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TO: Residents of the Town of Reading

Dear Fellow Resident:

The Town of Reading 2012 Annual Report covering calendar year 2012 is attached. This report, in its many details, highlights some of the activities in Reading this past year. As you read the report you will see that the state of the Town of Reading is excellent, and that the community is undergoing some exciting changes while retaining those attributes that makes the Town a great place to live and work.

Reading Town government is led by a large group of dedicated and talented unpaid volunteers (your neighbors) and is staffed by a very professional, competent team of paid employees in all areas of Town government, the School Department, and the Reading Municipal Light Department. This group of volunteers and staff alike are justifiably proud of their collaborative approach to making Reading work well at all levels, and this process serves the community and its residents well.

During 2012, we continued to be an energetic and engaged community, and some highlights for 2012 include:

- Economic Development activities continued strong, with the completion of the Oaktree development on Haven Street, the beginning of the Mawn renovation of the MF Charles building on Haven and Main Streets, continued rapid construction and occupancy at Reading Woods (Pulte Homes at the former Addison Wesley site), and a number of new businesses opened in Reading.
- Several functions of Town government have been restructured, including regionalizing Tax Assessment, and restructuring some of the Collections and DPW utilities functions.
- The Town continues to maintain its sound financial performance. Conservative budgeting and good fortune (little snow in the winter of 2011/2012) have given the Town the opportunity to make significant investment in the community in capital improvements and in beginning to address Other Post-Employment Benefits (OPEB) liability. Beginning in FY 2014 taxpayers will have a reduced Debt Exclusion portion of their tax bills due to refinancing the RMHS debt.
- To further address financial concerns, the Town and the School Department have applied for and received a variety of grants and funding from outside sources. The largest of these grants was for Library construction, and this grant is subject to passage of a debt exclusion measure for the Library project in April 2013.

These highlights are only some of the more noteworthy activities and accomplishments taking place in Reading in 2012.

On a personal note, I will be retiring in June 2013 after over 26 years as your first Town Manager. It has been an honor to serve you, and together we have accomplished much for our Town. I am delighted that Robert LeLacheur, Reading's Assistant Town Manager / Finance Director for the past 7 years, will be taking over on June 1 as Town Manager. Bob will do an excellent job, and he will be looking for your support and assistance in the transition process.

We welcome any questions, suggestions, or comments that you may have with regard to this report, or to the provision of the services within the community. You can address them to me (and to Bob after June 1) at townmanager@ci.reading.ma.us, or call at 781-942-9043. Much information is available on the Town of Reading web site at www.readingma.gov and while you are there:

- Please fill out our customer service survey found on the home page.
- Please register for the Reading Community Alerts (RCA) program which will provide you with important community updates in a manner that you select.

Sincerely,



Peter I. Hechenbleikner
Town Manager

ACCOUNTING AND FINANCE DEPARTMENTS

Accounting Department

The Accounting Department, under the direction of the Town Accountant, is responsible for maintaining financial records. These records facilitate the preparation of financial reports and schedules that provide meaningful, accurate information for comparability and for management's decision making process. The Accounting Department ensures that all financial transactions are in compliance with legal requirements and are properly recorded on a timely basis. The Town used the auditing firm of Melanson & Heath in FY 2012.

Finance Department

The Finance Department, under the direction of the Assistant Town Manager/Finance Director, supports a wide variety of financial and administrative functions. The Finance Department staff are designed to be flexible and experienced in many of these divisions as work flows vary throughout the year:

a.) Assessors: Assessment of property is the first step in the process of tax revenue collection for the Town of Reading. The Assessment division's function is to provide for the fair and equitable assessment of all taxable real and personal property. A three-member Board of Assessors sets policy.

b.) General Finance: Collections is responsible for collecting all taxes and other charges (including ambulance and water/sewer/storm water bills). They also receive and process all deposits (such as schools and recreation). Treasury is responsible for providing the cash for the operation of all Town, School and Light Department functions on a timely basis. In addition, it conducts all borrowing and investing activities, including those on behalf of the Town's Trust Funds (at the direction of the Trust Fund Commissioners).

c.) Human Resources: This division supports the Town (under the direction of the Town Manager), Schools (under the direction of the Superintendent), Light Department (under the direction of the RMLD General Manager) and Retiree benefit activities.

d.) Technology: The Technology Division provides centralized computer network and telecommunications services as well as distributed internet, audio/video, software and personal computer support and geographic information systems (GIS) mapping for the municipal government (Town Hall, the Library, the Senior Center, Police, Fire/Emergency Management, Public Works, Water, Sewer and Storm Water). This division also coordinates many technology activities with both the School and Light Departments.

e.) **Town Clerk:** The Town Clerk is guided by Federal, State, and local laws and policies in overseeing Elections, voter registration, the census process, Town Meeting, and local licenses as well as historic and legal documents for the Town.

Finance - Assessment Division

Assessment of property is the first step in the process of tax revenue collection for the Town of Reading. The Assessment Division’s function is to provide for the fair and equitable assessment of all taxable real and personal property. The Assessors trend the values each year so that the revaluations done every three years won’t result in substantial changes. The Assessors must annually determine the tax levy and obtain State approval of the tax rate so that bills can be issued in a timely manner.

The tax rate for FY 2013 was set at \$14.94 per thousand, a \$0.79 increase per thousand from the FY 2012 rate. The total assessed value of all properties and accounts for FY 2013 is \$3.686 billion which is a 2.1% decrease from the previous year. The average house in Reading is now valued at \$432,271, which is a 2.7% decrease from FY 2012.

The breakdown of Reading property for FY 2013 is as follows:

	Assessed Value	Share	Change
Residential	\$3,313,536,178	89.9%	-2.3%
Commercial	\$ 317,324,930	8.5%	-1.0%
Industrial	\$ 9,653,300	0.3%	+0.1%
Personal	\$ 46,123,120	1.3%	+4.5%
TOTAL	\$ 3,686,528	100.00%	-2.1%

Finance - Collection Division

The Collection Division is responsible for collecting all taxes and other charges (including ambulance and water/sewer/storm water bills). This Division also receives and processes all deposits (such as schools and recreation).

Massachusetts does not allow Towns to pay any charges associated with electronic collection of tax bills – such as a flat fee or credit card fee. Debit card usage is comparatively inexpensive, and an economical method to pay online.

Electronic Payments (*to 02/19/13)

	CY13*	CY12	CY11
Registered Users	3248	3106	2514
Real Estate	117	370	410
Excise	376	1108	919
Water/Sewer/Storm Water	323	489	454

Municipal lien certificates have increased due mainly mortgage refinancing activities. Foreclosures dropped off from a high in 2008, in sharp contrast to economic measures nationally.

Municipal Lien Certificates (to 02/19/13)

**Fee increased 12/1/2010*

	Issued	Fees
FY13	876	\$46,200
FY12	1170	\$61,400
FY11*	1107	\$40,525
FY10	859	\$24,875
FY09	969	\$26,901
FY08	743	\$22,350
FY07	698	\$21,252
FY06	930	\$30,800
FY05	991	\$28,327
FY04	1,627	\$43,856

Foreclosures (Foreclosure deeds recorded at the Registry of Deeds as of 02/19/13)

2013	2
2012	5
2011	10
2010	18
2009	11
2008	20
2007	10
2006	1

Real estate taxes collected were \$52.4 million – a 3.6% increase from the \$50.6 million in the previous year. Personal property taxes collected also increased to \$0.622 million from \$0.616 million; and Excise tax collections decreased to \$2.81 million in FY12 from \$2.94 million in FY11. See the Appendix for more complete details

Finance - General Division

This Division is responsible for providing the cash for the operation of all Town and School functions on a timely basis. In addition, it conducts all borrowing and investing activities, including those on behalf of the Town’s Trust Funds (at the direction of the Trust Fund Commissioners).

Interest earnings for the General Fund during FY12 were only \$155,062 – a few years ago this figure was about \$1.7 million before interest rates began their historic drop.

The Town advance refunded \$24 million of debt in the spring of 2012 because of historically low interest rates. The transaction was complex: most of the savings was on excluded debt, so taxpayers will save \$3.8 million over the next ten years. In addition, about \$450,000 was saved inside the tax levy and will be applied to other capital projects.

General Finance - Trust Funds

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Beginning Balances	\$8,029,097	\$8,263,326	\$8,501,857	\$8,775,298	\$8,882,468
Contributions	\$91,885	\$125,896	\$292,348	\$92,097	\$154,858
Disbursements	(\$215,912)	(\$233,641)	(\$256,135)	(\$255,805)	(\$288,129)
Interest	\$358,255	\$346,277	\$237,227	\$270,878	\$258,171
Ending Balances	\$8,263,326	\$8,501,857	\$8,775,298	\$8,882,468	\$9,025,026

The Trust Funds disbursed over \$1 million in the past five years as shown in the table above. The Hospital Trust Fund continued to provide aid through the Reading Response Program, which provides skilled health care services, respite care, medical transportation and Lifeline Emergency call systems to Reading residents who meet specific health and income guidelines.

	Ending Balance FY 2008	Ending Balance FY 2009	Ending Balance FY 2010	Ending Balance FY 2011	1-year Change	Ending Balance FY 2012	1-year Change
Cemetery	\$3,463,268	\$3,629,468	\$3,710,648	\$3,784,637	2.0%	\$3,849,339	2.0%
Hospital	\$4,069,260	\$4,156,231	\$4,178,520	\$4,203,279	0.6%	\$4,223,461	0.5%
Library	\$66,002	\$66,622	\$60,930	\$62,524	2.6%	\$59,491	-4.9%
Scholarships	\$124,106	\$123,600	\$173,131	\$171,628	-0.9%	\$159,428	-7.1%
Veterans Memorial	\$103,195	\$103,135	\$101,165	\$104,503	3.3%	\$114,130	9.2%
Downtown Imp				\$17,659		\$41,100	232.7%
Celebration	\$59,506	\$47,086	\$47,608	\$44,146	-7.3%	\$42,804	-3.0%
Historic Preservation	\$70,287	\$66,815	\$68,058	\$70,925	4.2%	\$75,765	6.8%
Elder Services	\$285,942	\$286,227	\$411,930	\$416,790	1.2%	\$420,535	0.9%
Loans	\$21,760	\$22,672	\$23,307	\$24,035	3.1%	\$24,737	2.9%

Finance - Human Resources Division

The Human Resources Division supports the Town (under the direction of the Town Manager), Schools (under the direction of the Superintendent), Light Department (under the direction of the RMLD General Manager) and Retiree benefit activities.

Employee benefits administered through this Division include health, dental and life insurance, deferred compensation, flexible spending accounts, the sick-leave bank, the Employee Assistance Program, paid time off, leave of absences and unemployment benefits. Job related injuries covered by worker's compensation or M.G.L. Chapter 41, Section 111F (for public safety employees) are also handled by this Division.

Worker's compensation is a premium-based program through the Massachusetts Inter-Local Insurance Association (MIIA). The Town is self-insured for job-related injuries to public safety employees. The health insurance program is self-insured through the MIIA Health Benefits Trust with large losses shared by all members of the Trust. Last year through a competitive bid process the existing carrier was renewed at a 0% change in premium rates. Due to this and a number of significant benefit changes designed to encourage medical cost-efficient behavior for employees the annual health insurance premium costs over the past eight years are a bit less than 2%. However additional enrollment often caused by spousal job-loss in the private sector have pushed budget costs closer to 4% at a time when Town revenue growth has been less than 2.5%

Finance - Technology Division

The Technology Division provides centralized computer network and telecommunications services as well as distributed internet, audio/video, software and personal computer support and geographic information systems (GIS) mapping for the municipal government. This division also coordinates many technology activities with both the School and Light Departments.

The division is near the latter stages of implementing several new systems. Almost all of these systems are designed to communicate with each other in order to bring a high level of technological efficiency to town government functions in light of recent staff budget reductions. Following is a list of projects completed in 2012: a 'computer assisted mass appraisal (CAMA)' system for the Board of Assessors; a new License and Permits system that will encompass everything from building permits through liquor licenses, be integrated into the town's financial accounting system; and a new GIS mapping system available online. Projects nearing completion include extending document storage to the School Department and making search capabilities on public records available to anyone via the internet; releasing a newly designed website that will offer Boards, Committees and Commissions greater flexibility in customizing their own web presence.

Town Clerk

Elections

In 2012, there were four Elections in the Town of Reading; the Presidential Primary and the Local Election was held on March 6th, the State Primary was held on September 6th and the Presidential Election was held on November 6th.

Election Turnout

On March 6th, there were 4,185 votes cast in the Presidential Primary with 218 Absentee Ballots, a turnout of 24.6%. On March 6th, there were 4,157 votes cast in the Local Election with 168 Absentee Ballots, a turnout of 24.5%. On September 6th there were 1,369 votes cast in the State Primary with 88 Absentee Ballots, a turnout of 8.0%. On November 6th there were 14,448 votes cast in the Presidential Election with 1,481 Absentee Ballots, a turnout of 82.2%.

Board of Registrars

Registrars Krissandra Holmes, Gloria Hulse, Harry Simmons and Town Clerk Laura A Gemme registered 1,782 voters – up from 658 last year; made 7,148 voter changes (name, address, status); and deleted 918 voters in 2012. There were over 4,319 signatures certified on nomination and petition papers for the 2012 election year. Registrars also offered assistance to voters on election days. Registrars held a voter registration day at Reading Memorial High School in 2012.

Census

The Annual Town Census was conducted in January, entirely by mail, with a total of 13,019 forms mailed to residences.

The local census assists Town Clerks in putting together the Street List (resident book) and the Jury List. Major functions served by an annual local census are:

- Information collected for municipal purposes
- School needs
- Growth and planning needs
- Resident identification for police and fire
- Collection of dog information
- Veteran Information
- Information for the Jury Commissioners
- Determining inactive voter status for voter removal as required by the National Voter Registration Act.

Town Meeting

Town of Reading held an Annual and Subsequent Town Meeting in 2012. The Annual Town Meeting was held in four nights on April 23rd, April 26th, April 30th and May 3rd. The Subsequent Town Meeting was held in two nights on November 13th and November 15th.

Vital Statistics and Licensing

During the calendar year 2012, the following Vital Statistics were recorded in the Town Clerk's Office:

Births – 269 Marriages – 84 Deaths – 346

The Town Clerk's office issued 2,366 dog licenses, 2 commercial dog kennel licenses and 2 residential kennel licenses, 129 business certificates, 18 renewals for 67 underground storage tanks, and 35 cemetery deeds.

Reading stopped selling fishing and hunting licenses in 2012 due to changes by the state.

Total receipts collected in the Clerk's Office for the calendar year 2012 amounted to \$88,289.80.

Respectfully submitted,

Sharon Angstrom, CPA
Town Accountant

Robert W. LeLacheur, Jr., CFA
Assistant Town Manager/Finance Director

Town of Reading, Massachusetts
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Trust Funds
Year Ended June 30, 2012

	Balance July 1, 2011		Receipts		Disbursements		Balance June 30, 2012	
	Non-expendable	Expendable	Bequests and Contributions	Investment Income	Expenditures	Non-expendable	Expendable	
	\$	\$	\$	\$	\$	\$	\$	
Cemetery funds:								
Charles Lawn	481,709	220,910	20,300	20,529	22,355	502,009	219,084	
Forest Glen	653,963	692,521	2,520	38,673	42,251	656,483	688,943	
Laurel Hill	293,310	492,106	-	22,535	24,625	293,310	490,016	
Wood End	872,336	77,783	51,800	28,344	30,770	924,136	75,357	
Total cemetery funds	2,301,318	1,483,319	74,620	110,081	120,000	2,375,938	1,473,400	
Hospital funds:								
Stephen Foster	3,872	98,803	-	3,000	-	3,872	101,803	
Anne S. Grouard	75,000	1,972,250	-	58,970	49,081	75,000	1,982,138	
Gilman L. Parker	35,000	2,018,354	650	59,112	52,469	35,000	2,025,647	
Total hospital funds	113,872	4,089,407	650	121,082	101,550	113,872	4,109,589	
Library funds:								
Endowment	4,000	722	-	-	4,722	-	-	
Appleton/Mansfield	11,000	437	-	334	-	11,000	771	
Edward Appleton	5,000	3,826	-	258	-	5,000	4,084	
R/M Babcock	3,598	224	-	112	-	3,598	336	
Stephen Foster	12,000	400	-	362	-	12,000	763	
Charles Torrey	1,000	229	-	36	-	1,000	265	
Donald Tuttle	500	1,743	-	66	-	500	1,809	
Elaine & George Long	5,000	1,261	-	183	-	5,000	1,444	
Barbara Hewitt	8,952	966	-	290	-	8,952	1,256	
James/Freda Rawstron	1,613	53	-	49	-	1,613	101	
Total library funds	52,663	9,861	-	1,689	4,722	48,663	10,828	
Scholarship funds:								
Friends of Reading Football	-	-	5,000	12	500	-	4,512	
Kenneth Brown	1,000	7,003	-	234	25	1,000	7,211	
Nathaniel Hill	1,500	19	-	44	50	1,500	13	
Scholarship funds (con't):								

Town of Reading, Massachusetts
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Trust Funds
Year Ended June 30, 2012

	Non- expendable	Expendable	Bequests and Contributions	Investment Income	Expenditures	Non- expendable	Expendable
No. Residents Association	11,370	674	-	338	500	11,370	512
Gilman L. Parker	5,000	359	-	149	300	5,000	209
Torre	-	5,253	-	154	-	-	5,407
Carl B. Sawyer	5,000	895	-	156	600	5,000	451
Hal Croft	5,687	78	-	168	225	5,687	21
Florence Nichols	16,680	255	-	493	700	16,680	48
Dennis Lehane	30,657	398	100	907	1,200	30,757	105
James Klepeis	15,000	257	-	444	650	15,000	51
Patron for Older Adults	25,000	824	-	741	500	25,000	1,064
Patrick Schettini	-	24,920	-	726	2,325	-	23,321
Joan Clifford Award	1,000	120	-	33	-	1,000	152
Exemplary teacher award:							
Arnold Berger	6,856	5,822	-	370	458	6,856	5,735
Education loan fund:							
Winthrop Parker	-	24,035	-	702	-	-	24,737
Total education funds	124,752	70,911	5,100	5,671	8,033	124,852	73,549
Veterans Memorial	82,883	21,620	6,399	3,228	-	87,020	27,110
Downtown Imp & Events	-	17,659	65,386	991	42,936	-	41,100
Elder Services							
Avis E. Schroeder	10,000	13,433	-	660	1,197	10,000	12,896
Dorothy Burbank	-	263,595	-	7,587	6,508	-	264,674
Patron for Older Adults	126,482	3,280	-	3,787	584	126,482	6,482
Celebration							
General	-	30,894	-	871	2,600	-	29,164
400th	-	13,252	-	387	-	-	13,640
Historical Preservation							
General	-	34,904	704	1,034	-	-	36,642
400th celebration	-	13,225	-	386	-	-	13,612
Historical Commission							
	-	22,796	2,000	716	-	-	25,512
Total trust funds	2,811,970	6,088,156	154,858	258,171	288,129	2,886,827	6,138,199

**TOWN OF READING
REPORT OF THE COLLECTOR**

12 MONTHS ENDING JUNE 30, 2012

2012 REAL ESTATE

Committed 2011-2012	53,014,414.31	
Interest and Costs Collected	49,072.89	
Abatements & Adjustments		203,692.72
Paid to Treasurer		52,257,249.72
Subsequent Tax Title		175,301.37
Deferred Taxes		20,398.65
Uncollected June 30, 2012		406,844.74
	53,063,487.20	53,063,487.20

2011 REAL ESTATE

Balance June 30, 2011	437,355.72	
Interest and Costs Collected	22,311.93	
Abatements & Adjustments		28,783.26
Paid to Treasurer		161,726.81
Taxtitle Taking		64,576.51
Uncollected June 30, 2012		204,581.07
	459,667.65	459,667.65

2012 PERSONAL PROPERTY

Committed 2011-2012	626,089.39	
Interest and Costs Collected	339.57	
Abatements & Adjustments		2,720.06
Paid to Treasurer		620,915.56
Uncollected June 30, 2012		2,793.34
	626,428.96	626,428.96

**2011 PERSONAL
PROPERTY**

Balance June 30, 2011	4,303.97	
Interest and Costs Collected	427.18	
Abatements & Adjustments		0
Paid to Treasurer		1,488.53
Uncollected June 30, 2012		3,242.62
	<hr/> 4,731.15	<hr/> 4,731.15

2012 EXCISE

Committed 2012	2,685,461.98	
Interest and Costs Collected	20,144.53	
Abatements & Adjustments		61,144.52
Paid to Treasurer		2,475,662.85
Uncollected June 30, 2012		168,799.14
	<hr/> 2,705,606.51	<hr/> 2,705,606.51

**2011 MOTOR VEHICLE
EXCISE**

Balance 6/30/11	77,226.22	
Committed 2011 & 2012	257,442.42	
Interest and Costs Collected	22,334.39	
Abatements & Adjustments		28,359.04
Paid to Treasurer		302,338.50
Uncollected June 30, 2012		26,305.49
	<hr/> 357,003.03	<hr/> 357,003.03

**2010 MOTOR VEHICLE
EXCISE**

Balance June 30, 2011	26,970.33	
Committed 2011-2012	0	
Interest and Costs Collected	10,341.69	
Abatements & Adjustments		1,593.33
Paid to Treasurer		22,194.47
Uncollected June 30, 2012		13,524.22
	<hr/> 37,312.02	<hr/> 37,312.02

2009 MOTOR VEHICLE EXCISE

Balance June 30, 2011	14,816.92	
Interest and Costs Collected	3,025.44	
Abatements & Adjustments		745.63
Paid to Treasurer		5,082.13
Uncollected June 30, 2012		12,014.60
	<u>17,842.36</u>	<u>17,842.36</u>

**2008 MOTOR VEHICLE
EXCISE**

Balance 6/30/11	11,238.69	
Interest and Costs Collected	1,179.50	
Paid to Treasurer		2,799.92
Uncollected June 30, 2012		9,618.27
	<u>12,418.19</u>	<u>12,418.19</u>

**2007 MOTOR VEHICLE
EXCISE**

Balance June 30, 2011	14,570.12	
Interest and Costs Collected	383.19	
Paid to Treasurer		773.82
Uncollected June 30, 2012		14,179.49
	<u>14,953.31</u>	<u>14,953.31</u>

**2006 MOTOR VEHICLE
EXCISE**

Balance June 30, 2011	9,114.73	
Interest and Costs Collected	676.94	
Paid to Treasurer		1,336.95
Uncollected June 30, 2012		8,454.72
	<u>9,791.67</u>	<u>9,791.67</u>

OLD EXCISE-2005 & PRIOR

Balance June 30, 2011	799.06	
Interest and Costs Collected	1,134.10	
Paid to Treasurer		<u>1,933.16</u>
Uncollected June 30, 2012		0
	1,933.16	1,933.16

WATER CHARGES

Committed 2011-2012	5,692,842.24	
Service Charge & Final Bill Fee	10,216.79	
Interest & Costs Collected	6,011.03	
Abatements & Adjustments		40,035.26
Paid to Treasurer		3,927,837.58
Discount for Timely Payments		407,600.57
Added to 2012 Taxes		184,428.75
Uncollected June 30, 2012		<u>1,149,167.90</u>
	<u>5,709,070.06</u>	<u>5,709,070.06</u>

SEWER CHARGES

Committed 2011-2012	5,794,506.53	
Interests & Costs Collected	6,131.24	
Abatements & Adjustments		48,833.44
Paid to Treasurer		3,980,217.98
Discount for Timely Payments		416,190.37
Added to 2012 Taxes		189,425.31
Uncollected June 30, 2012		<u>1,165,970.67</u>
	<u>5,800,637.77</u>	<u>5,800,637.77</u>

STORM WATER FEES

Committed 2012-2012	430,298.01	
Interest & Costs Collected	336.73	
Abatements & Adjustments		682.48
Paid to Treasurer		307,250.60
Discount for Timely Payments		32,249.94
Added to 2012 Taxes		<u>10,212.64</u>
Uncollected June 30, 2012		<u>80,239.08</u>
	<u>430,634.74</u>	<u>430,634.74</u>

**ADDITIONAL WATER
CHARGES (SPMs & SPCs)**

Balance June 30, 2011	1,307.16	
Committed 2011-2012	41,079.76	
Paid to Treasurer		38,803.73
Added to 2012 Taxes		876.31
Uncollected June 30, 2012		<u>2,706.88</u>
	42,386.92	42,386.92

AMBULANCE FEES

Committed 2011-2012	1,172,382.41	
Abatements & Adjustments		409,445.11
Paid to Treasurer		511,724.68
Uncollected June 30, 2012		<u>251,212.62</u>
	1,172,382.41	1,172,382.41

CERTIFICATES OF MUNICIPAL LIENS

Certificates Issued	61,400.00	
Paid to Treasurer		61,400.00
	<u>61,400.00</u>	<u>61,400.00</u>

FY 2012 Real Estate Abatements

PROPERTY	TYPE	APP DATE	Decision	Action	Original Val	New Value	Abated	Ab Tax
553 Main Street	PP	01/04/12	3/20/2012	Abate	\$ 4,390	\$ -	\$ 4,390	\$ 62.12
10 Hancock Street	R	01/04/12	1/24/2012	Abate	\$ 418,200	\$ 402,800	\$ 15,400	\$ 217.91
102 Gazebo Circle	R	01/04/12	1/24/2012	Abate	\$ 350,200	\$ 310,000	\$ 40,200	\$ 568.83
7 Perkins Avenue	R	01/04/12	1/24/2012	Abate	\$ 536,400	\$ 480,100	\$ 56,300	\$ 796.65
248 Main Street	PP	01/05/12	3/20/2012	Abate	\$ 4,570	\$ -	\$ 4,570	\$ 64.67
149 Summer Ave	R	01/09/12	1/31/2012	Abate	\$ 919,600	\$ 803,600	\$ 116,000	\$ 1,641.40
21 Copeland Avenue	R	01/09/12	1/31/2012	Abate	\$ 737,500	\$ 627,800	\$ 109,700	\$ 1,552.26
660 Main Street	C	01/10/12	3/27/2012	Abate	\$ 423,800	\$ 400,900	\$ 22,900	\$ 324.04
643 Main Street	C	01/11/12	2/7/2012	Abate	\$ 748,900	\$ 696,300	\$ 52,600	\$ 744.29
74 Woburn Street	R	01/17/12	3/20/2012	Abate	\$ 398,100	\$ 341,300	\$ 56,800	\$ 803.72
10 Linden Street	R	01/17/12	2/7/2012	Abate	\$ 391,700	\$ 359,000	\$ 32,700	\$ 462.71
87 Bay State Road	R	01/18/12	1/31/2012	Abate	\$ 560,400	\$ 549,700	\$ 10,700	\$ 151.41
55 Whittier Road	R	01/19/12	2/7/2012	Abate	\$ 433,100	\$ 421,700	\$ 11,400	\$ 161.31
1 Charles Street Unit E	R	01/19/12	1/31/2012	Abate	\$ 274,500	\$ 260,000	\$ 14,500	\$ 205.18
137 Main Street	PP	01/23/12	3/20/2012	Abate	\$ 84,950	\$ 19,790	\$ 65,160	\$ 922.01
73 Track Road	R	01/24/12	2/21/2012	Abate	\$ 257,600	\$ 234,400	\$ 23,200	\$ 328.28
9 b Carnation Circle	R	01/26/12	2/21/2012	Abate	\$ 410,800	\$ 381,000	\$ 29,800	\$ 421.67
70 Walnut Street	R	01/26/12	2/21/2012	Abate	\$ 512,000	\$ 503,700	\$ 8,300	\$ 117.45
37 Willow Street	R	01/30/12	4/3/2012	Abate	\$ 425,900	\$ 390,100	\$ 35,800	\$ 506.57
389 Summer Ave	R	01/30/12	2/21/2012	Abate	\$ 909,800	\$ 849,500	\$ 60,300	\$ 853.25
61 Prescott Street	R	01/30/12	4/3/2012	Abate	\$ 552,000	\$ 531,000	\$ 21,000	\$ 297.15
267 Summer Ave #1	R	01/30/12	4/3/2012	Abate	\$ 350,700	\$ 345,000	\$ 5,700	\$ 80.66
32 Victoria Ave	R	01/31/12	2/7/2012	Abate	\$ 537,300	\$ 495,100	\$ 42,200	\$ 597.13
16 Lafayette Rd	R	01/31/12	2/21/2012	Abate	\$ 380,300	\$ 357,600	\$ 22,700	\$ 321.21
10 Laneton Way	R	01/31/12	3/20/2012	Abate	\$ 530,400	\$ 489,000	\$ 41,400	\$ 585.81
51 Ashley Pl	R	01/31/12	2/7/2012	Abate	\$ 802,500	\$ 787,300	\$ 15,200	\$ 215.08
Longfellow Rd	r	01/31/12	2/7/2012	Abate	\$ 800	\$ -	\$ 800	\$ 11.32
Longfellow Rd	r	01/31/12	2/7/2012	Abate	\$ 800	\$ -	\$ 800	\$ 11.32
Union Street	r	01/31/12	2/7/2012	Abate	\$ 100	\$ -	\$ 100	\$ 1.42
216 Washington Street	R	01/31/12	1/31/2012	Abate	\$ 330,800	\$ 302,000	\$ 28,800	\$ 407.52
5 Washington Street C10	R	01/31/12	4/3/2012	Abate	\$ 207,800	\$ 180,000	\$ 27,800	\$ 393.37
20 Briarwood Ave	R	01/31/12	4/10/2012	Abate	\$ 506,000	\$ 497,700	\$ 8,300	\$ 117.45
33 Shackford Road	R	01/31/12	3/20/2012	Abate	\$ 404,800	\$ 335,400	\$ 69,400	\$ 982.01

FY 2012 Real Estate Abatements

33 Maple Ridge Road	R	02/01/12	3/20/2012	Abate	\$	539,000	\$	498,800	\$	40,200	\$	568.83
60 Walkers Brook Dr	C	02/01/12	3/20/2012	Abate	\$	23,741,100	\$	23,431,300	\$	309,800	\$	4,383.67
180 Prescott Street	R	02/01/12	4/10/2012	Abate	\$	490,000	\$	471,400	\$	18,600	\$	263.19
2 Brande Ct	C	02/01/12	2/7/2012	Abate	\$	493,700	\$	437,000	\$	56,700	\$	802.31
42 Knollwood Rd	R	02/01/12	4/10/2012	Abate	\$	451,200	\$	434,700	\$	16,500	\$	233.48
22 Latham Lane	R	02/01/12	2/7/2012	Abate	\$	615,000	\$	604,500	\$	10,500	\$	148.58
228 Main Street	C	PM-2/1/12	3/20/2012	Abate	\$	1,169,200	\$	1,057,100	\$	112,100	\$	1,586.22
					\$		\$		\$	1,619,320	\$	15,362.09



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INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen
Town of Reading, Massachusetts

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2012 on our consideration of the Town's 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Melanson, Heath + Company P.C.
December 21, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

A. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, education, public works, health and human services, and culture and recreation. The business-type activities include water supply and distribution, sewer disposal, landfill, electric, and storm water activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compli-

ance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

Proprietary funds. Proprietary funds are maintained as follows:

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

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

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

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

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

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$ 231,519 (i.e., net assets), a change of \$ 5,509 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$ 29,379, a change of \$ (8,650) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 7,852 a change of \$ 743 in comparison to the prior year.
- Total bonds payable at the close of the current fiscal year was \$ 38,245, a change of \$ (16,826) in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 37,452	\$ 45,253	\$ 49,264	\$ 44,283	\$ 86,716	\$ 89,537
Capital assets	128,670	131,441	89,594	88,109	218,264	219,550
Total assets	<u>166,122</u>	<u>176,694</u>	<u>138,858</u>	<u>132,392</u>	<u>304,980</u>	<u>309,087</u>
Long-term liabilities outstanding	41,898	54,633	16,642	15,534	58,540	70,167
Other liabilities	6,870	6,499	8,051	6,411	14,921	12,910
Total liabilities	<u>48,768</u>	<u>61,132</u>	<u>24,693</u>	<u>21,945</u>	<u>73,461</u>	<u>83,077</u>
Net assets:						
Invested in capital assets, net	100,475	88,067	79,844	77,337	180,319	165,404
Restricted	15,580 ^(a)	26,050	3,981	5,436	19,561	31,487
Unrestricted	1,299	1,445	30,340	27,674	31,639	29,119
Total net assets	<u>\$ 117,354</u>	<u>\$ 115,562</u>	<u>\$ 114,165</u>	<u>\$ 110,447</u>	<u>\$ 231,519</u>	<u>\$ 226,010</u>

^(a) The Town used \$ 10,800 of debt reserves to pay down school related debt.

CHANGES IN NET ASSETS

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program revenues:						
Charges for services	\$ 7,437	\$ 6,029	\$ 92,725	\$ 98,831	\$ 100,162	\$ 104,860
Operating grants and contributions	21,039	21,253	325	1,784	21,364	23,037
Capital grants and contributions	1,651	770	199	66	1,849	836
General revenues:						
Property taxes	53,082	51,465	-	-	53,082	51,465
Excises	2,834	2,839	-	-	2,834	2,839
Penalties, interest, and other taxes	842	695	-	-	842	695
Grants and contributions not restricted to specific programs	7,237	2,963	-	-	7,237	2,963
Investment income	584	1,089	100	113	684	1,202
Other	667	696	892	839	1,559	1,535
Total revenues	<u>95,373</u>	<u>87,799</u>	<u>94,241</u>	<u>101,633</u>	<u>189,613</u>	<u>189,432</u>
Expenses:						
General government	4,336	4,247	-	-	4,336	4,247
Public safety	11,737	10,978	-	-	11,737	10,978
Education	63,731	63,373	-	-	63,731	63,373
Public works	7,306	8,462	-	-	7,306	8,462
Human services	1,354	1,101	-	-	1,354	1,101
Culture and recreation	3,297	3,076	-	-	3,297	3,076
Interest on long-term debt	3,706	1,944	-	-	3,706	1,944
Intergovernmental	956	923	-	-	956	923
Electric	-	-	77,949	85,317	77,949	85,317
Water	-	-	4,435	4,735	4,435	4,735
Other	-	-	5,297	4,931	5,297	4,931
Total expenses	<u>96,423</u>	<u>94,104</u>	<u>87,681</u>	<u>94,983</u>	<u>184,104</u>	<u>189,087</u>
Change in net assets before transfers	(1,050)	(6,305)	6,560	6,650	5,509	345
Transfers in (out)	2,842	2,808	(2,842)	(2,808)	-	-
Change in net assets	1,792	(3,497)	3,718	3,842	5,509	345
Net assets - beginning of year	<u>115,562</u>	<u>119,059</u>	<u>110,447</u>	<u>106,605</u>	<u>226,010</u>	<u>225,665</u>
Net assets - end of year	<u>\$ 117,354</u>	<u>\$ 115,562</u>	<u>\$ 114,165</u>	<u>\$ 110,447</u>	<u>\$ 231,519</u>	<u>\$ 226,010</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net assets were \$ 231,519, a change of \$ 5,509 from the prior year.

The largest portion of net assets \$ 180,319 reflects our investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net assets \$ 19,561 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$ 31,639 may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities for the year resulted in a change in net assets of \$ 1,792. Key elements of this change are as follows:

General fund expenditures exceeding revenues	\$ (2,671)
MSBA final grant payment	4,164
PILOT from RMLD	2,206
Enterprise fund indirect costs	636
Special revenue and permanent fund revenues exceeding expenditures	1,139
Current year revenue used for the acquisition of capital assets	1,232
Depreciation expense exceeding debt service principal, exclusive of refunding	(1,838)
Increase in OPEB obligation	(2,694)
Other	<u>(382)</u>
Total	<u>\$ 1,792</u>

Business-type activities. Business-type activities for the year resulted in a change in net assets of \$ 3,718. Key elements of this change are as follows:

- The electric operations had revenues of \$ 83,086 and expenses and transfers of \$ 80,156, resulting in a change in net assets of \$ 2,930.
- The water operations had revenues of \$ 5,284 and expenses and transfers of \$ 4,813, resulting in a change in net assets of \$ 471.

- The sewer operations had revenues of \$ 5,476 and expenses and transfers of \$ 5,293, resulting in a change in net assets of \$ 183.
- The landfill operations did not report any revenues or expenditures.
- The storm water management operations had revenues of \$ 396 and expenses of \$ 262, resulting in a change in net assets of \$ 134.

D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$ 29,379, a change of \$ (8,650) in comparison to the prior year. Key elements of this change are as follows:

General fund expenditures exceeding revenues	\$ (2,671)
General fund special items (MSBA advanced refunding)	(9,791)
PILOT from RMLD	2,206
Enterprise fund indirect costs	636
Special revenue and permanent fund revenues exceeding expenditures	1,139
Other	<u>(169)</u>
Total	\$ <u>(8,650)</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$ 7,852, while total fund balance was \$ 14,129. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/12</u>	<u>6/30/11</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 7,852	\$ 7,109	\$ 743	9.6%
Total fund balance	14,129	23,121	(8,992) ^(a)	17.3%

^(a) The Town used \$ 10,800 of debt reserves to pay down school related debt.

The total fund balance of the general fund changed by \$ (8,992) during the current fiscal year. Key factors in this change are as follows:

<u>General fund:</u>	
Use of free cash and overlay surplus as a funding source	\$ (985)
Use of MSBA grant for debt service	(720)
Revenues in excess of budget	1,177
Expenditures less than budget	1,052
Other	275
Results from operations	<u>799</u>
<u>Special items (MSBA advanced refunding):</u>	
Final payment of MSBA grant	4,164
Bond premium on refunding	2,389
Issuance of refunding bonds	10,620
Payments to refunding escrow agent	<u>(26,964)</u>
Results from special items	<u>(9,791)</u>
Total	<u>\$ (8,992)</u>

Included in the total general fund balance are the Town's stabilization funds with the following balance:

	<u>6/30/12</u>	<u>6/30/11</u>	<u>Change</u>
Stabilization	\$ <u>2,276</u>	\$ <u>2,245</u>	\$ <u>31</u>

The following table reflects the trend in all the components of the general fund's fund balance:

Last Six Fiscal Years

As of 30-Jun	Restricted for Debt <u>Service</u>	Committed for Stabilization <u>Fund</u>	Assigned for <u>Encumbrances</u>	Assigned for Subsequent Year's <u>Expenditures</u>	<u>Unassigned</u>	<u>Total Fund Balance</u>
2007	\$ -	\$ 896	\$ 1,435	\$ 264	\$ 5,788	\$ 8,383
2008	4,362	1,454	1,597	227	6,451	14,091
2009	-	1,840	1,210	763	6,486	10,299
2010	12,530	1,900	1,488	1,491	6,297	23,706
2011	11,833	2,245	1,006	928	7,109	23,121
2012	1,033 ^(a)	2,276	1,492	1,476	7,852	14,129 ^(a)

^(a) The Town used \$ 10,800 of debt reserves to pay down school related debt.

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

Net assets of the enterprise funds at the end of the year amounted to \$ 114,165, a change of \$ 3,718 in comparison to the prior year. Factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$ 331. The majority of this increase was related to the public works supplemental appropriation, which was primarily funded through transfers in from other funds.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year-end amounted to \$ 218,264 (net of accumulated depreciation), a change of \$ (1,286) from the prior year. This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

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

Governmental additions:

- \$ 1,192 in Killam roofing project
- \$ 897 in roadway improvements
- \$ 647 in Birch Meadow windows
- \$ 130 in Town Hall technology improvements

Business-type additions:

- \$ 5,227 in electric improvements
- \$ 823 in water improvements
- \$ 634 in sewer improvements
- \$ 170 in stormwater improvements

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

Long-term debt. At the end of the current fiscal year, total bonded debt outstanding was \$ 38,245, all of which was backed by the full faith and credit of the government.

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

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

The adopted FY13 General Fund budget of \$ 77,505 is a 2.3% increase over the prior year. The FY13 budget is balanced.

FY2013 State aid will be \$ 12,986. This figure includes a \$ 685 increase over original estimates and represents a 3.8% percent increase over prior year.

The tax levy for FY13 of \$ 55,078 represents a 3.4% increase over the prior year. The FY13 tax rate is \$ 14.94 per thousand compared to \$ 14.15 in the prior year. Overall, property values decreased 2.0% to \$ 3,687,000.

For FY2013, the Board of Selectmen, acting as the Water and Sewer Commissioners, voted to increase Water Rates by 8.3% and Sewer Rates by 14.4% for all customers effective September 2012. These increases are expected to cover all operations, planned infrastructure improvements, and debt.

The State passed legislation allowing Massachusetts municipalities to pass a Local Option Meals Tax of 0.75% with 100% of the revenue going to the Town. Reading voted to accept this local option at their November 2010 Town Meeting. We received revenue in FY2012 totaling \$ 322. The FY13 revenue budgeted for this tax is \$ 300.

The Town is working on a \$ 12,000 capital improvement project for remodeling our library. The state has approved \$ 5,100 of funding for the project. Town meeting must vote for funding of the town's share of the project and a special town wide vote for debt exclusion must be completed within 6 months of the

grant becoming available. A Special Town Meeting is scheduled for January 28, 2013 and the debt exclusion will be voted at an April 2013 local election.

At April 2012 Town Meeting, the Town voted to adopt Massachusetts General Laws Chapter 32B, Section 20 which allows the Town to set up an irrevocable trust for (OPEB), Other Post-Employment Benefits liabilities. Currently, the funds set aside in this trust are invested in MMDT, which invests in US Treasuries, commercial paper, and very short-term bonds according to the prudent investor rule set forth in Chapter 203C. The Town is exploring the possibility of investing the funds in the (SRBT) State Retiree Benefits Trust Fund administered by PRIM. The SRBT funds are invested in Pension Reserve Investment Trust (PRIT). Investment in PRIT offers higher returns which would reduce the Town's unfunded OPEB liability.

REQUESTS FOR INFORMATION

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

Town Accountant
Town Hall
16 Lowell Street
Reading, MA 01867

TOWN OF READING, MASSACHUSETTS

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current:			
Cash and short-term investments	\$ 30,946,387	\$ 16,432,393	\$ 47,378,780
Restricted cash	-	19,187,119	19,187,119
Investments	4,714,352	-	4,714,352
Receivables, net of allowance for uncollectibles:			
Property taxes	285,898	-	285,898
Excises	176,873	-	176,873
User fees	-	11,204,251	11,204,251
Departmental and other	365,306	-	365,306
Intergovernmental	380,607	-	380,607
Prepaid assets	-	762,930	762,930
Unamortized discounts on bonds	7,880	296	8,176
Inventory	-	1,615,127	1,615,127
Other assets	3,206	-	3,206
Noncurrent:			
Investment in associated companies	-	61,574	61,574
Receivables, net of allowance for uncollectibles:			
Property taxes	497,350	-	497,350
Deferred charges	73,196	592	73,788
Capital assets being depreciated, net	124,058,370	87,829,725	211,888,095
Capital assets not being depreciated	4,612,465	1,763,819	6,376,284
TOTAL ASSETS	166,121,890	138,857,826	304,979,716
LIABILITIES			
Current:			
Warrants payable	1,135,160	5,264,254	6,399,414
Accrued liabilities	3,483,069	717,297	4,200,366
Customer advances for construction	-	363,459	363,459
Customer deposits	-	631,268	631,268
Due to retirement trust	-	1,000,000	1,000,000
Retainage payable	1,104,104	-	1,104,104
Other current liabilities	1,147,735	73,611	1,221,346
Current portion of long-term liabilities:			
Bonds and loans payable	3,535,000	1,022,405	4,557,405
Accrued employee benefits	61,691	116,062	177,753
Unamortized premiums on bonds	204,782	776	205,558
Noncurrent:			
Bonds and loans payable, net of current portion	22,920,000	10,767,927	33,687,927
Accrued employee benefits	1,700,911	2,950,178	4,651,089
Unamortized premiums on bonds	2,201,221	1,552	2,202,773
Net OPEB obligation	11,274,086	1,784,400	13,058,486
TOTAL LIABILITIES	48,767,759	24,693,189	73,460,948
NET ASSETS			
Invested in capital assets, net of related debt	100,475,001	79,844,408	180,319,409
Restricted for:			
Grants and other statutory restrictions	6,767,830	2,635,206	9,403,036
OPEB Trust	-	1,344,829	1,344,829
Permanent funds:			
Nonexpendable	3,575,769	-	3,575,769
Expendable	5,236,851	-	5,236,851
Unrestricted	1,298,680	30,340,194	31,638,874
TOTAL NET ASSETS	\$ 117,354,131	\$ 114,164,637	\$ 231,518,768

See notes to financial statements.

TOWN OF READING, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General government	\$ 4,335,841	\$ 418,125	\$ 155,294	\$ -
Public safety	11,737,641	2,474,053	220,002	-
Education	63,730,836	3,651,460	20,368,948	1,312,520
Public works	7,306,244	194,417	1,250	338,230
Health and human services	1,353,556	67,305	264,113	-
Culture and recreation	3,297,133	631,941	29,583	-
Debt service interest	3,705,880	-	-	-
Intergovernmental	955,854	-	-	-
Total Governmental Activities	96,422,985	7,437,301	21,039,190	1,650,750
Business-Type Activities:				
Electric operations	77,949,091	81,764,964	325,007	17,226
Water operations	4,434,989	5,273,387	-	-
Other	5,296,906	5,686,300	-	181,800
Total Business-type Activities	87,680,986	92,724,651	325,007	199,026
Total	\$ 184,103,971	\$ 100,161,952	\$ 21,364,197	\$ 1,849,776

General Revenues and Transfers:

Property taxes
 Excises
 Penalties, interest and other taxes
 Grants and contributions not restricted to specific programs
 Investment income
 Other
 Transfers, net

Total general revenues and transfers

Change in Net Assets

Net Assets:

Beginning of year

End of year

See notes to financial statements.

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business- Type Activities	Total
\$ (3,762,422)	\$ -	\$ (3,762,422)
(9,043,586)	-	(9,043,586)
(38,397,908)	-	(38,397,908)
(6,772,347)	-	(6,772,347)
(1,022,138)	-	(1,022,138)
(2,635,609)	-	(2,635,609)
(3,705,880)	-	(3,705,880)
(955,854)	-	(955,854)
(66,295,744)	-	(66,295,744)
-	4,158,106	4,158,106
-	838,398	838,398
-	571,194	571,194
-	5,567,698	5,567,698
(66,295,744)	5,567,698	(60,728,046)
53,081,786	-	53,081,786
2,833,703	-	2,833,703
841,939	-	841,939
7,236,790	-	7,236,790
583,866	100,610	684,476
666,940	891,570	1,558,510
2,842,328	(2,842,328)	-
68,087,352	(1,850,148)	66,237,204
1,791,608	3,717,550	5,509,158
115,562,523	110,447,087	226,009,610
\$ 117,354,131	\$ 114,164,637	\$ 231,518,768

TOWN OF READING, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2012

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and short-term investments	\$ 19,050,119	\$ 11,896,268	\$ 30,946,387
Investments	-	4,714,352	4,714,352
Receivables:			
Property taxes	884,089	-	884,089
Excises	252,649	-	252,649
Departmental and other	363,147	2,159	365,306
Intergovernmental	-	380,607	380,607
Other assets	<u>3,206</u>	<u>-</u>	<u>3,206</u>
TOTAL ASSETS	<u>\$ 20,553,210</u>	<u>\$ 16,993,386</u>	<u>\$ 37,546,596</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Warrants payable	\$ 936,834	\$ 198,326	\$ 1,135,160
Accrued liabilities	2,880,462	346,445	3,226,907
Deferred revenues	1,459,012	94,661	1,553,673
Retainage payable	-	1,104,104	1,104,104
Other liabilities	<u>1,147,735</u>	<u>-</u>	<u>1,147,735</u>
TOTAL LIABILITIES	6,424,043	1,743,536	8,167,579
Fund Balances:			
Nonspendable	-	3,575,769	3,575,769
Restricted	1,033,133	12,004,680	13,037,813
Committed	2,275,967	-	2,275,967
Assigned	2,968,472	-	2,968,472
Unassigned	<u>7,851,595</u>	<u>(330,599)</u>	<u>7,520,996</u>
TOTAL FUND BALANCES	<u>14,129,167</u>	<u>15,249,850</u>	<u>29,379,017</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 20,553,210</u>	<u>\$ 16,993,386</u>	<u>\$ 37,546,596</u>

See notes to financial statements.

TOWN OF READING, MASSACHUSETTS
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND
 BALANCES TO NET ASSETS OF GOVERNMENTAL
 ACTIVITIES IN THE STATEMENT OF NET ASSETS

JUNE 30, 2012

Total governmental fund balances	\$	29,379,017
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		128,670,835
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.		1,377,056
• Governmental funds report the effect of long-term debt issuance costs, premiums, and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		(2,324,927)
• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.		(256,162)
• Long-term liabilities, (bonds payable, accrued employee benefits and net OPEB obligation) are not due and payable in the current period, and, therefore, are not reported in the governmental funds.		<u>(39,491,688)</u>
Net assets of governmental activities	\$	<u>117,354,131</u>

See notes to financial statements.

TOWN OF READING, MASSACHUSETTS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2012

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Property taxes	\$ 53,002,666	\$ -	\$ 53,002,666
Excises	2,752,620	-	2,752,620
Penalties, interest and other taxes	841,939	-	841,939
Departmental	1,566,961	5,442,694	7,009,655
Licenses and permits	165,967	-	165,967
Fines and forfeitures	115,549	-	115,549
Intergovernmental	20,477,810	5,284,556	25,762,366
Investment income	161,142	397,964	559,106
Other	<u>139,283</u>	<u>343,253</u>	<u>482,536</u>
Total Revenues	79,223,937	11,468,467	90,692,404
Expenditures:			
Current:			
General government	3,353,843	191,715	3,545,558
Public safety	8,182,521	1,095,369	9,277,890
Education	43,437,852	8,416,097	51,853,949
Public works	4,811,993	734,100	5,546,093
Health and human services	595,652	497,466	1,093,118
Culture and recreation	1,973,307	565,185	2,538,492
Employee benefits	12,441,164	-	12,441,164
Debt service	6,142,478	-	6,142,478
Intergovernmental	955,854	-	955,854
Total Expenditures	<u>81,894,664</u>	<u>11,499,932</u>	<u>93,394,596</u>
Deficiency of revenues over expenditures	(2,670,727)	(31,465)	(2,702,192)
Other Financing Sources (Uses):			
Issuance of bonds	-	1,000,000	1,000,000
Transfers in	3,469,547	-	3,469,547
Transfers out	-	(627,219)	(627,219)
Total Other Financing Sources (Uses)	<u>3,469,547</u>	<u>372,781</u>	<u>3,842,328</u>
Net change before special items	798,820	341,316	1,140,136
Special Items:			
Final payment of MSBA grant	4,164,368	-	4,164,368
Bond premium on refunding	2,389,383	-	2,389,383
Issuance of refunding bonds	10,620,000	-	10,620,000
Payments to refunding escrow agent	<u>(26,964,333)</u>	<u>-</u>	<u>(26,964,333)</u>
Change from special items	(9,790,582)	-	(9,790,582)
Net change in fund balances	(8,991,762)	341,316	(8,650,446)
Fund Balances, at Beginning of Year	<u>23,120,929</u>	<u>14,908,534</u>	<u>38,029,463</u>
Fund Balances, at End of Year	<u>\$ 14,129,167</u>	<u>\$ 15,249,850</u>	<u>\$ 29,379,017</u>

See notes to financial statements.

TOWN OF READING, MASSACHUSETTS

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

FOR THE YEAR ENDED JUNE 30, 2012

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (8,650,446)																		
<ul style="list-style-type: none"> • 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: <table border="0" style="margin-left: 40px;"> <tr> <td>Capital outlay purchases, net of dispositions</td> <td style="text-align: right;">3,252,663</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(6,023,410)</td> </tr> </table> • Revenues in the statement of activities that do not provide current financial resources are fully deferred in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">306,917</td> </tr> </table> • The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets: <table border="0" style="margin-left: 40px;"> <tr> <td>Issuance of debt</td> <td style="text-align: right;">(11,620,000)</td> </tr> <tr> <td>Repayments of debt</td> <td style="text-align: right;">29,230,000</td> </tr> <tr> <td>Current year amortization of bond premiums and costs, net of deferrals</td> <td style="text-align: right;">(2,189,830)</td> </tr> <tr> <td>Increase in other long-term liabilities (OPEB)</td> <td style="text-align: right;">(2,694,367)</td> </tr> </table> • In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">179,940</td> </tr> </table> • Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;">141</td> </tr> </table> 		Capital outlay purchases, net of dispositions	3,252,663	Depreciation	(6,023,410)		306,917	Issuance of debt	(11,620,000)	Repayments of debt	29,230,000	Current year amortization of bond premiums and costs, net of deferrals	(2,189,830)	Increase in other long-term liabilities (OPEB)	(2,694,367)		179,940		141
Capital outlay purchases, net of dispositions	3,252,663																		
Depreciation	(6,023,410)																		
	306,917																		
Issuance of debt	(11,620,000)																		
Repayments of debt	29,230,000																		
Current year amortization of bond premiums and costs, net of deferrals	(2,189,830)																		
Increase in other long-term liabilities (OPEB)	(2,694,367)																		
	179,940																		
	141																		
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>1,791,608</u>																		

See notes to financial statements.

TOWN OF READING, MASSACHUSETTS

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues and Transfers:				
Taxes	\$ 52,674,378	\$ 52,674,378	\$ 53,028,882	\$ 354,504
Excise taxes	2,900,000	2,900,000	3,074,275	174,275
Penalties, interest and other taxes	460,000	460,000	519,254	59,254
Departmental	1,475,000	1,475,000	1,567,603	92,603
Licenses and permits	156,000	156,000	165,923	9,923
Fines and forfeitures	130,000	130,000	115,525	(14,475)
Intergovernmental	13,039,510	13,039,510	13,296,222	256,712
Investment income	200,000	200,000	161,206	(38,794)
Other	-	-	140,983	140,983
Transfers in	3,442,497	3,773,497	3,915,818	142,321
Total Revenues and Transfers	74,477,385	74,808,385	75,985,691	1,177,306
Expenditures:				
General government	3,975,900	3,986,133	3,851,908	134,225
Public safety	8,149,714	8,254,714	8,200,572	54,142
Education	36,286,307	36,261,307	36,196,742	64,565
Public works	5,347,452	5,683,952	5,149,727	534,225
Health and human services	646,760	646,760	602,153	44,607
Culture and leisure	1,994,936	1,996,436	1,989,134	7,302
Intergovernmental	980,239	980,239	965,854	14,385
Employee benefits	12,712,086	12,615,086	12,458,465	156,621
Debt service	6,063,446	6,063,446	6,021,688	41,758
Total Expenditures	76,156,840	76,488,073	75,436,243	1,051,830
Excess (deficiency) of revenues and other sources over expenditures	(1,679,455)	(1,679,688)	549,448	2,229,136
Other Financing Sources:				
Use of free cash and overlay surplus	984,385	984,618	-	(984,618)
Use of debt service reserve (advanced refunding)	720,070	720,070	-	(720,070)
Funding of stabilization reserve	(25,000)	(25,000)	(25,000)	-
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 524,448	\$ 524,448

See notes to financial statements.

TOWN OF READING, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Business-Type Activities Enterprise Funds			<u>Total</u>
	<u>Electric Division Fund</u>	<u>Water Fund</u>	<u>Non Major Funds</u>	
<u>ASSETS</u>				
Current:				
Cash and short-term investments	\$ 9,957,960	\$ 3,698,855	\$ 2,775,578	\$ 16,432,393
User fees, net of allowance for uncollectibles	8,115,722	1,458,650	1,629,879	11,204,251
Prepaid expenses	762,930	-	-	762,930
Deferred charges	-	296	-	296
Inventory	<u>1,485,337</u>	<u>116,833</u>	<u>2,957</u>	<u>1,615,127</u>
Total current assets	20,331,949	5,274,634	4,408,414	30,014,997
Noncurrent:				
Restricted cash and cash equivalents	19,187,119	-	-	19,187,119
Investment in associated companies	61,574	-	-	61,574
Deferred charges, net of current portion	-	592	-	592
Capital assets being depreciated, net	67,405,075	13,881,630	6,543,020	87,829,725
Capital assets not being depreciated	<u>1,265,842</u>	<u>211,068</u>	<u>286,909</u>	<u>1,763,819</u>
Total noncurrent assets	<u>87,919,610</u>	<u>14,093,290</u>	<u>6,829,929</u>	<u>108,842,829</u>
TOTAL ASSETS	108,251,559	19,367,924	11,238,343	138,857,826
<u>LIABILITIES</u>				
Current:				
Warrants payable	4,934,861	287,896	41,497	5,264,254
Accrued liabilities	469,906	182,855	64,536	717,297
Customer advances for construction	363,459	-	-	363,459
Customer deposits	631,268	-	-	631,268
Due to retirement trust	1,000,000	-	-	1,000,000
Other current liabilities	-	-	73,611	73,611
Current portion of long-term liabilities:				
Bonds and loans payable	-	847,595	174,810	1,022,405
Accrued employee benefits	116,062	-	-	116,062
Unamortized premiums on bonds	<u>-</u>	<u>776</u>	<u>-</u>	<u>776</u>
Total current liabilities	7,515,556	1,319,122	354,454	9,189,132
Noncurrent:				
Bonds and loans payable	-	10,602,405	165,522	10,767,927
Accrued employee benefits	2,866,854	55,643	27,681	2,950,178
Unamortized premiums on bonds	-	1,552	-	1,552
Net OPEB obligation	<u>1,335,089</u>	<u>318,867</u>	<u>130,444</u>	<u>1,784,400</u>
TOTAL LIABILITIES	11,717,499	12,297,589	678,101	24,693,189
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	68,670,917	4,514,663	6,658,828	79,844,408
Restricted for depreciation fund	2,635,206	-	-	2,635,206
Restricted for OPEB trust	1,344,829	-	-	1,344,829
Unrestricted	<u>23,883,108</u>	<u>2,555,672</u>	<u>3,901,414</u>	<u>30,340,194</u>
TOTAL NET ASSETS	\$ 96,534,060	\$ 7,070,335	\$ 10,560,242	\$ 114,164,637

See notes to financial statements.

TOWN OF READING, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities Enterprise Funds			Total
	Electric Division Fund	Water Fund	Non Major Funds	
Operating Revenues:				
Charges for services	\$ 81,764,964	\$ 5,273,387	\$ 5,686,300	\$ 92,724,651
Total Operating Revenues	81,764,964	5,273,387	5,686,300	92,724,651
Operating Expenses:				
Personnel expenses	-	935,802	539,879	1,475,681
Non-personnel expenses	-	440,040	202,716	642,756
Intergovernmental	1,351,568	1,772,389	4,128,058	7,252,015
Depreciation	3,552,330	855,934	396,547	4,804,811
Energy purchases	60,361,614	28,337	26,964	60,416,915
Other	12,118,162	-	-	12,118,162
Total Operating Expenses	77,383,674	4,032,502	5,294,164	86,710,340
Operating Income	4,381,290	1,240,885	392,136	6,014,311
Nonoperating Revenues (Expenses):				
Intergovernmental revenue	325,007	-	-	325,007
Investment income	88,705	8,286	3,619	100,610
Interest expense	(1,460)	(402,487)	(2,742)	(406,689)
Loss on disposal of capital assets	(563,957)	-	-	(563,957)
Other	889,624	1,946	-	891,570
Total Nonoperating Revenues (Expenses)	737,919	(392,255)	877	346,541
Income Before Transfers and Contributions	5,119,209	848,630	393,013	6,360,852
Capital contributions	17,226	-	181,800	199,026
Transfers out	(2,205,957)	(377,367)	(259,004)	(2,842,328)
Change in Net Assets	2,930,478	471,263	315,809	3,717,550
Net Assets at Beginning of Year	93,603,582	6,599,072	10,244,433	110,447,087
Net Assets at End of Year	\$ 96,534,060	\$ 7,070,335	\$ 10,560,242	\$ 114,164,637

See notes to financial statements.

TOWN OF READING, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities Enterprise Funds			Total
	Electric Division Fund	Water Fund	Non Major Funds	
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 83,250,940	\$ 5,262,324	\$ 5,683,006	\$ 94,196,270
Payments to vendors and employees	(72,408,534)	(928,167)	(659,716)	(73,996,417)
Customer refund, purchase power, and fuel charge adjustments	(781,977)	-	-	(781,977)
Payments to other governments	-	(1,772,389)	(4,128,058)	(5,900,447)
Net Cash Provided By Operating Activities	10,060,429	2,561,768	895,232	13,517,429
Cash Flows From Noncapital Financing Activities:				
MMWEC refund	516,183	-	-	516,183
FEMA Grant	325,007	-	-	325,007
Other	373,441	1,946	-	375,387
Transfer out	(2,205,957)	(377,367)	(259,004)	(2,842,328)
Net Cash (Used For) Noncapital Financing Activities	(991,326)	(375,421)	(259,004)	(1,625,751)
Cash Flows From Capital and Related Financing Activities:				
Proceeds from issuance of bonds and notes	-	2,050,000	222,200	2,272,200
Acquisition of capital assets	(5,226,695)	(823,009)	(803,902)	(6,853,606)
Capital grants and contributions	17,226	-	181,800	199,026
Principal payments on bonds and notes	-	(1,370,000)	(117,964)	(1,487,964)
Interest expense	(1,460)	(402,487)	(2,742)	(406,689)
Net Cash (Used For) Capital and Related Financing Activities	(5,210,929)	(545,496)	(520,608)	(6,277,033)
Cash Flows From Investing Activities:				
(Increase) decrease in restricted cash and investments	(585,553)	-	-	(585,553)
Investment income	88,705	8,286	3,619	100,610
Net Cash Provided By (Used For) Investing Activities	(496,848)	8,286	3,619	(484,943)
Net Change in Cash and Short-Term Investments	3,361,326	1,649,137	119,239	5,129,702
Unrestricted Cash and Short Term Investments, Beginning of Year	6,596,634	2,049,718	2,656,339	11,302,691
Unrestricted Cash and Short Term Investments, End of Year	\$ 9,957,960	\$ 3,698,855	\$ 2,775,578	\$ 16,432,393
Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities:				
Operating income	\$ 4,381,290	\$ 1,240,885	\$ 392,136	\$ 6,014,311
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	3,552,330	855,934	396,546	4,804,810
Changes in assets and liabilities:				
User fees receivables	634,116	(11,063)	(8,763)	614,290
Inventory and prepayments	81,110	38,397	551	120,058
Other assets	-	296	-	296
Warrants payable	(62,531)	269,127	11,105	217,701
Accrued liabilities	127,463	74,026	-	201,489
Other liabilities	177,362	16,067	72,797	266,226
Due to retirement trust	1,000,000	-	-	1,000,000
OPEB liability	169,289	78,099	30,860	278,248
Net Cash Provided By (Used For) Operating Activities	\$ 10,060,429	\$ 2,561,768	\$ 895,232	\$ 13,517,429

See notes to financial statements.

TOWN OF READING, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2012

	<u>Pension Trust Fund</u>	<u>Municipal Light Pension Trust Funds</u>	<u>OPEB Trust Fund</u>	<u>Agency Funds</u>
<u>ASSETS</u>				
Cash and short term investments	\$ 114,223	\$ 4,476,777	\$ 500,034	\$ 323,489
Investments	90,394,414	-	-	-
Accounts receivable	117,121	-	-	-
Due from proprietary fund	-	1,000,000	-	-
Other	-	-	-	5,301
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	90,625,758	5,476,777	500,034	328,790
<u>LIABILITIES AND NET ASSETS</u>				
Warrants payable	-	-	-	27,583
Other liabilities	201,265	-	-	301,207
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	201,265	-	-	328,790
<u>NET ASSETS</u>				
Total net assets held in trust for pension benefits and other purposes	<u>\$ 90,424,493</u>	<u>\$ 5,476,777</u>	<u>\$ 500,034</u>	<u>\$ -</u>

See notes to financial statements.

TOWN OF READING, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Pension Trust Fund</u>	<u>Municipal Light Pension Trust Funds</u>	<u>OPEB Trust Fund</u>
Additions:			
Contributions:			
Employers	\$ 4,420,321	\$ 1,000,000	\$ 500,000
Intergovernmental	385,031	-	-
Plan members	1,983,473	-	-
Other	18,712	-	-
Total contributions	<u>6,807,537</u>	<u>1,000,000</u>	<u>500,000</u>
Investment Income:			
Increase in fair value of investments	16,985	25,605	34
Less: management fees	<u>(447,309)</u>	<u>-</u>	<u>-</u>
Net investment income	<u>(430,324)</u>	<u>25,605</u>	<u>34</u>
Total additions	6,377,213	1,025,605	500,034
Deductions:			
Benefit payments to plan members, beneficiaries, and other systems	7,979,615	-	-
Refunds and transfers to other systems	104,924	-	-
Administrative expenses	87,488	-	-
Other	-	1,336,326	-
Total deductions	<u>8,172,027</u>	<u>1,336,326</u>	<u>-</u>
Net increase (decrease)	(1,794,814)	(310,721)	500,034
Net assets:			
Beginning of year	<u>92,219,307</u>	<u>5,787,498</u>	<u>-</u>
End of year	<u>\$ 90,424,493</u>	<u>\$ 5,476,777</u>	<u>\$ 500,034</u>

See notes to financial statements.

TOWN OF READING, MASSACHUSETTS

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The government is a municipal corporation governed by an elected Board of Selectmen. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2012, it was determined that no entities met the required GASB 39 criteria of component units. The Reading Contributory Retirement System was established to provide retirement benefits primarily to employees and their beneficiaries. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements. Additional financial information of the System can be obtained by contacting the System located at 16 Lowell Street, Reading, Massachusetts 01867.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Fund Financial Statements

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

The government reports the following major governmental funds:

- The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

The government reports the following major proprietary funds:

- Electric Enterprise Fund
- Water Enterprise Fund

The government reports the following fiduciary funds:

- The pension trust fund accounts for the activities of the Employees Contributory Retirement System, which accumulates resources for pension benefit payments to qualified employees.
- The municipal light pension trust fund accounts for the activities of the Municipal Light Employees Contributory Retirement System, which accumulates resources for pension benefit payments to qualified employees.
- The OPEB trust fund accounts for reserves set aside by the Town to fund future OPEB costs.
- The agency fund is custodial in nature and do not involve measurements

D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are

invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

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

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

E. Investments

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

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

F. Property Tax Limitations

Legislation known as "Proposition 2½" limits the amount of revenue that can be derived from property taxes. The prior fiscal year's tax levy limit is used as a base and cannot increase by more than 2.5 percent (excluding new growth), unless an override or debt exemption is voted. The actual fiscal year 2012 tax levy reflected an excess capacity of \$ 1,993.

G. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. No significant inventory balances were on hand in governmental funds.

H. Capital Assets

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

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

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

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

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	20-40
Machinery, equipment, and furnishings	3-20
Infrastructure	50

I. Compensated Absences

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

J. Long-Term Obligations

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

K. Fund Equity

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

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

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

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

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

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by

creditors, grantors, or laws or regulations of other governments. All other net assets are reported as unrestricted.

L. Use of Estimates

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

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

A. Budgetary Information

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

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

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

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

B. Budgetary Basis

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

C. Budget/GAAP Reconciliation

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

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

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP Basis)	\$ 79,223,937	\$ 81,894,664
Other financing sources/uses (GAAP Basis)	3,469,547	-
Special items (GAAP Basis)	<u>17,173,751</u>	<u>26,964,333</u>
Subtotal (GAAP Basis)	99,867,235	108,858,997
Reverse beginning of year appropriation carryforwards from expenditures	-	(1,006,105)
Add end-of-year appropriation carryforwards from expenditures	-	1,492,525
To reverse the effects of special items	(17,173,751)	(26,964,333)
To reverse the effects of non- budgeted State contributions for teacher retirements	(7,181,588)	(7,181,588)
To record stabilization fund	331,000	(25,000)
Other	<u>142,795</u>	<u>286,747</u>
Budgetary Basis	<u>\$ 75,985,691</u>	<u>\$ 75,461,243</u>

3. Cash and Short-Term Investments

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Town's and Contributory Retirement System's (the System) deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the Town's deposits "in a bank or trust company or banking company to an amount not exceeding sixty percent of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess. Massachusetts General Law Chapter 32, Section 23, limits the System's deposits "in a bank or trust company to an amount not exceeding ten percent of the capital and surplus of such bank or trust company. The Town and System do not have a deposit policy for custodial credit risk.

As of June 30, 2012, \$ 7,682,687 of the Town's and \$ 5,180 of the System's bank balances of \$ 76,209,443 and \$ 179,584, respectively, were exposed to custodial credit risk. However, the System's entire exposed balance was on deposit with the Massachusetts Municipal Depository Trust (MMDT).

4. Investments

A. Credit Risk

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

The Town and System do not have a policy for credit risk.

Presented below (in thousands) is the actual rating as of year-end for each investment of the Town:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year-end</u>					
			<u>Aaa</u>	<u>Aa1</u>	<u>Aa3</u>	<u>A2</u>	<u>A3</u>	<u>Baa1</u>
Corporate bonds	\$ 675	\$ -	\$ -	\$ 98	\$ 98	\$ 120	\$ 258	\$ 101
Corporate equities	1,854	1,854	-	-	-	-	-	-
Certificates of deposits	1,683	1,683	-	-	-	-	-	-
Federal agency securities	502	-	502	-	-	-	-	-
Total investments	\$ 4,714	\$ 3,537	\$ 502	\$ 98	\$ 98	\$ 120	\$ 258	\$ 101

Massachusetts General Law, Chapter 32, Section 23, limits the investment of System funds, to the extent not required for current disbursements, in the PRIT Fund or in securities, other than mortgages or collateral loans, which are legal for the investment of funds in savings banks under the laws of the Commonwealth, provided that no more than the established percentage of assets, is invested in any one security.

At June 30, 2012, the Contributory Retirement System maintained its investments in the State Investment Pool* with a fair value of \$ 90,394,414. This investment type is not rated:

**Fair value is the same as the value of the pool share. The Pension Reserves Investment Trust was created under Massachusetts General Law, Chapter 32, Section 22, in December 1983. The Pension Reserves Investment Trust is operated under contract with a private investment advisor, approved by the Pension Reserves Investment Management Board. The Pension Reserves Investment Management Board shall choose an investment advisor by requesting proposals from advisors and reviewing such proposals based on criteria adopted under Massachusetts General Law, Chapter 30B.*

B. Custodial Credit Risk

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

The System's investments of \$ 90,394,414 were exposed to custodial credit risk as uninsured and uncollateralized. However, the investments were held in the State Investment Pool (PRIT).

Of the Town's investment of \$ 4,714,352, the government has a custodial credit risk exposure of \$ 4,714,352 because the related securities are uninsured, unregistered and held by the Town's brokerage firm, which is also the Counterparty to these securities. The Town manages this custodial credit risk with SIPC and excess SIPC.

C. Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in any one issuer. Investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represent 5% or more of total investments are as follows (in thousands):

<u>Investment Issuer</u>	<u>Amount</u>
SPDR S&P 500 ETF	\$ 1,385
People's United Bank certificate of deposit	1,000
Freddie Mac - FreddieNotes	502
iShares Russell 2000 Index Fund	<u>348</u>
Total	\$ <u>3,235</u>

Massachusetts General Law Chapter 32, Section 23 limits the amount the System may invest in any one issuer or security type, with the exception of the PRIT Fund.

The System does not have an investment in one issuer greater than 5% of total investments, with the exception of the PRIT Fund.

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town and System do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>
Debt-related Securities:				
Corporate bonds	\$ 675	\$ -	\$ 60	\$ 615
Federal agency securities	<u>502</u>	<u>-</u>	<u>-</u>	<u>502</u>
Total	\$ <u>1,177</u>	\$ <u>-</u>	\$ <u>60</u>	\$ <u>1,117</u>

E. Foreign Currency Risk

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

5. Taxes Receivable

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

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

Taxes receivable at June 30, 2012 consist of the following (in thousands):

Real Estate		
2012	\$ 222	
		222
Personal Property		
2012	3	
2011	3	
2010	5	
2009	2	
2008	2	
Prior	<u>6</u>	
		21
Tax Liens		553
Deferred Taxes		<u>88</u>
Total		<u>\$ 884</u>

6. Allowance for Doubtful Accounts

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

	<u>Governmental</u>
Property taxes	\$ 101
Excises	76

7. Transfers In/Out

The Town's routine transfers include transfers made to move (1) unrestricted revenues or balances that have been collected or accumulated in the general Fund to other funds based on budgetary authorization, and (2) revenues from a fund that by statute or budgetary authority must collect them to funds that are required by statute or budgetary authority to expend them. The transfers from the water and sewer funds to the general fund are made to cover indirect costs of water and sewer funds incurred in the general fund. The transfer from the electric division fund to the general fund is a payment in lieu of taxes (PILOT).

The Town reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental fund financial statements. The following is an analysis of interfund transfers made in fiscal year 2012.

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 3,469,547	\$ -
Nonmajor Governmental Funds:		
Revolving funds	-	146,748
Receipts reserved for appropriation	-	325,000
Gifts and donations	-	100,000
Town capital project funds	-	55,471
Major Enterprise Funds:		
Electric Division fund	-	2,205,957
Water fund	-	377,367
Nonmajor Enterprise Funds:		
Sewer fund	-	259,004
Total	\$ <u>3,469,547</u>	\$ <u>3,469,547</u>

8. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Land improvements	\$ 3,302	\$ 350	\$ -	\$ 3,652
Buildings and improvements	131,660	1,838	-	133,498
Machinery, equipment, and furnishings	9,101	538	(294)	9,345
Infrastructure	<u>37,379</u>	<u>-</u>	<u>(2,098)</u>	<u>35,281</u>
Total capital assets, being depreciated	181,442	2,726	(2,392)	181,776
Less accumulated depreciation for:				
Land improvements	(769)	(138)	-	(907)
Buildings and improvements	(28,185)	(3,651)	-	(31,836)
Machinery, equipment, and furnishings	(3,664)	(846)	294	(4,216)
Infrastructure	<u>(21,469)</u>	<u>(1,388)</u>	<u>2,098</u>	<u>(20,759)</u>
Total accumulated depreciation	<u>(54,087)</u>	<u>(6,023)</u>	<u>2,392</u>	<u>(57,718)</u>
Total capital assets, being depreciated, net	127,355	(3,297)	-	124,058
Capital assets, not being depreciated:				
Land	3,939	42		3,981
Construction in progress	<u>147</u>	<u>547</u>	<u>(63)</u>	<u>631</u>
Total capital assets, not being depreciated	<u>4,086</u>	<u>589</u>	<u>(63)</u>	<u>4,612</u>
Governmental activities capital assets, net	<u>\$ 131,441</u>	<u>\$ (2,708)</u>	<u>\$ (63)</u>	<u>\$ 128,670</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, being depreciated:				
Land improvements	\$ 1,437	\$ -	\$ -	\$ 1,437
Buildings and improvements	16,634	367	(140)	16,861
Machinery, equipment, and furnishings	33,261	512	(195)	33,578
Infrastructure	<u>103,747</u>	<u>5,661</u>	<u>(4,984)</u>	<u>104,424</u>
Total capital assets, being depreciated	155,079	6,540	(5,319)	156,300
Less accumulated depreciation for:				
Land improvements	(118)	(70)	-	(188)
Buildings and improvements	(9,443)	(509)	140	(9,812)
Machinery, equipment, and furnishings	(18,230)	(1,225)	195	(19,260)
Infrastructure	<u>(40,629)</u>	<u>(3,001)</u>	<u>4,420</u>	<u>(39,210)</u>
Total accumulated depreciation	<u>(68,420)</u>	<u>(4,805)</u>	<u>4,755</u>	<u>(68,470)</u>
Total capital assets, being depreciated, net	86,659	1,735	(564)	87,830
Capital assets, not being depreciated:				
Land	1,450	-	-	1,450
Construction in progress	<u>-</u>	<u>314</u>	<u>-</u>	<u>314</u>
Total capital assets, not being depreciated	<u>1,450</u>	<u>314</u>	<u>-</u>	<u>1,764</u>
Business-type activities capital assets, net	<u>\$ 88,109</u>	<u>\$ 2,049</u>	<u>\$ (564)</u>	<u>\$ 89,594</u>

Depreciation expense was charged to functions of the Town as follows (in thousands):

Governmental Activities:	
General government	\$ 244
Public safety	548
Education	3,350
Public works	1,647
Health and human services	30
Culture and recreation	<u>204</u>
Total depreciation expense - governmental activities	<u>\$ 6,023</u>
Business-Type Activities:	
Electric	\$ 3,552
Water	856
Other - Sewer	369
Other - Stormwater	<u>28</u>
Total depreciation expense - business-type activities	<u>\$ 4,805</u>

9. Warrants Payable

Warrants payable represent 2012 expenditures paid by July 15, 2012.

10. Deferred Revenue

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

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

11. Long-Term Debt

A. General Obligation Bonds

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

<u>Governmental Activities:</u>	<u>Serial</u> <u>Maturities</u> <u>Through</u>	<u>Interest</u> <u>Rate(s) %</u>	<u>Amount</u> <u>Outstanding</u> <u>as of</u> <u>6/30/12</u>
Memorial High School	03/15/24	4.22%	\$ 3,280,000
Barrow Elementary School	06/30/24	3.96%	1,505,000
Wood End Elementary School	06/30/24	3.96%	1,800,000
Wood End Elementary School	06/30/24	3.92%	120,000
Wood End Elementary School	04/15/24	3.94%	360,000
Wood End Elementary School	04/15/24	3.94%	540,000
Downtown Improvement projects	11/01/17	3.45%	390,000
Fire Engine	11/01/12	3.45%	80,000
Turf Field improvements	11/01/12	3.45%	75,000
Joshua Eaton refunding	07/01/13	3.05%	40,000
Birch Meadow refunding	07/01/12	3.05%	10,000
Parker School refunding	07/01/17	3.05%	1,140,000
Ladder truck	07/01/17	3.05%	480,000
Tennis courts	07/01/12	3.05%	95,000
Financial hardware and software	01/27/13	2.00%	275,000
Fire truck	08/01/14	4.61%	315,000
Energy Improvements	08/01/24	4.61%	4,330,000
RMHS Refinance	02/01/24	2.25%	10,440,000
Coolide refinance	02/01/15	0.59%	180,000
Killam Roof	02/01/22	1.83%	670,000
Birch Meadows windows	02/01/22	1.83%	330,000
Total Governmental Activities:			\$ <u>26,455,000</u>

<u>Business-Type Activities:</u>	<u>Serial</u> <u>Maturities</u> <u>Through</u>	<u>Interest</u> <u>Rate(s) %</u>	<u>Amount</u> <u>Outstanding</u> <u>as of</u> <u>6/30/12</u>
Water treatment plant	06/30/15	3.38%	\$ 300,000
MWRA buy-in	04/15/27	4.00%	2,380,000
MWRA buy-in	11/01/27	3.05%	6,240,000
Water demo	07/01/17	3.05%	480,000
MWRA water system pipeline	08/15/21	0.00%	2,050,000
MWPAT septic	02/01/12	0.00%	10,464
MWRA sewer	08/15/12	0.00%	8,866
MWRA sewer	08/20/14	0.00%	98,802
MWRA sewer	08/15/16	0.00%	222,200
Total Business-Type Activities:			\$ <u>11,790,332</u>

B. Future Debt Service

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

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 3,535,000	\$ 1,959,040	\$ 5,494,040
2014	3,010,000	1,928,275	4,938,275
2015	2,135,000	852,730	2,987,730
2016	2,030,000	778,458	2,808,458
2017	2,045,000	692,960	2,737,960
2018 - 2022	9,555,000	2,194,367	11,749,367
2023 - 2025	4,145,000	284,530	4,429,530
Total	<u>\$ 26,455,000</u>	<u>\$ 8,690,360</u>	<u>\$ 35,145,360</u>

The general fund has been designated as the sole source to repay the governmental-type general obligation debt outstanding as of June 30, 2012:

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,022,405	\$ 366,670	\$ 1,389,075
2014	1,013,539	339,905	1,353,444
2015	1,013,539	312,340	1,325,879
2016	880,605	284,531	1,165,136
2017	880,605	256,783	1,137,388
2018 - 2022	3,859,639	919,097	4,778,736
2023 - 2027	2,730,000	367,688	3,097,688
2028	390,000	7,800	397,800
Total	<u>\$ 11,790,332</u>	<u>\$ 2,854,814</u>	<u>\$ 14,645,146</u>

C. Changes in General Long-Term Liabilities

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

	Total Balance 7/1/11	Additions	Reductions	Total Balance 6/30/12	Less Current Portion	Equals Long-Term Portion 6/30/12
<u>Governmental Activities</u>						
Bonds payable	\$ 44,065	\$ 11,620	\$ (29,230)	\$ 26,455	\$ (3,535)	\$ 22,920
Other:						
Accrued employee benefits	1,763	62	(62)	1,763	(62)	1,701
Unamortized premium on bonds	225	2,389	(208)	2,406	(205)	2,201
Net OPEB obligation	8,580	6,164	(3,470)	11,274	-	11,274
Totals	<u>\$ 54,633</u>	<u>\$ 20,235</u>	<u>\$ (32,970)</u>	<u>\$ 41,898</u>	<u>\$ (3,802)</u>	<u>\$ 38,096</u>

	Total Balance 7/1/11	Additions	Reductions	Total Balance 6/30/12	Less Current Portion	Equals Long-Term Portion 6/30/12
<u>Business-Type Activities</u>						
Bonds payable	\$ 11,006	\$ 2,272	\$ (1,488)	\$ 11,790	\$ (1,022)	\$ 10,768
Other:						
Accrued employee benefits	3,019	104	(57)	3,066	(116)	2,950
Unamortized premium on bonds	3	-	(1)	2	(1)	1
Net OPEB obligation	<u>1,506</u>	<u>792</u>	<u>(514)</u>	<u>1,784</u>	<u>-</u>	<u>1,784</u>
Totals	<u>\$ 15,534</u>	<u>\$ 3,168</u>	<u>\$ (2,060)</u>	<u>\$ 16,642</u>	<u>\$ (1,139)</u>	<u>\$ 15,503</u>

D. Bond Authorizations

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2012 are as follows:

<u>Purpose</u>	<u>Amount</u>
MWRA water system pipeline	\$ 235,000
Killam School remodeling	221,162
Birch Meadow School remodeling	<u>38,354</u>
Total	<u>\$ 494,516</u>

E. Advance and Current Refundings

Current Year

On March 7, 2012, the Town issued general obligation bonds in the amount of \$ 10,620,000 with a variable interest rate ranging from 3.0% to 5.0% to, with the use of the Town's Debt Service reserve account, advance refund \$ 25,045,000 of term bonds with an interest rate of 4.22%. The term bonds mature on March 15, 2024 and are callable on March 15, 2014. The general obligation bonds were issued at 1.99% and, after paying issuance costs of \$ 89,238, the net proceeds were \$ 12,804,713. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are called on March 15, 2014. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the Town's financial statements.

As a result of the advance refunding, the Town reduced its total debt service cash flow requirements by \$ 4,849,985, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$ 2,496,517.

Defeased debt still outstanding at June 30, 2012 is \$ 22,730,550.

12. Restricted Net Assets

The accompanying entity-wide financial statements report restricted net assets when external constraints from grantors or contributors are placed on net assets.

Permanent fund restricted net assets are segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions.

13. Governmental Funds - Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The Town implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2012:

Nonspendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes general fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes general fund encumbrances funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes general fund encumbrances for non-lapsing, special article appropriations approved at Town Meeting, capital reserve funds set aside by Town Meeting

vote for future capital acquisitions and improvements (now reported as part of the general fund per GASB 54), and various special revenue funds.

Assigned - Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period. The Town follows an informal policy that permits management to assign fund balance amounts to a specific purpose, although fund balance to be applied against a subsequent year's budget is voted by Town Meeting.

Unassigned - Represents amounts that are available to be spent in future periods.

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

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable			
Nonexpendable permanent funds	\$ -	\$ 3,575,769	\$ 3,575,769
Total Nonexpendable	-	3,575,769	3,575,769
Restricted			
For high school debt service	1,033,133	-	1,033,133
Federal grants	-	10,918	10,918
State grants	-	1,411,768	1,411,768
Revolving funds	-	3,102,162	3,102,162
Receipts reserved for appropriation	-	1,130,155	1,130,155
Gifts and donations	-	449,675	449,675
Expendable permanent funds	-	5,236,851	5,236,851
Other trust funds	-	198,401	198,401
Town capital project funds	-	182,600	182,600
School capital project funds	-	282,150	282,150
Total Restricted	1,033,133	12,004,680	13,037,813
Committed			
General stabilization fund	1,545,414	-	1,545,414
Smarth growth stabilization fund	700,000	-	700,000
Sick buy-back stabilization fund	30,553	-	30,553
Total Committed	2,275,967	-	2,275,967

(continued)

(continued)

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assigned			
For encumbrances	1,492,525	-	1,492,525
For next year's expenditures	<u>1,475,947</u>	<u>-</u>	<u>1,475,947</u>
Total Assigned	2,968,472	-	2,968,472
Unassigned	<u>7,851,595</u>	<u>(330,599)</u>	<u>7,520,996</u>
Total Unassigned	<u>7,851,595</u>	<u>(330,599)</u>	<u>7,520,996</u>
Total Fund Balance	<u>\$ 14,129,167</u>	<u>\$ 15,249,850</u>	<u>\$ 29,379,017</u>

14. Commitments and Contingencies

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

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

15. Post-Employment Healthcare and Life Insurance Benefits

Other Post-Employment Benefits

During the year, the Town implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement 45 requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statement of Revenues, Expenses, and Changes in Net Assets when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Assets over time.

A. Plan Description

In addition to providing the pension benefits described in Note 17, the Town provides post-employment health and life insurance benefits for retired employees through the Town of Reading's Massachusetts Inter-local Insurance Association (MIIA) Health Benefits Trust. Benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of the Massachusetts General Laws. As of June 30, 2011, the actuarial valuation date, approximately 677 retirees and 525 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

The Town provides post-employment medical, prescription drug, and life insurance benefits to all eligible retirees and their surviving spouses. All active employees who retire from the Department and meet the eligibility criteria will be eligible to receive these benefits.

C. Funding Policy

Retirees contribute 29% of the cost of the medical and prescription drug plan, as determined by the MIIA Health Benefits Trust. Retirees also contribute 50% of the premium for a \$ 5,000 life insurance benefit. The Department contributes the remainder of the medical, prescription drug, and life insurance plan costs on a pay-as-you-go basis.

D. Annual OPEB Costs and Net OPEB Obligation

The Town's fiscal 2012 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the Town's annual OPEB cost for the year ending June 30, 2012, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of June 30, 2011.

	Governmental Funds	Water Fund	Sewer Fund	Stormwater Fund	Electric Fund	Total
Annual Required Contribution (ARC)	\$ 6,150,815	\$ 137,042	\$ 51,239	\$ 11,949	\$ 587,945	\$ 6,938,990
Interest on net OPEB obligation	407,537	11,436	4,210	520	25,437	449,140
Adjustment to ARC	<u>(394,024)</u>	<u>(11,057)</u>	<u>(4,041)</u>	<u>(503)</u>	<u>(21,697)</u>	<u>(431,322)</u>
Annual OPEB cost	6,164,328	137,421	51,408	11,966	591,685	6,956,808
Contributions made	(2,969,961)	(59,322)	(32,469)	(45)	(422,396)	(3,484,193)
Additional funding to trust	<u>(500,000)</u>	-	-	-	- ^(b)	<u>(500,000)</u>
Increase in net OPEB obligation	2,694,367	78,099	18,939	11,921	169,289	2,972,615
Net OPEB obligation - beginning of year	<u>8,579,719</u>	<u>240,768</u>	<u>88,634</u>	<u>10,950</u>	<u>1,165,800</u> ^(a)	<u>10,085,871</u>
Net OPEB obligation - end of year	<u>\$ 11,274,086</u>	<u>\$ 318,867</u>	<u>\$ 107,573</u>	<u>\$ 22,871</u>	<u>\$ 1,335,089</u>	<u>\$ 13,058,486</u>

^(a) Does not include FY2011 restricted contribution of \$ 1,165,800

^(b) Does not include FY2012 restricted contribution of \$ 169,289

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

Fiscal year ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 6,956,808	50.08%	\$ 13,058,486
2011	\$ 6,733,892	48.16%	\$ 9,248,292
2010	\$ 6,522,905	57.09%	\$ 5,757,459
2009	\$ 6,326,701	53.24%	\$ 2,958,316

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

E. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 94,458,486
Actuarial value of plan assets	<u>1,167,161</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 93,291,325</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>1.24%</u>
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into

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

F. Actuarial Methods and Assumptions

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

In the June 30, 2011 actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.75% investment rate of return (7.75% for the Reading Municipal Light Department) and an initial annual healthcare cost trend rate of 9.0% which decreases to a 5.0% long-term rate for all healthcare benefits after six years. The amortization costs for the initial UAAL is a level percentage of payroll amortization, with amortization payments increasing at 2.5% per year for a period of 20 years.

16. Contributory Retirement System

The Town follows the provisions of GASB Statement No. 27, *Accounting for Pensions for State and Local Government Employees*, (as amended by GASB 50) with respect to the employees' retirement funds.

A. Plan Description and Contribution Information

Substantially all employees of the Town (except teachers and administrators under contract employed by the School Department) are members of the Reading Contributory Retirement System (Reading CRS), a cost sharing, multiple employer defined benefit PERS. Eligible employees must participate in the Reading CRS. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the Reading CRS Retirement Board. Chapter 32 also establishes contribution

percentages and benefits paid. The Reading CRS Retirement Board does not have the authority to amend benefit provisions. As required by Massachusetts General Laws, the System issues a separate report to the Commonwealth's Public Employee Retirement Administration Commission.

Membership of each plan consisted of the following at December 31, 2011:

Retirees and beneficiaries receiving benefits	327
Terminated plan members entitled to but not yet receiving benefits	34
Active plan members	<u>338</u>
Total	<u><u>699</u></u>
Number of participating employers	2

Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The percentage is determined by the participant's date of entry into the system. All employees hired after January 1, 1979 contribute an additional 2% on all gross regular earnings over the rate of \$ 30,000 per year. The percentages are as follows:

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

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

Schedule of Employer Contributions:

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2003	\$ 3,051,200	100%
2004	\$ 3,124,800	100%
2005	\$ 3,405,725	100%
2006	\$ 3,488,686	100%
2007	\$ 3,696,695	100%
2008	\$ 3,785,501	100%
2009	\$ 3,600,826	100%
2010	\$ 3,686,795	100%
2011	\$ 4,231,461	100%
2012	\$ 4,420,321	100%

B. Summary of Significant Accounting Policies

Basis of Accounting - Contributory retirement system financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments - Investments are reported at fair value in accordance with PERAC requirements.

C. Funded Status and Funding Progress

The information presented below is from the Reading Contributory Retirement System's most recent valuation.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percent- age of Covered Payroll [(b-a)/c]</u>
06/30/09	\$ 83,167	\$ 121,918	\$ 38,751	68.2%	\$ 21,005	184.5%
07/01/11	\$ 91,359	\$ 134,440	\$ 43,081	68.0%	\$ 20,934	205.8%

The Schedule of Funding Progress following the notes to the financial statements presents multi-year trend information about the actuarial value of plan assets relative to the actuarial accrued liability for benefits.

D. Actuarial Methods and Assumptions

The annual required contribution for the current year was determined as part of the actuarial valuation using the entry age normal actuarial cost method. Under this method an unfunded actuarial accrued liability of \$ 43.1 million was calculated. The actuarial assumptions included (a) 7.75% investment rate of return and (b) a projected salary increase of 4.75% - 8.00% per year. Liabilities for cost of living increases have been assumed at an annual increase of 3%, on the first \$ 12,000 of benefit payments. The actuarial value of assets is determined by projecting the market value of assets as of the beginning of the prior plan year with the assumed rate of return during that year (7.75%) and accounting for deposits and disbursements with interest at the assumed rate of return. An adjustment is then applied to recognize the difference between the actual investment return and expected return over a five-year period. As of June 30, 2012, the unfunded actuarially accrued liability is being amortized over 19 years using 4.5% increase in payments method.

E. Teachers

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

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

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

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

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

The Town's current year covered payroll for teachers and administrators was not available.

In fiscal year 2012, the Commonwealth of Massachusetts contributed \$ 7,181,588 to the MTRS on behalf of the Town. This is included in the education expenditures and intergovernmental revenues in the general fund.

17. Risk Management

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

18. Implementation of New GASB Standards

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

Town of Reading, Massachusetts Municipal Light Department

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The significant accounting policies of the Town of Reading Municipal Light Department ("the Department") (an enterprise fund of the Town of Reading) are as follows:

- A. Business Activity - The Department purchases electricity which it distributes to consumers within the towns of Reading, North Reading, Wilmington, and Lynnfield.
- B. Regulation and Basis of Accounting - Under Massachusetts General Laws, the Department's electric rates are set by the Municipal Light Board. Electric rates, excluding the fuel charge, cannot be changed more often than once every three months. Rate schedules are filed with the Massachusetts Department of Public Utilities (DPU). While the DPU exercises general supervisory authority over the Department, the Department's rates are not subject to DPU approval. The Department's policy is to prepare its financial statements in conformity with generally accepted accounting principles.

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

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

- C. Concentrations - The Department operates within the electric utility industry which has undergone significant restructuring and deregulation. Legislation was enacted by the Commonwealth of Massachusetts in 1998 which changed the electric industry. The law introduced competition and pro-

vided consumers with choices while assuring continued reliable service. Municipal utilities are not currently subject to this legislation.

- D. Retirement Trust - The Reading Municipal Light Department Employees' Pension Trust (the "Trust") was established on December 30, 1966, by the Town of Reading's Municipal Light Board pursuant to Chapter 164 of the General Laws of the Commonwealth of Massachusetts.

The Trust constitutes the principal instrument of a plan established by the Municipal Light Board for the purpose of funding the Department's annual required contribution to the Town of Reading Contributory Retirement System (the System), a cost sharing, multi-employer public employee retirement system.

- E. Revenues - Revenues are based on rates established by the Department and filed with the DPU. Revenues from sales of electricity are recorded on the basis of bills rendered from monthly meter readings taken on a cycle basis and are stated net of discounts. Recognition is given to the amount of sales to customers which are unbilled at the end of the fiscal period.
- F. Cash and Short-term Investments - For the purposes of the Statement of Cash Flows, the Department considers both restricted and unrestricted cash on deposit with the Town Treasurer to be cash or short-term investments. For purpose of the Statement of Net Assets, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.
- G. Investments - State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from date of purchase.

Investments for the Department and the Trust consist of shares in the Massachusetts Municipal Depository Trust (MMDT) and money market mutual funds. Because of their immediate liquidity, these funds are classified as cash and short-term investments in the accompanying financial statements.

- H. Inventory - Inventory consists of parts and accessories purchased for use in the utility business for construction, operation, and maintenance purposes and is stated at average cost. Meters and transformers are capitalized when purchased.

- I. Capital Assets and Depreciation - Capital assets, which include property, plant, equipment, and utility plant infrastructure, are recorded at historical cost or estimated historical cost when purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

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

Major outlays for capital assets and improvements are capitalized as they are acquired or constructed. Interest incurred during the construction phase of proprietary fund capital assets is included as part of the capitalized value of the constructed asset. When capital assets are retired, the cost of the retired asset, less accumulated depreciation, salvage value and any cash proceeds, is charged to the Department's unrestricted net assets account.

Massachusetts General Laws require utility plant in service to be depreciated at an annual rate of 3%. To change this rate, the Department must obtain approval from the DPU. Changes in annual depreciation rates may be made for financial factors relating to cash flow for plant expansion, rather than engineering factors relating to estimates of useful lives.

- J. Accrued Compensated Absences - Employee vacation leave is vested annually but may only be carried forward to the succeeding year with supervisor approval and, if appropriate, within the terms of the applicable Department policy or union contract. Generally, sick leave may accumulate according to union and Department contracts and policy, and is paid upon normal termination at the current rate of pay. The Department's policy is to recognize vacation costs at the time payments are made. The Department records accumulated, unused, vested sick pay as a liability. The amount recorded is the amount to be paid at termination at the current rate of pay.
- K. Long-Term Obligations - The proprietary fund financial statements report long-term debt and other long-term obligations as liabilities in the proprietary fund statement of net assets.
- L. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenues and expenses during the fiscal year. Actual results could vary from estimates that were used.
- M. Rate of Return - The Department's rates must be set such that earnings attributable to electric operations do not exceed eight percent of the net cost of plant. The audited financial statements are prepared in accordance

with auditing standards generally accepted in the United States of America. To determine the net income subject to the rate of return, the Department performs the following calculation. Using the net income per the audited financials, the return on investment to the Town of Reading is added back, the fuel charge adjustment is added or deducted, and miscellaneous debits/credits (i.e., gain/loss on disposal of fixed assets, etc.) are added or deducted, leaving an adjusted net income figure for rate of return purposes. Investment interest income and bond principal payments are then deducted from this figure to determine the net income subject to the rate of return. The net income subject to the rate of return is then subtracted from the allowable eight percent rate of return, which is calculated by adding the book value of net plant and the investment in associated companies less the contributions in aid of construction multiplied by eight percent. From this calculation, the Municipal Light Board will determine what cash transfers need to be made at year-end.

2. Cash and Short-Term Investments

Cash and short-term investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

Statement of net assets:

Unrestricted cash and short-term investments	\$ 9,957,960
Restricted cash and short-term investments	19,187,119

Fiduciary funds:

Cash and short-term investments	<u>4,476,777</u>
Total cash and investments	<u>\$ 33,621,856</u>

Cash and short-term investments at June 30, 2012 consist of the following:

Cash on hand	\$ 2,024
Deposits with financial institutions	<u>33,619,832</u>
Total cash investments	<u>\$ 33,621,856</u>

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that the fair value of an investment will be adversely affected by changes in market interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Department manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly

over time as necessary to provide the cash flow and liquidity needed for operations.

As of June 30, 2012, all Department (including the Pension Trust) monies were held in pooled investments with the Massachusetts Municipal Depository Trust (MMDT) and other money market mutual funds. Because of their immediate liquidity, these funds are classified as cash and short-term investments in the accompanying financial statements and are not considered to be exposed to significant interest rate risk.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assigning of a rating by a nationally recognized statistical rating organization. As of June 30, 2012, none of the Department's (including Pension Trust) short-term investments were exposed to significant credit risk.

Concentration of Credit Risk

The Department follows the Town of Reading's investment policy, which does not limit the amount that can be invested in any one issuer beyond that stipulated by Massachusetts General Laws. At June 30, 2012, the Department's (including Pension Trust) short-term investments were held in MMDT's investment pool and the Federated Prime Cash Obligations Fund, an open-end money market fund which invests primarily in a portfolio of short-term, high-quality, fixed income securities issued by banks, corporations, and the U.S. government.

Custodial Credit Risk

Custodial Credit Risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Department will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Department will not be able to recover the value of its investments or collateral securities that are in the possession of another party. Massachusetts General Laws, Chapter 44, Section 55, limits deposits "in a bank or trust company or banking company to an amount not exceeding sixty percent of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." The Department follows the Massachusetts statute as written, as well as the Town of Reading's deposit policy for custodial credit risk.

Because the Department pools its cash with the Town of Reading, the specific custodial credit risk of the Department's deposits could not be determined at June 30, 2012.

As of June 30, 2012, none of the Department's (including Pension Trust) short-term mutual fund investments were exposed to custodial credit risk.

3. Restricted Cash and Investments

Restricted cash and investments consist of the following at June 30, 2012:

	<u>Cash</u>
Depreciation fund	\$ 2,635,206
Construction fund	2,000,000
Deferred fuel reserve	2,270,044
Deferred energy conservation reserve	293,161
OPEB reserve	1,344,829
Rate stabilization	6,679,695
Reserve for uncollectible accounts	200,000
Sick leave benefits	2,982,916
Hazardous waste fund	150,000
Customer deposits	<u>631,268</u>
Total	<u>\$ 19,187,119</u>

The Department maintains the following restricted cash accounts:

- Depreciation fund - The Department is normally required to reserve 3.0% of capital assets each year to fund capital improvements.
- Construction fund - This represents additional funds set aside to fund capital expenditures.
- Deferred fuel reserve - The Department transfers the difference between the customers' monthly fuel charge adjustment and actual fuel costs into this account to be used in the event of a sudden increase in fuel costs.
- Deferred energy conservation reserve - This account is used to reserve monies collected from a special energy charge added to customer bills. Customers who undertake measures to conserve and improve energy efficiency can apply for rebates that are paid from this account.
- OPEB reserve - This account is used to account for the Department's contributions to fund its actuarially determined Other Post-Employment Benefits (OPEB) liability.

- Rate stabilization - This represents amounts set aside to help stabilize cost increases resulting from fluctuations in purchase power costs.
- Reserve for uncollectible accounts - This account was set up to offset a portion of the Department's bad debt reserve.
- Sick leave benefits - This account is used to offset the Department's actuarially determined compensated absence liability.
- Hazardous waste fund - This reserve was set up by the Board of Commissioners to cover the Department's insurance deductible in the event of a major hazardous materials incident.
- Customer deposits - Customer deposits that are held in escrow.

4. Accounts Receivable

Accounts receivable consists of the following at June 30, 2012:

Customer Accounts:		
Billed	\$ 2,646,502	
Less allowances:		
Uncollectible accounts	(200,000)	
Sales discounts	<u>(249,097)</u>	
Total billed		2,197,405
Unbilled, net		<u>4,915,937</u>
Total customer accounts		7,113,342
Other Accounts:		
Merchandise sales	118,886	
MMWEC refund	516,183	
FEMA grant	325,007	
Liens and other	<u>42,304</u>	
Total other accounts		<u>1,002,380</u>
Total net receivables		<u>\$ 8,115,722</u>

5. Prepaid Expenses

Prepaid expenses consist of the following:

Insurances	\$ 303,507
Purchase power	54,868
NYPA prepayment fund	241,849
WC Fuel - Watson	<u>162,706</u>
Total	<u>\$ 762,930</u>

6. Inventory

Inventory is comprised of supplies and materials at June 30, 2012, and is valued using the average cost method.

7. Investment in Associated Companies

Under agreements with the New England Hydro-Transmission Electric Company, Inc. (NEH) and the New England Hydro-Transmission Corporation (NHH), the Department has made the following advances to fund its equity requirements for the Hydro-Quebec Phase II interconnection. The Department is carrying its investment at cost, reduced by shares repurchased. The Department's equity position in the Project is less than one-half of one percent.

Investment in associated companies consists of the following, at June 30, 2012:

New England Hydro-Transmission Electric Company, Inc.	\$ 2,976
New England Hydro-Transmission Corporation	<u>58,598</u>
Total	<u>\$ 61,574</u>

8. Capital Assets

The following is a summary of fiscal year 2012 activity in capital assets (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Structures and improvements	\$ 13,667	\$ 367	\$ -	\$ 14,034
Equipment and furnishings	30,364	252	(145)	30,471
Infrastructure	<u>74,662</u>	<u>4,608</u>	<u>(1,588)</u>	<u>77,682</u>
Total capital assets, being depreciated	118,693	5,227	(1,733)	122,187
Less accumulated depreciation for:				
Structures and improvements	(7,158)	(391)	-	(7,549)
Equipment and furnishings	(17,617)	(969)	145	(18,441)
Infrastructure	<u>(27,624)</u>	<u>(2,192)</u>	<u>1,024</u>	<u>(28,792)</u>
Total accumulated depreciation	<u>(52,399)</u>	<u>(3,552)</u>	<u>1,169</u>	<u>(54,782)</u>
Total capital assets, being depreciated, net	66,294	1,675	(564)	67,405
Capital assets, not being depreciated:				
Land	<u>1,266</u>	-	-	<u>1,266</u>
Total capital assets, not being depreciated	<u>1,266</u>	-	-	<u>1,266</u>
Capital assets, net	<u>\$ 67,560</u>	<u>\$ 1,675</u>	<u>\$ (564)</u>	<u>\$ 68,671</u>

9. Accounts Payable

Accounts payable represent fiscal 2012 expenses that were paid after June 30, 2012.

10. Customer Deposits

This balance represents deposits received from customers that are held in escrow.

11. Customer Advances for Construction

This balance represents deposits received from vendors in advance for work to be performed by the Department. The Department recognizes these deposits as revenue after the work has been completed.

12. Accrued Liabilities

Accrued liabilities consist of the following at June 30, 2012:

Accrued payroll	\$ 268,823
Accrued sales tax	188,244
Other	<u>12,839</u>
Total	<u>\$ 469,906</u>

13. Due to Retirement Trust

This balance represents the Department's fiscal year 2012 contribution to the Reading Municipal Light Department Employees' Pension Trust, which was a cash transfer in transit at June 30, 2012.

14. Accrued Employee Compensated Absences

Department employees are granted sick leave in varying amounts. Upon retirement, termination, or death, employees are compensated for unused sick leave (subject to certain limitations) at their then current rates of pay.

15. Restricted Net Assets

The proprietary fund financial statements report restricted net assets when external constraints are placed on net assets. Specifically, restricted net

assets represent depreciation fund reserves, which are restricted for future capital costs.

16. Post-Employment Healthcare and Life Insurance Benefits

Other Post-Employment Benefits

The Department follows GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. Statement 45 requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statements of Revenues, Expenses, and Changes in Net Assets when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statements of Net Assets over time.

A. Plan Description

In addition to providing the pension benefits described in Note 17, the Department provides post-employment health and life insurance benefits for retired employees through the Town of Reading's Massachusetts Inter-local Insurance Association (MIIA) Health Benefits Trust. Benefits, benefit levels, employee contributions and employer contributions are governed by Chapter 32 of the Massachusetts General Laws. As of June 30, 2011, the actuarial valuation date, approximately 73 retirees and 50 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

The Department provides post-employment medical, prescription drug, and life insurance benefits to all eligible retirees and their surviving spouses. All active employees who retire from the Department and meet the eligibility criteria will be eligible to receive these benefits.

C. Funding Policy

As of the June 30, 2011, the actuarial valuation date, retirees were required to contribute 29% of the cost of the medical and prescription drug plan, as determined by the MIIA Health Benefits Trust. Retirees also contribute 50% of the premium for a \$ 5,000 life insurance benefit. The Department contributes the remainder of the medical, prescription drug, and life insurance plan costs on a pay-as-you-go basis.

D. Annual OPEB Costs and Net OPEB Obligation

The Department's fiscal 2012 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of twenty years. The following table shows the components of the Department's annual OPEB cost for the year ending June 30, 2012, the amount actually contributed to the plan, and the change in the Department's net OPEB obligation based on an actuarial valuation as of June 30, 2011.

Annual Required Contribution (ARC)	\$ 494,220
Interest on net OPEB obligation	<u>93,725</u>
Annual OPEB cost	587,945
Contributions made	<u>(418,656)</u>
Increase in net OPEB obligation	169,289
Net OPEB obligation - beginning of year	<u>1,165,800</u>
Net OPEB obligation - end of year	<u>\$ 1,335,089</u>

The Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012 and the two preceding fiscal years were as follows:

<u>Fiscal year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 587,945	71.21%	\$1,335,089
2011	\$ 905,981	61.11%	\$1,165,800
2010	\$ 878,668	57.09%	\$ 813,461

The Department's net OPEB obligation as of June 30, 2012 is recorded as a component of the "noncurrent liabilities" line item in the Statements of Net Assets.

E. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 8,643,438
Actuarial value of plan assets	<u>1,167,161</u>
Unfunded actuarial accrued liability (UAAL)	\$ <u>7,476,277</u>
Funded ratio (actuarial value of plan assets/AAL)	13.5%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

In fiscal year 2010, the Department's Board of Commissioners voted to accept the provisions of Massachusetts General Law Chapter 32B §20, to create an *Other Post-Employment Benefits Liability Trust Fund* as a mechanism to set aside monies to fund its OPEB liability. In fiscal year 2012, the Department contributed \$ 169,289 to this fund, which was equal to its actuarially determined annual contribution. Because these monies are not held in an irrevocable trust supported by a trust instrument, they are reported as restricted net assets on the Department's Statements of Net Assets, rather than in the fiduciary funds. However, the monies set aside by the Department are actuarially considered to be Department plan assets in the June 30, 2011 OPEB actuarial valuation report.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

F. Actuarial Methods and Assumptions

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

In the June 30, 2011 actuarial valuation, the Projected Unit Credit actuarial cost method was used. The Department's actuarial value of assets was

\$ 1,167,161. The actuarial assumptions included a 7.75% investment rate of return and an initial annual health care cost trend rate of 9.0% which decreases to a 5.0% long-term rate for all health care benefits after seven years. The amortization costs for the initial UAAL is a level percentage of payroll amortization, with amortization payments increasing at 2.5% per year for a period of 20 years.

17. Pension Plan

The Department follows the provisions of GASB Statement No. 27, (as amended by GASB 50) *Accounting for Pensions for State and Local Government Employees*, with respect to the employees' retirement funds. Chapter 32 of the Massachusetts General Laws assigns the System the authority to establish and amend benefit provisions of the plan, and the State legislature has the authority to grant cost-of-living increases. The System issues a publicly available financial report which can be obtained through the Town of Reading Contributory Retirement system at Town Hall, Reading, MA.

A. Plan Description

The Department contributes to the Town of Reading Contributory Retirement System (the System), a cost sharing, multiple-employer, defined benefit pension plan administered by a Town Retirement Board. The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws assigns the System the authority to establish and amend benefit provisions of the plan, and grant cost-of-living increases.

B. Funding Policy

Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Department is required to pay into the System its share of the remaining system wide actuarially determined contribution plus administration costs which are apportioned among the employers based on active covered payroll. The contributions of plan members and the Department are governed by Chapter 32 of the Massachusetts General Laws. The Department's contributions to the System for the years ended June 30, 2012, 2011, and 2010 were \$ 1,336,326, \$ 1,278,695, and \$ 919,336, respectively, which were equal to its annual required contributions for each of these years.

18. Participation in Massachusetts Municipal Wholesale Electric Company

The Town of Reading, acting through its Light Department, is a participant in certain Projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC).

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in, and to issue revenue bonds to finance, electric facilities (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities. MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other utilities (Project Participants) under Power Sales Agreements (PSAs). Among other things, the PSAs require each Project Participant to pay its *pro rata* share of MMWEC's costs related to the Project, which costs include debt service on the revenue bonds issued by MMWEC to finance the Project, plus 10% of MMWEC's debt service to be paid into a Reserve and Contingency Fund. In addition, should a Project Participant fail to make any payment when due, other Project Participants of that Project may be required to increase (step-up) their payments and correspondingly their Participant's share of that Project's Project Capability to an additional amount not to exceed 25% of their original Participant's share of that Project's Project Capability. Project Participants have covenanted to fix, revise and collect rates at least sufficient to meet their obligations under the PSAs.

MMWEC has issued separate issues of revenue bonds for each of its eight Projects, which are payable solely from, and secured solely by, the revenues derived from the Project to which the bonds relate, plus available funds pledged under MMWEC's Amended and Restated General Bond Resolution (GBR) with respect to the bonds of that Project. The MMWEC revenues derived from each Project are used solely to provide for the payment of the bonds of any bond issue relating to such Project and to pay MMWEC's cost of owning and operating such Project and are not used to provide for the payment of the bonds of any bond issue relating to any other Project.

MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has a 3.7% interest in the W.F. Wyman Unit No. 4 plant, which is operated and owned by its majority owner, FPL Energy Wyman IV, LLC, a subsidiary of NextEra Energy Resources LLC (formerly FPL Energy LLC), and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. (DNCI), the majority owner and an indirect subsidiary of Dominion Resources, Inc. DNCI also owns and operates the Millstone Unit 2

nuclear unit. The operating license for the Millstone Unit 3 nuclear unit extends to November 25, 2045.

A substantial portion of MMWEC's plant investment and financing program is an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC (NextEra Seabrook) (formerly FPL Energy Seabrook LLC), the majority owner and an indirect subsidiary of NextEra Energy Resources LLC (formerly FPL Energy LLC). The operating license for Seabrook Station extends to March, 2030. NextEra Seabrook has submitted an application to extend the Seabrook Station operating license for an additional 20 years.

Pursuant to the PSAs, the MMWEC Seabrook and Millstone Project Participants are liable for their proportionate share of the costs associated with decommissioning the plants, which costs are being funded through monthly Project billings. Also the Project Participants are liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act (Act). Originally enacted in 1957, the Act has been renewed several times. In July 2005, as part of the Energy Policy Act of 2005, Congress extended the Act until the end of 2025.

Reading Municipal Light Department has entered into PSAs and Power Purchase Agreements (PPAs) with MMWEC. Under both the PSAs and PPAs, the Department is required to make certain payments to MMWEC payable solely from Department revenues. Under the PSAs, each Participant is unconditionally obligated to make all payments due to MMWEC, whether or not the Project(s) is completed or operating, and notwithstanding the suspension or interruption of the output of the Project(s).

MMWEC is involved in various legal actions. In the opinion of MMWEC management, the outcome of such actions will not have a material adverse effect on the financial position of the company.

Seven municipal light departments that are Participants under PSAs with MMWEC have submitted a demand for arbitration of a dispute relating to charges under the PSAs. MMWEC cannot predict the outcome of the arbitration demand, but in the opinion of MMWEC management, it will not have a material adverse effect on the financial position of MMWEC.

Total capital expenditures for MMWEC's Projects amounted to \$ 1,586,581,000, of which \$ 113,528,000 represents the amount associated with the Department's share of Project Capability of the Projects in which it participates, although such amount is not allocated to the Department. MMWEC's debt outstanding for the Projects includes Power Supply Project Revenue Bonds totaling \$ 284,005,000, of which \$ 12,913,000 is associated with the Department's share of Project Capability of the Projects in which it participates, although such amount is not allocated to the Department. After the July 1, 2012 principal payment, MMWEC's total future debt service requirement on outstand-

ing bonds issued for the Projects is \$ 308,241,000, of which \$ 13,478,000 is anticipated to be billed to the Department in the future.

The estimated aggregate amount of Reading Municipal Light Department's required payments under the PSAs and PPAs, exclusive of the Reserve and Contingency Fund billings, to MMWEC at June 30, 2012 and estimated for future years is shown below.

	<u>Annual Costs</u>
For years ended June 30, 2013	\$ 4,042,000
2014	3,552,000
2015	2,574,000
2016	2,700,000
2017	1,472,000
2018 - 2020	<u>(862,000)</u>
Total	<u>\$ 13,478,000</u>

In addition, under the PSAs, the Department is required to pay to MMWEC its share of the Operation and Maintenance (O&M) costs of the Projects in which it participates. The Department's total O&M costs including debt service under the PSAs were \$ 12,596,000 and \$ 14,350,000 for the years ended June 30, 2012 and 2011, respectively.

19. Renewable Energy Certificates

In 2003, the Massachusetts Department of Energy and Environmental Affairs adopted the Massachusetts Renewable Energy Portfolio Standard (RPS), a regulation that requires Investor Owned Utilities (IOUs) to purchase mandated amounts of energy generated by renewable resources (Green Energy) as a percentage of their overall electricity sales. The Massachusetts RPS applies only to IOUs, so the Department is currently exempt from this mandate.

Energy suppliers meet their annual RPS obligations by acquiring a sufficient quantity of RPS-qualified renewable energy certificates (RECs) that are created and recorded at the New England Power Pool (NEPOOL) Generation Information System (GIS). Suppliers can purchase RECs from electricity generators or from other utilities that have acquired RECs.

As part of its ongoing commitment to Green Energy, the Department has entered into Purchase Power Agreements (PPAs) with Swift River Hydro LLC and Concord Steam Corporation to purchase power generated from renewable energy resources. These PPA's include the Department taking title to RECs, which certify that the energy produced was the product of a renewable resource. Because the Department is exempt from the RPS provisions, it has

the option of holding these RECs until they expire or selling them through the NEPOOL GIS.

In fiscal year 2012, the Department sold all of its 2011 Connecticut Class I REC holdings and retired all of its 2011 Connecticut Class II REC holdings, which expired on June 15, 2012. Proceeds totaling \$ 344,470 from the sale of the Class I REC holdings were netted against the Department's fiscal year 2012 purchased power fuel charge.

At June 30, 2012, the Department held a total of 13,192 additional Class I and Class II RECs with an estimated market value of \$ 401,980. Because there are no clear accounting guidelines for RECs and the Department does not have a formal policy for the future disposition of these RECs, they are not reported as an asset on the Statements of Net Assets.

20. Leases

Related Party Transaction - Property Sub-Lease

The Department is sub-leasing facilities to the Reading Town Employees Federal Credit Union. The original sub-lease agreement commenced in December 2000 and was extended by various amendments through November 30, 2011. An additional amendment, effective December 1, 2011, extends the lease through November 30, 2014. The following is the future minimum rental income for the years ending June 30:

2013	\$ 8,712
2014	8,712
2015	<u>3,630</u>
Total	<u>\$ 21,054</u>

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

June 30, 2012

(Unaudited)

(Amounts Expressed in thousands)

Employees' Retirement System

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
06/30/00	\$ 54,076	\$ 78,486	\$ 24,410	68.9%	\$ 15,798	154.5%
06/30/01	\$ 58,286	\$ 82,550	\$ 24,264	70.6%	\$ 16,129	150.4%
06/30/02	\$ 60,933	\$ 86,888	\$ 25,955	70.1%	\$ 16,855	154.0%
06/30/03	\$ 62,897	\$ 91,302	\$ 28,405	68.9%	\$ 16,734	169.7%
06/30/04	\$ 66,850	\$ 95,961	\$ 29,111	69.7%	\$ 17,487	166.5%
06/30/05	\$ 71,468	\$ 102,153	\$ 30,685	70.0%	\$ 18,048	170.0%
06/30/06	\$ 77,151	\$ 106,238	\$ 29,087	72.6%	\$ 18,860	154.2%
06/30/07	\$ 84,784	\$ 112,012	\$ 27,228	75.7%	\$ 19,313	141.0%
06/30/09	\$ 83,167	\$ 121,918	\$ 38,751	68.2%	\$ 21,005	184.5%
07/01/11	\$ 91,359	\$ 134,440	\$ 43,081	68.0%	\$ 20,934	205.8%

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
06/30/08	\$ -	\$ 60,023	\$ 60,023	0.0%	N/A	N/A
06/30/11	\$ 1,167	\$ 94,458	\$ 93,291	1.24%	N/A	N/A

See Independent Auditors' Report.

TOWN OF READING, MASSACHUSETTS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

	<u>Special Revenue Funds</u>			
	<u>Federal Grants</u>	<u>State Grants</u>	<u>Revolving Funds</u>	<u>Receipts Reserved</u>
<u>ASSETS</u>				
Cash and short-term investments	\$ (95,452)	\$ 1,385,819	\$ 3,211,721	\$ 1,130,155
Investments	-	-	-	-
Receivables:				
Departmental and other	-	-	2,159	-
Intergovernmental	<u>151,613</u>	<u>-</u>	<u>92,502</u>	<u>-</u>
Total Assets	<u>\$ 56,161</u>	<u>\$ 1,385,819</u>	<u>\$ 3,306,382</u>	<u>\$ 1,130,155</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Warrants payable	\$ 15,742	\$ 50,404	\$ 46,994	\$ -
Accrued liabilities	51,115	232,632	62,565	-
Deferred revenue	-	-	94,661	-
Retainage payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	66,857	283,036	204,220	-
Fund Balances:				
Non-spendable	-	-	-	-
Restricted	10,918	1,411,768	3,102,162	1,130,155
Unassigned	<u>(21,614)</u>	<u>(308,985)</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>(10,696)</u>	<u>1,102,783</u>	<u>3,102,162</u>	<u>1,130,155</u>
Total Liabilities and Fund Balance	<u>\$ 56,161</u>	<u>\$ 1,385,819</u>	<u>\$ 3,306,382</u>	<u>\$ 1,130,155</u>

Special Revenue Funds

<u>Gifts and Donations</u>	<u>Trust Funds</u>	<u>Other Trust Funds</u>	<u>Subtotals</u>
\$ 492,841	\$ 4,104,393	\$ 198,401	\$ 10,427,878
-	4,714,352	-	4,714,352
-	-	-	2,159
-	-	-	244,115
<u>\$ 492,841</u>	<u>\$ 8,818,745</u>	<u>\$ 198,401</u>	<u>\$ 15,388,504</u>
\$ 43,033	\$ 6,125	\$ -	\$ 162,298
133	-	-	346,445
-	-	-	94,661
-	-	-	-
43,166	6,125	-	603,404
-	3,575,769	-	3,575,769
449,675	5,236,851	198,401	11,539,930
-	-	-	(330,599)
<u>449,675</u>	<u>8,812,620</u>	<u>198,401</u>	<u>14,785,100</u>
<u>\$ 492,841</u>	<u>\$ 8,818,745</u>	<u>\$ 198,401</u>	<u>\$ 15,388,504</u>

(continued)

TOWN OF READING, MASSACHUSETTS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

(continued)

	<u>Capital Project Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Town Capital Project Funds</u>	<u>School Capital Project Funds</u>	<u>Subtotals</u>	
<u>ASSETS</u>				
Cash and short-term investments	\$ 211,634	\$ 1,256,756	\$ 1,468,390	\$ 11,896,268
Investments	-	-	-	4,714,352
Receivables:				
Departmental and other	-	-	-	2,159
Intergovernmental	-	136,492	136,492	380,607
Total Assets	\$ 211,634	\$ 1,393,248	\$ 1,604,882	\$ 16,993,386
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Warrants payable	\$ 29,034	\$ 6,994	\$ 36,028	\$ 198,326
Accrued liabilities	-	-	-	346,445
Deferred revenue	-	-	-	94,661
Retainage payable	-	1,104,104	1,104,104	1,104,104
Total Liabilities	29,034	1,111,098	1,140,132	1,743,536
Fund Balances:				
Non-spendable	-	-	-	3,575,769
Restricted	182,600	282,150	464,750	12,004,680
Unassigned	-	-	-	(330,599)
Total Fund Balance	182,600	282,150	464,750	15,249,850
Total Liabilities and Fund Balance	\$ 211,634	\$ 1,393,248	\$ 1,604,882	\$ 16,993,386

TOWN OF READING, MASSACHUSETTS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Funds			
	<u>Federal Grants</u>	<u>State Grants</u>	<u>Revolving Funds</u>	<u>Receipts Reserved</u>
Revenues:				
Departmental	\$ -	\$ -	\$ 5,407,629	\$ 31,980
Intergovernmental	2,134,483	2,112,628	186,961	-
Investment income	-	-	111	3,016
Other	-	-	95,020	-
	2,134,483	2,112,628	5,689,721	34,996
Total Revenues				
Expenditures:				
Current:				
General government	-	13,267	14,179	-
Public safety	140,651	80,665	874,003	-
Education	1,891,969	1,006,515	3,509,251	-
Public works	-	602,554	7,398	-
Health and human services	111,203	35,845	19,325	200,000
Culture and recreation	2,187	7,608	446,182	-
	2,146,010	1,746,454	4,870,338	200,000
Total Expenditures				
Excess (deficiency) of revenues over (under) expenditures	(11,527)	366,174	819,383	(165,004)
Other Financing Sources (Uses):				
Issuance of bonds	-	-	-	-
Transfers out	-	-	(146,748)	(325,000)
	-	-	(146,748)	(325,000)
Total Other Financing Sources (Uses)				
Change in fund balances	(11,527)	366,174	672,635	(490,004)
Fund Balances, beginning of year	831	736,609	2,429,527	1,620,159
Fund Balances, end of year	\$ (10,696)	\$ 1,102,783	\$ 3,102,162	\$ 1,130,155

Special Revenue Funds

<u>Gifts and Donations</u>	<u>Trust Funds</u>	<u>Other Trust Funds</u>	<u>Subtotals</u>
\$ -	\$ 3,085	\$ -	\$ 5,442,694
-	-	-	4,434,072
-	389,067	5,770	397,964
<u>230,439</u>	<u>12,794</u>	<u>5,000</u>	<u>343,253</u>
230,439	404,946	10,770	10,617,983
2,928	28,642	-	59,016
50	-	-	1,095,369
113,614	-	8,032	6,529,381
2,515	120,001	-	732,468
4,534	126,559	-	497,466
<u>104,486</u>	<u>4,722</u>	<u>-</u>	<u>565,185</u>
<u>228,127</u>	<u>279,924</u>	<u>8,032</u>	<u>9,478,885</u>
2,312	125,022	2,738	1,139,098
-	-	-	-
<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(571,748)</u>
<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(571,748)</u>
(97,688)	125,022	2,738	567,350
<u>547,363</u>	<u>8,687,598</u>	<u>195,663</u>	<u>14,217,750</u>
<u>\$ 449,675</u>	<u>\$ 8,812,620</u>	<u>\$ 198,401</u>	<u>\$ 14,785,100</u>

(continued)

TOWN OF READING, MASSACHUSETTS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

(continued)

	Capital Project Funds			Total Nonmajor Governmental Funds
	Town Capital Project Funds	School Capital Project Funds	Subtotals	
Revenues:				
Departmental	\$ -	\$ -	\$ -	\$ 5,442,694
Intergovernmental	-	850,484	850,484	5,284,556
Investment income	-	-	-	397,964
Other	-	-	-	343,253
	-	850,484	850,484	11,468,467
Total Revenues				
Expenditures:				
Current:				
General government	132,699	-	132,699	191,715
Public safety	-	-	-	1,095,369
Education	5,242	1,881,474	1,886,716	8,416,097
Public works	1,632	-	1,632	734,100
Health and human services	-	-	-	497,466
Culture and recreation	-	-	-	565,185
	139,573	1,881,474	2,021,047	11,499,932
Total Expenditures				
Excess (deficiency) of revenues over (under) expenditures	(139,573)	(1,030,990)	(1,170,563)	(31,465)
Other Financing Sources (Uses):				
Issuance of bonds	-	1,000,000	1,000,000	1,000,000
Transfers out	(55,471)	-	(55,471)	(627,219)
	(55,471)	1,000,000	944,529	372,781
Total Other Financing Sources (Uses)				
Change in fund balances	(195,044)	(30,990)	(226,034)	341,316
Fund Balances, beginning of year	377,644	313,140	690,784	14,908,534
Fund Balances, end of year	\$ 182,600	\$ 282,150	\$ 464,750	\$ 15,249,850

TOWN OF READING, MASSACHUSETTS
NONMAJOR PROPRIETARY FUNDS
COMBINING SCHEDULE OF NET ASSETS

JUNE 30, 2012

	Business-Type Activities Enterprise Funds			
	Sewer Fund	Landfill Closure and Postclosure	Stormwater Management	Total
<u>ASSETS</u>				
Current:				
Cash and short-term investments	\$ 1,730,681	\$ 73,611	\$ 971,286	\$ 2,775,578
User fees, net of allowance for uncollectibles	1,514,951	-	114,928	1,629,879
Inventory	<u>2,957</u>	<u>-</u>	<u>-</u>	<u>2,957</u>
Total current assets	3,248,589	73,611	1,086,214	4,408,414
Noncurrent:				
Capital assets being depreciated, net	6,178,718	-	364,302	6,543,020
Capital assets not being depreciated	<u>116,682</u>	<u>-</u>	<u>170,227</u>	<u>286,909</u>
Total noncurrent assets	<u>6,295,400</u>	<u>-</u>	<u>534,529</u>	<u>6,829,929</u>
TOTAL ASSETS	9,543,989	73,611	1,620,743	11,238,343
<u>LIABILITIES</u>				
Current:				
Warrants payable	4,359	-	37,138	41,497
Accrued liabilities	61,778	-	2,758	64,536
Other current liabilities	-	73,611	-	73,611
Current portion of long-term liabilities:				
Bonds payable	<u>174,810</u>	<u>-</u>	<u>-</u>	<u>174,810</u>
Total current liabilities	240,947	73,611	39,896	354,454
Noncurrent:				
Bonds payable, net of current portion	165,522	-	-	165,522
Accrued employee benefits	11,321	-	16,360	27,681
Net OPEB obligation	<u>107,573</u>	<u>-</u>	<u>22,871</u>	<u>130,444</u>
Total noncurrent liabilities	<u>284,416</u>	<u>-</u>	<u>39,231</u>	<u>323,647</u>
TOTAL LIABILITIES	525,363	73,611	79,127	678,101
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	6,124,299	-	534,529	6,658,828
Unrestricted	<u>2,894,327</u>	<u>-</u>	<u>1,007,087</u>	<u>3,901,414</u>
TOTAL NET ASSETS	\$ <u>9,018,626</u>	\$ <u>-</u>	\$ <u>1,541,616</u>	\$ <u>10,560,242</u>

See notes to financial statements.

TOWN OF READING, MASSACHUSETTS

NONMAJOR PROPRIETARY FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities Enterprise Funds			Total
	Sewer Fund	Landfill Closure and Postclosure	Stormwater Management	
Operating Revenues:				
Charges for services	\$ 5,291,490	\$ -	\$ 394,810	\$ 5,686,300
Total Operating Revenues	5,291,490	-	394,810	5,686,300
Operating Expenses:				
Personnel expenses	385,072	-	154,807	539,879
Non personnel expenses	121,943	-	80,773	202,716
Intergovernmental	4,128,058	-	-	4,128,058
Depreciation	369,216	-	27,331	396,547
Energy purchases	26,964	-	-	26,964
Total Operating Expenses	5,031,253	-	262,911	5,294,164
Operating Income	260,237	-	131,899	392,136
Nonoperating Revenues (Expenses):				
Investment income	2,923	-	696	3,619
Interest expense	(2,742)	-	-	(2,742)
Total Nonoperating Revenues (Expenses)	181	-	696	877
Income Before Transfers	260,418	-	132,595	393,013
Capital contributions	181,800	-	-	181,800
Transfers out	(259,004)	-	-	(259,004)
Change in Net Assets	183,214	-	132,595	315,809
Net Assets at Beginning of Year	8,835,412	-	1,409,021	10,244,433
Net Assets at End of Year	\$ 9,018,626	\$ -	\$ 1,541,616	\$ 10,560,242

See notes to financial statements.

TOWN OF READING, MASSACHUSETTS
NONMAJOR PROPRIETARY FUNDS
COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities Enterprise Funds			Total
	Sewer Fund	Landfill Closure and Postclosure	Stormwater Management	
<u>Cash Flows From Operating Activities:</u>				
Receipts from customers and users	\$ 5,281,574	\$ 5,469	\$ 395,963	\$ 5,683,006
Payments to vendors and employees	(475,016)	-	(184,700)	(659,716)
Payments to other governments	<u>(4,128,058)</u>	<u>-</u>	<u>-</u>	<u>(4,128,058)</u>
Net Cash Provided By Operating Activities	678,500	5,469	211,263	895,232
<u>Cash Flows From Noncapital Financing Activities:</u>				
Transfer out	<u>(259,004)</u>	<u>-</u>	<u>-</u>	<u>(259,004)</u>
Net Cash (Used For) Noncapital Financing Activities	(259,004)	-	-	(259,004)
<u>Cash Flows From Capital and Related Financing Activities:</u>				
Proceeds from issuance of bonds and notes	222,200	-	-	222,200
Acquisition of capital assets	(633,675)	-	(170,227)	(803,902)
Capital grants and contributions	181,800	-	-	181,800
Principal payments on bonds and notes	(117,964)	-	-	(117,964)
Interest expense	<u>(2,742)</u>	<u>-</u>	<u>-</u>	<u>(2,742)</u>
Net Cash (Used For) Capital and Related Financing Activities	(350,381)	-	(170,227)	(520,608)
<u>Cash Flows From Investing Activities:</u>				
Investment income	<u>2,923</u>	<u>-</u>	<u>696</u>	<u>3,619</u>
Net Cash Provided By Investing Activities	2,923	-	696	3,619
Net Change in Cash and Short-Term Investments	72,038	5,469	41,732	119,239
Cash and Short Term Investments, Beginning of Year	<u>1,658,643</u>	<u>68,142</u>	<u>929,554</u>	<u>2,656,339</u>
Cash and Short Term Investments, End of Year	<u>\$ 1,730,681</u>	<u>\$ 73,611</u>	<u>\$ 971,286</u>	<u>\$ 2,775,578</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u>				
Operating income	\$ 260,237	\$ -	\$ 131,899	\$ 392,136
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	369,216	-	27,330	396,546
Changes in assets and liabilities:				
User fees receivables	(9,916)	-	1,153	(8,763)
Inventory and prepayments	551	-	-	551
Warrants payable	(24,309)	-	35,414	11,105
Other liabilities	63,782	5,469	3,546	72,797
OPEB liability	<u>18,939</u>	<u>-</u>	<u>11,921</u>	<u>30,860</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ 678,500</u>	<u>\$ 5,469</u>	<u>\$ 211,263</u>	<u>\$ 895,232</u>

See notes to financial statements.

ADMINISTRATION DEPARTMENT

Board of Selectmen

Selectman John Arena was elected to his first three year term replacing Camille Anthony who chose not to run for re-election. For Fiscal Year 2013, Stephen Goldy served as Chairman, Ben Tafoya served as Vice Chairman and Richard Schubert as Secretary. Mary Kate Kelley and Eric Johnson were appointed as the Youth Liaisons to the Board of Selectmen.

Personnel and Volunteers

The Board of Selectmen:

- Town Manager Peter Hechenbleikner announced his plan to retire effective June 1, 2013
- Sharon Angstrom was hired as Town Accountant to replace Gail LaPointe who retired in June of 2012.
- Reappointed Brackett and Lucas as Town Counsel.

In the area of Boards, Committees and Commissions, the Board of Selectmen:

- Approved the policy establishing a Town Accountant Search Committee.
- Approved the policy establishing the Sturges Park Planning Committee.
- Approved amendments to the policies establishing the Human Relations Advisory Committee, the Reading Climate Advisory Committee, the Economic Development Committee, the Reading Trails Committee, and the Fall Street Faire Committee with sunset clauses expiring June 30, 2015.
- Changed the name of the Advisory Committee on the Cities for Climate Protection Program to Reading Climate Advisory Committee.
- Considered the option for remote participation at meetings for Board, Committee and Commissions and the consensus of the Board was Reading did not need remote participation.
- Approved the policy establishing the Town Manager Search Committee.
- Extended the term of the Sturges Park Planning Committee to February 28, 2013.

The following individuals were either newly appointed or re-appointed by the Board of Selectmen to the following Boards, Committees or Commissions:

- Animal Control Appeals Committee - Catherine Folan
- Board of Appeals – Robert A. Redfern, David Traniello and Kathleen Hackett
- Board of Cemetery Trustees – Mary R. Vincent, William C. Brown
- Board of Health – Barbara A. Meade
- Board of Registrars – Gloria R. Hulse
- Celebration Committee – Kurt Habel
- Climate Advisory Committee – Joan Boegel, Ray Porter, Gina Snyder (Associate), Michele Benson (moved from Associate to full member) and Laurie Ann Sylvia (Associate)
- Commissioners of Trust Funds – Neil L. Cohen

- Community Planning and Development Commission – Jeffrey Hansen, George Katsoufis (Associate), and Donna Dudley
- Conservation Commission – Brian F. Sullivan, Will Finch, and Barbara Stewart
- Constable – Thomas H. Freeman
- Council on Aging – Margaret Havey, Thomas Procopio, Erica Lynne Deane and Prabha Sankaran
- Cultural Council – Jacalyn Wallace, Nancy Snow, Lynne A. Cassinari, Eileen Collins and Catherine Folan
- Economic Development Committee – George A. Rio, Camille Anthony (Associate), Maria Higgins (Associate), Karl Weld (Associate), and John Russell (Associate)
- Fall Street Faire Committee – Stephen Goldy
- Historical Commission – Carl Mittnight, Sharlene Reynolds Santo, Nancy Kohl (Associate), and Virginia Adams (Associate)
- Housing Authority – Mary E. Connors
- Human Relations Advisory Committee – Prabha Sankaran, Monique Pillow Gnanaratnam, Jacalyn Wallace, Camille Anthony (Associate), and Robin I. Decker (Associate)
- RCTV Board of Directors – Kevin Walsh
- Recreation Committee – Nancy Linn Swain, Mary Ellen Stolecki, Eric Hughes, and Joseph Rossetti (Associate)
- Town Forest Committee – Terence Selle, Richard Wetzler, Thomas S. Gardiner (Associate), and Louis DeBrigard (Associate)
- Trails Committee – Thomas S. Gardiner, Terence Selle, Jean Jacobs, and John E. Parsons (Associate)
- Volunteer Appointment Subcommittee – Richard Schubert and John Arena
- West Street Historic District Commission – Virginia Adams and Priscilla Poehler

Licensing and Permits

In the area of licenses the Board of Selectmen:

- Granted a temporary construction license permitting the removal of the Camp Curtis Guild buildings and utility structures from town-owned conservation land, along with associated site work including site remediation as noted in the Conservation Order of Conditions #277-0597.
- Approved the license for underground parking containing 76 parking spaces (1140 gallons of fuel) at 30 Haven Street; and for 67 parking spaces (storage of 1,005 gallons of gasoline) in the underground parking garage at 4 Summit Drive.
- Entered into a one year license with the MBTA for use of the Vine Street parking lot.

The Reading Police Department conducted a compliance check that resulted in the Board of Selectmen suspending three liquor licenses including The Wine Shop of Reading, The Wine Bunker and Sam's Bistro. The Wine Shop of Reading received a five day suspension due to the fact that it was their second offense and the Wine Bunker and Sam's Bistro received three day suspensions.

After Town Meeting approved the fingerprinting bylaw for certain licenses, the Board of Selectmen set the fees for fingerprinting pursuant to Section 5.4 of the Reading General Bylaw – “Criminal History Check Authorization” at \$100 per applicant. This is required for hawking/peddling, door to door sales, taxi/livery, Class II and III and alcohol licenses.

Community Development

Typically, the Recreation Committee grants permits for amplified sound, but if it is for a prolonged use, then it goes to the Board of Selectmen. In February 2012 the Board of Selectmen approved the policy on Amplified Sound in Public Parks to guide them in their decision making.

The Board of Selectmen met frequently with the Conservation Commission regarding amendments to the Conservation Regulations. This was in response to concerns about the attitude of the Conservation Commission, complaints about the cost of delineation and complaints about set back regulations. After several months of work by staff and volunteers, the Conservation Commission adopted a much more user friendly set of regulations.

The Board also met with the Historical Commission regarding the Demolition Delay Bylaw and the process of how property is put on the inventory.

With the development of 30 Haven Street property it was brought to the Board’s attention that the alleyway leading to the Brande Court parking lot needed a name. The Board approved the naming of the alleyway from Haven Street to the parking lot as Atlantic Way.

The Selectmen approved the renaming of the Senior Center as the Pleasant Street Center which will allow flexibility for uses.

The Board of Selectmen also approved the draft Open Space and Recreation Plan.

The Board of Selectmen approved the Inter-Municipal Agreement between the City of Melrose, the Town of Wakefield, the Town of Saugus, and the Town of Reading for the Veterans’ Services Department.

Infrastructure

Work began on the repairs to the drainage and sewer systems at Tennyson, Whittier and Browning which is otherwise known as Poet’s Corner.

The Board of Selectmen voted to approve the discontinuance of the plan known as Old Pearl Street and the Town will retain an easement to an old water main that is on that property. The Board of Selectmen also approved discontinuance of two parts of Grant Street and those properties will revert back to the original property owners.

After being approached by the Department of Environmental Protection to abandon area well fields, the consensus of the Board of Selectmen was not to abandon the wells at this time, and that the \$50,000 per year spent to maintain them is an insurance policy worth paying should there be an unforeseen drought or other catastrophe in the future.

The Board of Selectmen authorized the Town Manager to negotiate the sale of two 3,700+/- square foot assemblage parcels at the intersection of Pearl Street and Audubon Road with the two abutting property owners, but the property owners were not willing to pay the minimum asking price.

The Board of Selectmen authorized the Town Manager to arrange for the bid for sale pursuant to Chapter 30b regulations, one 17,800 +/-square foot parcel at the intersection of Pearl Street and Audubon Road.

The Board of Selectmen also authorized the Town Manager to arrange for the bid for sale pursuant to Chapter 30b regulations, one +/-31,614 square foot parcel of land on Lothrop Road known as plat 9 lot 3 on the Town of Reading Assessor's map.

Financial

The Board approved the amended agreement between the Town of Reading, Town of Wakefield, and the City of Melrose for regional public health services.

In July 2012 the Board of Selectmen approved the Interlocal Agreement with Wakefield for Tax Assessment Services. The agreement is for 18 months to share the current Assessor Director in Wakefield 50/50 and there is a clause to opt out if it is not working.

The Board of Selectmen adopted a policy on Procurement Cards which will allow a limited number of employees to make purchases with suppliers who do not accept purchase orders and adopted Section 1.13 of the Board of Selectmen Policies – Policy Providing for the Use of Purchasing Cards.

Economic Development

One element of our financial success is our success in economic development, highlights include:

- Location of a number of new businesses in the community.
- The Reading Fall Street Faire, in its 4th year, has fast become a beloved and successful tradition in Reading, celebrated the second Sunday of September.
- The Town is making progress on implementation of the Licensing & Permitting Software in the Community Services and other departments, which when fully implemented will make tracking and the issuance of development permits and licenses easier. Eventually customers will be able to track the progress of their own permits.

CONSERVATION DIVISION

The Commission holds public meetings on the second and fourth Wednesday of each month, or as otherwise announced. Meetings normally begin at 7:00 PM. The Commission's office is located at Town Hall, 16 Lowell Street, Reading, MA 01867. The telephone number is 781-942-6616.

Wetlands Protection Activities

During 2012, the Conservation Commission reviewed 33 permit applications for proposed work and wetlands delineation. The Commission held 30 public hearings and public meetings and performed more than 167 site inspections regarding the permit applications and construction. The Commission also issued 121 decisions including permits, resource area delineations, extensions, and amendments. The Commission made final site inspections and closed 30 project files. The Commission identified and resolved 3 violations. The Administrator reviewed and signed off on 440 building permits and 29 minor projects, and performed 415 site inspections. The Commission collected \$6,511.00 in filing fees under the Wetlands Protection Act and \$19,104.88 under the Wetlands Protection Bylaw.

The Commission has a primary role in administering the following statutes and regulations:

- Massachusetts Wetlands Protection Act, M.G.L. Chapter 131, Section 40
- Massachusetts Wetlands Protection Act Regulations at 310 CMR 10.00
- Town of Reading Wetlands Protection Bylaw, and Reading Wetlands Protection Bylaw Regulations

The Conservation Commission administers several types of permit review processes under the Massachusetts Wetlands Protection Act and the Town of Reading Wetlands Protection Bylaw. Projects involving proposed disturbance within a Wetland Resource Area, associated Buffer Zone, or Riverfront Area will require the filing of a Notice of Intent by the project sponsor. This process involves a comprehensive review of potential project impacts to protected areas, and eventually results in the issuance by the Conservation Commission of an Order of Conditions or an Order of Denial.

An Abbreviated Notice of Resource Area Delineation (ANRAD), for review of Wetland Resource Areas, is generally utilized for large tracts of undeveloped land, and results in an Order of Resource Area Delineation. Applicants proposing projects with limited potential impact may be advised to submit a Request for a Determination of Applicability (RDA). The RDA process is generally less demanding upon the applicant than the NOI process. Projects with insignificant potential impacts may be reviewed under a Bylaw Minor Project Permit.

The Commission is also involved, in coordination with other governmental bodies, in numerous other regulatory activities including the following:

- Management of conservation properties in Reading
- Administration of the Massachusetts Public Waterfront Act, M.G.L. Chapter 91 and associated Public Waterfront Act Regulations at 310 CMR. 9.00

- Review and comment on forest land and agricultural land purchase options under M.G.L. Chapters 61 and 61A
- Review and comment on housing development plans under M.G.L. Chapter 40B
- Review and comment on forest management plans under M.G.L. Chapter 132
- Review and permitting of beaver activity controls in Wetlands Resource Areas under M.G.L. Chapter 131

In addition to the statutes and regulations listed above, the Conservation Office reviews permit applications received by the Planning, Building Inspection, and Public Health matters within the jurisdiction of the Conservation Commission. In many cases, this “sign-off” process involves a visit to the site to ascertain whether jurisdictional areas are present.

Natural Resources Conservation Activities

The opening of the Mattera Cabin has provided a venue for many town wide activities. Scheduling is done by the Recreation Department, with many Town groups using the facility.

Conservation has welcomed nature walks led by Library staff including an “owl prow” in March, a spring walk in April, and a summer walk in July. Information about trail events is posted on the website, www.readingma.gov.

Conservation has also continued to work closely with the Police Department to stop occasional misuse of Conservation lands, including fires and Off Road Vehicle use. With better signage and patrolling, incidents have decreased this year.

Membership and Office Management

The Reading Conservation Commission is comprised of seven volunteer members appointed by the Board of Selectmen for renewable three-year terms. The Community Services Department provides staff support including part-time Conservation Administrator, Clerk (23 hours per week), and a Recording Secretary.

The Commission began 2012 with Bill Hecht as Chairman, and Jamie Maughan, Thomas Loughlin, Barbara Stewart, Annika Scanlon, Brian Tucker and Brian Sullivan. Brian Tucker retired after three years of service with the Commission. Thomas Loughlin stepped down in December, leaving the Commission with five members.

At the request of the Board of Selectmen, the Conservation Commission formed an ad hoc committee to review the Town’s Wetland Bylaws and Regulation. The committee included Commissioners Brian Sullivan, Barbara Stewart, and Jamie Maughan and Reading citizens Mark Wetzel, Will Finch, and Pat Lloyd. Meeting almost every week during the summer, the committee developed proposed changes to the Bylaws and presented them at the fall Town Meeting which passed the proposed changes. They also developed an extended list of needed enhancements for the regulations and policies. The full Commission completed the changes to the regulations and accepted them on November 7, 2012.

COMMUNITY SERVICES DEPARTMENT - ELDER/HUMAN SERVICES DIVISION

The Division of Elder/Human Services provides social services, advocacy, activities, transportation, educational programs, and a meal site for Reading residents age 60 and over. Home-delivered meals are available for homebound elders through Mystic Valley Elder Services' *Meals on Wheels* program. In addition, the division offers information, support, and referrals to seniors and their adult children, friends, and caregivers about a variety of aging concerns. For those under age 60, the division provides social services and holiday programs.

The staff consists of an Administrator (16 Hours weekly), a Social Worker (37.5 hours weekly), a Senior Center Coordinator (35 hours weekly), a Van Driver (35 hours weekly), a Nurse Advocate (20 hours weekly) and a Clerk (19 hours weekly).

Highlights for the division this year included the following:

- Elder Services partnered with the Health Division to offer the Tdap Vaccine at no cost to 100 Reading seniors.
- State legislators Senator Katherine Clark, Representative Brad Jones, and Representative Jim Dwyer hosted Reading seniors on a tour and lunch at the State House in Boston.
- The Council on Aging requested that the Selectmen change the name of the Senior Center to the Pleasant Street Center. This was unanimously approved and in December the name was officially changed.
- The Council on Aging, through the generosity of the Burbank Trust Fund, purchased a defibrillator for the Pleasant Street Center.

During 2012, in order to increase awareness of the Department and services provided, the staff and Council on Aging participated in Friends and Family Day in June as well as the Fall Street Faire in September.

Social Services

The Social Worker addresses the needs and concerns of Reading residents of all ages. Assistance for those under the age of 60 often involves crisis intervention, goal-setting, information and referrals about financial, housing, mental health, and disability-related concerns. For those age 60 and over, assistance includes crisis intervention; EAP-model of case management; addressing housing concerns; mediating intergenerational disputes; intervening in cases of neglect, loneliness, or depression; coordinating appointments with area medical and social service agencies; as well as providing information and referrals with regard to nursing home placement and eligibility for State and Federal programs.

The Social Worker assists relatives and friends of seniors with all the above concerns. During 2012, the Social Worker had 2,913 contacts with approximately 903 people (1% increase over last year) who required assistance of some kind.

The Social Worker provides eligibility screening for, and assistance with, applications for the Reading Food Pantry and various transportation programs. In 2012, the Social Worker completed these tasks for 103 individuals/families to the Reading Food Pantry (20% decrease from 2011), and 112 certifications for medical transportation (10% decrease from 2011). Note: In 2011, Food Pantry eligibility was increased to a two year period.

Nurse Advocate

The Nurse Advocate helps Reading seniors manage their health care needs. The main responsibilities of the Nurse Advocate include educating, counseling, and advocating for seniors.

This position identifies the frailest seniors in Reading, especially those who live alone and do not have someone nearby for support. By being available to support seniors more proactively, the program helps seniors remain healthier and more independent. Similar programs have demonstrated that such interventions can even reduce disabilities and prevent or delay institutionalization. The Nurse Advocate also conducted an outreach program by monthly visits to local senior housing establishments to discuss various topics related to health concerns.

In the past year, the Nurse Advocate has assisted 259 seniors with 746 contacts. Some of the outcomes of her work include:

- helping to reduce anxiety
- facilitating transition to more appropriate living situation
- encouraging proactive planning
- developing trusting relationships
- providing referrals
- advocating for seniors by problem solving with providers and/or family members
- assisting with accurate diagnosis
- facilitating prompt treatment and/or follow up
- improved quality of life for seniors and caregivers
- educating seniors regarding health/medical issues
- educating caregivers
- promoting self care
- prevent 911 calls
- prevent hospitalizations
- prevent fall, injury or disability
- prevent caregiver burnout
- prevent premature nursing home placement

Helping seniors understand their health care needs and plan strategies for managing these needs both in the short term and future is the goal of this program. During the past year, there has been a consistent flow of referrals from a wide variety of sources.

The Pleasant Street Center (Senior Center)

The Pleasant Street Center Coordinator’s primary responsibility is to manage the daily operations of the Center including the care of the facility and the coordination of activities. The Pleasant Street Center is a hub of activity Monday through Friday.

<u>Monday</u>	<u>Tuesday</u>	<u>Wednesday</u>	<u>Thursday</u>	<u>Friday</u>
Cribbage	Motion to Music – aerobics	Billiards	Motion to Music- aerobics	Chess
Movies*	Facials	Knitters	Manicures	B.E.S.T. - Strength Training
Open Computer Lab	Open Computer Lab	Computer Lessons	Open Computer Lab	Party Bridge
Zumba fitness	Brain Yoga	Memoir Writing	Book Discussion	Open Computer Lab
Hairdresser*	Bingo	Quilting	Bingo	AA
Birthday Lunch*	Fix-it Lamp Repair	Zumba	Drop in Game Day	SHINE - health insurance info*
Yoga	Visit with the* School Supt.	Low Vision*	Blood Pressure Clinic**	Painting Group
Podiatry Clinic*		Party Bridge	Visit with the* Town Manager	
		Bereavement Support Group	Visit with Selectman*	

*Meet monthly

**Provided by the Reading Health Department

New programs added during 2012 include: Brain Yoga, AARP Safe Driving Program, Digital Camera Classes, Chinese Culture Day, Control Yourself (a Solution for Hypertension) a 6 week program.

Support groups, like Low Vision, and the Bereavement Support Group, provide participants with an opportunity to express their feelings and gain insights from other participants’ experiences. Guest speakers are often invited to present educational and alternate viewpoints.

During 2012, Elder Services and the Council on Aging formed new partnerships with the Reading Art Association and Reading Veteran’s Division. Quarterly, the RAA loans the Pleasant Street Center art work to display throughout the building. This generous donation highlights Reading’s local artists.

In November the first annual Veteran's Day breakfast was held at the Center in coordination with the Veteran's Services Division. Several local businesses sponsored the event and high school volunteers served many local Veterans. There was a procession from the Pleasant Street Center to the town common for the annual ceremony honoring Reading's Veterans.

The Pleasant Street Center had some minor exterior improvements during the summer of 2012. Lighting was added under the entrance way canopy, trees were trimmed and the vines were removed from the building. A vegetable garden was started by volunteers and fresh tomatoes and peppers were served at lunch during August. Facilities also replaced the exterior doors in the Great Room providing more insulation and sound proofing.

Intergeneration Programs

Elder/Human Services continues to reach out to the community, particularly the younger generation. In the spring, Coolidge Middle School hosted an intergenerational Cribbage Tournament, and during the summer, various programs were offered that gave seniors the opportunity to introduce their grandchildren to the Pleasant Street Center. The Center also benefited from younger volunteers. Reading Girl Scouts have been generous in making cards during holidays and serving meals at Christmas as well as the summer Lobster Roll Dinner.

Intergenerational projects continue to be an important teaching tool in cooperation with the Reading Schools. Reading Memorial High School students acted as servers and bingo callers during the summer months. During the spring they helped with yard work. The Middle Schools provided entertainment at the Pleasant Street Center during the holidays and they also made cards, cookies, and tray favors.

Volunteers

The division recognizes the importance of volunteers and few of our programs would run smoothly without volunteers from the community. The volunteers themselves learn new skills, meet new people, and enjoy an increased sense of self-worth. For these reasons, the division places great emphasis on offering a variety of volunteer opportunities for a diverse set of skills, abilities, and interests.

The Social Worker matches volunteers to various community service positions, many of which specifically aid Reading's older population. Some of the positions filled by volunteers include: Pleasant Street Center receptionists, gardeners, book discussion leaders, game leaders, income tax preparers, computer instructors, COA members, repairmen, friendly visitors, medical escorts, office workers, newsletter editor, bread suppliers, kitchen helpers, shoppers for homebound seniors, and shopping escorts.

When reporting statistics, the Executive Office of Elder Affairs has requested a differentiation between registered volunteers and unregistered volunteers. Registered volunteers include those who have completed the volunteer application process that includes a Criminal Offender Record Information (CORI) check, interview, training, placement and ongoing support. Unregistered

volunteers include, but are not limited to, students, civic groups, town departments, and free performers.

In the past year, 137 registered volunteers gave 9,396 hours of service. The financial equivalent for these services is approximately \$100,280. Unregistered volunteers gave 217 hours of service.

During the past 2 years the Finance Department has assumed portions of the Property Tax Worker Program. In 2012 the division assumed responsibility of all tasks relating to volunteers. The duties are divided between the Social Worker and the clerk. During the year the division experienced a slight decrease in the number of Property Tax Workers. Every effort is being made by the staff to increase participation in the program.

The staff continues to work diligently to maintain the quality and quantity of volunteers, services, and programs. In an effort to enhance the volunteer program and attract new volunteers, Elder Services has begun offering training to volunteers. In October, 25 volunteers were trained in CPR and the use of a defibrillator. Other training programs are planned for the spring of 2013.

Lunch time Meals

The Pleasant Street Center's daily nutrition program is provided by Mystic Valley Elder Services, Inc. (MVES). In an effort to increase attendance at lunch the Center often offers concurrent games, programs, and/or entertainment.

There are 26 meal site volunteers who help serve and clean up after the noontime meal at the Center. Socialization is an important component of this program. In 2012, a total of 4,695 lunches were served at the Center (5% increase over last year).

In 2012, MVES' Meals-On-Wheels program delivered a total of 24,231 meals to 174 participants. The roster of participants changes as people become well enough to prepare their own meals or move to other levels of care. A variety of meals is delivered: lunch meals, evening meals, clinical diets, and frozen meals for the weekend. A variety of "clinical diet" meals is also available including: no concentrated sweets, diabetic, low fiber, high fiber, low lactose, renal, or pureed.

Van Transportation

The van transportation program provides a vital service for those seniors who don't drive. Transportation is provided in-town and to surrounding shopping plazas for the following purposes: errands, grocery shopping, voting, pharmacy needs, and visiting the Center. For younger residents, the van program offers transportation to and from the food pantry and other vital destinations. In 2012, the van provided 3,714 one-way trips.

In collaboration with the School Department, the division continues the METCO shuttle program. The shuttle uses the Elder Services' van and drivers but is funded by the METCO grant.

Newsletter

The *Pleasantries* newsletter is a monthly publication created by the division. The publisher of the newsletter is Senior News Publications and there is no cost to the Town for this arrangement. SNP's revenue is derived from selling advertising space in the newsletter.

The newsletters are delivered to approximately 2,500 senior households in Reading three times a year. The Burbank Trust Fund provides the funding for postage. During the other nine months, 900 copies of the newsletter are available at several locations around town. The goal of the newsletter is to increase awareness of the programs and services available to Reading's seniors and their caregivers. The newsletter also provides important information about benefit changes and helpful agencies.

An annual subscription is available by mail for \$5. Residents can now subscribe to the newsletter online at no cost and receive it via email.

In addition to this monthly newsletter, Elder Services has begun a monthly on-line update about programs and services. This is a one page email highlighting significant events/programs by the division. It is available by emailing the administrator at jburns@ci.reading.ma.us and asking to join the distribution list.

Property Tax Worker Program

The division coordinates the Property Tax Worker program which allows Reading seniors to perform various tasks for Town departments in exchange for an abatement on their property taxes. The program is open to Reading residents who are age 65 and over or disabled who own property and have a household income that does not exceed limits set by the program. In 2012 there were 30 positions available and each participant was permitted to earn a maximum abatement of \$1,000 annually. In 2012, participants were compensated at a rate of \$8.00 per hour. The program has been funded through the Assessors' Overlay account.

Burbank Trust Fund

In 2012 the Council on Aging approved expenditures from the Dorothy L. Burbank Trust to pay for the following: an Automatic Defibrillator for the Pleasant Street Center; the Volunteer Recognition Reception; three months of postage cost for bulk mailings of the newsletter; monthly entertainment for the Pleasant Street Center's special lunch program; birthday cake, gift certificates, and lunch for the monthly birthday celebrants.

In December the Council reviewed the entertainment budget. Based upon the findings that the original budget was established in 2005, the Council approved a slight increase to the following year's entertainment budget.

2012 beginning balance = \$264,814.00

2012 ending balance = \$263,116.00

Patrons for Older Adults Support Fund

During the 2010 Town Meeting the members voted to accept a gift from the Patrons for Older Adults. The fund has established a permanent trust fund to be known as "Patrons for Older Adults Support Fund." In 2012, the Council on Aging approved expenditures from the fund to support the Volunteer Appreciation Event. In addition to the Volunteer Event, a Lobster Roll Dinner was added during the summer and funded through the Patrons Trust.

2012 beginning balance = \$132,965.00

2012 ending balance = \$134,514.00

Schroeder Trust Fund

In 2012, funds from the Schroeder Trust were used to purchase hot Thanksgiving and Christmas meals for seniors who were in need and going to be alone for the holidays. This year in addition to the winter meals, the COA provided an additional delivery of 30 meals at Easter time. All meals were delivered by COA members.

2012 beginning balance = \$22896.00

2012 ending balance = \$22498.00

Donations

Many individuals and organizations have generously supported Elder/Human Services' efforts by providing money, gifts, and in-kind services. Some of the donations have included: sponsorship of an event, program or meal, senior center decorations, baked goods, paper cups and plates, flowers, plants, art work, refreshments, and more.

In the fall of this year the division was contacted by the Reading Clergy Association who offered a donation of \$21,206.63 which was the remaining balance of the Community Parish Nursing Program. The original mission of the CPN program was "to help the older folks in Reading stay well and remain safely in their homes." The funds were deposited into the Elder Services Donation account and will be used to assist Reading seniors with remaining in their homes.

Human Services Donations 2012 beginning balance = \$7,160.00

Human Services Donations ending balance = \$7,466.65

Elder Services Donations 2012 beginning balance = \$18,080.00

Elder Services Donations ending balance = \$42,001.72

Holiday Programs

Adopt-a-Family

The Reading Rotary Club and ReadingCARES coordinated the Adopt-A-Family holiday program and they did a terrific job. Elder/Human Services worked with them to help support their efforts in verifying eligibility and distributing food and gifts to families in need.

The Adopt-a-Family program matches low income Reading families with confidential donors of food and gifts for children. Reading residents, businesses, out-of-town businesses that employ

Reading residents, youth organizations, school groups, nursery schools, churches, and municipal departments join together to make this program a success. This past year, 77 donor groups, families, and individuals made donations of food and gifts to the Adopt-A-Family program.

Recipients	Households
Thanksgiving Food	54
Christmas Food/Gifts	62 (129 children)

Christmas Gifts

The Social Worker gathers gift wishes from 25 seniors. The Young Women’s League purchases, wraps, and delivers the gifts.

Thanksgiving and Christmas Baskets

The Social Worker supplies the Wakefield Elks with a list of 10 seniors who would welcome receiving a basket of uncooked holiday food.

Emergency Funds

The division has two revolving funds. The Elder Services Donations Fund covers emergency situations for persons age 60 and older who lack financial resources to cover basic needs or emergencies. The Human Service Donations Fund is for persons under age 60 who lack financial resources for emergency situations.

Council on Aging

Two new members joined the Council on Aging this year. The Council currently has nine members.

One of the major initiatives the Council has taken on this year is enhancing the interior of the Pleasant Street Center. They have worked diligently on selecting paint colors for the various rooms and have begun working on a lighting plan. Their assistance and support has been instrumental in enhancing the quality of life for visitors to the Pleasant Street Center. Their support is very much appreciated.

COMMUNITY SERVICES DEPARTMENT - HEALTH DIVISION

Introduction

2012 was the first full year of the new regional approach to public health with Melrose and Wakefield. The Division is staffed by the Health Director and Senior Health Inspector who are shared with the other communities, two part-time Inspectors and one part-time Public Health Nurse.

The Board of Health, appointed by the Board of Selectmen, worked collaboratively with Melrose and Wakefield to standardize their fee schedules. In addition, the Board passed updated Sale of Tobacco Regulations and began the process of updating the Keeping of Animal regulations.

Environmental Health

The Health Division enforces 14 state regulations and 17 local Board of Health regulations and Town By-Laws. This includes regular inspections and responding to complaints concerning housing, food service, air quality and noise control, semi-public swimming pools, camps, tanning, and animal licensing. In 2012 the division received 63 complaints and performed 659 inspections, 508 of which were food establishment inspections. This is a 46% increase in the number of complaints and a 41% increase in inspections.

The Health Division continues to maintain a sharps disposal kiosk for the use of Reading residents who may have medication for their families and pets that require injections. This year the kiosk was moved from the Town Hall to the Police Station where the public has 24/7 access.

Public Health Nursing

The Public Health Nurse is responsible for the follow up of all reportable communicable diseases, immunization clinics, blood pressure clinics (33 clinics for 217 people), and health education activities (Reading Fall Street Fair, Senior Health Fair at the Senior Center, High School Health Fair). The nurse also is part of the team which inspects recreation camps. This year, Reading joined the state's electronic surveillance system for the communicable disease follow ups which allows for more timely and paperless work. There were 59 confirmed cases of communicable diseases for Reading residents.

The annual flu clinics were held in the fall. Due to state budget cuts, Reading did not receive any free vaccine from the Department of Public Health. All vaccine was purchased and then billed to the various insurance companies. With the new regional arrangement, residents could also take advantage of the additional clinics offered in Wakefield and Melrose. A total of 927 flu shots were given. In addition, 93 tetanus with whooping cough vaccinations were administered to seniors through the generosity of grants.

Emergency Preparedness

Reading is now a member of the Mystic Valley Emergency Preparedness Coalition in order to be consistent with Wakefield and Melrose. The six-community coalition meets monthly.

Weights and Measures

The Weights and Measures function is contracted to the State Division of Standards. The contract with the Division of Standards was renewed for 2012.

Mosquito Control

Reading continues to be part of the Eastern Middlesex Mosquito Control Project. The project conducts mosquito surveillance and spraying for larval/adult mosquitoes.

The adult mosquito surveillance program used traps to collect mosquitoes from 5 Reading locations. Data was compiled from 21 mosquito trap collections over 7 different nights. Selected trap collections in the district, including two collections from Reading, were tested for West Nile Virus and EEE by the Mass. Department of Public Health.

The larval mosquito control program relied on the larvicides, *Bacillus thuringiensis var. israelensis* (Bti) and methoprene, which are classified by the EPA as relatively non-toxic. An April helicopter application of Bti controlled mosquito larvae at 284 wetland acres. Field crews using portable sprayers applied Bti in the summer to 8.5 wetland acres when high densities of mosquito larvae were found in stagnant water.

For adult mosquito control, there were 10 crews assigned to apply Sumithrin to 5,882 acres at night using truck mounted aerosol sprayers when survey traps indicated high populations of mosquitoes.

Other

Funds are included in the Health Division budget or outpatient mental health services provided by Riverside Community Cares. In fiscal year 2012, 81 Reading residents received 1,871 visits, a 30% increase in the number of people and more than a doubling in the number of visits. With the sliding scale used, \$29,855.86 of free care was provided.

Funds are also included to help pay for vocational services for Reading residents with EMARC (Eastern Middlesex Association for Retarded Citizens). 39 residents participate in this program.

COMMUNITY SERVICES DEPARTMENT - INSPECTIONS DIVISION

The Inspections Division is responsible for carrying out inspectional services on commercial and residential construction in the areas of building, gas, plumbing and wiring. In addition, the division is responsible for enforcing the Town's Zoning By-laws and providing staff to the Zoning Board of Appeals.

Statistics		Year End 2012	Previous Year End 2011
Building	Building Permits issued	851	815
	Inspections	1,271	1,209
	Fees received	\$235,133.64*	\$277,178.10*
	Occupancy Permits	73	114
	Fees received	\$3,555.*	\$4,585.*
Wiring	Wiring Permits issued	652	543
	Inspections	846	859
	Fees received	\$44,877.*	\$38,845*
Plumbing/Gas	Gas Permits issued	326	234
	Gas Fees received	\$12,368.*	\$8,388.*
	Plumbing Permits issued	403	383
	Plumbing Fees received	\$16,485.*	\$19,886.*
	Combined Inspections Gas/Plumbing	731	624
TOTAL FEES		\$312,418.64*	\$348,882.10*

*** Totals do not include permit fees for Walkers Brook Crossing, and Johnson Woods that are deposited in the revolving building account.**

ZONING BOARD OF APPEALS

The Zoning Board of Appeals met 15 times in 2012. The ZBA voted on petitions for 18 Variances, Special Permits and appeals.

ZBA Members are Chairman Damase Caouette, Robert Redfern, John Jarema, Kathleen Hackett, David Traniello and John Miles. The Town Planner, Jean Delios; and the Commissioner of Buildings, Glen Redmond; provide primary support to the Zoning Board of Appeals.

COMMUNITY SERVICES DEPARTMENT - PLANNING DIVISION

The Planning Division provides technical and professional planning services to the Town of Reading and the relevant land use boards. The Town of Reading Master Plan (and other plans) serves as a guide for planning staff to assist in achieving stated goals for the Town of Reading. Planning helps civic leaders, businesses and citizens envision new possibilities for the future. In addition to long-range planning, we also develop action plans aimed at providing solutions to current community problems.

Site Plan Review (SPR) is the zoning tool used to evaluate development projects. This is an important tool as it allows us to shape projects so that they respect the existing fabric of the Town and are carried out in harmony with the rest of the community. Planning staff works with appointed and elected leaders, including the Community Planning and Development Commission, in reviewing development proposals. SPR decisions contain conditions for approvals that reflect development review comments including input from the public.

In 2012, the Community Planning and Development Commission (CPDC) continued to receive experienced and dedicated service from its Chair, Charlie Adams; and Vice Chair, Jeff Hansen; and board members John Weston, Nick Safina, Dave Tuttle, and associate member George Katsoufis.

Several important milestones were reached in 2012 in the area of long range planning. New and updated plans were prepared in the areas of Housing, Economic Development, Town Forest, Local Energy Action Plan (LEAP), and Open Space and Recreation (OSRP). In November the Housing Production Plan (HPP) was completed. Likewise the OSRP was completed and filed with the Commonwealth of Massachusetts. In early 2012, South Main Street Design Best Practices were developed as guidelines for this commercial corridor. Through a grant, in collaboration with area communities, a regional priority development mapping plan was produced which identifies the desirable areas for development. Another grant funded planning initiative involved researching the possibility of a shared regional housing services coordinator.

Planning staff also supports the Economic Development Committee, and together, new initiatives have been developed to advance economic development goals. Ongoing activity includes business retention/expansion, new business development, wayfinding, and making Reading more business friendly including streamlined permitting.

New economic development programs were launched this year. Reading was successful in securing grants or revenue from the Reading Fall Street Fair (RFSF) to expand offerings in the area of economic development. A Retail Visioning Program, funded by a grant from the Massachusetts Downtown Initiative (MDI), brought a retail consultant to Reading to assist 8 existing businesses. The MDI funded work focused on ways to improve existing downtown businesses from a retailing and marketing perspective. Another new program, paid for out of the proceeds from the RFSF, was developed known as the Business Façade and Signage Improvement program (BFSI) that helped fund several projects. The BFSI partially funded signage improvements such as a new blade sign and wall signs for the law offices located at 159

Haven Street, the storefront improvements at Atlantic Framing located at 78 Haven, to name a few. The BFSI has also allocated funds to assist with a complex renovation of Family Dental which we hope to move forward this year.

Community Service Staff, including planning, provided support to the Conservation Commission; Zoning Board of Appeals; Historical Commission; West Street Historic District Commission, and the Board of Selectmen. The dedicated and hard working boards, committees, and commissions are a critical component of the Town of Reading's expertise and resources without which the many accomplishments made each year could not have been possible.

Planning Division Activities - CPDC

In 2012, the CPDC met 20 times, and with the assistance of the Planning Division, reviewed 39 requests for a variety of approvals including: site plan review; subdivision; signage design, and modifications to existing SPR decisions. The CPDC held 20 public meetings and numerous zoning work sessions centered on zoning by-law amendments noted below and proposed zoning changes and design standards for South Main Street. There were a combined total of 19 Development Review Team (DRT) and Construction Review meetings held with Town Staff and Applicants to provide guidance on permitting and development.

Major Accomplishments - 2012

- Streamlining Site Plan Review through the use of Minor Site Plan Review.
- Viewpermit - license and permitting software program launched in the Spring of 2012. Internal review is seamless and workflow is smoother.
- Improved Communications with Boards – quarterly meetings with board chairs.
- Improved Communication Tools – more use of checklists to assist applicants.
- DRT Notes (reformatted) – more clearly outlines requirements.
- Combined Public Hearings – for better customer service.
- ZBL Updates - Subsequent Town Meeting Adopted changes to:
 - Section 6.1 - Parking;
 - Section 4.2.2 - Medical Marijuana
 - Planning Staff and CPDC held numerous workshops, meetings, presentations, and public hearings as part of these changes.
- South Main Street - Design Best Practices.
- Sign Bylaw Enforcement – worked with businesses to correct multiple violations including removal of defunct signs.
- Vacant Properties Bylaw Enforcement – identified and worked with a dozen property owners to come into compliance.

Economic Development Committee

The Economic Development Committee (EDC) Chair, Sheila Clarke; Vice Chair, Ben Yoder; and EDC members Meghan Young-Tafoya, George Rio, Michelle Williams, and Associate Members Jack Russell, Michelle Ferullo, Maria Higgins, and Karl Weld, working with Planning Staff, executed an aggressive work plan for the year. A very successful Fall Street Faire was held

in September for the fourth year. As noted above, the BFSI and Retail Visioning programs were introduced in 2012 with several businesses benefitting from the assistance.

Regional Planning Initiatives

In keeping with goals for regionalization, several regional planning initiatives were pursued in 2012. A District Local Technical Assistant (DLTA) grant was successfully secured from the MAPC for a “Regional Housing Services Coordinator” and for a regional priority development plan.

Reading Town Forest – Natural Resource Inventory & Conservation Vision

Working with the Reading Town Forest Committee, with the assistance of a consultant from Mass Audubon Ecological Extension Service, a plan was developed to use as a guide for Visioning and Planning related to the Town Forest. A public forum was an important component of the visioning process. A natural resource inventory was compiled as well as a series of recommendations for the Town to consider. The Reading Town Forest Committee will fall under the Department of Public Works in 2013.

Six (6) Major Redevelopment Projects

In an effort to keep the public informed, the Bi-Weekly Update notices were continued in 2012. This continues to generate many accolades from readers.

Reading Woods, 1 Jacob Way – Reading Woods is a 24.8 acre site being developed by Pulte Homes of New England, LLC and is a redevelopment of a former office complex known as Addison Wesley. The former office use consisted of 208,000 square feet of vacant and dilapidated buildings and related parking. In total, the project will include 424 for-sale residential homes (208 age restricted and 43 low/mod housing units as required under the 40R zoning district designation) that mostly are garden style condominiums with the exception of 16 which will be townhouses. Construction of the first phase of the project has begun. Phase I includes a clubhouse, a 50 unit building (in the 40R district), and 16 townhouses. Construction also started on the second 50 unit building (also in the 40R district). The Town has also received the 40R Density Bonus payment for the first 50 unit building in the amount of \$150,000 and has submitted a request for Density Bonus payment on the second 50 unit building.

Calareso’s Garden Center, 80-100 Main Street – The new complex included a retail store (that is more than 2.5 times larger than previously), a greenhouse (2 times larger than previously), and a parking area that is double the capacity of the current store.

e-cars, 281 Main Street – An electric car dealership has been developed in place of a former vacant, abandoned building on South Main Street that housed an artist shop.

Perfecto’s, 285 Main Street – A coffee shop/café is being planned for this former tax shop building that had a fire some years ago. Construction is expected to commence in the spring of 2013.

M.F. Charles Building, 600 Main Street – A mixed use building, largely vacant with some active tenants. Redevelopment commenced focusing on the commercial retail areas located on the first floor. Upper story residential use will follow in a future phase. Construction commenced in 2012 and it is anticipated to continue into the spring of 2013 with at least 4 new businesses opening after that.

Oaktree, 30 Haven Street – a mixed use redevelopment of approximately 100,000 square feet with 20,000 square feet of first floor commercial/retail space and 80,000 square feet of both underground parking and upper level housing (53 units). This redevelopment replaces a former vacant and closed downtown supermarket. This is the first project to be built under the Town's Downtown Smart Growth District (40R). Construction was completed at the end of 2012. Additionally, the Town has received the 40R Density Bonus payment of \$159,000 in accordance with the Smart Growth regulations.

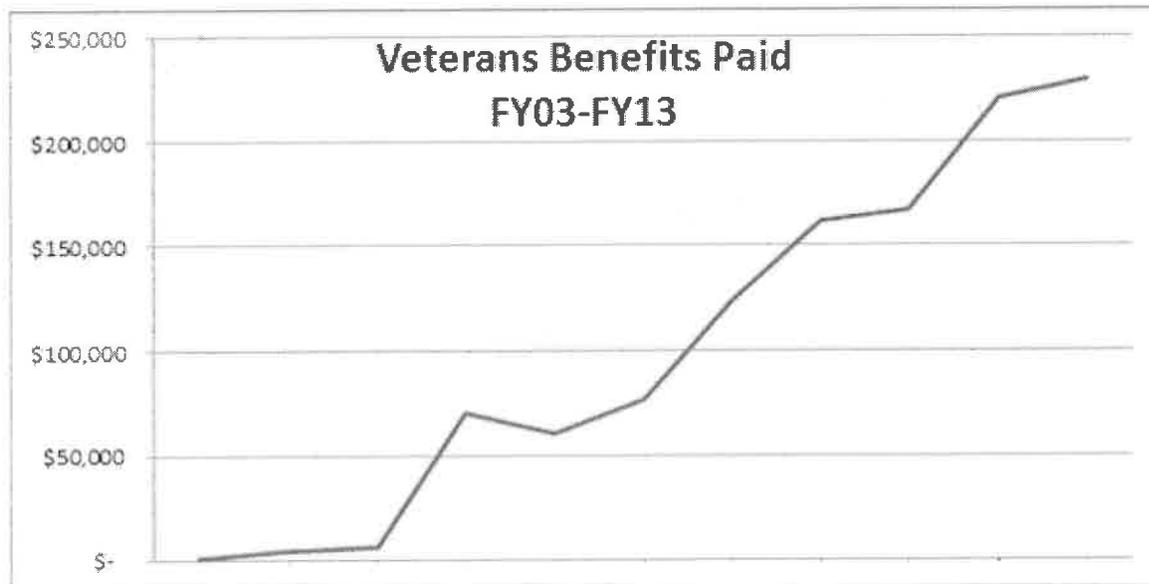
In 2012, revenue generated from Planning Division activities totaled \$13,863. The Planning Division is located at Town Hall, 16 Lowell Street, telephone 781 942-6620.

COMMUNITY SERVICES DEPARTMENT - VETERANS SERVICES

The Department of Veterans' Services Office is responsible for the needs of all the veterans in Reading. It is the Veterans Services Officer to whom the unemployed, the indigent, the disabled, the ill, or veterans otherwise in need, first apply for assistance.

The Veterans Services Officer administers benefits and assists veterans with other resources, referrals, and assistance. The Veterans Services Officer interviews applicants, determines eligibility, and helps veterans file for all veterans' benefits, including the Massachusetts Chapter 115 program for income eligible veterans and their dependents.

Reading's demand for Veteran's Services has increased significantly over the past several years and is currently running at about \$230,000/year. The state repays 75% of these costs in the following fiscal year through state aid payments. Below is a chart that demonstrates the increase in Veteran's payments over the past several years:



The Veterans' Service Officer also assists Reading veterans with applying for all other state benefits such as tuition waivers, grants, student loans, annuities, bonuses, outreach centers, counseling, veterans' license plates and many more.

Under the category of federal aid, veterans' are assisted in processing applications for benefits including service-related compensation, disability pensions, personal aid, pensions, social security benefits, medical, education, employment, medals, death benefits and retrieving military records for veterans who without, would not be eligible for any benefits.

Federal Benefits include filing for compensation and pension, life insurance, burial and survivor's benefits. The Veterans' Affairs Administration provided benefits directly to the veteran population in Reading for the fiscal year that ended June 2012.

Reading Department of Veterans' Services also works with other committees to coordinate public events such as Veterans Day ceremony held at the Reading Memorial High School and Memorial Day services held at the 4 cemeteries in town

The Reading Department of Veterans' Services office hours are Tuesday 8:30 AM to 3:30 PM Wednesday 8:30 AM to 5:30 PM and Thursday 11:00 AM to 3:00PM and the Office phone number is (781) 942-6652.

Frank Driscoll, Veterans Service Officer

BRACKETT & LUCAS

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GARY S. BRACKETT

gsbrackett@brackettlucas.com

February 27, 2013

Peter I. Hechenbleikner, Town Manager
Town of Reading
16 Lowell Street
Reading, MA 01867

RE: 2012 Annual Report

Dear Peter:

I am submitting the report of Brackett & Lucas as Town Counsel for the calendar year 2012.

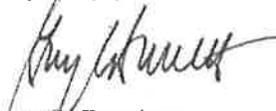
During the past year, legal assistance was provided to the Board of Selectmen, Town Manager, department heads, town boards, committees and commissions. Our services included advice and legal opinions as well as attendance at meetings as required. In addition, we assisted in the preparation and review of warrant articles and we attended the Annual Town Meeting and Subsequent Town Meeting.

In 2012, we were engaged in representing the Town of Reading in several litigation matters. Two cases involve claims related to the construction/renovation of the Reading Memorial High School. Efforts to resolve these cases through the use of a professional mediation service have been unsuccessful to date. Land use appeals were pending regarding decisions of the Zoning Board of Appeals. An administrative appeal was pending before the Appellate Tax Board regarding a challenge to the real estate valuation for a commercial complex.

Our firm has also assisted in several other departmental matters including employment issues, alcohol license violations, appeals from gun permit license suspensions and revocations and the revisions of the wetlands regulations.

It has been our honor and pleasure to serve as Town Counsel during the past year and we look forward to continuing our service to the Town of Reading in the future.

Very truly yours,



Gary S. Brackett

GSB/dsh

THE ARC OF EAST MIDDLESEX

Listed below is a detailed analysis of the number of individuals serviced during CY 2012 by The Arc of East Middlesex in Reading as well as the surrounding cities and towns.

Program Statistics for CY 2012:Day, Recreation and Residential

<u>Program</u>	<u>Reading</u>	<u>Other</u>	<u>Total</u>
Day Services	41	164	205
Recreation	130	210	340
Residential			
Range Heights Road, Lynn		4	4
Rustic Lane, Reading	5		5
Woodcrest Drive, Wakefield		5	5
Main Street, Melrose		7	7
Haven Street, Reading	8		8
Hopkins Street, Reading	5		5
Pitman Drive, Reading	4		4
Newcomb Avenue, Saugus		4	4
Albion Street, Wakefield		5	5
Nahant Street, Wakefield		3	3
Spruce Street, Wakefield		4	4
Water Street, Wakefield		5	5
Independent/Supported Living	5	9	14
TOTAL RESIDENTS	198	420	618

Day Services

The Arc's Day Services Division includes East Middlesex Industries (EMI), School to Work Transition Services and, as of June 2007, Life Choices, a federally funded day habilitation program. EMI provides workshop services and training, as well as follow-up case management to clients placed in gainful employment worksites within the area. The goal of EMI is to provide individuals with the vocational skills and training to become independent, tax-paying members of their communities. Additionally, EMI provides vocational opportunities through the Center for Emerging Artists (CEA). Products produced by many of the individuals attending CEA are featured in several exhibitions in the area each year. Many items produced are for sale, and the artists receive commission income for each piece sold.

Recreation Program

The Arc of East Middlesex provides recreational services throughout the year for children and adults with developmental disabilities. The funding to run these programs is raised through fundraising efforts and individual attendance fees. Although these programs are staffed by employees, not all of them could be run without the assistance of volunteers. Several dances and swim programs are held throughout the year, and it should be noted that approximately 50 Reading residents have volunteered to assist in these very successful programs.

Residential Services

Residential services are currently provided at several sites throughout the area to 91 adults who have developmental disabilities. Residential programs are funded primarily by the Department of Developmental Services (DDS). Room and Board fees charged to the residents are used to offset DDS funding. The goal of residential services is to provide individuals with an opportunity to live and participate in the local communities that we serve.

Family Support Services

The Arc's Family Support Division provides advocacy services for individuals with developmental disabilities and their families.

	Reading Residents
• Senior Group	2
• Adult Foster Care	2
• DESE/DDS	1
• IFFS	2
• School to Work	9
• On-Going Family Support	13
• RPS Specialized Services	3
• Sib-Shop groups for siblings of individuals with DD	7
• Adult Waiver Services	2
• Mystic Valley Elder Services	<u>2</u>
	43

The Arc of East Middlesex is grateful for the continued support that the Town of Reading has provided to its residents with developmental disabilities.

Respectfully submitted,



Gail Covelluzzi
Chief Financial Officer

COMMUNITY SERVICES DEPARTMENT - READING HISTORICAL COMMISSION

The Reading Historical Commission's (RHC) work in 2012 included regular monthly meetings and work in the RHC's Town archives. The RHC also worked on protecting the Demolition Delay Bylaw, and worked with Town based and non-Town based entities. The RHC continued to digitize historically important records, worked on organization of other historical records, and responded to several requests about inventoried properties and general historical information about Reading.

The demolition delay for 258 Main Street, which was already in progress, has expired and the structure remains intact.

The RHC had to defend the Demolition Delay Bylaw twice in 2012. First, a petitioned article was brought before the spring Town Meeting to add appeals to the Demolition Delay Bylaw. The article was based on an instructional motion that was not heard at the 2011 Fall Town Meeting due to a lack of a quorum. After discussions with the Board of Selectmen (BOS), who requested to withdraw the article, it was indefinitely postponed by the petitioner.

The RHC was tasked by the BOS to rewrite the bylaw so that the processes were clear and transparent. The RHC worked diligently for several months on rewriting the bylaw and presented it to the BOS and the Town Manager. The Town Manager then formed an ad hoc group which included 2 members of the RHC. The group worked on how the existing bylaw worked and where appeals could be inserted. The Town Manager then rewrote the bylaw and presented it as a Town Meeting Article. The rewritten bylaw passed with some modifications and the Town is waiting to see if the Attorney General will approve the changes.

The RHC worked with the owners of 600-622 Main Street, (M.F. Charles Building); the new owner of 10 Pierce Street, (Samuel Pierce Organ Pipe Factory), and the Reading Municipal Light Department (RMLD) regarding 226 Ash Street, (Reading Municipal Light and Power Station) to help the owners understand options regarding repurposing their historic properties.

The RHC provided support and information for the Old South Church Steeple and Bell Tower Preservation Project.

The RHC worked with the Town Planner to provide better information to Building Department visitors with questions regarding historic properties in Reading. Additionally, the RHC wrote a synopsis, entitled "Understanding the Demolition Delay Bylaw," to help people understand how the bylaw works. The synopsis defines demolition as it is referred to in the bylaw and that it is only enacted for total destruction of an historic structure.

The protected historic properties had been flagged by the Board of Assessors to alert the Building Inspector to the historic status when demolition permits are requested. The Board of Assessors decided not to flag the properties that were added to the Historic Inventory in 2010. The RHC is waiting to see if the capability of the Building Department's new software is sufficient.

It was a difficult year for membership. Early in the year, one Member and one Associate Member resigned from the RHC, bringing the membership down to 4 Members and 2 Associate Members. In December, the RHC was able to return to having a full slate of 5 Members, along with 2 Associate Members. The Officers have remained intact since June, 2012. The current slate of Officers, Members, and Associate Members, are listed below:

Membership at end of 2012:

Mark Cardono	Chairman
Sharlene Reynolds-Santo	Secretary
Roberta Sullivan	Treasurer
Carl Mittnight	Member
Robyn Parker	Member
Virginia Adams	Associate Member
Nancy Kohl	Associate Member

The Metropolitan Area Planning Council (MAPC) Annual Report 2012

The Metropolitan Area Planning Council (MAPC) is the regional planning agency serving the people who live and work in the 101 cities and towns of Greater Boston. With a mission to promote smart growth and regional collaboration, MAPC's work is guided by our regional plan, "MetroFuture: Making a Greater Boston Region." Founded in 1963, MAPC will celebrate its Golden Anniversary this year.

As we approach our 50th anniversary in 2013, MAPC caps off a year of remarkable growth and transition in 2012. With more than 200 projects underway at the agency, we have extended our reach into areas once thought incongruent with traditional planning: public health, clean energy, interactive gaming, education, community engagement and more. Becoming a leader in these emerging areas while furthering our bread-and butter planning work under our guiding plan, MetroFuture, has brought MAPC recognition as a leader in smart growth and regional planning nationally. We have been privileged to continue this work with support from the federal Sustainable Communities Regional Planning Grant, while mindful that the Sustainable Communities Grant enters its final phase in 2013, and that we must be strategic and deliberate in planning to sustain that work.

Metro Boston Sustainable Communities Consortium: Sustainable Communities projects have continued to showcase the very best of smart growth planning and policy throughout Greater Boston, with guidance from our Metro Boston Sustainable Communities Consortium, which governs the grant. The Consortium now numbers 170 member organizations, including 66 municipalities representing more than 80 percent of the region's 3 million residents.

A sampling of the work funded through Sustainable Communities in 2012:

- **Housing Production Plans:** Creation of Housing Production Plans in communities across the region, including Bellingham, Foxborough, Sharon, Lexington and Watertown.
- **Zoning updates at Nantasket Beach:** in Hull, to increase potential for commercial development along the beach while adding public amenities and preserving cultural attractions.
- **Re-envisioning Wollaston:** a project focused on bringing economic development and housing opportunities to the Wollaston Red Line Station area in Quincy.
- **Lower Broadway Visioning Project in Everett:** which seeks input from residents and businesses on the revitalization of the city's Lower Broadway neighborhood.
- **Orange Line Opportunity Corridor study:** which brings together developers and local leaders from Charlestown, Somerville, Medford, Malden and Melrose for coordinated planning along a stretch of subway ripe for transit-oriented investment.

District Local Technical Assistance (DLTA) program: In addition to our Sustainable Communities work, we also implement MetroFuture by helping cities and towns through the successful and popular District Local Technical Assistance (DLTA) program, which is an

essential vehicle for helping communities to achieve more sustainable land use and more effective local governance. DLTA funding is provided by the Legislature and Governor to help cities and towns to collaborate regionally on housing, economic development, and regional service delivery. During 2012, MAPC had a total of 18 DLTA projects, four of them related to energy. One project in MetroWest investigated the idea of bringing communities together to establish a regional natural gas refueling system for municipal vehicles. Another on the North Shore investigated regionalizing affordable housing services. The remaining dozen DLTA projects related to land use, and many were regional in scope. We expect DLTA to increasingly focus on housing creation in the coming year, as a reflection of Governor Deval Patrick's new commitment to build 10,000 new units of multi-family housing per year—a first-of-its-kind production goal that MAPC was proud to support.

Economic Development: Another critical component to MAPC's mission is helping municipalities to create jobs through economic development. This year, MAPC worked on the diversification of the maritime economy in Gloucester. Fishing has played a dominant role in Gloucester for hundreds of years, but to stay relevant and forward-thinking, the city must now look to areas such as marine science and technology to bring testing facilities, research institutes and business incubators to Gloucester. Working with Mayor Carolyn Kirk, MAPC helped the city to obtain funding sources to locate an academic institution on the Harbor, so Gloucester teens can train locally in postsecondary fields related to marine science. MAPC is also working with North Shore Innoventures, a clean tech firm in Beverly, the UMass Venture Development Center, the Dorchester Bay Economic Development Corporation, and many others to bring diverse economic development opportunities to many parts of Greater Boston.

Hubway Bike Share: A reliable and diverse transportation network for pedestrians, cyclists, transit riders and motorists is an important component of the region's economic viability. Last year, MAPC helped launch the Hubway Bike Share system in Boston, with more than 670,000 trips logged since the program's inception. In 2012, we worked to expand Hubway beyond Boston's borders and into Brookline, Cambridge and Somerville, where 34 new stations were collectively added and countless new riders joined the system. Additional Hubway stations were also added in more neighborhoods of Boston, filling gaps in the network and allowing more people to take advantage of Hubway's convenience. Thanks to continued support from MassDOT and the Federal Transit Administration, combined with local momentum for expanding bike infrastructure, cycling is growing in popularity in Greater Boston, increasingly connecting the dots between transit stations for commuters and tourists alike. We expect to continue facilitating Hubway's expansion across Boston and into additional cities and towns in coming years.

Greater Boston Cycling and Walking Map: Last year, MAPC published our Greater Boston Cycling and Walking Map. A first-in-the-region foldable pocket map showing both walking and bicycling facilities, the pamphlet and its companion website were so popular this past year that we re-published both with some enhanced features. The new version includes more landmarks and street names, walking routes, hiking trails, nearby transit, bike lanes and Hubway stations, and is available through the mail by contacting MAPC, or online at trailmap.mapc.org.

A hallmark of MAPC's work this year has been cross-department collaboration on interactive tools to engage the public in planning, particularly in communities that aren't traditionally included in planning processes. An outgrowth of our internal focus on cultural competency, these public engagement efforts have increased the diversity of stakeholders attending our community meetings and participating in decision making at the local level. And by better reflecting the diversity of the region, these efforts help us to foster more sustainable, inclusive project outcomes.

“Community PlanIt” gaming tool: In Quincy, our “Community PlanIt” gaming tool transforms community planning into something fun and interactive. Using a gaming environment customized for the project areas, Wollaston and North Quincy, residents compete with one another to generate and debate ideas for planning in their neighborhoods. Empathy-based challenges might help a teenager to walk the streets as an elderly resident, or might allow a native English speaker to take on the daily routine of a recent immigrant. This social media game helped MAPC, the Asian Community Development Corporation and the city of Quincy to engage youth and linguistically-isolated, low-income Asian residents in planning activities, and allowed residents to participate in an online conversation about the impact of their decisions on diverse groups in the area. The project culminated in a 200-person visioning meeting which used more than 1,000 comments gathered in the gaming tool as the basis for face-to-face conversations.

Clean Energy Efforts: Over the past year, MAPC has expanded its regional and local energy technical assistance programs to support clean energy efforts and greenhouse gas reductions throughout the region. Through our Local Energy Action Program (LEAP), MAPC works closely with individual communities to help them plan and implement clean energy work in their residential, commercial and municipal sectors. We led several regional energy procurements, including one that brought 17 communities together to procure professional solar installation services on municipal properties. Additional regional projects include the hiring of an Energy Services Company (ESCO) for performance contracting, the bulk purchasing of LED Street and outdoor lights, and the hiring of shared energy managers. These regional projects are effective in using economies-of-scale and peer learning to help cities and towns overcome the financial, logistic, and capacity barriers that often slow or prevent energy projects from moving forward.

This year marked our inaugural partnership with the state Department of Public Health (DPH) for a five year, \$1.6 million Community Transformation Grant funded by the federal Affordable Care Act. Our efforts tackle the root causes of chronic illness, such as smoking, poor diet, and physical inactivity.

Walking routes along the Mystic River: In October, our public health team worked with the MWRA to open a 1.1-mile section of a formerly closed 40-mile aqueduct system for public hiking, biking and walking trails; we also worked with Somerville, Medford and Malden to open 2.3 miles of signed walking routes along the Mystic River using existing sidewalks and infrastructure. Malden, Melrose and Wakefield collaborated with MAPC's public health staff to enroll four new schools in the Safe Routes to School program, which encourages children to walk and bike to school.

Healthy Dining Program: To help combat obesity, our team launched a healthy dining program with 15 restaurants in Malden, Somerville and Waltham; each participating location agreed to offer healthier menu options, such as side salads, vegetable substitutions, and more.

Community Safety Risks and Assets: Finally, MAPC’s public health department worked with youth in Cambridge, Everett, and Somerville to document community safety risks and assets through digital photography; using cameras provided to teens by MAPC. Each community held a local summit to showcase these “photovoice” images and to engage local leaders in discussions about the public safety issues depicted through the eyes of area youth.

In 2012, MAPC also continued to innovate new ways to use technology and interactive websites to engage residents and use data for advocacy across the region. We built a web-based “calculator” at www.fixthet.mapc.org that let members of the public make their own recommendations about how to plug the T’s \$161 million gap through an interactive budget sheet. The calculator received thousands of hits from web visitors who submitted multi-varied proposals to fix the MBTA’s funding crisis. MAPC used the results in our media work and legislative advocacy regarding the T’s finances.

Hubway Visualization Contest: In October and November, MAPC built on the success of our MBTA Calculator to launch the first-ever Hubway Visualization Contest, which challenged amateur and professional data wizards and designers to visualize just-released data on every Hubway ride to date—more than half a million trips. We received 67 submissions from across the country (and the globe), with the ultimate prize going to Ta Chiraphadhanakul, a doctoral candidate at MIT. His submission merged Hubway and MBTA data to compare trip times, and to calculate the time saved by Hubway users versus T riders. He demonstrated that Hubway provides a fast, efficient transportation option for the region’s residents and visitors, all with an elegantly designed visualization. (Read more about the contest in our April map).

Metro Boston Data Common: To help our growing network of stakeholders find and use data, MAPC proudly partnered with The Boston Foundation this year to release the newest version of our Metro Boston Data Common, built using the open source platform “WEAVE.” WEAVE allows Data Common users to explore data, create charts and maps, and find locally-useful resources, with full support from MAPC staff who offer monthly trainings and on-call expertise. For more information and to get started, visit www.metrobostondatacommon.org.

“The State of Equity in Metro Boston,” In December 2011, MAPC published “The State of Equity in Metro Boston,” an analysis of how inequity creates challenges for people in the region in all stages of life: childhood, young adulthood, adulthood, and the senior years. Although the region as a whole has become far more diverse over the past decade, this report showed that deep divisions and inequity remain. We explored these challenges in our 2011 report, which is available online at www.regionalindicators.org, and we are now following up with a policy-focused plan for 2013. After the release of the State of Equity Indicators Report in December 2011, MAPC turned immediately to developing an action agenda for equity in the region, working with stakeholders from throughout Metro Boston. The report will be released, and we will begin working to advance the agenda, throughout the winter and spring of 2013, so stay tuned for ways to get involved.

“Friends of MetroFuture”: Implementing MetroFuture through every facet of our planning work is a core value at MAPC. The internal team devoted to building a stronger corps of MetroFuture supporters has done a remarkable job of reaching new constituents this year. Our “Friends of MetroFuture” database numbers more than 2,000 at the close of 2012, with a full roster of “Walks and Talks” activities in the works for 2013. Past Walks and Talks events have included an historical tour of Fields Corner in Dorchester; a walking tour of River’s Edge, the rehabilitated brownfields site along the Malden River; a lecture on sustainable food production with author Julian Agyeman from Tufts University; and the ever-popular tour of Deer Island’s Sewage Treatment Plant in Boston Harbor. With something planned every month, it’s easy to get involved with MAPC and connected to MetroFuture through Walks and Talks. For more information about events and to become a Friend of MetroFuture, visit the new home of MetroFuture on the web: www.mapc.org/metrofuture.

Fire Apparatus Collective Purchasing Program: As our work expands into new and innovative areas, a key mission of MAPC remains the drive to help municipalities collaborate across their borders, saving money and time by becoming more efficient, while improving the quality of service to residents. A prime example is our unique Fire Apparatus Collective Purchasing Program. Last year, six months after launching the state’s first collective purchasing contracts for fire apparatus, MAPC and the Fire Chiefs Association of Massachusetts (FCAM) brought Boston into the partnership, giving the program significant momentum. Now, with the program in its second year, our staff has worked with 17 chiefs across the state, all of whom have taken an active role in shaping the program and its contracts. To date, 45 units of fire apparatus (including pumpers and aeriels) have been purchased since the program’s inception in 2010, representing total sales of close \$21.5 million and a savings of nearly \$900,000 for local fire departments. In addition to aerial apparatus and pumper apparatus, ambulances have just been added to the FCAM contract, and the first unit sold in November. This exciting new addition to our portfolio is expected to post strong sales in 2013 and beyond.

Northeast Region Homeland Security Advisory Council (NERAC): In keeping with our mission to promote regional collaboration, MAPC continues to facilitate the operation of the Northeast Region Homeland Security Advisory Council (NERAC). Three NERAC cache sites located in Beverly, Framingham and Lexington contain equipment to help the region prepare for and respond to major events such as natural or man-made disasters, by providing resources that municipalities typically can’t afford to purchase individually. NERAC assets were deployed in such major disasters as Super Storm Sandy this year, making 2012 a year of deep need in terms of emergency planning and preparedness.

MAPC’s legislative Agenda: 2012 marked a time of tremendous success for MAPC’s legislative agenda. We were gratified to see several years of hard work and advocacy around the Community Preservation Act (CPA) come to fruition in 2012, when the Legislature increased the state matching fund and passed several reforms making it easier to adopt and use CPA. A total of 11 communities adopted CPA this year thanks to these reforms, including six municipalities in the MAPC region. MAPC also worked with SWAP subregion communities to support legislation that regulates the use of phosphorous fertilizers, as a way to reduce pollution and comply with challenging EPA regulations. Additionally, our Government Affairs team drafted language for a

transportation bill that enables the MBTA and Regional Transit Authorities (RTAs) to receive additional funding and avoid even worse fare hikes and extreme service cuts.

Transportation Finance Campaign: As the debate around transportation funding in Massachusetts heats up again in 2013, MAPC is once more taking a strong role in the debate through our Transportation Finance Campaign. With our allies in Transportation for Massachusetts (T4MA) and the Massachusetts Association of Planning Agencies (MARPA), we are committed to creating a sustainable, long-term solution to our transit and roadway funding gaps, and generating more money for bike and pedestrian infrastructure. MAPC hosted several public forums throughout the year, including one major summit in South Station on June 11 that brought together more than 300 mayors, city managers, transit advocates and commuters to rally for a 21st-century transportation system for the entire state. A second forum took place in early December in Braintree. We will be continuing this campaign right into 2013. If you are interested in joining us, visit our website to get started.

As we look toward 2013 and our 50th anniversary as Greater Boston's regional planning agency, MAPC remains committed to fostering a vibrant, more livable region by furthering the progressive goals of MetroFuture. Much about the region has changed during the last five decades, but our commitment to serving the people who live and work in our region remains steadfast.

Interested in staying in touch with us throughout the year? Visit www.mapc.org for news, project updates and ways to connect with us in 2013, including information on our anniversary celebrations. We look forward to commemorating 50 years with you in 2013, and to planning for the next generation of our region's future together.

MYSTIC VALLEY ELDER SERVICES

In FY12 over 437 Reading residents used Mystic Valley's services valued at \$1,996,462; of these, 73 were eligible for Nursing Facility care while remaining at home.

Mystic Valley Elder Services is a nonprofit organization, which has been helping people find practical solutions to long term care issues since 1975. Our goal is to help seniors, disabled adults and their family caregivers find the best available services that fit within family resources. We offer a wide range of services creatively designed to support the challenges of daily life and independent living. Some are free of charge, others are offered on a sliding fee scale or private pay basis.

Information & Assistance: Resource consultants offer FREE advice and referrals from our extensive database of local, state and national resources. Assistance is available by telephone, email or a home visit by an experienced Care Manager. 373 Consumers were served at a cost of \$4,677

Care Management & Home Care Services: A range of programs for seniors designed to provide assistance with activities of daily living (bathing, dressing, etc.) for those who wish to remain in their own homes. Include in-home assessment by a care manager, development of a care plan, and delivery of approved services. 234 Consumers were served at a cost of \$1,748,959.

Caregiver Support: Services may include an in-home assessment, caregiver training and education regarding such areas as memory loss, home safety, respite care and fall prevention. Provides useful resources; especially for working and long distance caregivers. 17 Consumers were served at a cost of \$16,415.

Transportation: Providing rides to medical appointments and adult day health centers. 1 Consumer was served at a cost of \$154.

Meals on Wheels: A mid-day meal and daily check in by a friendly driver for those over 60 who are homebound and unable to prepare their own food. 24,950 Meals were served at a cost of \$155,230.

Senior Dining Sites: Centers in 14 locations offer seniors an opportunity to meet and enjoy a nutritious lunch. Ethnic meals are available. 4,489 Meals were served at a cost of \$45,622.

Behavioral Health Services: Clinical Caseworker provides outreach and connects consumers to behavioral health services in home and community settings. The program provides assistance with coordination and payment of behavioral health services. 4 Consumers were served at a cost of \$6,551.

SHINE Health Benefits Counseling: Trained counselors provide seniors with no-cost, confidential counseling and unbiased information regarding health insurance and prescription drug options. 216 Consumers were served at a cost of \$8,160.

Money Management Assistance: Trained volunteers provide assistance with bill paying, budgeting and banking tasks. A volunteer may also serve as a Representative Payee. 7 Consumers were served at a cost of \$7,121

Volunteer Program: Dedicated volunteers augment the agency's capacity by sharing their expertise with a variety of professional and administrative functions, providing bill paying assistance to elders, counseling Medicare and MassHealth recipients, staffing congregate meal sites and/or food pantries, and serving as literacy tutors in area elementary schools. 12 Volunteers performed 1,098 hours of service.

Legal Assistance: No-cost legal assistance and education on issues such as public benefits, landlord tenant disputes and loss of independence. 12 Consumers were served at a cost of \$2,475.

COMMUNITY SERVICES DEPARTMENT - READING TRAILS COMMITTEE

The Reading Trails Committee met monthly in 2012. Its main accomplishment was to complete the Kurchian Woods boardwalk. 380' of boardwalk was built and over 500 volunteer hours were contributed between October 2011 and November 2012. Boardwalk sections were prefabricated at the Mattera Cabin, which has proved an invaluable resource, then transported and assembled in Kurchian Woods.

Volunteers included Trails Committee members, Reading residents, and several individuals from the greater Boston area. DPW helped order supplies and fabricated "the bammer" (a tool for pounding 4x4 support posts into the ground). The Forestry Division sprayed poison ivy and RMLD paid for half the cost of a dumpster to remove old, rotten boardwalk sections. Conservation and GIS staff ordered supplies and managed the paperwork for the state Recreation Trails Grant that funded the project.

Trails Committee members led three nature walks and had a display at the Mattera Cabin on Earth Day in April 2012. They also had a display at Friends & Family Day in June and several members joined the Ipswich River Cleanup, also in June. The Committee led a walk in Kurchian Woods in December to show off the completed boardwalk. Throughout the year, committee members did trail clean-up projects as needed around town including cleaning up after Hurricane Sandy, primarily at the Mattera cabin, in early November.

Committee members worked with several Boy Scout Eagle candidates and a Girl Scout Gold Award candidate on trail projects. They also scouted several potential trails with the Reading Open Land Trust.

The Committee saw the resignation of long-time member Joan Hoyt, whose contributions will be very much missed. Jean Jacobs joined the Committee and has contributed significantly. The other Trails Committee Members are Chairman Thomas Gardiner, Terry Selle, Dave Williams, Will Finch, and Associate Member John Parsons.

COMMUNITY SERVICES DEPARTMENT - WEST STREET HISTORIC DISTRICT COMMISSION

The purpose of the West Street Historic Commission is to administer Section 5.18: Historic District Bylaw of the General Bylaws as it pertains to the West Street Historic District. The District was created to preserve the distinctive characteristics and architecture of the West Street area. Through its required review of all construction projects in the District, the Commission seeks to maintain and improve the settings of the buildings within the District and to encourage building designs compatible with the historic character of the area.

The Commission is currently composed of four voting members and one alternate. The voting members are: Chairman Steve O'Shea, Virginia Adams, Everett Blodgett, and Priscilla Poehler. The alternate is Ilene Bornstein.

For more complete information about the West Street Historic District and the Commission, including the text of the Historic District Bylaw and design guidelines for the District, please refer to the Commission's webpage which is linked to the Town Of Reading webpage under Boards and Committees.

READING HOUSING AUTHORITY

It is with great pleasure that the Board of Commissioners share with you the activities and accomplishments of the Reading Housing Authority over the past year.

The start of the New Year has seen some improvement in our economy; however, we remain cautious during this somewhat unstable time. The pressure on the real estate market has continued to create a critical challenge for poor and lower income families to find, keep and maintain their housing. As the real estate values escalated over the past few years, it was certainly felt most dramatically at the low-income levels. Rental units had been at a greater premium in this area; however, we continue to see an increase in availability. Previously, landlords had been able to ask for and receive high rents, which historically price the poor and lower income families out of the rental market. Again, we are beginning to see a change in the rental market area with increase inquiries from landlords who are experiencing more difficulty renting units.

The Reading Housing Authority (Authority) strives to assist these families to seek and obtain housing that is decent, safe and sanitary. In an effort to ameliorate this impact, the Authority will continue its efforts to develop new units and purchase affordable units when the opportunity arises. The Authority most recently has begun a careful search for a multi-family home in our area with the hope of adding additional family affordable units to our present inventory in the upcoming year. We continue to support private developers and the Town in their efforts to set aside units for low/moderate income families in their proposed developments. We reach out to owners of multi-family units who would like to work with us to serve our clients.

As always, the Authority goes beyond the bricks and mortar and provides assistance to families, elderly, and handicapped persons to obtain the services they need. We continue to work closely with Mystic Valley Elder Services and other home care agencies to meet the needs of the elderly residents as they strive to remain independent and age in place. Our local nurse advocate, Diane Luther has been someone that elder residents and RHA staff have relied on in greater numbers in order to have seniors remain in their homes. With budget cuts affecting all of us, we strive to maintain our programs, work with other supportive agencies, and still offer a safe and decent place for our seniors, disabled, and families in need. The Board wants to thank Executive Director Lyn Whyte and her staff for their continued dedication, commitment and service to the Reading Housing Authority. We look forward to working with them as we meet the new challenges that lie ahead.

Organization

Organized in 1963 to address the housing needs of the Town's low and moderate income residents, the Reading Housing Authority (Authority) is "a public body politic and corporate" duly organized and authorized by Massachusetts General Laws (MGL), Chapter 121B, s.3. The Authority receives its funds from the State and Federal government to assist our clients with their housing needs. Although the Authority does not receive any local funding, five unpaid Reading residents compose the Board of Commissioners. The Board of Selectmen appoints four of these board members and one is the Governor's appointee. Each member serves for a 5-year term. The

Board is responsible for the overall operation of the Authority. The day to day responsibility is delegated to the Executive Director.

The Board meets regularly and has scheduled their monthly meetings for the first Monday of each month. The Annual Meeting of the Board is currently scheduled for the month after the Selectmen makes their annual appointment of a Board member. Currently, the Board Members and their term of office are as follows:

Kevin Mulvey 67 Whittier Road	Chair Term expires 6/30/2013
Mary Connors 52 Sanborn Street, #103	Vice-Chair and Tenant Representative Term expires 6/30/2017
Karen L. Flammia 19 Vista Avenue	Treasurer Term expires 6/30/2015
Diane Cohen 173 Hillcrest Avenue	Asst. Treasurer and State Appointment Term expires 6/30/2016
Timothy J. Kelley 84 Woburn Street	Member Term expires 5/03/2014
Lyn E. Whyte 41 Shore Road, Saugus	Secretary and Executive Director

Administrative Staff

The Board contracts an Executive Director who manages the day-to-day operations of the Authority. Within State and Federal guidelines and other budgetary limits, the Executive Director hires the supporting staff necessary to achieve the goals and responsibilities of the Authority's programs. The Executive Director, Lyn Whyte, is in a five-year contract that expires August 29, 2015.

Administration

Lyn E. Whyte	Secretary and Executive Director
Catherine Sutherland	Office Manager
Kathleen Rolli	Federal Program Coordinator & Assistant Executive Director
Michelle Hudzik	State Program Coordinator
Katelyn Veglia	Part-time Program Assistant

Maintenance

Frank Veglia Maintenance Supervisor
Joseph Costello Maintenance Staff
Kevin Boyle Maintenance Staff

Supportive Services Affiliations

Home Care

Jacqueline Carson Sanborn Home Care Director
Daniel J. O’Leary Director, Mystic Valley Elder Services
Jane Burns Town of Reading, Elder Services Administrator

Financial Institutions

Reading Cooperative Bank
Eastern Bank
BankNorth
Mass. Municipal Depository Trust – Boston, MA

Affiliations

National Association of Housing and Redevelopment Officials (NAHRO)
Massachusetts Chapter of National Association of Housing and Redevelopment Officials (MassNAHRO)
New England Regional Council of National Association of Housing and Redevelopment Officials (NERC/NAHRO)
Section 8 Administrators Association
North Shore Housing Executive Directors’ Association (NSHEDA)
Adult Literacy Committee of Reading/Wakefield YMCA

Consultants

Accountants: Fenton, Ewald & Associates
Legal: Charles Houghton, Esq. & DHCD Legal Counsel, Lori McBride

Contractors

Hiltz Waste Disposal Bennett Construction

Avon Plumbing Supply

John's Sewer & Pipe Cleaning

S.M. Hodson Company Inc

Powers Plowing Service

Roberto Brothers Landscaping

Atlas Alarm

Automatic Laundry

Home Depot

Maintenance

We do it all – from the beautiful paint job to the new appointments before you move into your new apartment. The maintenance staff meets the challenges on every occasion and has done an excellent job.

With the four seasons here in New England, maintenance has to be ready to take it all in stride. They do the spring clean-up and plantings; the summer mowing, watering, weeding and trimming; the fall leaf pick-up; and winter's snow and ice removal. The maintenance staff works tirelessly to keep our developments looking beautiful. We have been lucky enough to have the assistance of the Work Release Program from the Middlesex Sheriff's Department. They have been exceptional in the work that they have done with our landscaping and painting projects. These programs are cost effective and have become a critical component to maintaining our properties. During the course of this past year, this program enabled us to maintain the grounds of our properties with a fall and spring clean up. This annually scheduled project assists us with maintaining these properties and it greatly enhances their appearances. Additionally, with the actions of this program, we painted a family residence this year. The properties needed a facelift and the Work Release Program afforded us the opportunity to enhance the appearance of those homes.

The Authority is responsible for 108 individual units located on 10 different sites. It is no easy task to keep each one looking in its top form. The maintenance staff is also responsible for the daily work orders and any emergency work that has to be done. The Authority has an extensive preventative maintenance program for all major components and has a cyclical paint schedule for all units.

2012 Funding Received

Each year the Authority applies for several grants, or capital funding when available, to improve our properties and better serve our residents and the community. Included in this year's awards were:

Modernization of State Housing

DHCD Water Conservations Sustainability Program-Low-Flow Toilet Procurement Program grant totaling \$35,123 to fund costs related to the installation of low flow toilets and showerheads at our state elderly development was awarded to the RHA in November 2011. However, the project was completed during the early winter months of 2012.

The Housing Authority also completed Capital Improvement Plans at various state locations during the late summer and early fall 2012 as a result of our state funding award of \$72,390 for

fiscal year 2012. Oakland/Waverly family development had new exterior lighting installed at all units, installation of four new kitchens at designated units, along with new roofs on the three buildings. Our special needs home on Bancroft had new siding installed at that home. All of these improvements were a benefit to those families that live in our developments.

Supportive Services Grant – HUD

No funding available since we no longer administer an FSS program.

Supportive Services Grant – State

Funding of Resident Service Coordinator to address elderly/non-elderly needs for Frank D. Tanner Drive residents was approved; however, it is now categorized as an administrative expense.

Audits

The Authority has a Single Audit of all programs by an independent auditor each year. Ross and Company of Nashua, NH was engaged to perform the latest review of the Authority's programs for fiscal year end June 2012. The audit was completed in November 2012 and final submissions to designated agencies were completed in December 2012. The Authority had no findings or additional recommendations as a result of this latest audit. The Authority's financial position is adequate to meet the needs of the operation and development of the programs and we are fortunate to maintain a retained revenue agency status.

A compliance audit for FYE June 2008 and June 2009 was conducted by the Commonwealth of Mass State Auditors office in February 2010 and completed with no findings. The Commonwealth of MA conducts this audit every two years. Our next compliance audit for FYE June 2010 and June 2011 has not yet been scheduled.

Management Review

The Authority has had a current Management Review done of all State programs. The Asset Managers from the State's Department of Housing and Community Development reviewed all the operations of the State programs to insure compliance in the daily operation of the Authority's budget, occupancy, administration, maintenance, services and tenant participation. The Authority received an excellent review with minor comments.

In regard to our federal program, the Authority submitted its annual Section 8 Management Assessment Program (SEMAP) reports for fiscal year end June 2012 to HUD for review and subsequent scoring. The purpose of SEMAP is to measure public housing authority performance in key areas of the Section 8 Housing Choice Voucher Program management. It is a tool used by HUD to effectively monitor and assist PHA's. It is our pleasure to report that the Reading Housing Authority received an overall score of 100 percent for the fiscal year ending June 30, 2011. As a result of this score, HUD designates the Authority as a "high performer" with credit going to Section 8 Program Coordinator Kathy Rolli for her continued efforts in administering an ever-changing federal program. We will not submit additional SEMAP reports until fiscal year

June 2013. These assessments are now performed every two years for an agency of our size per latest HUD changes.

State Programs

The Authority currently manages the three programs under the State's Department of Housing and Community Development: 667 Housing (elderly/handicapped housing); 705 Housing (Family housing); 689 Housing (Special Needs Housing).

Our 667 wait lists are open at the present time; however, we are not accepting applications for our state family program at this time due to an estimated wait of fifteen years. We encourage applicants to apply for our elderly/handicapped (667) housing by contacting the Housing Authority at 781-944-6755 or by accessing the application on the Town of Reading website.

Housing for Elderly/Handicapped Persons (667)

80 units: Frank D. Tanner Drive Complex
Eligibility: 60 years of age or disabled
Income: 1 person - \$45,500
2 persons - \$52,000

Housing for Families (705)

6 units: Waverly and Oakland Road (six 3BR units)
4 units: Pleasant and Parker Street (two 2BR units; two 3BR units)
Eligibility: Family of 2 or more depending on Bedroom size
Income: 2 persons - \$52,000
3 persons - \$58,500
4 persons - \$65,000
5 persons - \$70,200
6 persons - \$75,400
7 persons - \$80,600
8 persons - \$85,800

Federal Programs

The Authority manages 125 subsidies for persons of very low income under the Federal Section 8 program. Currently, the RHA participates in a centralized waiting list administered by the MASSNAHRO organization. Applications for this wait list are available at the administration office building at 22 Frank D. Tanner Drive, Reading. The income limits are:

Section 8 Rental Assistance

Income limits:	1 person - \$34,250	2 persons - \$39,150
	3 persons - \$44,050	4 persons - \$48,900
	5 persons - \$52,850	6 persons - \$56,750
	7 persons - \$60,650	8 persons - \$64,550

RHA-Owned Properties

The Authority presently owns and manages sixteen family units located in various locations throughout the Town of Reading. We continue to pursue opportunities to expand low income housing units within the Town whenever possible.

Applications

Elderly/Handicapped Housing (667)

The Authority manages 80 one-bedroom units of housing for elderly/handicapped persons at our Frank D. Tanner Drive complex in Reading. To qualify for this housing, a single person or couple must meet the eligibility guidelines and be 60 years of age or older or handicapped. The Authority sets aside 13.5% of these units for non-elderly handicapped persons.

The wait list is currently open for all seniors' 60 years of age and older. We encourage Reading residents to apply and are making special outreach efforts to elderly of minority representation. The 13.5% non-elderly handicapped requirement has been fulfilled but applications are still being accepted for our wait list. Non-elderly applicants will be served after the Authority has placed all qualified applicants if the 13.5% requirement has been met. You may obtain an application at the office of the Authority, 22 Frank D. Tanner Drive, Reading, MA 01867 or by accessing one online from the Town of Reading website.

Family Housing – State (705)

The Authority operates the State's Family Housing Program with 2 different developments. The first family housing development that was built by the Authority is located at Oakland and Waverly Roads and is called *Waverly Oaks*. There are six 3-bedroom units. Our second state family development is near the center of Town and is referred to as our *Pleasant/Parker* location. There are only four units available at this site. Our wait list is currently closed. Wait times for those presently on the list remains quite long.

Section 8 Federal Housing Assistance Program

Currently, the wait list for our Section 8 Program is open. We now participate in the centralized wait list program initiated in December 2002 and administered by Mass NAHRO. Applications are available at our administrative office or online at www.mnahro.org. An application can be downloaded from that site and submitted to any agency participating in the centralized wait list program. There are currently over 85 member agencies taking part in that joint process. At present there are almost 100,000 families on this waitlist with waiting times for assistance quite long.

The State maintains a wait list for its programs through the Metropolitan Boston Housing Program (MBHP). Anyone seeking an emergency application should contact MBHP at (800) 272-0990 to obtain an application. The local area service agency for emergency applicants is Community Service Network. You may contact them at (781) 438-1977.

Summit Village First Time Homebuyers Program

The Authority continues to oversee the maintenance of the wait list for qualified and eligible applicants for the affordable units at Summit Village through the First Time Homebuyers Program. We presently have nine potential buyers on our waitlist. During the past year, no affordable unit was made available and subsequently sold at an affordable price to a family on our wait list. The “affordable” owners must have a fair market appraisal done; the Authority reviews the appraisal and if accepted, provides the owner with the maximum resale price for the affordable unit. If the owner has a friend who would be eligible and income-qualified, then the Authority reviews their qualifications and provides them with an “Eligible Purchaser Certificate”. If the owner wishes to select an applicant from the wait list, the Authority would send the next available and eligible buyer’s name to the owner to negotiate the sale.

Interested applicants may pick up applications packets at the Town Clerk’s office in Town Hall; at the Reference Desk at the Reading Public Library; or at the office of the Reading Housing Authority, 22 Frank D. Tanner Drive. When making an application, a \$10 fee made payable to the “Reading Housing Authority” must be included along with all pertinent documentation. If the family applying for the affordable unit is headed by 2-persons, both parties must execute the application as applicant and co-applicant. Income from all family members age 18+ is included in family income for eligibility. However, if the income of one of these persons is from a dependent (not spouse) who is a full-time student, then a deduction for out of pocket expenses for books, tuition, fees and/or travel is allowed. Documentation from the school must be provided and verification for employment and expenses must be provided with the application. All persons must sign a “Release of Information” to have their documentation verified by the Authority. Highlights of the program are:

<u>First Time Homebuyer</u>	Cannot have owned a home within the last 3 years; divorced persons cannot currently own home but 3 year restriction is excused.
<u>Maximum Family Income</u>	Currently, the maximum family income cannot exceed 80% of FY 2010 Medium Family Income presently set at \$91,800 (effective 5/14/10) for all persons in the family from all sources (wages, interest, dividends, etc.)
<u>Family Housing</u>	<p>The 2 bedroom units must have a minimum family size of 2 persons. The maximum number of persons that can qualify for a 2-bedroom unit would be 4 persons.</p> <p>The 3 bedroom units must have a minimum of 3 persons with 2 being minor children living in the household. The maximum number of persons that would qualify for a 3-bedroom unit would be 6 persons.</p>

Affordable Price

The affordable price is based on a 20% discount from the current fair market appraisal of the unit, which must be verified by the Authority.

Deed Restriction

Anyone wishing to purchase an “affordable” unit should be aware that a permanent deed restriction would be recorded with their deed. This restriction states that the unit must be sold to a qualified and eligible purchaser at a 20% discount from the fair market value as approved by the Reading Housing Authority.

Single Persons

Applications are accepted from single family households but persons on the single person wait list will be chosen only after all the eligible family applicants have been served.

Local Preference

Applicants from the Town of Reading are given preference over other applicants if their application is made on the same day. This local preference is given if a person is employed in the Town of Reading; has a business or enterprise in Reading which has been established for one or more years; if they are parents of a school child in Reading; persons who were residents of Reading for 5 or more years.

Conclusion

The Reading Housing Authority is proud to provide this information to you. Anyone interested in obtaining an application for any of our housing programs: elderly/handicapped housing, state family or the Federal Section 8 Rental Assistance Program, should contact the authority at 22 Frank D. Tanner Drive or by calling the office at (781) 944-6755.

COMMONWEALTH OF MASSACHUSETTS

Middlesex, ss. Officer's Return, Reading:

By virtue of this Warrant, I, on February 28, 2012 notified and warned the inhabitants of the Town of Reading, qualified to vote on Town affairs, to meet at the place and at the time specified by posting attested copies of this Town Meeting Warrant in the following public places within the Town of Reading:

- Precinct 1 J. Warren Killam School, 333 Charles Street
- Precinct 2 Reading Police Station, 15 Union Street
- Precinct 3 Reading Municipal Light Department, 230 Ash Street
- Precinct 4 Joshua Eaton School, 365 Summer Avenue
- Precinct 5 Reading Library, Local History Room, 64 Middlesex Avenue
- Precinct 6 Barrows School, 16 Edgemont Avenue
- Precinct 7 Birch Meadow School, 27 Arthur B Lord Drive
- Precinct 8 Wood End School, 85 Sunset Rock Lane
- Town Hall, 16 Lowell Street

The date of posting being not less than fourteen (14) days prior to April 23, 2012, the date set for Town Meeting in this Warrant.

I also caused a posting of this Warrant to be published on the Town of Reading website on February 29, 2012.



Alan Ulrich, Constable

A true copy Attest:



Laura Gemme, Town Clerk

**TOWN WARRANT
(SEAL)
COMMONWEALTH OF MASSACHUSETTS**

Middlesex, ss.

To any of the Constables of the Town of Reading, Greetings:

In the name of the Commonwealth of Massachusetts, you are hereby required to notify and warn the inhabitants of the Town of Reading, qualified to vote in elections and Town affairs, to meet at the Reading Memorial High School Auditorium, 62 Oakland Road, in said Reading, on Monday, April 23, 2012, at seven-thirty o'clock in the evening, at which time and place the following articles are to be acted upon and determined exclusively by Town Meeting Members in accordance with the provisions of the Reading Home Rule Charter

ARTICLE 1 To elect by ballot the following Town Officers:

A Moderator for one year;
One member of the Board of Selectmen for three years;
One member of the Board of Assessors for three years;
Two members of the Board of Library Trustees for three years;
Two members of the Municipal Light Board for three years;
Two members of the School Committee for three years; and
One Hundred and Ninety Two Town Meeting Members shall be elected to represent each of the following precincts:

Precinct 1 Eight members for three years;
Eight members for two years;
Eight members for one year;
Precinct 2 Eight members for three years;
Eight members for two years;
Eight members for one year;
Precinct 3 Eight members for three years;
Eight members for two years;
Eight members for one year;
Precinct 4 Eight members for three years;
Eight members for two years;
Eight members for one year;
Precinct 5 Eight members for three years;
Eight members for two years;
Eight members for one year;
Precinct 6 Eight members for three years;
Eight members for two years;
Eight members for one year;
Precinct 7 Eight members for three years;
Eight members for two years;
Eight members for one year; and
Precinct 8 Eight members for three years;
Eight members for two years;
Eight members for one year;

To vote on the following two questions:

Question 1:

Shall the Town of Reading approve the amendment to Article 5 of the Reading Home Rule Charter, proposed by the November 14, 2011 Subsequent Town Meeting, which is summarized below:

Article 5, Town Manager

Section 5 –1 Appointment, Qualifications, Term

This amendment will authorize the Board of Selectmen to enter into a contract with the Town Manager for a term not exceeding three (3) years in length.

Yes _____ No _____

Question 2:

Shall the Town of Reading approve the amendment to Article 7 of the Reading Home Rule Charter, proposed by the November 14, 2011 Subsequent Town Meeting, which is summarized below:

Article 7 – Finances and Fiscal Procedures

Section 7-2: Submission of Proposed Budget

This amendment modifies the budget process by requiring the Town Manager to consult with the Board of Selectmen on the Municipal Government portion of the budget before submitting the budget to the Finance Committee.

Yes _____ No _____

and to meet at the Reading Memorial High School, 62 Oakland Road, in said Reading on

MONDAY, the TWENTY-THIRD DAY OF APRIL A.D., 2012

at seven-thirty o'clock in the evening, at which time and place the following Articles are to be acted upon and determined exclusively by Town Meeting Members in accordance with the provisions of the Reading Home Rule Charter.

ARTICLE 2 To hear and act on the reports of the Board of Selectmen, Town Accountant, Treasurer-Collector, Board of Assessors, Director of Public Works, Town Clerk, Tree Warden, Board of Health, School Committee, Contributory Retirement Board, Library Trustees, Municipal Light Board, Finance Committee, Cemetery Trustees, Community Planning & Development Commission, Town Manager and any other Official, Board or Special Committee.

Board of Selectmen

ARTICLE 3 To choose all other necessary Town Officers and Special Committees and determine what instructions shall be given Town Officers and Special Committees, and to see what sum the Town will vote to appropriate by borrowing or transfer from available funds, or otherwise, for the purpose of funding Town Officers and Special Committees to carry out the instructions given to them, or take any other action with respect thereto.

Board of Selectmen

ARTICLE 4 To see if the Town will vote to amend the FY 2012 - FY 2021 Capital Improvements Program as provided for in Section 7-7 of the Reading Home Rule Charter and as previously amended, or take any other action with respect thereto.

Board of Selectmen

ARTICLE 5 To see if the Town will vote to adopt Massachusetts General Laws Chapter 32B, Section 20 which allows the Town to set up an irrevocable trust for "Other Post Employment Benefits Liabilities" or take any action with respect thereto.

Board of Selectmen

ARTICLE 6 To see if the Town will vote to amend one or more of the votes taken under Article 28 of the Warrant of the Annual Town Meeting of April 25, 2011 as amended under Article 5 of the Warrant of the Subsequent Town Meeting of November 14, 2011; and to see what sum the Town will vote to appropriate by borrowing or transfer from available funds, or otherwise, as the result of any such amended votes for the operation of the Town and its government, or take any other action with respect thereto.

Board of Selectmen

ARTICLE 7 To see if the Town will vote to approve the FY 2013 – FY 2022 Capital Improvements Program as provided for in Section 7-7 of the Reading Home Rule Charter, or take any other action with respect thereto.

Board of Selectmen

ARTICLE 8 To see if the Town will vote to authorize the payment during Fiscal Year 2012 of bills remaining unpaid for previous fiscal years for goods and services actually rendered to the Town, or take any other action with respect thereto.

Board of Selectmen

ARTICLE 9 To see if the Town will vote to authorize the Board of Selectmen to sell, or exchange, or dispose of, upon such terms and conditions as they may determine, various items of Town tangible property, or take any other action with respect thereto.

Board of Selectmen

ARTICLE 10

To see if the Town will vote to authorize revolving funds for certain Town Departments under Massachusetts General Laws, Chapter 44, Section 53E ½ for the fiscal year beginning July 1, 2012 with the receipts, as specified, credited to each fund, the purposes, as listed, for which each fund may be spent, the maximum amount that may be spent from each fund for the fiscal year, and the disposition of the balance of each fund at fiscal year end.

Revolving Account	Spending Authority	Revenue Source	Allowed Expenses	Expenditure Limits	Year End Balance
Conservation Commission Consulting Fees	Conservation Commission	Fees as provided for in Reading General Bylaws Section 5.7, Wetlands Protection	Consulting and engineering services for the review of designs and engineering work for the protection of wetlands.	\$25,000	Available for expenditure next year
Inspection Revolving Fund	Town Manager	Building Plumbing, Wiring, Gas and other permits for the Oaktree, Addison-Wesley/ Pearson and Johnson Woods developments	Legal, oversight and inspection, plan review, initial property appraisals and appeals, Community Services general management, curb sidewalks and pedestrian safety improvements, records archiving and other project related costs.	\$200,000	Available for expenditure next year
Public Health Clinics and Services	Board of Health	Clinic Fees and third party reimbursements	Vaccines, materials for screening clinics and clinical supply costs, medical equipment and supplies, immunizations, educational materials	\$25,000	Available for expenditure next year
Library Materials Replacement	Library Director and Trustees	Charges for lost or damaged Library materials	Acquire Library materials to replace lost or damaged items	\$15,000	Available for expenditure next year
Mattera Cabin Operating	Recreation Administrator	Rental Fees	Utilities and all other maintenance and operating expenses	\$10,000	Available for expenditure next year
Town Forest	Director of Public Works upon the recommendation of the Town Forest Committee	Sale of timber; fees for use of the Town Forest	Planning and Improvements to the Town Forest	\$10,000	Available for expenditure next year

or take any other action with respect thereto.

Board of Selectmen

ARTICLE 11 To see if the Town will vote to revoke its acceptance of Chapter 468 of the Acts of 1911 which extended the provisions of Civil Service for the Reading Police Department, including the Chief of Police; and further, that this revocation will not affect the Civil Service status of existing personnel in their current positions; or take any other action relating thereto.

Board of Selectmen

ARTICLE 12 To see if the Town will vote to accept a gift to establish the Friends of Reading Football Scholarship Fund to be administered by the Town of Reading Commissioner of Trust Funds in accordance with the wishes of the donors, or take any other action with respect thereto.

Board of Selectmen

ARTICLE 13 To see if the Town will vote to determine how much money the Town will appropriate by borrowing, or from the tax levy, or transfer from available funds, or otherwise, for the operation of the Town and its government for Fiscal Year 2013 - beginning July 1, 2012, or take any other action with respect thereto.

Finance Committee

ARTICLE 14 To see what sum the Town will vote to appropriate by borrowing, whether in anticipation of reimbursement from the State under Chapter 44, Section 6, Massachusetts General Laws, or pursuant to any other enabling authority or from the tax levy, or transfer from available funds, or otherwise, for highway projects in accordance with Chapter 90, Massachusetts General Laws, or take any other action with respect thereto.

Board of Selectmen

ARTICLE 15 To see what sum the Town will raise by borrowing pursuant to G.L. Chapter 44, §7(1) or transfer from available funds, or otherwise, and appropriate for the purpose of making improvements to the Whittier Road, Tennyson Road, Tennyson Circle, Wadsworth Road and Browning Terrace area surface drains, sewers and sewerage systems, including the costs of engineering services, plans, documents, cost estimates, bidding services and all related expenses incidental thereto and necessary in connection therewith, said sum to be spent under the direction of the Town Manager; and to see if the Town will authorize the Town Manager, the Board of Selectmen, or any other agency of the Town to apply for a grant or grants to be used to defray all or any part of said sewer construction and/or reconstruction and related matters; and to see if the Town will vote to authorize the Town Manager to enter into any or all agreements as may be necessary to carry out the purposes of this Article; and to see if the Town will authorize the Town Manager, the Board of Selectmen, or any other agency of the Town to apply for a non-interest bearing loan from the Massachusetts Water Resources Authority, and to authorize the Treasurer-Collector, with the approval of the Board of Selectmen, to borrow pursuant to said loan, or take any other action with respect thereto.

Board of Selectmen
