment with MMDT was \$411,920 which is classified as a cash equivalent.

The following table reconciles total cash and investments as of June 30, 2018, except for the Pension Trust Fund which is as of December 31, 2017:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Investments	Total
Primary Government:				
Governmental Activities.....	\$ 55,108,979	\$ -	\$ 15,591,810	\$ 70,700,789
Business-Type Activities.....	18,106,364	2,000,000	-	20,106,364
Fiduciary Funds:				
Pension Trust Fund (as of December 31, 2017)....	569,368	-	191,567,425	192,136,793
Other Postemployment Benefit Trust Fund.....	-	-	62,623,691	62,623,691
Private Purpose Trust Fund.....	9,899	-	413,237	423,136
Agency Fund.....	1,218,139	-	-	1,218,139
Totals.....	<u>\$ 75,012,749</u>	<u>\$ 2,000,000</u>	<u>\$ 270,196,163</u>	<u>\$ 347,208,912</u>
Carrying Value of Cash:				
Primary Government.....	\$ 38,613,225			
Pension Trust Fund.....	157,448			
Investments considered cash and cash equivalents:				
Money market mutual funds.....	1,223,774			
MMDT held by Pension Trust Fund.....	411,920			
MMDT held by Town.....	<u>36,606,382</u>			
Cash and cash equivalents.....	<u>77,012,749</u>			
Debt securities.....	14,899,298			
Equity securities.....	1,105,749			
PRIT funds (OPEB).....	62,623,691			
PRIT funds (Pension).....	<u>191,567,425</u>			
Investments.....	<u>270,196,163</u>			
Total cash and cash equivalents.....	<u>\$ 347,208,912</u>			

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. Of the Town's total investments there was custodial credit risk exposure of \$13,344,888 which is equal to the investments in Government Sponsored Enterprises and Equity Securities because the related securities are uninsured, unregistered and held by the counterparty.

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

At December 31, 2017, the System's \$191,567,425 investment in PRIT is not subject to custodial credit risk exposure because it is not evidenced by securities that exist in physical or book-entry form.

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Fair Value Measurement

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

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

The following table presents financial assets at June 30, 2018, that the Town measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	June 30, 2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury bonds.....	\$ 177,261	\$ 177,261	\$ -	\$ -
Government sponsored enterprises.....	12,239,139	12,239,139	-	-
Corporate bonds.....	2,482,898	-	2,482,898	-
Total debt securities.....	14,899,298	12,416,400	2,482,898	-
<u>Other investments:</u>				
Equity securities.....	1,105,749	1,105,749	-	-
Money market mutual funds.....	1,223,774	1,223,774	-	-
Total other investments.....	2,329,523	2,329,523	-	-
Total investments measured at fair value.....	17,228,821	\$ 14,745,923	\$ 2,482,898	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	36,606,382			
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT).....	62,623,691			
Total investments.....	\$ 116,458,894			

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

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

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

Retirement System

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

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

The System has the following recurring fair value measurements as of December 31, 2017:

Investments measured at amortized cost:	
MMDT - Cash portfolio.....	\$ 411,920
 Investments measured at net asset value:	
Pension Reserve Investment Trust (PRIT).....	191,567,425
Total investments.....	\$ 191,979,345

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

NOTE 3 – RECEIVABLES

At June 30, 2018, receivables for the individual major, non-major governmental funds, and the proprietary internal service fund, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 2,669,979	\$ (16,985)	\$ 2,652,994
Tax liens.....	1,049,925	-	1,049,925
Motor vehicle and other excise taxes.....	563,602	(285,841)	277,761
Departmental and other.....	357,773	-	357,773
Intergovernmental - other.....	1,240,496	-	1,240,496
 Total.....	 \$ 5,881,775	 \$ (302,826)	 \$ 5,578,949

(1) The allowance for uncollectible accounts of \$16,985 relates only to personal property taxes.

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

At June 30, 2018, receivables for the sewer, water, electric enterprise funds and the internal service fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water user charges.....	\$ 828,281	\$ -	\$ 828,281
Sewer user charges.....	671,618	-	671,618
Electric light user charges.....	3,124,747	-	3,124,747
Total.....	\$ <u>4,624,646</u>	\$ <u>-</u>	\$ <u>4,624,646</u>

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

	General Fund	Other Governmental Funds	Total
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 2,451,624	\$ -	\$ 2,451,624
Tax liens.....	1,049,925	-	1,049,925
Motor vehicle and other excise taxes.....	277,761	-	277,761
Departmental and other.....	42,551	315,222	357,773
Intergovernmental - highway improvements.....	-	1,134,351	1,134,351
Total.....	\$ <u>3,821,861</u>	\$ <u>1,449,573</u>	\$ <u>5,271,434</u>

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital asset activity for the year ended June 30, 2018, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 48,534,370	\$ 3,425,000	\$ -	\$ 51,959,370
Construction in progress.....	12,076,726	1,822,180	(11,921,382)	1,977,524
Total capital assets not being depreciated.....	<u>60,611,096</u>	<u>5,247,180</u>	<u>(11,921,382)</u>	<u>53,936,894</u>
<u>Capital assets being depreciated:</u>				
Improvements other than buildings.....	23,913,895	5,886,430	-	29,800,325
Buildings.....	262,784,550	10,422,069	-	273,206,619
Machinery and equipment.....	19,067,201	1,733,671	(485,499)	20,315,373
Public domain infrastructure.....	67,861,176	1,093,019	-	68,954,195
Total capital assets being depreciated.....	<u>373,626,822</u>	<u>19,135,189</u>	<u>(485,499)</u>	<u>392,276,512</u>
<u>Less accumulated depreciation for:</u>				
Improvements other than buildings.....	(14,300,134)	(2,174,969)	-	(16,475,103)
Buildings.....	(84,145,652)	(9,099,919)	-	(93,245,571)
Machinery and equipment.....	(12,944,956)	(1,121,834)	485,499	(13,581,291)
Public domain infrastructure.....	(35,359,073)	(1,757,453)	-	(37,116,526)
Total accumulated depreciation.....	<u>(146,749,815)</u>	<u>(14,154,175)</u>	<u>485,499</u>	<u>(160,418,491)</u>
Total capital assets being depreciated, net.....	<u>226,877,007</u>	<u>4,981,014</u>	<u>-</u>	<u>231,858,021</u>
Total governmental activities capital assets, net.....	<u>\$ 287,488,103</u>	<u>\$ 10,228,194</u>	<u>\$ (11,921,382)</u>	<u>\$ 285,794,915</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
<u>Capital assets not being depreciated:</u>				
Land and land rights.....	\$ 267,946	\$ -	\$ -	\$ 267,946
Construction in progress.....	1,895,429	2,548,216	(138,526)	4,305,119
Total capital assets not being depreciated.....	<u>2,163,375</u>	<u>2,548,216</u>	<u>(138,526)</u>	<u>4,573,065</u>
<u>Capital assets being depreciated:</u>				
Transmission Plant.....	12,829,929	15,270	-	12,845,199
Distribution plant.....	90,052,842	3,123,079	-	93,175,921
Other plant in service.....	56,131,840	92,782	(31,507)	56,193,115
Vehicles and other equipment.....	7,629,379	322,123	(103,587)	7,847,915
Total capital assets being depreciated.....	<u>166,643,990</u>	<u>3,553,254</u>	<u>(135,094)</u>	<u>170,062,150</u>
<u>Less accumulated depreciation for:</u>				
Transmission Plant.....	(9,532,498)	(421,807)	-	(9,954,305)
Distribution plant.....	(35,940,387)	(2,937,809)	-	(38,878,196)
Other plant in service.....	(26,944,441)	(1,218,985)	31,507	(28,131,919)
Vehicles and other equipment.....	(4,035,327)	(706,316)	103,587	(4,638,056)
Total accumulated depreciation.....	<u>(76,452,653)</u>	<u>(5,284,917)</u>	<u>135,094</u>	<u>(81,602,476)</u>
Total capital assets being depreciated, net.....	<u>90,191,337</u>	<u>(1,731,663)</u>	<u>-</u>	<u>88,459,674</u>
Total business-type activities capital assets, net.....	<u>\$ 92,354,712</u>	<u>\$ 816,553</u>	<u>\$ (138,526)</u>	<u>\$ 93,032,739</u>

Depreciation expense was charged to Town functions as follows:

Governmental Activities:

General government.....	\$ 1,352,016
Public safety.....	1,018,572
Public education.....	8,685,099
Public works.....	1,976,161
Recreation.....	699,697
Library.....	<u>422,630</u>
Total depreciation expense - governmental activities.....	<u>\$ 14,154,175</u>

Business-Type Activities:

Water.....	\$ 913,821
Sewer.....	448,180
Municipal Light.....	<u>3,922,916</u>
Total depreciation expense - business-type activities.....	<u>\$ 5,284,917</u>

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2018, are summarized as follows:

<u>Transfers Out:</u>	<u>Transfers In</u>
	<u>General fund</u>
Nonmajor governmental funds..... \$	906,337 (1)
Electric Light Department.....	<u>1,000,000 (2)</u>
Total..... \$	<u><u>1,906,337</u></u>

(1) Budgeted transfers from various nonmajor funds to the general fund and capital project funds; and transfers to close dormant funds.

(2) Transfers from the Electric Department as a payment in lieu of taxes.

NOTE 6 – SHORT-TERM FINANCING

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

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

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

The Town did not have any short-term debt activity in 2018.

NOTE 7 – OPERATING LEASE

The Town is party to an operating lease agreement that provides the Town with office space for certain administrative functions. The current lease agreement runs through May 31, 2020. The lease agreement requires the Town to pay rent in the amount of \$7,000 per month. The amount due and payable for 2019 is \$84,000 and \$77,000 in 2020.

NOTE 8 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit" as 2 ½ % exempt debt.

Details related to the Town's outstanding general obligation indebtedness at June 30, 2018, and the debt service requirements for the governmental activities are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2017	Issued	Redeemed	Outstanding at June 30, 2018
Inside Debt Limit							
Parking Meters.....	2019	\$ 120,000	3.40	\$ 20,000	\$ -	\$ 10,000	\$ 10,000
Sprague Field.....	2018	615,000	3.49	60,000	-	60,000	-
Streets and Sidewalks.....	2018	500,000	3.49	50,000	-	50,000	-
Fire Truck	2018	475,000	3.49	45,000	-	45,000	-
Woodside Avenue.....	2018	415,000	3.40	80,000	-	40,000	40,000
RDF Structure.....	2023	570,000	1.46	330,000	-	55,000	275,000
Kingsbury Street.....	2023	620,000	1.46	360,000	-	60,000	300,000
Town Hall HVAC	2023	235,000	1.46	135,000	-	25,000	110,000
Bacon Street.....	2023	100,000	1.46	60,000	-	10,000	50,000
Fire Truck.....	2023	591,000	1.46	350,000	-	60,000	290,000
St. James Land.....	2045	5,000,000	3.38	4,755,000	-	130,000	4,625,000
DPW/Highway/HVAC	2019	780,000	3.48	390,000	-	195,000	195,000
School Telephone Replacement	2019	355,000	3.48	175,000	-	90,000	85,000
Wales Street Bridge.....	2019	250,000	3.48	120,000	-	60,000	60,000
Fire Truck.....	2019	475,000	3.48	235,000	-	115,000	120,000
Various Building Repairs.....	2035	2,290,000	3.48	2,070,000	-	115,000	1,955,000
Police & Fire HVAC.....	2025	1,265,000	3.48	1,005,000	-	125,000	880,000
School Auditorium Seats.....	2025	315,000	3.48	245,000	-	30,000	215,000
494 Washington Street.....	2035	1,305,000	3.48	1,170,000	-	65,000	1,105,000
Fuller Brook Park.....	2025	460,000	3.48	360,000	-	45,000	315,000
School Security.....	2020	330,000	3.48	195,000	-	65,000	130,000
DPW Park/ Highway Garage Construction.....	2026	575,000	3.48	505,000	-	60,000	445,000
School Security Plan/Design.....	2018	30,000	4.00	30,000	-	30,000	-
School Security Construction.....	2019	1,660,000	4.00	1,660,000	-	1,240,000	420,000
Police Station.....	2027	1,471,000	4.00	1,471,000	-	451,000	1,020,000
Turf Field High School Stadium.....	2027	947,000	4.00	947,000	-	97,000	850,000
Police/Fire HVAC.....	2019	18,000	5.00	-	18,000	-	18,000
School Security Design.....	2019	24,000	5.00	-	24,000	-	24,000
Rt.9/Kingsbury Intersection.....	2028	501,000	5.00	-	501,000	-	501,000
Police Station Construction.....	2021	221,500	5.00	-	221,500	-	221,500
Town Hall Design.....	2033	820,000	5.00	-	820,000	-	820,000
Town Hall Construction.....	2033	4,742,500	5.00	-	4,742,500	-	4,742,500
Reconstruct Cliff Road.....	2028	1,772,000	5.00	-	1,772,000	-	1,772,000
Worcester Street - 3 Land Parcels.....	2038	3,241,000	5.00	-	3,241,000	-	3,241,000
WHS Fieldhouse.....	2023	163,000	5.00	-	163,000	-	163,000
Middle School Steam Design.....	2023	363,500	5.00	-	363,500	-	363,500
Subtotal Non Exempt.....		33,615,500		16,823,000	11,866,500	3,328,000	25,361,500

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2017	Issued	Redeemed	Outstanding at June 30, 2018
2 1/2 % Exempt Debt							
Middle School (Refunding).....	2025	4,345,000	1.46	3,455,000	-	440,000	3,015,000
Middle School Construction (Refunding).....	2026	3,770,000	3.48	3,450,000	-	325,000	3,125,000
Middle School Construction	2023	13,825,000	3.49-4.00	4,050,000	-	695,000	3,355,000
School Building Infrastructure.....	2018	4,500,000	3.49	450,000	-	450,000	-
High School Expansion-Seaver Street.....	2028	5,173,000	3.40-4.00	1,944,000	-	190,000	1,754,000
High School Planning.....	2029	1,159,500	3.40-4.00	442,500	-	40,000	402,500
High School Feasibility.....	2029	3,771,200	3.40-4.00	1,441,200	-	130,000	1,311,200
High School Project.....	2029	11,663,000	3.40-4.00	4,463,000	-	400,000	4,063,000
High School Construction	2035	35,000,000	3.68	25,200,000	-	1,400,000	23,800,000
High School Construction	2031	22,000,000	3.60	15,400,000	-	1,100,000	14,300,000
DPW Storm Water Drainage	2021	500,000	3.60	200,000	-	50,000	150,000
Surface Drainage.....	2018	415,000	1.46	120,000	-	20,000	100,000
Morse's Pond Drainage.....	2033	485,000	1.46	285,000	-	50,000	235,000
DPW Operations Building.....	2033	1,960,000	1.46	1,170,000	-	195,000	975,000
Storm Water Drainage.....	2019	435,000	3.48	215,000	-	110,000	105,000
Schofield/Fiske Design	2035	2,045,000	3.48	1,835,000	-	105,000	1,730,000
Schofield/Fiske Construction.....	2035	13,345,000	3.48	12,005,000	-	670,000	11,335,000
Schofield and Fiske School.....	2021	2,795,000	3.48	2,235,000	-	560,000	1,675,000
Schofield and Fiske School.....	2021	1,397,000	4.00	1,397,000	-	327,000	1,070,000
Middle School Windows	2025	1,430,000	3.48	1,140,000	-	145,000	995,000
Middle School Windows	2021	355,000	4.00	355,000	-	180,000	175,000
North 40 (CPC Offset).....	2045	9,850,000	3.38	9,470,000	-	200,000	9,270,000
North 40 Tax Exempt.....	2045	13,635,000	3.38	13,495,000	-	70,000	13,425,000
North 40 Taxable.....	2045	11,505,000	3.38	10,515,000	-	530,000	9,985,000
Tolles Parsons Senior Center Construction....	2031	1,950,000	3.48	1,785,000	-	130,000	1,655,000
Tolles Parsons Senior Center Construction....	2019	576,500	5.00	-	576,500	-	576,500
Subtotal 2 1/2 % Exempt Debt.....		<u>167,885,200</u>		<u>116,517,700</u>	<u>576,500</u>	<u>8,512,000</u>	<u>108,582,200</u>
Total Bonds Payable.....		\$ <u>201,500,700</u>		133,340,700	12,443,000	11,840,000	133,943,700
Add: Unamortized premium on bonds.....				3,891,852	1,076,230	546,593	4,421,489
Total Bonds Payable, net.....				\$ <u>137,232,552</u>	\$ <u>13,519,230</u>	\$ <u>12,386,593</u>	\$ <u>138,365,189</u>

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

Year	Principal	Interest	Total
2019.....	\$ 11,643,000	\$ 5,002,959	\$ 16,645,959
2020.....	9,795,000	4,579,924	14,374,924
2021.....	9,745,000	4,227,054	13,972,054
2022.....	8,725,000	3,848,604	12,573,604
2023.....	8,755,000	3,516,704	12,271,704
2024.....	7,580,000	3,191,654	10,771,654
2025.....	7,605,000	2,913,729	10,518,729
2026.....	6,890,000	2,633,004	9,523,004
2027.....	6,415,000	2,364,300	8,779,300
2028.....	6,235,700	2,109,952	8,345,652
2029.....	5,870,000	1,875,150	7,745,150
2030.....	5,410,000	1,661,644	7,071,644
2031.....	5,455,000	1,466,556	6,921,556
2032.....	4,275,000	1,268,097	5,543,097
2033.....	4,265,000	1,116,258	5,381,258
2034.....	3,850,000	963,486	4,813,486
2035.....	3,895,000	821,704	4,716,704
2036.....	1,595,000	675,476	2,270,476
2037.....	1,650,000	620,052	2,270,052
2038.....	1,700,000	562,702	2,262,702
2039.....	1,595,000	503,600	2,098,600
2040.....	1,660,000	439,800	2,099,800
2041.....	1,725,000	373,400	2,098,400
2042.....	1,795,000	304,400	2,099,400
2043.....	1,865,000	232,600	2,097,600
2044.....	1,940,000	158,000	2,098,000
2045.....	2,010,000	80,400	2,090,400
Total.....	\$ <u>133,943,700</u>	\$ <u>47,511,209</u>	\$ <u>181,454,909</u>

Details related to the Town’s outstanding water enterprise fund general obligation indebtedness at June 30, 2018, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2017	Issued	Redeemed	Outstanding at June 30, 2018
MWRA- Water Bond.....	2018	\$ 165,987	0.00	\$ 16,596	\$ -	\$ 16,596	\$ -
MWRA- Water Bond.....	2021	229,089	0.00	91,635	-	22,909	68,726
MWRA- Water Bond.....	2023	289,323	0.00	173,595	-	28,933	144,662
Water General Obligation Bond.....	2023	1,300,000	2.00 - 4.00	780,000	-	130,000	650,000
Water Garage	2028	3,842,150	1.50 - 5.00	1,794,650	-	170,000	1,624,650
Water Meters.....	2028	887,000	5.00	-	887,000	-	887,000
Total Bonds Payable.....		\$ 6,713,549		2,856,476	887,000	368,438	3,375,038
Add: Unamortized premium on bonds.....				203,698	113,000	27,987	288,711
Total Bonds Payable, net.....				\$ 3,060,174	\$ 1,000,000	\$ 396,425	\$ 3,663,749

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

Year	Principal	Interest	Total
2019.....	\$ 443,841	\$ 124,411	\$ 568,252
2020.....	436,841	114,611	551,452
2021.....	434,341	102,436	536,777
2022.....	411,432	86,236	497,668
2023.....	411,433	70,036	481,469
2024.....	252,500	53,836	306,336
2025.....	250,000	42,836	292,836
2026.....	245,000	31,936	276,936
2027.....	245,000	21,286	266,286
2028.....	244,650	10,636	255,286
Total.....	\$ 3,375,038	\$ 658,260	\$ 4,033,298

The Massachusetts Water Resource Authority (MWRA) operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the program, financial assistance consists of a grant and non-interest bearing loan. For the ten year period running through 2018, \$684,399 of loans subject to repayment was received from this program. At June 30, 2018, the outstanding principal amount of these loans totaled \$213,388.

Details related to the Town’s outstanding sewer enterprise fund general obligation indebtedness at June 30, 2018, and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2017	Issued	Redeemed	Outstanding at June 30, 2018
MWRA- Sewer Bond.....	2026	\$ 279,080	0.00	\$ 223,265	\$ -	\$ 55,818	\$ 167,447
Sewer Garage.....	2028	3,842,150	1.50 - 5.00	1,794,650	-	170,000	1,624,650
MWRA - Sewer Bond.....	2023	<u>179,454</u>	0.00	<u>-</u>	<u>179,454</u>	<u>-</u>	<u>179,454</u>
Total Bonds Payable.....		<u>\$ 4,300,684</u>		2,017,915	179,454	225,818	1,971,551
Add: Unamortized premium on bonds.....				<u>203,698</u>	<u>-</u>	<u>27,987</u>	<u>175,711</u>
Total Bonds Payable, net.....				<u>\$ 2,221,613</u>	<u>\$ 179,454</u>	<u>\$ 253,805</u>	<u>\$ 2,147,262</u>

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

Year	Principal	Interest	Total
2019.....	\$ 261,705	\$ 54,061	\$ 315,766
2020.....	256,709	54,061	310,770
2021.....	254,208	51,586	305,794
2022.....	198,390	45,086	243,476
2023.....	198,390	38,586	236,976
2024.....	162,499	32,086	194,585
2025.....	160,000	25,586	185,586
2026.....	160,000	19,186	179,186
2027.....	160,000	12,786	172,786
2028.....	<u>159,650</u>	<u>6,386</u>	<u>166,036</u>
Total.....	<u>\$ 1,971,551</u>	<u>\$ 339,410</u>	<u>\$ 2,310,961</u>

The Massachusetts Water Resource Authority (MWRA) operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the program, financial assistance consists of a grant and non-interest bearing loan. For the ten year period running through 2018, \$458,534 of loans subject to repayment was received from this program. At June 30, 2018, the outstanding principal amount of these loans totaled \$346,901.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2018, the Town had the following authorized and un-issued debt:

Purpose	Amount
Water and Sewer Projects.....	\$ 5,553,888
Various Road Improvement.....	2,581,016
Police Station.....	13,140
Schofield and Fiske Schools.....	400,242
School Security Improvements.....	365,389
Land Acquisition.....	399
Hunnewell Field Maintenance/ Restroom Facility.....	180,000
Hunnewell School Feasibility Study.....	1,000,000
Middle School Feasibility Study.....	125,000
Library Materials Handlers.....	350,000
Total.....	\$ 10,569,074

Advance Refunding and Defeased Bonds

In prior years, in order to take advantage of favorable interest rates, certain general obligation bonds were defeased by placing the proceeds of the bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account’s assets and liabilities for the defeased bonds are not included in the financial statements. At June 30, 2018, \$10,450,000 of the bonds refunded remain outstanding and are considered defeased.

Changes in Long-term Liabilities

During the year ended June 30, 2018, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 133,340,700	\$ 12,443,000	\$ (11,840,000)	\$ -	\$ -	\$ 133,943,700	\$ 11,643,000
Add: Unamortized premium on bonds..	3,891,852	1,076,230	(546,593)	-	-	4,421,489	642,594
Total bonds payable.....	137,232,552	13,519,230	(12,386,593)	-	-	138,365,189	12,285,594
Compensated absences.....	470,622	-	-	248,664	(282,400)	436,886	262,100
Workers' compensation.....	435,000	-	-	238,000	(226,000)	447,000	181,000
Net pension liability.....	50,369,947	-	-	6,860,544	(19,958,038)	37,272,453	-
Net OPEB liability.....	64,010,896	-	-	10,479,303	(12,491,964)	61,998,235	-
Total governmental activity long-term liabilities.....	\$ 252,519,017	\$ 13,519,230	\$ (12,386,593)	\$ 17,826,511	\$ (32,958,402)	\$ 238,519,763	\$ 12,728,694
Business-Type Activities:							
Long-term bonds payable.....	\$ 4,874,391	\$ 1,066,454	\$ (594,256)	\$ -	\$ -	\$ 5,346,589	\$ 669,656
Add: Unamortized premium on bonds..	407,396	113,000	(55,974)	-	-	464,422	76,782
Total bonds payable.....	5,281,787	1,179,454	(650,230)	-	-	5,811,011	746,438
Compensated absences.....	53,022	-	-	27,454	(31,813)	48,663	29,198
Net pension liability.....	8,914,725	-	-	1,219,222	(3,549,218)	6,584,729	-
Net OPEB liability.....	2,209,154	-	-	505,802	(1,306,766)	1,408,190	-
Total business-type activity long-term liabilities.....	\$ 16,458,688	\$ 1,179,454	\$ (650,230)	\$ 1,752,478	\$ (4,887,797)	\$ 13,852,593	\$ 775,636

Internal service funds predominantly serve the governmental funds. Accordingly, the internal service fund's long-term liabilities are included as part of the governmental activities totals above. At year end, \$447,000 of internal service funds accrued workers compensation liability is included above. Except for the amounts related to the internal service funds, the governmental activities long-term liabilities are generally liquidated by the general fund. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures, namely the general fund and the water, sewer and electric enterprise funds.

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town classifies fund balance according to the constraints imposed on the use of resources.

At June 30, 2018, \$3,289,225, \$502,818, \$106,133, and \$741,191 have been set aside in a general stabilization fund, an injured on duty stabilization fund, a special education Medicare stabilization fund, and a stabilization fund for purposes of meeting capital needs at the recycling facility, that are classified as part of the general fund in the governmental funds financial statements. Municipal finance laws of the Commonwealth of Massachusetts authorize municipalities to establish stabilization funds on an as needed basis. The number of and exact purpose of the stabilization funds of the Town are dependent upon authorization and approval of Town Meeting. The general stabilization fund balance can be used for general and/or capital purposes upon approval of Town Meeting. The special purpose stabilization fund can only be used to offset police and fire workers compensation claim payments. Additions and withdrawals from the funds can only be made in accordance with Town Meeting approval.

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

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

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

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

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 357,952	\$ 357,952
Restricted for:				
Capital projects	-	9,016,571	-	9,016,571
School lunch.....	-	-	492,012	492,012
Community Preservation Fund.....	-	-	6,766,108	6,766,108
Grants.....	-	-	461,395	461,395
Receipts Reserved.....	-	-	2,186,283	2,186,283
Revolving.....	-	-	4,111,223	4,111,223
Recreation Revolving.....	-	-	400,266	400,266
Other Special Revenue.....	-	-	2,098,621	2,098,621
Permanent fund.....	-	-	1,031,521	1,031,521
Committed to:				
Articles and continuing appropriations:				
Executive Director's Office.....	38,453	-	-	38,453
Information Technology.....	41,489	-	-	41,489
Council on Aging.....	10,824	-	-	10,824
Planning Board.....	19,238	-	-	19,238
Facilities Maintenance.....	2,220,994	-	-	2,220,994
Police Department.....	8,264	-	-	8,264
Fire Department.....	111,565	-	-	111,565
Engineering.....	168,884	-	-	168,884
Highway.....	1,019,376	-	-	1,019,376
Park.....	177,268	-	-	177,268
Recycling and Disposal.....	125,275	-	-	125,275
Public Works Management.....	237,779	-	-	237,779
Natural Resources Commission.....	187,939	-	-	187,939
Moses Pond.....	42,668	-	-	42,668
Wellesley Public Schools.....	670,869	-	-	670,869
Assigned to:				
Encumbrances:				
Executive Director's Office.....	100	-	-	100
Central Administrative Services.....	2,528	-	-	2,528
Information Technology.....	27,430	-	-	27,430
Treasurer/Collector.....	1,150	-	-	1,150
Council on Aging.....	611	-	-	611
Historical Commission.....	200	-	-	200
Memorial Day.....	598	-	-	598
Zoning Board of Appeals.....	500	-	-	500
Risk Management.....	31,578	-	-	31,578
Planning Board.....	8,871	-	-	8,871
Human Resources Board.....	464	-	-	464
Facilities Maintenance.....	5,787	-	-	5,787
Police Department.....	8,795	-	-	8,795
Fire Department.....	1,060	-	-	1,060
Building Department.....	50	-	-	50
Engineering.....	6,801	-	-	6,801
Highway.....	24,646	-	-	24,646
Park.....	9,844	-	-	9,844
Recycling and Disposal.....	6,190	-	-	6,190
Public Works Management.....	787	-	-	787
Library Trustees.....	231	-	-	231
Board of Health.....	1,575	-	-	1,575
Natural Resources Commission.....	588	-	-	588
Moses Pond.....	5,811	-	-	5,811
Wellesley Public Schools.....	686,123	-	-	686,123
Subsequent year expenditures.....	2,646,079	-	-	2,646,079
Unassigned.....	<u>20,788,871</u>	<u>-</u>	<u>-</u>	<u>20,788,871</u>
Total Fund Balances.....	<u>\$ 29,348,153</u>	<u>\$ 9,016,571</u>	<u>\$ 17,905,381</u>	<u>\$ 56,270,105</u>

NOTE 10 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has purchased commercial insurance for

these risks, except for those risks identified in the following paragraphs, which the Town accounts for in its Internal Service Fund. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

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

In the event of a dissolution of the Group or if the assets of the Group are insufficient to pay claims which occur, the Town remains liable. The Group had a fund balance of approximately \$6.8 million at June 30, 2018 (based on the most recent audited information available), which appears sufficient to cover future claims. The Town's total potential liability is not based on its participants' claims but on the pro rata share of any deficit based on the ratio of the Town's members to total participants at the time of dissolution. At June 30, 2018, the Group's mandatory deposit, discussed above, is sufficient to cover the Town's projected liability for incurred but not reported claims as of that date.

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

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

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2017.....	\$ 367,000	\$ 442,167	\$ (374,167)	\$ 435,000	\$ 226,000
2018.....	435,000	405,656	(393,656)	447,000	181,000

NOTE 11 – PENSION PLAN

Plan Descriptions

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

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational

collaboratives and Quincy College. The MTRS is part of the Commonwealth’s reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer’s covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2017. The Town’s portion of the collective pension expense, contributed by the Commonwealth, of \$17,404,234 is reported in the general fund as intergovernmental revenue and pension benefits in the current fiscal year. The portion of the Commonwealth’s collective net pension liability associated with the Town is \$166,750,488 as of the measurement date.

Benefits Provided

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

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

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth’s state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

At December 31, 2017, the WCRS membership consists of the following:

Active members.....	685
Inactive members.....	205
Retirees and beneficiaries currently receiving benefits.....	<u>407</u>
Total.....	<u><u>1,297</u></u>

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the WCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2017 was an actuarially determined amount of \$7,835,775. This amount when combined with plan member contributions is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The total member unit's contribution is equal to 20.60% of covered payroll. The Town's proportionate share of the required contribution was \$7,835,775. The Town contributed \$7,874,294, \$38,522 in excess of the required amount.

Pension Liabilities

The components of the net pension liability of the participating member units at June 30, 2018 were as follows:

	<u>Total System</u>	<u>Town Share</u>	<u>Housing Authority Share</u>
Total pension liability.....	\$ 236,431,841	\$ 234,094,662.00	\$ 2,337,179
Total pension plan's fiduciary net position.....	<u>(192,136,793)</u>	<u>(190,237,480.00)</u>	<u>(1,899,313)</u>
Total net pension liability.....	<u>\$ 44,295,048</u>	<u>\$ 43,857,182</u>	<u>\$ 437,866</u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....	81.27%	81.27%	81.27%

At June 30, 2018, the Town reported a liability of \$43,857,182 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2017, the Town's proportion was 99.15%, which decreased from its proportion measured at December 31, 2016 of 99.16%.

Pension Expense

For the year ended June 30, 2018, the Town recognized pension expense of \$8,079,766. At June 30, 2018, the Town reported deferred outflows and (inflows) of resources related to pensions of \$5,380,408 and (\$14,959,528), respectively, from difference between expected and actual experience, changes of assumptions, differences between projected and actual earnings, and the proportionate share of contributions.

The balances of deferred outflows and inflows at June 30, 2018 consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (3,880,718)	\$ (3,880,718)
Difference between projected and actual earnings.....	-	(10,559,260)	(10,559,260)
Changes in assumptions.....	4,904,496	-	4,904,496
Changes in proportion and proportionate share of contributions.....	<u>475,912</u>	<u>(519,560)</u>	<u>(43,648)</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 5,380,408</u>	<u>\$ (14,959,538)</u>	<u>\$ (9,579,130)</u>

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

<u>Year ended June 30:</u>	
2019.....	\$ (1,157,477)
2020.....	(1,007,260)
2021.....	(3,801,016)
2022.....	(3,614,396)
2023.....	<u>1,019</u>
Total.....	<u>\$ (9,579,130)</u>

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

Valuation date.....	January 1, 2017
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method	Increasing dollar amount at 4% to reduce the Unfunded Actuarial Accrued Liability to zero on or before June 30, 2033.
Amortization method.....	Level dollar for 2010 ERI liability and 3.5% increasing payments for the remaining unfunded liability.
Remaining amortization method.....	7 Years from July 1, 2015 for 2010 ERI and 15 years from July 1, 2015 for the remaining unfunded liability.
Asset valuation method.....	Market value for GASB 67. For funding purposes the Market value of assets less unrecognized return in each of the last five years with a fresh start of January 1, 2015. Unrecognized return is equal to the difference between the actual market value return and the expected market value return and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Inflation rate.....	2.75% (previously, 3.5%).
Projected salary increases.....	Based on years of service, ranging from 7.00% decreasing to 3.50% after 11 years of service Group 1 and 2 employees, and ranging from 8.00% decreasing to 4.00% after 11 years for Group 4 employees.
Cost of living adjustments.....	2.75% of the first \$15,000 of retirement income.

Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Mortality rates:	
Healthy Retiree.....	RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Tables set forward one year for females projected generationally with Scale MP-2016D.
Disabled Retiree.....	RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2015.
Investment rate of return/Discount rate.....	6.625%, net of pension plan investment expense, including inflation (previously, 6.75%).

Investment policy

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of December 31, 2017 and the target allocations as of December 31, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity.....	17.50%	6.15%
International developed markets equity....	15.50%	7.11%
International emerging markets equity.....	6.00%	9.41%
Core fixed income.....	12.00%	1.68%
High-yield bonds.....	10.00%	4.13%
Real estate.....	10.00%	4.90%
Commodities.....	4.00%	4.71%
Hedge fun, GTAA, Risk parity.....	13.00%	3.94%
Private equity.....	12.00%	10.28%
Total.....	<u>100.00%</u>	

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

Rate of return

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.19%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

The discount rate used to measure the total pension liability was 6.625% (net of pension plan investment expense, including inflation). The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u>1% Decrease (5.625%)</u>	<u>Current Discount (6.625%)</u>	<u>1% Increase (7.625%)</u>
The Town's proportionate share of the net pension liability.....	\$ <u>72,580,053</u>	\$ <u>43,857,182</u>	\$ <u>19,832,257</u>
Total System's net pension liability.....	\$ <u>73,204,630</u>	\$ <u>44,234,588</u>	\$ <u>20,002,921</u>

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

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

Funding Policy – Contribution requirements are also negotiated between the Town and union representatives. Retired plan members and beneficiaries currently receiving benefits are required to contribute between 17.7% and 50% of the cost of benefits provided depending on the plan they choose. The Town is required to contribute the balance of the current premiums and may contribute additional amounts to pre-fund benefits. The Town contributed \$8,724,519 during 2018 towards these benefits including the pre-funding amount discussed below. Administrative costs of the Plan are assumed to be included in the fully insured premium rates. For the year ended June 30, 2018, the Town’s average contribution rate was 8.9% of covered payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the postemployment benefit trust fund and to enable the Town to raise taxes necessary to pre-fund its OPEB liabilities. During 2018, the Town pre-funded future OPEB liabilities in the amount of \$3,646,371 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution.

GASB Statement #74 – OPEB Plan Financial Reporting

Measurement Date – GASB #74 requires the net OPEB liability to be measured as of the OPEB Plan’s most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016.

Employees Covered by Benefit Terms – The following table represents the Plan’s membership at June 30, 2018:

Active members.....	937
Inactive members currently receiving benefits.....	<u>922</u>
Total.....	<u><u>1,859</u></u>

Components of OPEB Liability – The following table represents the components of the Plan’s OPEB liability as of June 30, 2018:

Total OPEB liability.....	\$ 123,781,688
Less: OPEB plan's fiduciary net position.....	<u>(62,623,691)</u>
Net OPEB liability.....	<u><u>\$ 61,157,997</u></u>
The OPEB plan's fiduciary net position	
as a percentage of the total OPEB liability.....	50.59%

Significant Actuarial Methods and Assumptions – The total OPEB liability in the June 30, 2016 actuarial valuation was determined by using the following actuarial assumptions, applied to all periods included in the measurement that was updated to June 30, 2018 to be in accordance with GASB #74:

Valuation date.....	Actuarially determined contribution for the fiscal year ending June 30, 2018 was determined with the June 30, 2016 actuarial valuation.
Actuarial cost method.....	Entry age normal cost method.
Amortization method.....	Payments increase at 3.5%
Remaining amortization period.....	21 years as of July 1, 2016, except 6 years as of July 1, 2016 for the Municipal Light Plant.
Asset valuation method.....	Market value.

Investment rate of return.....	6.75%
Inflation rate.....	3.50%
Health care trends rate.....	Medical and Prescription Drug 7.0% decreasing by 0.5% for 4 years to an ultimate level of 5.0%. Medical Part B Premium 5.0%.
Mortality rates.....	<p>Pre-Retirement (Non-Teachers): RP-2014 Blue Collar Healthy Employee Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D.</p> <p>Healthy (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D.</p> <p>Disabled (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table with MP-2014 improvement projections based out to a base year with 2006 projected generationally with Scale BB2D set forward 3 years for males.</p> <p>Pre-Retirement (Teachers): RP-2014 Employee Mortality Table projected generationally with Scale BB2D from 2014.</p> <p>Healthy (Teachers): RP-2014 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2014.</p> <p>Disabled (Teachers): RP-2014 Healthy Annuitant Table set forward 4 years projected generationally with Scale BB2D from 2014.</p>

Rate of return – For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 9.62%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expense and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table as seen on the next page.

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity.....	17.50%	6.15%
International developed markets equity....	15.50%	7.11%
International emerging markets equity.....	6.00%	9.41%
Core fixed income.....	12.00%	1.68%
High Yield Fixed Income.....	10.00%	4.13%
Real Estate.....	10.00%	4.90%
Commodities.....	4.00%	4.71%
Hedge Fund, GTAA, Risk parity.....	13.00%	3.94%
Private equity.....	12.00%	10.28%
Total.....	100.00%	

Discount rate – The discount rate used to measure the total OPEB liability was 6.75% as of June 30, 2018, the same discount rate that was used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan’s funding policy. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be sufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets was applied to periods of projected future benefits payments.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 6.75%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability.....	\$ 78,083,401	\$ 61,157,995	\$ 47,242,499

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend – The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 43,793,883	\$ 61,157,995	\$ 82,957,035

Changes of Assumptions– None.

Changes in Plan Provisions – None.

GASB Statement #75 – OPEB Employer Financial Reporting

Summary of Significant Accounting Policies – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Measurement Date – GASB Statement #75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer’s prior fiscal year and no later than the end of the employer’s current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016.

Plan Membership – The following table represents the Plan’s membership at June 30, 2017:

Active members.....	937
Inactive employees or beneficiaries currently receiving benefits.....	<u>922</u>
Total.....	<u><u>1,859</u></u>

Significant Actuarial Methods and Assumptions – The total OPEB liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2017, to be in accordance with GASB Statement #75:

Valuation date.....	Actuarially determined contribution for fiscal year ending June 30, 2017 was determined with the June 30, 2016 actuarial valuation.
Actuarial cost method.....	Entry age normal cost method.
Amortization method.....	Payments increase at 3.5%.
Remaining amortization period.....	21 years as of July 1, 2016.
Asset valuation method.....	Market value
Investment rate of return.....	6.75%
Inflation rate.....	3.50%
Health care trends rate.....	Medical and Prescription Drug 7.0% decreasing by 0.5% for 4 years to an ultimate level of 5.0% Medical Part B Premium 5.0%

Mortality rates..... Pre-Retirement (Non-Teachers): RP-2014 Blue Collar Healthy Employee Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D.

Healthy (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D.

Disabled (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table with MP-2014 improvement projections based out to a base year with 2006 projected generationally with Scale BB2D set forward 3 years for males.

Pre-Retirement (Teachers): RP-2014 Employee Mortality Table projected generationally with Scale BB2D from 2014.

Healthy (Teachers): RP-2014 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2014.

Disabled (Teachers): RP-2014 Healthy Annuitant Table set forward 4 years projected generationally with Scale BB2D from 2014.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation as of June 30, 2017 and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

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

Discount rate – The discount rate used to measure the total OPEB liability was 6.75% as of June 30, 2017, the same discount rate that was used as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan’s funding policy. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets was applied to periods of projected future benefits payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2016.....	\$ 110,450,012	\$ 44,229,961	\$ 66,220,051
Changes for the year:			
Service cost.....	3,695,446	-	3,695,446
Interest.....	7,545,735	-	7,545,735
Contributions - employer.....	-	8,079,770	(8,079,770)
Net investment income.....	-	5,975,037	(5,975,037)
Benefit payments.....	(4,614,800)	(4,614,800)	-
Net change.....	6,626,381	9,440,007	(2,813,626)
Balances at June 30, 2017.....	\$ <u>117,076,393</u>	\$ <u>53,669,968</u>	\$ <u>63,406,425</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following table presents the net other postemployment benefit liability, calculated using the discount rate of 6.75%, as well as what the net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current discount rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability.....	\$ <u>79,525,137</u>	\$ <u>63,406,425</u>	\$ <u>50,157,771</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following table presents the net other postemployment benefit liability, calculated using the current healthcare trend rate of 5.08%, as well as what the net other postemployment benefit liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ <u>47,831,151</u>	\$ <u>63,406,425</u>	\$ <u>82,900,630</u>

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the financial reporting year ended June 30, 2018 the Town recognized OPEB expense of \$4,621,395 and reported deferred outflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources
Contributions made subsequent to the measurement date.....	\$ <u>8,724,519</u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense in fiscal year 2019.

Changes of Assumptions – None.

Changes in Plan Provisions – None.

NOTE 13 – FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

GAAP requires that all Pension and Other Postemployment Trust Funds be combined and presented in one column in the Fiduciary Funds financial statements and that the individual financial statements for each trust fund plan are reported in the notes to the financial statements. Provided below are the individual financial statements for the pension and OPEB plans that are included in the Fiduciary Funds as Pension and Other Postemployment Benefit Trust Funds.

	Pension Trust Fund (as of December 31, 2017)	Other Postemployment Benefit Trust Fund	Total Pension and Other Postemployment Benefit Trust Funds
ASSETS			
Cash and cash equivalents.....	\$ 569,368	\$ -	\$ 569,368
Investments:			
Investments in Pension Reserve Investment Trust.....	191,567,425	62,623,691	254,191,116
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	563,139	-	563,139
Other assets.....	1,705	-	1,705
TOTAL ASSETS.....	<u>192,701,637</u>	<u>62,623,691</u>	<u>255,325,328</u>
LIABILITIES			
Warrants payable.....	504,383	-	504,383
NET POSITION			
Restricted for pensions.....	192,197,254	-	192,197,254
Restricted for other postemployment benefits.....	-	62,623,691	62,623,691
TOTAL NET POSITION.....	<u>\$ 192,197,254</u>	<u>\$ 62,623,691</u>	<u>\$ 254,820,945</u>

	Pension Trust Fund (as of December 31, 2017)	Other Postemployment Benefit Trust Fund	Total Pension and Other Postemployment Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 7,835,775	\$ 3,646,371	\$ 11,482,146
Employer contributions for OPEB payments.....	-	5,078,148	5,078,148
Member contributions.....	3,730,518	-	3,730,518
Transfers from other systems.....	743,438	-	743,438
3(8)c contributions from other systems.....	393,734	-	393,734
Workers compensation settlements.....	5,077	-	5,077
Member makeup payments and redeposits.....	9,875	-	9,875
Intergovernmental.....	134,122	-	134,122
	<u>12,852,539</u>	<u>8,724,519</u>	<u>21,577,058</u>
Net investment income:			
Investment income.....	28,795,511	5,635,099	34,430,610
Less: investment expense.....	<u>(927,442)</u>	<u>(327,747)</u>	<u>(1,255,189)</u>
Net investment income (loss).....	<u>27,868,069</u>	<u>5,307,352</u>	<u>33,175,421</u>
	<u>40,720,608</u>	<u>14,031,871</u>	<u>54,752,479</u>
DEDUCTIONS:			
Administration.....	243,555	-	243,555
Transfers to other systems.....	638,333	-	638,333
3(8)c transfer to other systems.....	547,414	-	547,414
Retirement benefits and refunds.....	11,447,201	-	11,447,201
Other postemployment benefit payments.....	-	5,078,148	5,078,148
	<u>12,876,503</u>	<u>5,078,148</u>	<u>17,954,651</u>
NET INCREASE (DECREASE) IN NET POSITION.....			
	27,844,105	8,953,723	36,797,828
NET POSITION AT BEGINNING OF YEAR.....	<u>164,353,149</u>	<u>53,669,968</u>	<u>218,023,117</u>
NET POSITION AT END OF YEAR.....	<u>\$ 192,197,254</u>	<u>\$ 62,623,691</u>	<u>\$ 254,820,945</u>

NOTE 14 – COMMITMENTS

The Town is committed to completing various projects throughout the Town which will be funded with long-term debt totaling approximately \$10.6 million.

The Wellesley Municipal Light Plant (WMLP) purchases approximately 90% of its energy through its affiliation with Energy New England, LLC. The Plant has entered into tradeable hedging contracts with Energy New England, LLC through 2023.

The following are the Plant's future purchase commitments at June 30, 2018:

Energy Purchase Commitments				
Megawatt-Hour (MWH)				
Fiscal Year	Projected MWH's	Committed MWH's	Average Cost Per MWH	Total Commitments
2019	285,781	258,723	\$ 59	\$ 15,300,878
2020	285,781	204,446	51	10,398,124
2021	285,781	151,222	48	7,267,729
2022	285,781	118,951	48	5,652,552
2023	285,781	88,774	47	4,178,592
	<u>1,428,905</u>	<u>822,116</u>		<u>\$ 42,797,875</u>

Amounts are based on Energy New England's analysis, through June 2023, of the Plant's firm commitment with respect to future energy purchases. The WMLP has locked-in energy prices through this period that are approximately \$2.3 million above market prices as of June 30, 2018. However, these hedge rates may not necessarily be lower than historical rates paid for prior year's purchased power.

NOTE 15 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2018, these programs are still subject to financial and compliance audits. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected that such amounts, if any, would be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2018, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2018.

NOTE 16 – REVISION OF PREVIOUSLY REPORTED NET POSITION

The Town implemented GASB Statement No.75 during 2018 which resulted in the revision of net position previously reported in governmental and enterprise funds. These revisions included reporting the Net OPEB liability and deferred outflows of resources related to OPEB at the beginning of the period. The following table details the effect of the net position revisions:

	06/30/2017 Previously Reported Balances	Implementation of GASB #75	06/30/2017 Revised Balances
Government-Wide Financial Statements			
Governmental activities.....	\$ 166,553,107	\$ (61,716,826)	\$ 104,836,281
Business-type activities.....	103,718,395	(2,451,196)	101,267,199
Total.....	<u>\$ 270,271,502</u>	<u>\$ (64,168,022)</u>	<u>\$ 206,103,480</u>
Business-type Activities - Enterprise Funds			
Water enterprise fund.....	\$ 19,666,007	\$ (607,124)	\$ 19,058,883
Sewer enterprise fund.....	16,412,388	(260,196)	16,152,192
Electric enterprise fund.....	67,640,000	(1,583,876)	66,056,124
Total.....	<u>\$ 103,718,395</u>	<u>\$ (2,451,196)</u>	<u>\$ 101,267,199</u>

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 23, 2018, which is the date the financial statements were available to be issued.

NOTE 18 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2018, the following GASB pronouncements were implemented:

- GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The basic financial statements, related notes and required supplementary information were updated to be in compliance with this pronouncement.
- GASB Statement #81, *Irrevocable Split-Interest Agreements*. This pronouncement did not impact the basic financial statements.
- GASB Statement #85, *Omnibus 2017*. This pronouncement did not impact the basic financial statements.
- GASB Statement #86, *Certain Debt Extinguishment Issues*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019.
- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2019.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.
- The GASB issued Statement #88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which is required to be implemented in 2019.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2021.
- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2019.

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

Required Supplementary Information

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General Fund Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 135,298,881	\$ 135,298,881	\$ 135,419,992	\$ -	\$ 121,111
Tax liens.....	-	-	244,918	-	244,918
Motor vehicle and other excise taxes.....	5,090,000	5,090,000	5,843,270	-	753,270
Meals tax.....	610,000	610,000	658,814	-	48,814
Penalties and interest on taxes.....	300,000	300,000	214,884	-	(85,116)
Payments in lieu of taxes.....	76,000	76,000	76,490	-	490
Intergovernmental.....	9,759,649	9,763,944	9,882,002	-	118,058
Departmental and other.....	3,912,017	3,912,017	5,928,042	-	2,016,025
Investment income.....	350,000	350,000	760,311	-	410,311
TOTAL REVENUES.....	155,396,547	155,400,842	159,028,723	-	3,627,881
EXPENDITURES:					
GENERAL GOVERNMENT:					
Executive Director's Office:					
Personal Services.....	456,586	460,566	449,591	-	10,975
Expenses.....	28,925	28,925	24,970	100	3,855
Capital Outlay.....	88,978	249,478	70,525	38,453	140,500
	<u>574,489</u>	<u>738,969</u>	<u>545,086</u>	<u>38,553</u>	<u>155,330</u>
Sustainable Energy:					
Personal Services.....	17,780	18,132	17,848	-	284
Expenses.....	1,500	1,500	1,456	-	44
	<u>19,280</u>	<u>19,632</u>	<u>19,304</u>	<u>-</u>	<u>328</u>
Central Administrative Services:					
Expenses.....	29,448	29,448	26,746	2,528	174
Finance Department:					
Personal Services.....	427,316	431,837	407,088	-	24,749
Expenses.....	10,200	10,200	5,764	-	4,436
	<u>437,516</u>	<u>442,037</u>	<u>412,852</u>	<u>-</u>	<u>29,185</u>
Information Technology:					
Personal Services.....	656,327	670,326	583,810	-	86,516
Expenses.....	111,849	111,849	79,991	27,430	4,428
Capital Outlay.....	274,427	274,427	231,676	41,489	1,262
	<u>1,042,603</u>	<u>1,056,602</u>	<u>895,477</u>	<u>68,919</u>	<u>92,206</u>
Treasurer/Collector:					
Personal Services.....	312,203	315,991	309,147	-	6,844
Expenses.....	127,550	127,550	101,717	1,150	24,683
	<u>439,753</u>	<u>443,541</u>	<u>410,864</u>	<u>1,150</u>	<u>31,527</u>
Town Report:					
Expenses.....	4,000	4,000	4,000	-	-
Council on Aging:					
Personal Services.....	350,756	354,620	344,953	-	9,667
Expenses.....	115,576	115,576	77,783	611	37,182
Capital Outlay.....	28,559	28,559	1,598	10,824	16,137
	<u>494,891</u>	<u>498,755</u>	<u>424,334</u>	<u>11,435</u>	<u>62,986</u>
Veterans' Services:					
Expenses.....	68,000	68,000	68,000	-	-

(Continued)

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

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Youth Commission:					
Personal Services.....	81,106	82,579	82,566	-	13
Expenses.....	17,090	17,090	15,468	-	1,622
	98,196	99,669	98,034	-	1,635
Housing Development Corporation:					
Expenses.....	6,000	6,000	3,500	-	2,500
Historical Commission:					
Expenses.....	750	750	507	200	43
Memorial Day:					
Expenses.....	2,500	2,500	734	598	1,168
Celebrations Committee:					
Expenses.....	4,700	4,700	4,700	-	-
Zoning Board of Appeals:					
Personal Services.....	53,269	54,335	54,334	-	1
Expenses.....	7,101	7,101	5,677	500	924
	60,370	61,436	60,011	500	925
Law:					
Expenses.....	325,000	325,000	248,823	-	76,177
Risk Management:					
Expenses.....	485,604	463,604	368,450	31,578	63,576
Audit Committee:					
Expenses.....	58,200	58,200	58,100	-	100
Street Lighting:					
Expenses.....	246,876	246,876	244,315	-	2,561
Provisions for Contract Settlements:					
Expenses.....	325,000	-	-	-	-
Town Clerk/Election and Registration:					
Personal Services.....	232,292	237,444	211,590	-	25,854
Expenses.....	40,850	40,850	26,894	-	13,956
	273,142	278,294	238,484	-	39,810
Board of Assessors:					
Personal Services.....	269,432	272,589	268,391	-	4,198
Expenses.....	82,450	82,450	58,240	-	24,210
	351,882	355,039	326,631	-	28,408
Planning Board:					
Personal Services.....	230,858	261,561	245,715	-	15,846
Expenses.....	43,000	43,000	25,385	8,871	8,744
Capital Outlay.....	38,994	38,994	19,756	19,238	-
	312,852	343,555	290,856	28,109	24,590
Permanent Building Committee:					
Expenses.....	10,483	10,483	6,659	-	3,824

(Continued)

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

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Human Resources Board:					
Personal Services.....	297,879	302,779	302,777	-	2
Expenses.....	42,215	37,250	31,718	464	5,068
Capital Outlay.....	170,000	49,547	4,965	-	44,582
	<u>510,094</u>	<u>389,576</u>	<u>339,460</u>	<u>464</u>	<u>49,652</u>
Advisory Committee:					
Personal Services.....	7,000	7,000	3,370	-	3,630
Expenses.....	29,095	29,095	16,402	-	12,693
	<u>36,095</u>	<u>36,095</u>	<u>19,772</u>	<u>-</u>	<u>16,323</u>
Advisory Committee - Reserve Fund:					
Expenses.....	175,000	175,000	-	-	175,000
TOTAL GENERAL GOVERNMENT.....	<u>6,392,724</u>	<u>6,157,761</u>	<u>5,115,699</u>	<u>184,034</u>	<u>858,028</u>
FACILITIES MAINTENANCE:					
Personal Services.....	4,269,378	4,357,348	4,322,833	-	34,515
Expenses.....	3,383,049	3,385,649	3,157,363	5,787	222,499
Capital Outlay.....	3,480,249	3,480,255	1,185,981	2,220,994	73,280
TOTAL FACILITIES MAINTENANCE.....	<u>11,132,676</u>	<u>11,223,252</u>	<u>8,666,177</u>	<u>2,226,781</u>	<u>330,294</u>
PUBLIC SAFETY:					
Police Department:					
Personal Services.....	5,355,872	5,447,098	5,406,264	-	40,834
Expenses.....	676,674	676,674	667,752	8,795	127
Capital Outlay.....	99,263	99,262	90,998	8,264	-
	<u>6,131,809</u>	<u>6,223,034</u>	<u>6,165,014</u>	<u>17,059</u>	<u>40,961</u>
Special School Police:					
Personal Services.....	126,294	96,294	70,932	-	25,362
Expenses.....	3,105	3,105	3,085	-	20
	<u>129,399</u>	<u>99,399</u>	<u>74,017</u>	<u>-</u>	<u>25,382</u>
Fire Department:					
Personal Services.....	4,943,026	5,140,187	5,119,254	-	20,933
Expenses.....	254,010	234,010	220,811	1,060	12,139
Capital Outlay.....	168,611	168,610	55,695	111,565	1,350
	<u>5,365,647</u>	<u>5,542,807</u>	<u>5,395,760</u>	<u>112,625</u>	<u>34,422</u>
Building Department					
Personal Services.....	501,821	507,724	495,462	-	12,262
Expenses.....	27,000	27,000	19,141	50	7,809
	<u>528,821</u>	<u>534,724</u>	<u>514,603</u>	<u>50</u>	<u>20,071</u>
Sealer of Weights and Measurers:					
Personal Services.....	15,600	15,600	11,848	-	3,752
Expenses.....	2,800	2,800	1,639	-	1,161
	<u>18,400</u>	<u>18,400</u>	<u>13,487</u>	<u>-</u>	<u>4,913</u>
TOTAL PUBLIC SAFETY.....	<u>12,174,076</u>	<u>12,418,364</u>	<u>12,162,881</u>	<u>129,734</u>	<u>125,749</u>

(Continued)

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

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
PUBLIC WORKS:					
Engineering:					
Personal Services.....	513,138	513,803	469,302	-	44,501
Expenses.....	75,170	75,169	61,524	6,801	6,844
Capital Outlay.....	194,371	194,372	25,488	168,884	-
	<u>782,679</u>	<u>783,344</u>	<u>556,314</u>	<u>175,685</u>	<u>51,345</u>
Highway:					
Personal Services.....	1,010,424	1,022,404	1,006,342	-	16,062
Expenses.....	442,774	443,718	402,024	24,646	17,048
Capital Outlay.....	1,700,780	1,700,785	681,409	1,019,376	-
	<u>3,153,978</u>	<u>3,166,907</u>	<u>2,089,775</u>	<u>1,044,022</u>	<u>33,110</u>
Fleet Maintenance:					
Personal Services.....	143,105	157,767	157,767	-	-
Expenses.....	43,462	43,862	8,420	-	35,442
	<u>186,567</u>	<u>201,629</u>	<u>166,187</u>	<u>-</u>	<u>35,442</u>
Park:					
Personal Services.....	1,190,621	1,262,553	1,257,173	-	5,380
Expenses.....	378,785	359,635	318,113	9,844	31,678
Capital Outlay.....	345,352	345,353	166,553	177,268	1,532
	<u>1,914,758</u>	<u>1,967,541</u>	<u>1,741,839</u>	<u>187,112</u>	<u>38,590</u>
Recycling and Disposal:					
Personal Services.....	1,045,544	1,024,155	974,390	-	49,765
Expenses.....	1,330,623	1,351,122	1,313,480	6,190	31,452
Capital Outlay.....	136,100	136,101	10,826	125,275	-
	<u>2,512,267</u>	<u>2,511,378</u>	<u>2,298,696</u>	<u>131,465</u>	<u>81,217</u>
Management:					
Personal Services.....	354,690	373,085	372,413	-	672
Expenses.....	24,656	24,655	23,403	787	465
Capital Outlay.....	1,562,725	1,562,726	1,324,947	237,779	-
	<u>1,942,071</u>	<u>1,960,466</u>	<u>1,720,763</u>	<u>238,566</u>	<u>1,137</u>
Winter Maintenance:					
Expenses.....	348,703	869,615	869,614	-	1
TOTAL PUBLIC WORKS.....	<u>10,841,023</u>	<u>11,460,880</u>	<u>9,443,188</u>	<u>1,776,850</u>	<u>240,842</u>
WELLESLEY FREE LIBRARY:					
Library Trustees:					
Personal Services.....	1,897,229	1,932,130	1,930,911	231	988
Expenses.....	536,977	541,383	541,261	-	122
Capital Outlay.....	103,841	103,841	101,722	-	2,119
TOTAL WELLESLEY FREE LIBRARY.....	<u>2,538,047</u>	<u>2,577,354</u>	<u>2,573,894</u>	<u>231</u>	<u>3,229</u>
RECREATION:					
Recreation Commission:					
Personal Services.....	325,231	331,508	328,555	-	2,953
Expenses.....	26,500	26,500	26,500	-	-
TOTAL RECREATION.....	<u>351,731</u>	<u>358,008</u>	<u>355,055</u>	<u>-</u>	<u>2,953</u>

(Continued)

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

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
HEALTH:					
Board of Health:					
Personal Services.....	429,389	434,614	423,549	-	11,065
Expenses.....	82,443	82,443	69,021	1,575	11,847
	<u>511,832</u>	<u>517,057</u>	<u>492,570</u>	<u>1,575</u>	<u>22,912</u>
Mental Health Services:					
Expenses.....	245,691	245,691	244,364	-	1,327
TOTAL HEALTH.....	<u>757,523</u>	<u>762,748</u>	<u>736,934</u>	<u>1,575</u>	<u>24,239</u>
NATURAL RESOURCES:					
Natural Resources Commission:					
Personal Services.....	205,889	208,627	200,811	519	7,297
Expenses.....	20,411	20,411	15,370	69	4,972
Capital Outlay.....	326,063	326,062	138,123	187,939	-
	<u>552,363</u>	<u>555,100</u>	<u>354,304</u>	<u>188,527</u>	<u>12,269</u>
Moses Pond:					
Expenses.....	141,754	141,754	123,897	5,811	12,046
Capital Outlay.....	74,726	74,726	32,058	42,668	-
	<u>216,480</u>	<u>216,480</u>	<u>155,955</u>	<u>48,479</u>	<u>12,046</u>
TOTAL NATURAL RESOURCES.....	<u>768,843</u>	<u>771,580</u>	<u>510,259</u>	<u>237,006</u>	<u>24,315</u>
WELLESLEY PUBLIC SCHOOLS.....	<u>79,375,776</u>	<u>80,151,777</u>	<u>73,313,366</u>	<u>5,344,338</u>	<u>1,494,073</u>
EMPLOYEE BENEFITS:					
Group Insurance:					
Expenses.....	17,576,288	17,576,288	17,576,288	-	-
Medical - Police & Fire:					
Expenses.....	100,000	100,000	51,328	-	48,672
Worker's Compensation:					
Expenses.....	517,860	517,860	517,860	-	-
Other Postemployment Benefits Liability Fund:					
Expenses.....	3,432,000	3,432,000	3,432,000	-	-
Retirement Contribution:					
Expenses.....	6,621,863	6,621,863	6,621,863	-	-
Unemployment Compensation:					
Expenses.....	150,000	150,000	150,000	-	-
Compensated Absences:					
Expenses.....	90,000	142,000	141,786	-	214
Non-Contributory Pensions:					
Expenses.....	18,714	18,714	18,488	-	226
TOTAL EMPLOYEE BENEFITS.....	<u>28,506,725</u>	<u>28,558,725</u>	<u>28,509,613</u>	<u>-</u>	<u>49,112</u>
State and County Charges.....	1,239,372	1,239,372	1,239,256	-	116

(Continued)

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

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Debt service:					
Principal.....	11,840,000	11,840,000	11,840,000	-	-
Interest.....	4,900,608	4,900,608	4,881,869	-	18,739
	<u>16,740,608</u>	<u>16,740,608</u>	<u>16,721,869</u>	<u>-</u>	<u>18,739</u>
 TOTAL EXPENDITURES.....	 <u>170,819,124</u>	 <u>172,420,429</u>	 <u>159,348,191</u>	 <u>9,900,549</u>	 <u>3,171,689</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	 <u>(15,422,577)</u>	 <u>(17,019,587)</u>	 <u>(319,468)</u>	 <u>(9,900,549)</u>	 <u>6,799,570</u>
 <u>OTHER FINANCING SOURCES (USES):</u>					
Use of prior year fund balance to fund carryovers.....	9,613,972	9,613,972	-	-	(9,613,972)
Free cash voted to reduce tax rate for fiscal year 2018.....	4,083,738	4,083,738	-	-	(4,083,738)
Free cash voted to fund fiscal year 2018 budget.....	-	1,547,010	-	-	(1,547,010)
Transfers in.....	1,724,867	1,774,867	1,906,337	-	131,470
 TOTAL OTHER FINANCING SOURCES (USES).....	 <u>15,422,577</u>	 <u>17,019,587</u>	 <u>1,906,337</u>	 <u>-</u>	 <u>(15,113,250)</u>
 NET CHANGE IN FUND BALANCE.....	 -	 -	 1,586,869	 (9,900,549)	 (8,313,680)
 BUDGETARY FUND BALANCE, Beginning of year.....	 <u>27,217,093</u>	 <u>27,217,093</u>	 <u>27,217,093</u>	 <u>-</u>	 <u>-</u>
 BUDGETARY FUND BALANCE, End of year.....	 <u>\$ 27,217,093</u>	 <u>\$ 27,217,093</u>	 <u>\$ 28,803,962</u>	 <u>\$ (9,900,549)</u>	 <u>\$ (8,313,680)</u>

See notes to required supplementary information.

(Concluded)

Pension Plan Schedules – Retirement System

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

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

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

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

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

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Total pension liability:				
Service cost.....	\$ 5,067,998	\$ 5,629,329	\$ 5,835,095	\$ 6,056,541
Interest.....	13,553,363	14,040,337	14,622,378	14,872,702
Differences between expected and actual experience.....	(4,690,325)	-	(3,526,008)	-
Changes of benefit terms.....	10,614,112	-	2,112,997	-
Changes in assumptions.....	-	-	-	2,765,608
Benefit payments.....	<u>(10,336,763)</u>	<u>(11,105,145)</u>	<u>(11,400,054)</u>	<u>(11,400,176)</u>
Net change in total pension liability.....	14,208,385	8,564,521	7,644,408	12,294,675
Total pension liability - beginning.....	<u>193,719,852</u>	<u>207,928,237</u>	<u>216,492,758</u>	<u>224,137,166</u>
Total pension liability - ending (a).....	<u>\$ 207,928,237</u>	<u>\$ 216,492,758</u>	<u>\$ 224,137,166</u>	<u>\$ 236,431,841</u>
Plan fiduciary net position:				
Employer contributions.....	\$ 7,070,467	\$ 7,304,832	\$ 7,562,273	\$ 7,835,775
Member contributions.....	3,393,034	3,478,496	3,608,960	3,783,992
Net investment income (loss).....	10,717,718	1,152,712	11,291,223	27,868,069
Administrative expenses.....	(226,954)	(250,722)	(245,349)	(243,555)
Retirement benefits and refunds.....	<u>(10,336,763)</u>	<u>(11,105,145)</u>	<u>(11,400,054)</u>	<u>(11,400,176)</u>
Net increase (decrease) in fiduciary net position.....	10,617,502	580,173	10,817,053	27,844,105
Fiduciary net position - beginning of year.....	<u>142,338,421</u>	<u>152,955,923</u>	<u>153,536,096</u>	<u>164,353,149</u>
Fiduciary net position - end of year (b).....	<u>\$ 152,955,923</u>	<u>\$ 153,536,096</u>	<u>\$ 164,353,149</u>	<u>\$ 192,197,254</u>
Net pension liability - ending (a)-(b).....	<u>\$ 54,972,314</u>	<u>\$ 62,956,662</u>	<u>\$ 59,784,017</u>	<u>\$ 44,234,587</u>
Plan fiduciary net position as a percentage of the total pension liability.....	73.56%	70.92%	73.33%	81.29%
Covered payroll.....	\$ 35,228,283	\$ 35,959,727	\$ 36,836,364	\$ 38,226,711
Net pension liability as a percentage of covered payroll.....	156.05%	175.08%	162.30%	115.72%

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

See notes to required supplementary information.

**SCHEDULE OF CONTRIBUTIONS
WELLESLEY CONTRIBUTORY RETIREMENT SYSTEM**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2018.....	\$ 7,835,775	\$ (7,874,297)	\$ (38,522)	\$ 38,226,711	20.60%
June 30, 2017.....	7,562,273	(7,562,273)	-	36,836,364	20.53%
June 30, 2016.....	7,285,897	(7,304,832)	(18,935)	35,959,727	20.31%
June 30, 2015.....	7,040,036	(7,070,467)	(30,431)	35,228,283	20.07%

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

See notes to required supplementary information.

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

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2017.....	17.19%
December 31, 2016.....	7.49%
December 31, 2015.....	0.76%
December 31, 2014.....	7.63%

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

See notes to required supplementary information.

Pension Plan Schedules - Town

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

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

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

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

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

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2017.....	99.15%	\$ 43,857,182	\$ 38,226,711	114.73%	81.29%
December 31, 2016.....	99.16%	59,284,672	36,836,364	160.94%	73.33%
December 31, 2015.....	99.20%	62,453,930	35,959,727	173.68%	70.92%
December 31, 2014.....	99.20%	54,529,625	35,228,283	154.79%	73.56%

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

See notes to required supplementary information.

**SCHEDULE OF TOWN CONTRIBUTIONS
WELLESLEY CONTRIBUTORY RETIREMENT SYSTEM**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2018.....	\$ 7,784,319	\$ (7,822,841)	\$ (38,522)	\$ 38,226,711	20.46%
June 30, 2017.....	7,512,624	(7,512,624)	-	36,836,364	20.39%
June 30, 2016.....	7,224,702	(7,243,637)	(18,935)	35,959,727	20.14%
June 30, 2015.....	6,983,288	(6,983,288)	-	35,228,283	19.82%

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

See notes to required supplementary information.

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

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2018.....	\$ 166,750,488	\$ 17,404,234	54.25%
2017.....	161,173,004	16,440,703	52.73%
2016.....	145,970,533	11,839,507	55.38%
2015.....	113,081,320	7,856,302	61.64%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

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

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

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

	June 30, 2017	June 30, 2018
Total OPEB Liability		
Service Cost.....	\$ 3,695,446	\$ 3,793,514
Interest.....	7,545,735	7,989,929
Changes of benefit terms.....	-	-
Differences between expected and actual experience....	-	-
Changes of assumptions.....	-	-
Benefit payments.....	<u>(4,614,800)</u>	<u>(5,078,148)</u>
Net change in total OPEB liability.....	6,626,381	6,705,295
Total OPEB liability - beginning.....	<u>110,450,012</u>	<u>117,076,393</u>
Total OPEB liability - ending (a).....	<u>\$ 117,076,393</u>	<u>\$ 123,781,688</u>
Plan fiduciary net position		
Employer contributions.....	\$ 3,464,970	\$ 3,646,371
Employer contributions for OPEB payments.....	4,614,800	5,078,148
Net investment income.....	5,975,037	5,307,352
Benefit payments.....	<u>(4,614,800)</u>	<u>(5,078,148)</u>
Net change in plan fiduciary net position.....	9,440,007	8,953,723
Plan fiduciary net position - beginning of year.....	<u>44,229,961</u>	<u>53,669,968</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 53,669,968</u>	<u>\$ 62,623,691</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 63,406,425</u>	<u>\$ 61,157,997</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	45.84%	50.59%
Covered-employee payroll.....	\$ 96,595,069	\$ 98,526,970
Net OPEB liability as a percentage of covered-employee payroll.....	65.64%	62.07%

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

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
June 30, 2018.....	\$ 8,750,052	\$ (8,724,519)	\$ 25,533	\$ 98,526,970	8.85%
June 30, 2017.....	8,484,223	(8,079,770)	404,453	96,595,069	8.36%

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Year	Annual money-weighted rate of return, net of investment expense
June 30, 2018.....	9.62%
June 30, 2017.....	12.80%

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

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Municipal Law requires the adoption of a balanced budget for the general fund that is approved at the Annual Town Meeting. The Town has an Advisory Committee that submits reports on proposed appropriations at Town Meetings. The appropriated budget is prepared by fund, function and department. Transfers of appropriations among departments require the approval of Town Meeting.

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

In the budgetary schedule revenues are reported on a cash basis, and expenditures that relate to the current year appropriations are recorded when incurred. Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of the Board of Selectmen and written approval from the Massachusetts Department of Revenue.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2018 budget consisted of approximately \$170.8 million in appropriations and other amounts to be raised. Included in the original budget are approximately \$9.6 million in amounts carried over from previous years. During 2018 the Town approved approximately \$1.6 million of supplemental appropriations primarily for snow and ice costs, and special education tuition costs. These supplemental appropriations were financed through the use of free cash.

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

B. Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2018, is presented below:

Net change in fund balance - budgetary basis.....	\$ 1,586,869
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	131,136
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	(370,830)
Net change in recording 60 day receipts.....	(262,000)
Net change in recording accrued expenditures.....	(203,524)
Recognition of revenue for on-behalf payments.....	17,404,000
Recognition of expenditures for on-behalf payments.....	<u>(17,404,000)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 881,651</u>

NOTE B – PENSION PLAN

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

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

B. Schedule of Contributions

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

C. Schedule of Investment Return

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

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

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

B. Schedule of Town's Contributions

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

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

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

the Town; the portion of the collective pension expense as both revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

Changes in Assumptions:

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

Changes in Plan Provisions:

There were no changes in Plan provisions.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

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

The Other Postemployment Benefit Plan

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

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

Schedule of the Town's Contributions

The Schedule of the Town's Contributions includes the Town's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered-employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered-employee payroll. Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	Actuarially determined contribution for the fiscal year ending June 30, 2018 was determined with the June 30, 2016 actuarial valuation.
Actuarial cost method.....	Entry age normal cost method.
Amortization method.....	Payments increase at 3.5%
Remaining amortization period.....	21 years as of July 1, 2016, except 6 years as of July 1, 2016 for the Municipal Light Plant.
Asset valuation method.....	Market value.
Investment rate of return.....	6.75%
Inflation rate.....	3.50%
Health care trends rate.....	Medical and Prescription Drug 7.0% decreasing by 0.5% for 4 years to an ultimate level of 5.0%. Medical Part B Premium 5.0%.
Mortality rates.....	Pre-Retirement (Non-Teachers): RP-2014 Blue Collar Healthy Employee Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D. Healthy (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally with Scale BB2D. Disabled (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table with MP-2014 improvement projections based out to a base year with 2006 projected generationally with Scale BB2D set forward 3 years for males. Pre-Retirement (Teachers): RP-2014 Employee Mortality Table projected generationally with Scale BB2D from 2014. Healthy (Teachers): RP-2014 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2014. Disabled (Teachers): RP-2014 Healthy Annuitant Table set forward 4 years projected generationally with Scale BB2D from 2014.

Schedule of Investment Return

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

Changes of Assumptions and Changes in Plan Provisions – None.

Combining and Individual Fund Statements

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

PERMANENT FUND

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

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2018

	Special Revenue Funds				
	School Lunch	Community Preservation	Grants	Receipts Reserved	Revolving
ASSETS					
Cash and cash equivalents.....	\$ 608,762	\$ 6,796,959	\$ 523,789	\$ 2,267,154	\$ 4,212,708
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	6,030	-	-	238,334
Intergovernmental.....	-	143,516	-	-	-
TOTAL ASSETS.....	\$ 608,762	\$ 6,946,505	\$ 523,789	\$ 2,267,154	\$ 4,451,042
LIABILITIES					
Warrants payable.....	\$ 116,725	\$ -	\$ 28,023	\$ 76,890	\$ 74,565
Accrued payroll.....	25	-	34,371	3,981	56,165
TOTAL LIABILITIES.....	116,750	-	62,394	80,871	130,730
DEFERRED INFLOWS OF RESOURCES					
Taxes paid in advance.....	-	36,893	-	-	-
Unavailable revenue.....	-	143,504	-	-	209,089
TOTAL DEFERRED INFLOWS OF RESOURCES.....	-	180,397	-	-	209,089
FUND BALANCES					
Nonspendable.....	-	-	-	-	-
Restricted.....	492,012	6,766,108	461,395	2,186,283	4,111,223
TOTAL FUND BALANCES.....	492,012	6,766,108	461,395	2,186,283	4,111,223
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 608,762	\$ 6,946,505	\$ 523,789	\$ 2,267,154	\$ 4,451,042

Special Revenue Funds				
Recreation Revolving	Other	Subtotal	Permanent Funds	Total Nonmajor Governmental Funds
\$ 450,440	\$ 2,132,592	\$ 16,992,404	\$ 220,672	\$ 17,213,076
-	-	-	1,170,844	1,170,844
-	-	244,364	-	244,364
-	-	143,516	-	143,516
<u>\$ 450,440</u>	<u>\$ 2,132,592</u>	<u>\$ 17,380,284</u>	<u>\$ 1,391,516</u>	<u>\$ 18,771,800</u>
\$ 26,021	\$ 30,350	\$ 352,574	\$ -	\$ 352,574
24,153	3,621	122,316	2,043	124,359
50,174	33,971	474,890	2,043	476,933
-	-	36,893	-	36,893
-	-	352,593	-	352,593
-	-	389,486	-	389,486
-	-	-	357,952	357,952
400,266	2,098,621	16,515,908	1,031,521	17,547,429
400,266	2,098,621	16,515,908	1,389,473	17,905,381
<u>\$ 450,440</u>	<u>\$ 2,132,592</u>	<u>\$ 17,380,284</u>	<u>\$ 1,391,516</u>	<u>\$ 18,771,800</u>

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

YEAR ENDED JUNE 30, 2018

	Special Revenue Funds				
	School Lunch	Community Preservation	Grants	Receipts Reserved	Revolving
REVENUES:					
Charges for services.....	\$ 1,487,961	\$ -	\$ -	\$ -	\$ -
Parking meter receipts.....	-	-	-	918,461	-
Intergovernmental.....	179,362	206,452	2,569,318	-	85,403
Departmental and other.....	-	-	-	-	6,248,507
Community preservation taxes.....	-	1,247,964	-	-	-
Contributions and donations.....	-	-	3,000	-	143,933
Investment income.....	-	108,758	108	-	-
TOTAL REVENUES.....	1,667,323	1,563,174	2,572,426	918,461	6,477,843
EXPENDITURES:					
Current:					
General government.....	-	-	56,785	-	148,151
Facilities maintenance.....	-	-	-	-	25,958
Public safety.....	-	-	84,415	-	1,544,924
Public education.....	1,659,211	-	2,215,841	-	3,796,095
Public works.....	-	-	16,631	-	324,321
Health.....	-	-	7,011	-	-
Recreation.....	-	-	4,525	-	-
Library.....	-	-	51,390	-	44,714
Community preservation.....	-	687,669	-	-	-
Traffic and parking management.....	-	-	-	789,994	-
TOTAL EXPENDITURES.....	1,659,211	687,669	2,436,598	789,994	5,884,163
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	8,112	875,505	135,828	128,467	593,680
OTHER FINANCING SOURCES (USES):					
Transfers out.....	(3,450)	(553,244)	-	(88,118)	(182,298)
NET CHANGE IN FUND BALANCES.....	4,662	322,261	135,828	40,349	411,382
FUND BALANCES AT BEGINNING OF YEAR.....	487,350	6,443,847	325,567	2,145,934	3,699,841
FUND BALANCES AT END OF YEAR.....	\$ 492,012	\$ 6,766,108	\$ 461,395	\$ 2,186,283	\$ 4,111,223

Special Revenue Funds				
Recreation Revolving	Other	Subtotal	Permanent Funds	Total Nonmajor Governmental Funds
\$ -	\$ 15,050	\$ 1,503,011	\$ -	\$ 1,503,011
-	-	918,461	-	918,461
-	2,965,919	6,006,454	-	6,006,454
1,497,046	8,762	7,754,315	-	7,754,315
-	-	1,247,964	-	1,247,964
-	1,130,632	1,277,565	-	1,277,565
-	-	108,866	266	109,132
<u>1,497,046</u>	<u>4,120,363</u>	<u>18,816,636</u>	<u>266</u>	<u>18,816,902</u>
-	202,841	407,777	4,478	412,255
-	-	25,958	-	25,958
-	2,297	1,631,636	-	1,631,636
-	3,502,262	11,173,409	-	11,173,409
-	19,934	360,886	-	360,886
-	10,256	17,267	-	17,267
1,417,635	73,949	1,496,109	-	1,496,109
-	282,323	378,427	811	379,238
-	-	687,669	-	687,669
-	-	789,994	-	789,994
<u>1,417,635</u>	<u>4,093,862</u>	<u>16,969,132</u>	<u>5,289</u>	<u>16,974,421</u>
<u>79,411</u>	<u>26,501</u>	<u>1,847,504</u>	<u>(5,023)</u>	<u>1,842,481</u>
<u>(79,227)</u>	<u>-</u>	<u>(906,337)</u>	<u>-</u>	<u>(906,337)</u>
184	26,501	941,167	(5,023)	936,144
<u>400,082</u>	<u>2,072,120</u>	<u>15,574,741</u>	<u>1,394,496</u>	<u>16,969,237</u>
<u>\$ 400,266</u>	<u>\$ 2,098,621</u>	<u>\$ 16,515,908</u>	<u>\$ 1,389,473</u>	<u>\$ 17,905,381</u>

Internal Service Funds

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

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

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

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

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

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2018

	Fleet Maintenance	Health Insurance	Unemployment	Worker's Compensation	Total Internal Service Funds
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 32,234	\$ 526,283	\$ 213,181	\$ -	\$ 771,698
Investments.....	-	-	618,067	1,562,694	2,180,761
Receivables, net of allowance for uncollectibles:					
Departmental and other.....	-	6,226	-	-	6,226
TOTAL ASSETS.....	32,234	532,509	831,248	1,562,694	2,958,685
LIABILITIES					
CURRENT:					
Warrants payable.....	12,728	4,750	-	-	17,478
Accrued payroll.....	8,382	326,064	-	1,276	335,722
Workers' compensation.....	-	-	-	181,000	181,000
Total current liabilities.....	21,110	330,814	-	182,276	534,200
NONCURRENT:					
Workers' compensation.....	-	-	-	266,000	266,000
TOTAL LIABILITIES.....	21,110	330,814	-	448,276	800,200
NET POSITION					
Unrestricted.....	\$ 11,124	\$ 201,695	\$ 831,248	\$ 1,114,418	\$ 2,158,485

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

YEAR ENDED JUNE 30, 2018

	Fleet Maintenance	Health Insurance	Unemployment	Worker's Compensation	Total Internal Service Funds
<u>OPERATING REVENUES:</u>					
Employee contributions.....	\$ -	\$ 9,198,045	\$ -	\$ -	\$ 9,198,045
Charges for services.....	1,388,683	15,630,647	153,765	544,953	17,718,048
TOTAL OPERATING REVENUES	1,388,683	24,828,692	153,765	544,953	26,916,093
<u>OPERATING EXPENSES:</u>					
Employee benefits.....	1,473,948	25,077,464	44,407	405,656	27,001,475
OPERATING INCOME.....	(85,265)	(248,772)	109,358	139,297	(85,382)
<u>NONOPERATING REVENUES (EXPENSES):</u>					
Investment income.....	-	38,768	-	-	38,768
CHANGE IN NET POSITION.....	(85,265)	(210,004)	109,358	139,297	(46,614)
NET POSITION AT BEGINNING OF YEAR.....	96,389	411,699	721,890	975,121	2,205,099
NET POSITION AT END OF YEAR.....	\$ 11,124	\$ 201,695	\$ 831,248	\$ 1,114,418	\$ 2,158,485

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

	Fleet Maintenance	Health Insurance	Unemployment	Worker's Compensation	Total Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Receipts from customers and users.....	\$ -	\$ 9,200,579	\$ -	\$ -	\$ 9,200,579
Receipts from interfund services provided.....	1,388,683	15,630,647	153,765	544,953	17,718,048
Payments for interfund services used.....	<u>(1,515,920)</u>	<u>(25,153,440)</u>	<u>(44,407)</u>	<u>(395,482)</u>	<u>(27,109,249)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>(127,237)</u>	<u>(322,214)</u>	<u>109,358</u>	<u>149,471</u>	<u>(190,622)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Purchase of investments.....	-	-	(228,884)	(149,471)	(378,355)
Investment income.....	-	38,768	-	-	38,768
NET CASH FROM INVESTING ACTIVITIES.....	<u>-</u>	<u>38,768</u>	<u>(228,884)</u>	<u>(149,471)</u>	<u>(339,587)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(127,237)	(283,446)	(119,526)	-	(530,209)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR.....	159,471	809,729	332,707	-	1,301,907
CASH AND CASH EQUIVALENTS, END OF YEAR.....	<u>\$ 32,234</u>	<u>\$ 526,283</u>	<u>\$ 213,181</u>	<u>\$ -</u>	<u>\$ 771,698</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u>					
<u>FROM OPERATING ACTIVITIES:</u>					
Operating income (loss).....	\$ (85,265)	\$ (248,772)	\$ 109,358	\$ 139,297	\$ (85,382)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Changes in assets and liabilities:					
Departmental and other.....	-	2,534	-	-	2,534
Warrants payable.....	(41,847)	(23,267)	-	-	(65,114)
Accrued payroll.....	(125)	(52,709)	-	(1,826)	(54,660)
Workers' compensation.....	-	-	-	12,000	12,000
Total adjustments.....	<u>(41,972)</u>	<u>(73,442)</u>	<u>-</u>	<u>10,174</u>	<u>(105,240)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ (127,237)</u>	<u>\$ (322,214)</u>	<u>\$ 109,358</u>	<u>\$ 149,471</u>	<u>\$ (190,622)</u>

Fiduciary Funds

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

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2018

	June 30, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	June 30, <u>2018</u>
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 972,544	\$ 581,111	\$ (335,516)	\$ 1,218,139
LIABILITIES				
Liabilities due depositors.....	\$ 972,544	\$ 581,111	\$ (335,516)	\$ 1,218,139

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Statistical Section

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



The Town is making significant repairs to the exterior of its historic Town Hall.

Town of Wellesley, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2018

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

**Net Position By Component
Last Ten Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets.....	\$ 90,953,257	\$ 98,914,209	\$ 122,874,236	\$ 136,010,244	\$ 140,647,943	\$ 139,229,485	\$ 141,158,278	\$ 148,818,623	\$ 155,132,937	\$ 157,153,332
Restricted.....	10,336,566	11,181,819	11,789,893	8,279,834	9,177,754	11,350,777	10,394,774	10,572,176	10,236,030	10,715,597
Unrestricted.....	<u>34,229,972</u>	<u>36,333,715</u>	<u>37,090,605</u>	<u>41,155,077</u>	<u>40,250,651</u>	<u>(1,146,424)</u>	<u>(1,065,091)</u>	<u>(126,380)</u>	<u>(60,532,686)</u>	<u>(56,118,900)</u>
Total governmental activities net position.....	<u>\$ 135,519,795</u>	<u>\$ 146,429,743</u>	<u>\$ 171,754,734</u>	<u>\$ 185,445,155</u>	<u>\$ 190,076,348</u>	<u>\$ 149,433,838</u>	<u>\$ 150,487,961</u>	<u>\$ 159,264,419</u>	<u>\$ 104,836,281</u>	<u>\$ 111,750,029</u>
Business-type activities										
Net investment in capital assets.....	\$ 71,187,448	\$ 73,118,249	\$ 76,222,981	\$ 79,158,029	\$ 82,672,463	\$ 83,609,607	\$ 84,703,679	\$ 85,594,311	\$ 87,359,541	\$ 87,482,288
Restricted.....	-	-	-	2,458,152	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Unrestricted.....	<u>12,999,282</u>	<u>12,491,865</u>	<u>13,714,674</u>	<u>13,935,227</u>	<u>14,212,650</u>	<u>7,139,890</u>	<u>7,808,653</u>	<u>12,792,675</u>	<u>11,907,658</u>	<u>9,481,231</u>
Total business-type activities net position.....	<u>\$ 84,186,730</u>	<u>\$ 85,610,114</u>	<u>\$ 89,937,655</u>	<u>\$ 95,551,408</u>	<u>\$ 98,885,113</u>	<u>\$ 92,749,497</u>	<u>\$ 94,512,332</u>	<u>\$ 100,386,986</u>	<u>\$ 101,267,199</u>	<u>\$ 98,963,519</u>
Primary government										
Net investment in capital assets.....	\$ 162,140,705	\$ 172,032,458	\$ 199,097,217	\$ 215,168,273	\$ 223,320,406	\$ 222,839,092	\$ 225,861,957	\$ 234,412,934	\$ 242,492,478	\$ 244,635,620
Restricted.....	10,336,566	11,181,819	11,789,893	10,737,986	11,177,754	13,350,777	12,394,774	12,572,176	12,236,030	12,715,597
Unrestricted.....	<u>47,229,254</u>	<u>48,825,580</u>	<u>50,805,279</u>	<u>55,090,304</u>	<u>54,463,301</u>	<u>5,993,466</u>	<u>6,743,562</u>	<u>12,666,295</u>	<u>(48,625,028)</u>	<u>(46,637,669)</u>
Total primary government net position.....	<u>\$ 219,706,525</u>	<u>\$ 232,039,857</u>	<u>\$ 261,692,389</u>	<u>\$ 280,996,563</u>	<u>\$ 288,961,461</u>	<u>\$ 242,183,335</u>	<u>\$ 245,000,293</u>	<u>\$ 259,651,405</u>	<u>\$ 206,103,480</u>	<u>\$ 210,713,548</u>

The Town implemented GASB Statements #67, #68, and #71 in 2015 which required the net pension liability to be recorded for the first time. This also required the revision of the ending net position in 2014.
The Town implemented GASB Statements #75 in 2018 which required the net OPEB liability to be recorded for the first time. This also required the revision of the ending net position in 2017.

**Changes in Net Position
Last Ten Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government.....	\$ 7,647,280	\$ 8,576,509	\$ 8,039,353	\$ 9,670,731	\$ 12,874,364	\$ 14,414,151	\$ 14,414,151	\$ 16,065,450	\$ 8,805,331	\$ 8,814,934
Facilities maintenance.....	-	-	-	-	-	-	-	-	11,880,224	12,350,521
Natural resources.....	-	-	-	-	-	-	-	-	636,909	725,662
Public safety.....	12,840,721	14,139,090	14,807,588	16,064,398	16,973,654	17,710,263	17,710,263	19,814,209	17,132,944	17,548,998
Public education.....	83,694,291	86,694,832	90,309,800	99,679,399	99,210,900	102,344,740	102,344,740	111,214,742	118,927,884	122,811,840
Public works.....	9,764,169	10,280,799	10,574,130	10,315,238	9,709,246	10,865,268	10,865,268	11,467,571	14,112,079	13,920,456
Health services.....	1,173,751	1,319,220	1,481,237	1,558,985	1,597,225	1,683,576	1,683,576	1,762,755	1,103,030	1,001,200
Library.....	3,662,740	3,317,361	3,639,739	3,907,255	3,853,620	4,004,455	4,004,455	4,509,513	4,251,592	4,420,548
Recreation.....	2,223,767	2,701,249	2,535,659	2,548,867	2,456,850	2,717,234	2,717,234	2,798,705	3,176,831	2,607,564
Traffic and parking management.....	371,662	580,125	523,460	541,165	598,789	659,832	659,832	761,292	832,610	789,994
Community preservation.....	166,752	129,981	669,739	789,270	105,345	19,992	19,992	75,855	187,011	687,669
Interest.....	2,653,697	3,107,717	3,790,479	4,100,237	3,816,585	3,442,724	3,442,724	5,219,877	4,830,418	4,391,453
Total government activities expenses.....	124,198,830	130,846,883	136,371,184	149,175,545	151,196,578	157,862,235	157,862,235	173,689,969	185,876,862	190,070,839
Business-type activities:										
Sewer.....	6,033,451	6,368,443	6,494,844	6,798,842	6,799,922	7,010,402	7,010,402	7,065,470	7,403,979	7,452,341
Water.....	5,060,034	5,101,386	5,341,473	5,414,502	5,189,293	5,938,980	5,938,980	5,741,906	6,100,706	6,707,078
Electric.....	33,736,181	32,292,755	30,330,724	28,865,770	31,253,122	32,845,603	32,845,603	31,752,049	33,237,686	38,605,006
Total business-type activities expenses.....	44,829,666	43,762,584	42,167,041	41,079,114	43,242,337	45,794,985	45,794,985	44,559,425	46,742,371	52,764,425
Total primary government expenses.....	\$ 169,028,496	\$ 174,609,467	\$ 178,538,225	\$ 190,254,659	\$ 194,438,915	\$ 203,657,220	\$ 203,657,220	\$ 218,249,394	\$ 232,619,233	\$ 242,835,264
Program Revenues										
Governmental activities:										
Education charges for services.....	\$ 2,790,239	\$ 3,119,832	\$ 2,945,519	\$ 3,445,765	\$ 3,284,351	\$ 3,780,607	\$ 3,780,607	\$ 4,588,795	\$ 4,868,667	\$ 4,968,173
Public safety charges for services.....	2,994,109	3,028,707	3,139,731	3,083,319	2,894,844	3,991,467	3,991,467	4,272,574	3,852,917	6,577,435
Other charges for services.....	2,875,925	3,378,951	4,145,090	3,816,824	3,640,168	3,793,602	3,793,602	4,044,264	4,804,745	4,061,182
Education operating grants and contributions.....	20,819,345	21,666,819	23,240,231	24,030,559	24,201,659	25,190,552	25,190,552	26,120,256	30,971,700	32,205,325
Other operating grants and contributions.....	823,882	906,100	1,306,843	973,067	1,391,765	1,083,745	1,083,745	1,358,563	872,209	1,063,246
Education capital grant and contributions.....	940,950	5,047,729	16,833,405	13,255,854	-	-	-	1,174,029	3,020,319	-
Other capital grant and contributions.....	947,869	919,854	1,048,294	258,148	2,345,265	990,827	990,827	2,446,151	1,028,260	580,951
Total government activities program revenues.....	32,192,319	38,067,992	52,658,913	48,863,536	37,758,052	38,830,800	38,830,800	44,004,632	49,418,817	49,456,312
Business-type activities:										
Electric light charges for services.....	32,563,804	33,846,698	33,971,542	33,845,457	33,775,820	33,747,559	33,747,559	34,885,519	34,592,292	35,313,607
Sewer and water charges for services.....	11,185,632	11,318,414	13,087,800	13,179,396	13,359,209	13,899,712	13,899,712	14,683,479	15,837,178	15,119,727
Electric light capital grant and contributions.....	667,821	757,381	1,110,888	550,447	441,013	602,671	602,671	1,636,744	663,708	880,585
Other capital grant and contributions.....	72,287	263,475	188,010	117,567	-	-	-	228,337	-	146,826
Total business-type activities program revenues.....	44,489,544	46,185,968	48,358,240	47,692,867	47,576,042	48,249,942	48,249,942	51,434,079	51,093,178	51,460,745
Total primary government program revenues.....	\$ 76,681,863	\$ 84,253,960	\$ 101,017,153	\$ 96,556,403	\$ 85,334,094	\$ 87,080,742	\$ 87,080,742	\$ 95,438,711	\$ 100,511,995	\$ 100,917,057
Net (Expense)/Revenue										
Governmental activities.....	\$ (92,006,511)	\$ (92,778,891)	\$ (83,712,271)	\$ (100,312,009)	\$ (113,438,526)	\$ (119,031,435)	\$ (119,031,435)	\$ (129,685,337)	\$ (136,458,045)	\$ (140,614,527)
Business-type activities.....	(340,122)	2,423,384	6,191,199	6,613,753	4,333,705	2,454,957	2,454,957	6,874,654	4,350,807	(1,303,680)
Total primary government net expense.....	\$ (92,346,633)	\$ (90,355,507)	\$ (77,521,072)	\$ (93,698,256)	\$ (109,104,821)	\$ (116,576,478)	\$ (116,576,478)	\$ (122,810,683)	\$ (132,107,238)	\$ (141,918,207)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 88,861,087	\$ 93,769,116	\$ 99,994,520	\$ 104,498,139	\$ 108,975,300	\$ 112,155,012	\$ 112,155,012	\$ 127,800,794	\$ 131,146,331	\$ 135,997,161
Community preservation tax.....	805,247	844,254	897,294	944,740	982,069	1,019,365	1,019,365	1,153,629	1,201,441	1,247,964
Motor vehicle and other excise taxes.....	4,061,173	4,081,451	3,774,776	4,241,411	4,481,517	4,824,229	4,824,229	5,464,687	5,265,624	5,847,263
Meals tax.....	-	135,661	473,820	510,083	527,124	547,618	583,551	620,369	637,046	658,814
Nonrestricted grants, contributions, and other.....	2,791,169	2,327,910	2,158,510	2,338,231	1,761,581	1,919,920	1,919,920	1,794,382	2,102,798	1,735,859
Unrestricted investment income.....	1,206,334	1,801,769	738,342	469,826	342,128	297,426	297,426	627,934	582,309	1,041,214
Transfers.....	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total governmental activities.....	98,725,010	103,824,500	109,037,262	114,002,430	118,069,719	121,763,570	121,799,503	138,461,795	141,935,549	147,528,275
Business-type activities:										
Transfers.....	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Total primary government.....	\$ 97,725,010	\$ 102,824,500	\$ 108,037,262	\$ 113,002,430	\$ 117,069,719	\$ 120,763,570	\$ 120,799,503	\$ 137,461,795	\$ 140,935,549	\$ 146,528,275
Changes in Net Position										
Governmental activities.....	\$ 6,718,499	\$ 11,045,609	\$ 25,324,991	\$ 13,690,421	\$ 4,631,193	\$ 2,732,135	\$ 2,768,068	\$ 8,776,458	\$ 5,477,504	\$ 6,913,748
Business-type activities.....	(1,340,122)	1,423,384	5,191,199	5,613,753	3,333,705	1,454,957	1,454,957	5,874,654	3,350,807	(2,303,680)
Total primary government.....	\$ 5,378,377	\$ 12,468,993	\$ 30,516,190	\$ 19,304,174	\$ 7,964,898	\$ 4,187,092	\$ 4,223,025	\$ 14,651,112	\$ 8,828,311	\$ 4,610,068

Note: The Town established a Meals Tax in 2010.
 Note: In 2017 the Town CAFR renamed/revised the functional expense groupings. Functional groupings prior to 2017 were not revised.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved.....	\$ 4,201,344	\$ 5,003,837	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	12,443,909	12,366,774	-	-	-	-	-	-	-	-
Committed.....	-	-	4,579,461	2,106,100	2,785,748	1,936,883	4,240,335	2,990,300	3,950,943	5,080,885
Assigned.....	-	-	1,204,575	993,682	3,633,780	5,169,365	3,726,971	3,834,068	5,949,459	3,478,397
Unassigned.....	-	-	15,961,930	18,632,699	15,342,967	15,230,000	14,521,699	18,092,104	18,566,100	20,788,871
Total general fund.....	\$ 16,645,253	\$ 17,370,611	\$ 21,745,966	\$ 21,732,481	\$ 21,762,495	\$ 22,336,248	\$ 22,489,005	\$ 24,916,472	\$ 28,466,502	\$ 29,348,153
All Other Governmental Funds										
Reserved.....	\$ 210,612	\$ 210,612	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	14,656,232	16,874,079	-	-	-	-	-	-	-	-
Capital projects funds.....	16,535,624	30,983,269	-	-	-	-	-	-	-	-
Permanent funds.....	2,089,342	1,985,854	-	-	-	-	-	-	-	-
Nonspendable.....	-	-	210,612	210,612	210,612	357,953	357,953	357,953	357,953	357,952
Restricted.....	-	-	43,284,958	24,249,828	21,151,572	18,248,261	34,628,603	29,736,594	20,707,687	26,564,000
Unassigned.....	-	-	-	-	(41,158)	(807,356)	-	-	-	-
Total all other governmental funds.....	\$ 33,491,810	\$ 50,053,814	\$ 43,495,570	\$ 24,460,440	\$ 21,321,026	\$ 17,798,858	\$ 34,986,556	\$ 30,094,547	\$ 21,065,640	\$ 26,921,952

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

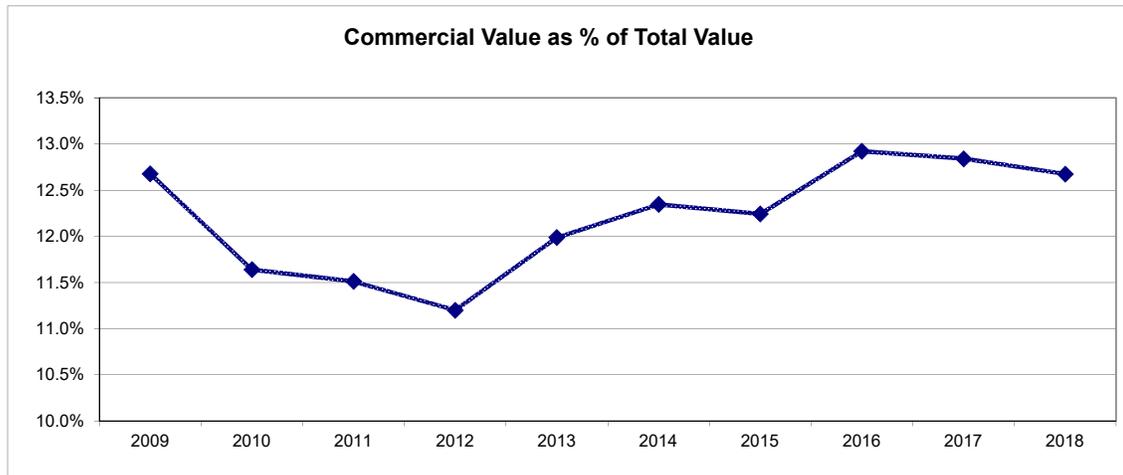
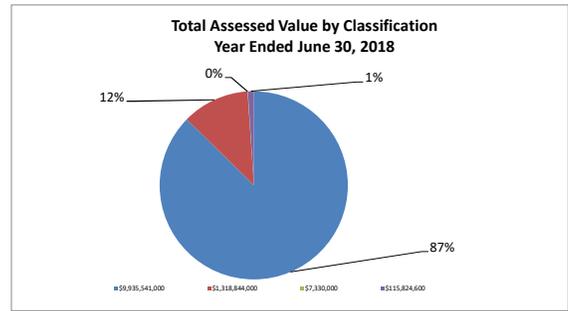
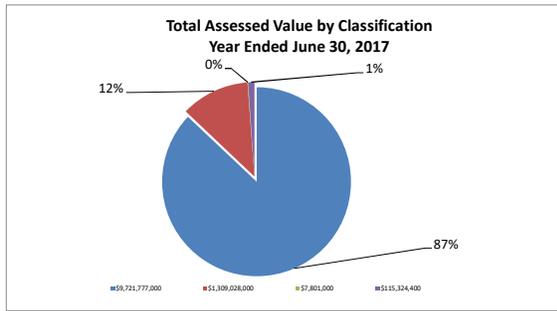
**Changes in Fund Balances, Governmental Funds
Last Ten Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 88,561,385	\$ 93,608,197	\$ 99,818,198	\$ 104,226,073	\$ 108,739,508	\$ 112,573,209	\$ 119,526,163	\$ 127,955,497	\$ 131,692,216	\$ 135,032,080
Motor vehicle and other excise taxes.....	4,142,655	3,876,634	4,176,809	4,228,910	4,327,860	5,382,154	4,956,214	5,616,703	5,544,062	5,843,270
Meals tax.....	-	135,661	473,820	510,083	527,124	547,618	583,551	620,369	637,046	658,814
Community preservation tax.....	805,247	844,254	897,294	944,740	982,069	1,019,365	1,084,562	1,153,629	1,201,441	1,247,964
Charges for service.....	944,868	1,018,737	1,027,099	1,093,207	1,058,774	1,118,806	1,215,693	1,291,915	1,482,112	1,503,011
Intergovernmental.....	24,709,199	30,574,353	42,988,428	39,931,269	28,646,792	26,896,444	24,027,252	29,706,452	36,376,415	34,095,554
Departmental and other.....	10,736,481	12,320,816	11,664,631	11,542,943	10,967,308	12,658,370	12,833,870	16,715,684	14,967,860	17,205,908
Total Revenue.....	129,899,835	142,378,652	161,046,279	162,477,225	155,249,435	160,195,966	164,227,305	183,060,249	191,901,152	195,586,601
Expenditures:										
General government.....	6,407,900	5,978,378	5,408,845	6,877,414	10,298,877	11,542,295	11,684,930	12,860,407	4,540,347	4,610,308
Facilities maintenance.....	-	-	-	-	-	-	-	-	8,539,854	8,692,135
Natural resources.....	-	-	-	-	-	-	-	-	440,230	510,259
Public safety.....	10,665,820	10,859,400	11,083,552	10,816,829	11,460,664	11,565,484	11,805,762	12,339,995	12,296,502	13,592,778
Public education.....	57,988,449	60,957,940	61,973,391	67,902,646	66,984,931	69,318,778	77,020,768	77,139,421	79,160,007	84,322,361
Public works.....	10,791,540	8,138,529	8,564,830	7,763,448	7,088,348	8,503,550	9,215,863	8,640,708	7,909,141	8,301,071
Health services.....	1,018,414	1,132,236	1,267,769	1,268,209	1,273,950	1,116,404	1,182,446	1,127,921	707,180	754,201
Recreation.....	1,531,872	1,558,161	1,732,633	1,671,069	1,558,082	1,572,670	1,584,791	1,488,351	2,246,211	1,847,868
Library.....	2,775,680	2,796,692	2,672,071	2,677,590	2,533,327	2,452,277	2,486,348	2,663,336	2,734,755	2,921,632
Teachers pension benefits - state funded.....	9,484,705	10,018,000	10,681,200	11,056,041	11,576,070	11,910,914	7,856,302	11,839,507	16,440,703	17,404,000
Town pension.....	-	900,540	1,714,065	2,647,015	3,226,373	5,024,893	5,952,739	6,161,639	6,408,377	6,640,351
Employee benefits and insurances.....	17,819,054	17,139,946	17,203,335	18,376,472	19,223,856	19,112,319	20,025,444	20,170,637	20,188,388	21,869,262
Capital outlay.....	11,864,260	29,738,436	49,457,590	35,072,030	12,426,663	7,076,881	52,519,057	20,205,770	22,588,576	12,460,987
Community preservation.....	166,752	129,981	669,739	789,270	105,345	19,993	35,941	75,855	187,011	687,669
State and county charges.....	1,018,870	1,051,076	1,054,462	1,087,753	1,140,498	1,139,836	1,172,460	1,222,643	1,230,199	1,239,256
Other.....	371,662	580,125	523,460	541,165	598,789	659,832	651,374	761,292	832,610	789,994
Debt service.....										
Principal.....	6,760,000	8,026,000	9,395,000	9,740,000	11,390,000	8,915,000	8,825,000	11,245,000	11,380,000	11,840,000
Interest.....	2,619,287	2,812,934	3,784,370	4,262,024	3,970,894	3,665,637	3,364,814	5,502,309	5,227,790	4,883,736
Total Expenditures.....	141,284,265	161,818,374	187,186,312	182,548,975	164,856,667	163,596,763	215,384,039	193,444,791	203,057,880	203,367,868
Excess (Deficiency) of revenues over (under) expenditures.....	(11,384,430)	(19,439,722)	(26,140,033)	(20,071,750)	(9,607,232)	(3,400,797)	(51,156,734)	(10,384,542)	(11,156,728)	(7,781,267)
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	19,031,000	35,000,000	22,610,000	-	10,505,000	-	68,840,000	15,445,700	5,860,000	12,443,000
Premium from issuance of bonds.....	521,321	727,174	347,144	23,135	1,344,535	-	1,973,541	1,612,743	392,000	1,076,230
Payments to refunded bond escrow agent.....	-	-	-	-	(6,351,703)	-	(4,274,541)	(11,738,443)	-	-
Transfers in.....	2,432,932	1,625,968	1,596,641	5,135,568	2,512,416	1,538,218	10,797,345	7,523,635	1,852,893	1,906,337
Transfers out.....	(1,432,932)	(625,962)	(596,641)	(4,135,568)	(1,512,416)	(538,218)	(8,839,156)	(4,923,635)	(1,869,135)	(906,337)
Total other financing sources (uses).....	20,552,321	36,727,180	23,957,144	1,023,135	6,497,832	1,000,000	68,497,189	7,920,000	6,235,758	14,519,230
Net change in fund balance.....	\$ 9,167,891	\$ 17,287,458	\$ (2,182,889)	\$ (19,048,615)	\$ (3,109,400)	\$ (2,400,797)	\$ 17,340,455	\$ (2,464,542)	\$ (4,920,970)	\$ 6,737,963
Debt service as a percentage of noncapital expenditures.....	7.25%	8.21%	9.57%	9.49%	10.08%	8.04%	7.48%	9.67%	9.20%	8.76%

Notes: The Town implemented a new Meals Tax in 2010. In 2015 Intergovernmental revenues and Teacher's pension benefits were lower due to the way the State calculated these amounts in that year.
In 2017 the Town CAFR renamed/revised the functional expenditure groupings. Functional groupings prior to 2017 were not revised.

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

Year	Assessed and Actual Values and Tax Rates									
	Residential Value	Residential Tax Rate	Residential % of Total Value	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Commercial % of Total Value	Total Town Value
2009	\$8,226,771,000	9.47	87.32%	\$1,096,037,000	\$7,488,000	\$90,616,000	\$1,194,141,000	9.47	12.68%	\$9,420,912,000
2010	\$7,936,624,000	10.48	88.36%	\$947,998,000	\$6,622,000	\$90,687,000	\$1,045,307,000	10.48	11.64%	\$8,981,931,000
2011	\$7,753,180,000	11.43	88.49%	\$904,740,000	\$6,622,000	\$97,082,100	\$1,008,444,100	11.43	11.51%	\$8,761,624,100
2012	\$8,125,029,000	11.48	88.80%	\$921,119,000	\$7,110,000	\$96,383,800	\$1,024,612,800	11.48	11.20%	\$9,149,641,800
2013	\$8,234,182,000	11.70	88.01%	\$1,005,915,000	\$7,438,000	\$108,072,185	\$1,121,425,185	11.70	11.99%	\$9,355,607,185
2014	\$8,550,806,000	11.54	87.65%	\$1,087,234,000	\$7,814,000	\$109,281,300	\$1,204,329,300	11.54	12.35%	\$9,755,135,300
2015	\$9,116,045,000	11.56	87.76%	\$1,159,807,000	\$8,155,000	\$103,805,900	\$1,271,767,900	11.56	12.24%	\$10,387,812,900
2016	\$9,382,323,000	11.83	87.76%	\$1,269,582,000	\$8,380,000	\$114,193,700	\$1,392,155,700	11.83	12.92%	\$10,774,478,700
2017	\$9,721,777,000	11.79	87.16%	\$1,309,028,000	\$7,801,000	\$115,324,400	\$1,432,153,400	11.79	12.84%	\$11,153,930,400
2018	\$9,935,541,000	11.95	87.33%	\$1,318,844,000	\$7,330,000	\$115,824,600	\$1,441,998,600	11.95	12.67%	\$11,377,539,600



Source: Assessor's Department, Town of Wellesley
All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

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

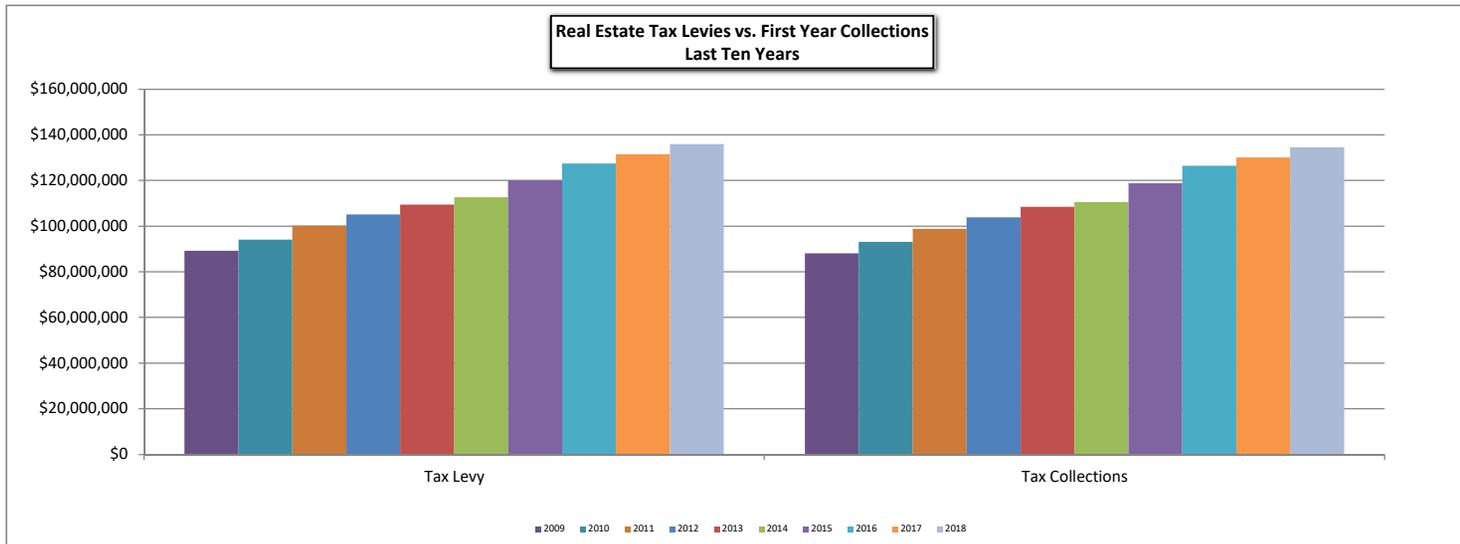
Name	Nature of Business	2018			2009		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
John Hancock Life Insurance	Insurance and Financial Services	\$ 200,249,000	1	1.76%	\$ 170,063,000	1	1.81%
Haynes Management	Office Buildings/Real Estate	176,946,000	2	1.56%	147,406,000	2	1.56%
Federal Realty FR Linden Square*	Retail/Real Estate	135,560,000	3	1.19%	92,101,000	4	0.98%
Sun Life Assurance	Insurance and Financial Services	111,397,000	4	0.98%	105,625,000	3	1.12%
Wellesley College	Higher Education	86,534,000	5	0.76%	69,759,000	6	0.74%
Wellesley Gateway	Real Estate	82,266,000	6	0.72%	N/A	N/A	N/A
Waterstone	Senior Living	37,750,000	7	0.33%	N/A	N/A	N/A
Hunnewell Family	Residential	33,603,000	8	0.30%	35,107,000	7	0.37%
Newton Wellesley Executive Office Park	Office Buildings	33,036,000	9	0.29%	31,517,000	8	0.33%
Boston Gas Company	Gas Line	27,830,000	10	0.24%	N/A	N/A	N/A
Harvard Pilgrim Health	Office Buildings	N/A	N/A	N/A	75,518,000	5	0.80%
GPT Realty	Residential	N/A	N/A	N/A	28,133,000	9	0.30%
Grignaffini & Sons	Real Estate Development	N/A	N/A	N/A	21,895,000	10	0.23%
Totals		<u>\$ 925,171,000</u>		<u>8.13%</u>	<u>\$ 777,124,000</u>		<u>8.25%</u>

Source: Board of Assessors

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

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

Year		(2) Total Tax Levy	Less Abatements & Exemptions	(2) Net Tax Levy	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2009	(1)	\$89,216,037	\$599,219	\$88,616,818	\$88,005,826	99.3%	\$385,198	\$88,391,024	99.75%
2010		\$94,130,637	\$542,260	\$93,588,377	\$93,074,651	99.5%	\$527,203	\$93,601,854	100.01%
2011		\$100,145,363	\$473,167	\$99,672,196	\$98,786,724	99.1%	\$548,280	\$99,335,004	99.66%
2012	(1)	\$105,037,888	\$482,547	\$104,555,341	\$103,876,244	99.4%	\$574,623	\$104,450,867	99.90%
2013		\$109,460,604	\$511,863	\$108,948,741	\$108,403,084	99.5%	\$510,101	\$108,913,185	99.97%
2014		\$112,574,261	\$417,132	\$112,157,130	\$110,515,646	98.5%	\$554,853	\$111,070,499	99.03%
2015	(1)	\$120,083,117	\$748,894	\$119,334,224	\$118,816,355	99.6%	\$289,485	\$119,105,840	99.81%
2016		\$127,462,083	\$465,399	\$126,996,684	\$126,399,234	99.5%	\$617,760	\$127,016,994	100.02%
2017		\$131,504,839	\$436,914	\$131,067,925	\$130,108,550	99.3%	\$833,634	\$130,942,184	99.90%
2018		\$135,961,598	\$431,814	\$135,529,784	\$134,533,542	99.3%	\$0	\$134,533,542	99.26%



Source: Assessor's Department, Town of Wellesley
 (1) Revaluation year.
 (2) Includes tax liens.

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

Year	U. S. Census Population (1)	Personal Income	Assessed Value	Governmental Activities Debt			
				General Obligation Bonds	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2009	27,244	\$1,755,694,873	\$9,420,912,000	\$75,347,321	\$2,766	4.29%	0.80%
2010	27,412	\$1,801,851,784	\$8,981,931,000	\$102,997,184	\$3,757	5.72%	1.15%
2011	27,982	\$1,876,105,536	\$8,761,624,100	\$116,457,400	\$4,162	6.21%	1.33%
2012	27,982	\$1,913,627,647	\$9,149,641,800	\$106,588,272	\$3,809	5.57%	1.16%
2013	27,982	\$1,951,900,200	\$9,355,607,185	\$99,957,468	\$3,572	5.12%	1.07%
2014	27,982	\$1,997,047,358	\$9,755,135,300	\$90,853,790	\$3,247	4.55%	0.93%
2015	27,982	\$2,015,991,172	\$10,387,812,900	\$148,129,507	\$5,294	7.35%	1.43%
2016	27,982	\$2,007,232,806	\$10,774,478,700	\$142,800,780	\$5,103	7.11%	1.33%
2017	27,982	\$2,058,875,872	\$11,153,930,400	\$137,232,552	\$4,904	6.67%	1.23%
2018	27,892	\$2,228,234,642	\$11,377,539,600	\$138,365,189	\$4,961	6.21%	1.22%

Year	Business-Type Activities (2)		Total Primary Government		
	General Obligation Bonds	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2009	\$9,502,203	\$84,849,524	\$3,114	4.83%	0.90%
2010	\$8,805,739	\$111,802,923	\$4,079	6.20%	1.24%
2011	\$8,214,419	\$124,671,819	\$4,455	6.65%	1.42%
2012	\$7,264,429	\$113,852,701	\$4,069	5.95%	1.24%
2013	\$7,759,000	\$107,716,468	\$3,849	5.52%	1.15%
2014	\$6,987,483	\$97,841,273	\$3,497	4.90%	1.00%
2015	\$6,198,628	\$154,328,135	\$5,515	7.66%	1.49%
2016	\$5,997,705	\$148,798,485	\$5,318	7.41%	1.38%
2017	\$5,281,787	\$142,514,339	\$5,093	6.92%	1.28%
2018	\$5,811,011	\$144,176,200	\$5,169	6.47%	1.27%

(1) 2010 Census, US Census Bureau

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

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

Direct and Overlapping Governmental Activities Debt

As of June 30, 2018

<u>Town of Wellesley, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Norfolk County.....	\$ 13,754,000	8.66%	\$ 1,190,684
Town direct debt.....	<u>138,365,189</u>		<u>138,365,189</u>
Total direct and overlapping debt.....	\$ <u>152,119,189</u>		\$ <u>139,555,873</u>

The overlapping debt percentage used to arrive at the Town's share of the total Norfolk County outstanding debt is the ratio of the Town's operating assessment for FY18 paid to the County divided by the total of all assessments paid by each municipality within the jurisdictional boundary of the County.

Source: Norfolk County Treasurer's Office

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Equalized Valuation.....	<u>\$ 10,029,555,000</u>	<u>\$ 10,032,866,400</u>	<u>\$ 10,032,866,400</u>	<u>\$ 9,773,806,800</u>	<u>\$ 9,773,806,800</u>	<u>\$ 10,212,968,600</u>	<u>\$ 10,212,968,600</u>	<u>\$ 11,749,686,900</u>	<u>\$ 11,749,686,900</u>	<u>\$ 11,377,539,600</u>
Debt Limit -5% of Equalized Valuation.....	\$ 501,477,750	\$ 501,643,320	\$ 501,643,320	\$ 488,690,340	\$ 488,690,340	\$ 510,648,430	\$ 510,648,430	\$ 587,484,345	\$ 587,484,345	\$ 568,876,980
Less:										
Outstanding debt applicable to limit.....	74,826,000	101,800,000	115,015,000	105,275,000	97,670,000	90,853,790	145,550,000	138,860,700	137,232,552	138,365,189
Authorized and unissued debt.....	<u>95,374,071</u>	<u>45,046,853</u>	<u>25,450,146</u>	<u>27,406,452</u>	<u>22,360,581</u>	<u>40,499,698</u>	<u>13,269,526</u>	<u>18,282,590</u>	<u>13,856,229</u>	<u>8,125,350</u>
Legal debt margin.....	<u>\$ 331,277,679</u>	<u>\$ 354,796,467</u>	<u>\$ 361,178,174</u>	<u>\$ 356,008,888</u>	<u>\$ 368,659,759</u>	<u>\$ 379,294,942</u>	<u>\$ 351,828,904</u>	<u>\$ 430,341,055</u>	<u>\$ 436,395,564</u>	<u>\$ 422,386,441</u>
Total debt applicable to the limit as a percentage of debt limit.....	33.94%	29.27%	28.00%	27.15%	24.56%	25.72%	31.10%	26.75%	25.72%	25.75%

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

**Demographic and Economic Statistics
Last Ten Years**

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2009	27,244	\$1,755,694,873	\$64,443	37.6	4,799	7.00%
2010	27,412	\$1,801,851,784	\$65,732	37.0	4,868	5.60%
2011	27,982	\$1,876,105,536	\$67,047	37.0	4,892	4.00%
2012	27,982	\$1,913,627,647	\$68,388	37.0	4,986	4.00%
2013	27,982	\$1,951,900,200	\$69,756	37.0	4,857	5.80%
2014	27,982	\$1,997,047,358	\$71,369	38.2	4,940	4.20%
2015	27,982	\$2,015,991,172	\$72,046	37.1	4,970	4.20%
2016	27,982	\$2,007,232,806	\$71,733	38.2	4,923	3.90%
2017	27,982	\$2,065,519,312	\$73,816	38.2	4,917	2.90%
2018	27,982	\$2,228,234,642	\$79,631	38.2	4,908	2.70%

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

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

Employer	Nature of Business	2018			2009		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Wellesley College	Higher Education	1,103	1	7.72%	1,500	2	11.25%
Sun Life Financial	Insurance Company	1,035	2	7.25%	1,780	1	13.34%
Babson College	Higher Education	800	3	5.60%	800	3	6.00%
Harvard Pilgrim Health Care	Insurance Company	446	4	3.12%	460	4	3.45%
Harvard Vanguard Medical Associates	Healthcare	350	5	2.45%	300	5	N/A
Mass Bay Community College	Higher Education	295	6	2.07%	250	7	1.87%
Whole Foods	Grocery	292	7	2.04%	101	10	N/A
Wellesley Country Club	Private Recreation Club	265	8	1.86%	N/A	N/A	N/A
Roche Brothers	Grocery	260	9	1.82%	282	6	2.11%
Dana Hall School	Private School	214	10	1.50%	250	8	1.87%
Watson Wyatt Worldwide	Actuary	N/A	N/A	N/A	190	9	1.42%
		<u>5,060</u>		<u>35.44%</u>	<u>5,913</u>		<u>41.32%</u>

According to the Massachusetts Workforce Development Data, in July 2017 Wellesley had a total labor force of 14,279.

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

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Facilities maintenance work orders.....	unavailable	unavailable	unavailable	unavailable	1,353	1,254	1,371	1,102	1,006	1,763
Building										
New home building permits.....	50	53	33	61	71	67	69	69	79	37
Residential Additions.....	unavailable	125	91	103	84	104	119	108	100	83
Residential Alterations.....	unavailable	332	352	326	331	352	425	419	348	332
Residential Demolition.....	unavailable	53	38	59	71	64	65	104	89	36
Commercial Alterations.....	unavailable	119	141	133	189	96	103	121	104	120
Police										
Physical arrests.....	185	256	234	190	190	199	206	167	169	140
Motor vehicle violations.....	8,359	8,106	7,541	7,524	6,984	8,596	8,460	7,681	6,723	7,041
Police personnel and officers.....	56	57	57	56	56	57	58	58	59	60
Fire										
Inspections.....	1,871	2,013	1,864	2,076	2,160	2,024	2,469	2,222	1,967	2,130
Emergency responses.....	3,943	4,022	3,894	3,924	3,881	3,924	4,140	4,233	4,221	4,311
Fire personnel and officers.....	57	57	58	55	55	58	57	57	58	58
Education										
Number of public school students.....	4,799	4,868	4,892	4,986	4,857	4,940	4,970	4,923	4,917	4,908
Health services										
Number of vaccinations.....	2,039	5,585	1,716	1,162	942	771	680	669	946	712
Reported Disease Investigations.....	175	81	82	120	173	188	197	174	283	283
Library										
Volumes in circulation.....	644,277	667,173	672,094	730,474	741,704	758,179	743,337	739,316	760,434	774,617
eBook Collection (1).....	unavailable	3,640	3,640	8,649	15,816	20,334	66,894	171,292	85,824	90,966
Reference Questions Answered.....	unavailable	64,680	64,680	102,432	93,024	96,876	110,256	86,184	106,089	110,760
Recreation										
Total program revenue.....	\$989,018	\$909,217	\$963,609	\$1,002,059	\$914,214	\$1,061,929	\$1,060,831	\$1,205,072	\$1,369,561	\$1,417,819
Programs Ran.....	unavailable	unavailable	unavailable	unavailable	541	530	605	610	702	1,021
Program Participants.....	unavailable	unavailable	unavailable	unavailable	10,343	7,592	6,920	9,551	7,267	7,241
Morses Pond Attendance.....	16,627	16,404	27,736	36,260	41,782	17,893	24,170	24,263	28,387	23,367
Traffic and parking management										
Total parking revenue.....	\$522,861	\$634,513	\$647,623	\$784,911	\$882,648	\$835,971	\$832,488	\$905,227	\$881,374	\$874,404
Meters Repaired.....	unavailable	unavailable	unavailable	unavailable	unavailable	unavailable	659	302	unavailable	212
Sewer										
Number of accounts.....	8,156	8,190	8,125	8,126	8,122	8,130	8,093	8,181	8,129	8,173
Feet rodded/flushed.....	256,083	297,780	305,337	398,951	275,776	327,635	293,000	254,755	303,770	233,573
Water										
Number of accounts.....	11,894	12,016	12,006	12,041	12,100	12,188	8,296	8,388		8,357
Consumption in gallons (millions).....	841	780	871	847	864	1,036	919	942	973	915
Daily consumption (millions).....	2.31	2.14	2.39	2.21	2.11	2.84	2.52	2.57	3.00	2.50
Electric										
Total kilowatt hour sales.....	239,369,643	237,220,172	241,443,224	238,399,850	248,169,479	247,815,724	245,245,456	236,712,233	240,208,941	23,728,578
Municipal kilowatt hour usage.....	10,646,521	10,990,228	10,898,822	10,880,167	11,214,680	11,617,297	11,527,241	11,283,168	11,626,264	11,712,227
Streetlight kilowatt hour usage.....	2,436,957	2,361,425	2,256,278	1,875,180	1,879,056	1,879,380	1,879,505	1,880,308	1,880,192	1,880,192

Source: Various Town Departments

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Function										
General government.....	60	60	53	53	71	71	72	74	78	80
Public safety.....	121	121	121	121	121	121	122	122	124	122
School custodians.....	35	35	35	35	40	40	40	40	40	39
* Public education.....	691	724	742	744	749	773	804	804	811	853
Public works.....	88	88	87	88	88	88	89	89	87	87
Health services.....	5	5	6	6	5	5	5	5	5	5
Library.....	34	34	34	34	33	34	34	34	34	37
Recreation.....	5	5	7	7	5	5	5	5	5	5
Water/Sewer.....	27	27	25	28	28	29	29	29	29	28
Electric light.....	36	35	34	32	32	33	33	32	32	32
Total	<u>1,102</u>	<u>1,134</u>	<u>1,144</u>	<u>1,148</u>	<u>1,172</u>	<u>1,199</u>	<u>1,233</u>	<u>1,234</u>	<u>1,245</u>	<u>1,288</u>

Source: Various Town Departments, Payroll count

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

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Number of buildings.....	4	4	4	4	4	4	4	4	5	5
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	2	2	2	2	2	2	2	2	2	2
Education										
Number of elementary schools.....	7	7	7	7	7	7	7	7	7	7
Number of preschools.....	1	1	1	1	1	1	1	1	1	1
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets to maintain (miles).....	110	110	110	110	110	110	110	110	110	110
Sidewalks to maintain (miles).....	118	118	118	118	118	118	118	118	118	118
Library										
Buildings.....	3	3	3	3	3	3	3	3	3	3
Recreation										
Park and playground (acreage).....	365	365	365	365	365	365	365	365	365	365
Feet of public beach front.....	660	660	660	660	660	660	660	660	660	660
Public beaches.....	1	1	1	1	1	1	1	1	1	1
Tennis courts.....	16	16	16	16	16	16	16	16	16	16

Source: Various Town Departments

Free Cash and Stabilization Fund Balances

Last Ten Years

<u>Year</u>	Stabilization Funds		
	Free Cash	General	Special Purpose
2018.....	\$ 14,615,285	\$ 3,289,225	\$ 1,350,142
2017.....	\$ 12,129,416	\$ 3,274,957	\$ 1,233,274
2016.....	\$ 11,858,182	\$ 3,271,285	\$ 1,119,887
2015.....	\$ 8,831,500	\$ 3,170,851	\$ 292,471
2014.....	\$ 10,336,925	\$ 3,134,152	\$ 250,220
2013.....	\$ 10,950,782	\$ 3,094,076	\$ -
2012.....	\$ 10,499,623	\$ 3,071,289	\$ -
2011.....	\$ 8,439,070	\$ 3,045,628	\$ -
2010.....	\$ 9,471,751	\$ 3,022,256	\$ -
2009.....	\$ 9,145,674	\$ 2,786,552	\$ -

Source: Town Records

Note: New Special Purpose added in FY14

