



2011 Annual Report

Table of Contents

	Page No.
TOWN MANAGER	
2011 Annual Letter	1-2
ACCOUNTING AND FINANCE DEPARTMENTS	
Accounting Department	3
Finance Department	3
Finance: Assessment Division	4
Finance: Collection Division	4
Finance: Electronic Payment	4
Finance: General Division	5
General Finance: Trust Funds	6
Finance: Human Resources Division	6
Finance: Technology Division	7
Finance: Town Clerk	8-9
Finance: Trust Funds	10-11
Report of the Town Collector	12-16
FY 2010 Real Estate Abatements	17-20
Financial Statements	21-99
COMMUNITY SERVICES DEPARTMENT	
Board of Selectmen	100-104
Conservation Division	105-106
Elder/Human Services	107-113
Health Division	114-115
Inspections Division	116
Zoning Board of Appeals	116
Planning Division	117-119
Veterans' Services Division	120
Town Counsel	121
The Arc of Middlesex	122-123
Historical Commission	124-125
Metropolitan Area Planning Council (MAPC)	126-132
Mystic Valley Elder Services	133-134
Trails Committee	135-136
West Street Historic District Commission.....	137

HOUSING AUTHORITY	
Report	138-145
LEGISLATIVE BODY	
Town Meeting Reports and Voting Results	146-295
Organization Chart	296
READING PUBLIC LIBRARY	
Report	297-308
PUBLIC SAFETY	
Fire Department	309-314
Police Department	315-320
Animal Control	321
Parking Enforcement Officer	321-324
Reading Coalition Against Substance Abuse (RCASA)	325-329
PUBLIC WORKS DEPARTMENT	
Administration Division	330
Cemetery Division	331
Custodian of Soldiers' and Sailors' Graves	331
Engineering Division	331-334
Highway Division	335
Forestry: Tree Warden's Report	336
Parks Division	336
Recreation Division	337-343
Water Distribution Division	344
Sewer Distribution Division	344
Water Supply Division	345-347
Director's Report	347-348
SCHOOL DEPARTMENT	
Superintendent's Report	349-407
Northeast Metropolitan Regional Vocational School	408-424
BOARDS, COMMITTEES AND COMMISSIONS	
Report	425-433

TOWN MANAGER'S ANNUAL LETTER

TO: Residents of the Town of Reading

Dear Fellow Residents:

The Town of Reading Annual Report for the calendar year 2011 is attached. This report, in all of its details, highlights the many activities in Reading this past year. As you read the report I'm sure that you will agree that the condition 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. These are some of the reasons that Reading was named by CNBC as the 4th **most perfect suburb in the Nation in 2011.**

Reading Town government is lead by an outstanding group of 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, volunteers and staff alike, are proud of their collaborative approach to problem solving and decision making at all levels, and this process serves the community and its residents well.

**This Annual Report is again dedicated to all of the men and women
who work and volunteer for their community of Reading.**

During 2011, we continued to be an energetic and engaged community, and some highlights for 2011 include:

- The Town government continues to provide excellent customer service, as exhibited by over 400 customers who provided customer feedback.
- Community Development activities continued strong, with the beginning of construction of Calereso's, Reading Woods (former Addison Wesley/Pearson site), and the Oaktree development (former Atlantic Supermarket site).
- Several functions of Town government have been restructured, including regionalizing Public Health services, and reducing hours in Conservation, Inspections, and Elder/Human Services as appropriate to current workload. All of these transitions are in place and working well.
- The Town continues to maintain its sound financial performance, bolstered in large part by the refinancing of some school debt in early 2012, resulting in savings for the Town budget and beginning in 2014 for the taxpayers through reduced costs of the RMHS debt exclusion.

On a less positive note, following the shooting death of a resident in Reading, and the death of another Reading resident outside of the community, Reading conducted a series of three Community Dialogues last fall centered on the issue of Substance Abuse and Violence Prevention in Reading. A direct outcome of those dialogues is a coordinated approach in the FY 2013 budget to address these issues through education, treatment, and enforcement.

For those who have need for detailed information about the Town of Reading, we hope this Annual Report will be valuable for you. It provides a good historical record of what has happened in the Town of Reading in calendar year 2011.

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 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 2011.

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.

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.

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).

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.

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.

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 2012 was set at \$14.15 per thousand, a \$0.35 increase per thousand from the FY 2011 rate. The total assessed value of all properties and accounts for FY 2012 is \$3.764 billion which is a 0.4% increase from the previous year. The average house in Reading is now valued at \$444,500, which is a 0.4% increase from FY 2011.

The breakdown of Reading property for FY 2012 is as follows

	Assessed Value	Share	Change
Residential	\$3,389,725,591	90.0%	+0.5%
Commercial	\$ 320,481,055	8.5%	+0.3%
Industrial	\$ 9,648,700	0.3%	-0.1%
Personal	\$ 44,158,280	1.2%	-2.5%
TOTAL	\$ 3,764,013,606	100.00%	+ 0.4%

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 02/27/12)

	CY12	CY11	CY09	CY08	CY07	CY06
Registered Users	2731	2514	1109	873	508	258
Real Estate	107	410	167	141	95	38
Excise	594	919	402	329	352	220
Water/Sewer/Storm Water	79	454	174	125	75	NA

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 02/28/12)

	Issued	Fees
FY12	784	\$38,200
FY11*	1106	\$40,475
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

*Fee increased 12/1/2010

Foreclosures (Foreclosure deeds recorded at the Registry of Deeds as of 02/28/12)

2012	0
2011	10
2010	18
2009	11
2008	20
2007	10
2006	1

Real estate taxes collected were \$50.6 million – a 2.7% increase from the \$49.2 million in the previous year. Personal property taxes collected also increased to \$0.616 million from \$0.614 million; and Excise tax collections increased to \$2.94 million in FY11 from \$2.59 million in FY10. 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 FY11 were only \$355,700 – a few years ago this figure was about \$1.7 million before interest rates began their historic drop. No permanent debt was issued during calendar year 2011.

General Finance - Trust Funds

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Beginning Balances	\$7,620,268	\$8,029,097	\$8,263,326	\$8,501,857	\$8,775,298
Contributions	\$ 96,565	\$91,885	\$125,896	\$292,348	\$92,097
Disbursements	(\$ 226,608)	(\$215,912)	(\$233,641)	(\$256,135)	(\$255,805)
Interest	\$ 538,873	\$358,255	\$346,277	\$237,227	\$270,878
Ending Balances	\$8,029,097	\$8,263,326	\$8,501,857	\$8,775,298	\$8,882,468

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
Cemetery	\$3,463,268	\$3,629,468	\$3,710,648	\$3,784,637	2.0%
Hospital	\$4,069,260	\$4,156,231	\$4,178,520	\$4,203,279	0.6%
Library	\$66,002	\$66,622	\$60,930	\$62,524	2.6%
Scholarships	\$124,106	\$123,600	\$173,131	\$171,628	-0.9%
Veterans Memorial	\$103,195	\$103,135	\$101,165	\$104,503	3.3%
Celebration	\$59,506	\$47,086	\$47,608	\$44,146	-7.3%
Historic Preservation	\$70,287	\$66,815	\$68,058	\$70,925	4.2%
Elder Services	\$285,942	\$286,227	\$411,930	\$416,790	1.2%
Loans	\$21,760	\$22,672	\$23,307	\$24,035	3.1%

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 (MILA). 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. Due to a number of significant benefit changes designed to encourage medical cost-efficient behavior for employees the annual health insurance premium costs over the past seven years are about 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%

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 in the midst 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 active projects: a 'computer assisted mass appraisal (CAMA)' system for the Board of Assessors; extending document storage to the School Department and all other areas of town government, and then making search capabilities on public records available to anyone via the internet; adding 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 also available online; a new GIS mapping system available online; and during 2012 a new website design will be unveiled. Recently completed new systems include a conversion to an internal unified Public Safety system for Police, Fire & Dispatch; Reading Community Alerts system for mass communication with the general public; and an online cemetery information system.

By 2013 the public will see a great deal of information and new capabilities to interact with the Town government offered online. The Town has decided to take an integrated approach to offer as much 'one-stop shopping' for customers as is possible, and this efforts has involved a few years of planning and implementation.

Finance: Town Clerk

Elections

In 2011 there was a local town election in the Town of Reading.

Election Turnout

On April 5, 2011 there were 2,367 votes cast in the Local Election with 56 Absentee Ballots, totaling in a 14 % turn out.

Board of Registrars

Registrars Krissandra Holmes, Gloria Hulse, Harry Simmons, and Town Clerk Laura A Gemme registered 658 voters – down from 948 last year; made 7,264 voter changes (name, address, status); and deleted 686 voters in 2011. There were over 8,840 signatures certified on nomination and petition papers for the 2011 election year. Registrars also offered assistance to voters on election days. Registrars held a voter registration day at the Reading Memorial High School in 2011.

Census

The Annual Town Census was conducted in January, entirely by mail, with a total of 10,532 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 2011. The Annual Town Meeting was held in four nights on April 25, 2011, April 28, 2011, May 2, 2011 and May 5, 2011. The Subsequent Town Meeting was held in two nights on November 17, 2011 and November 21, 2011.

Subsequent Town Meeting passed a General Bylaw recodification completed by the Bylaw Committee.

Vital Statistics and Licensing

During the calendar year 2011, the following Vital Statistics were recorded in the Town Clerk's Office:

Births – 229

Marriages – 90

Deaths – 324

The Town Clerk's office issued 2,454 dog licenses, 2 commercial dog kennel licenses, and 2 residential kennel licenses, 130 business certificates, 18 renewals for 67 underground storage tanks, and 36 cemetery deeds.

Reading is one of a few towns north of Boston still selling fishing and hunting licenses. A total of 252 Fish and Wildlife licenses and 67 stamps were issued during the year for a total of \$4,889. Of these, the Town of Reading issued 87 licenses free of charge to those citizens over 70 years of age. The Town retained \$90.45 in fees from the sale of licenses.

Total receipts collected in the Clerk's Office for the calendar year 2011 amounted to \$91,168.12.

Respectfully submitted,

Gail LaPointe, 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
Fiscal Year Ended June 30, 2011

	Balance July 1, 2010		Receipts		Disbursements		Balance June 30, 2011	
	Non-expendable	Expendable	Bequests and Contributions	Investment Income	Expenditures	Non-expendable	Expendable	
	\$	\$	\$	\$	\$	\$	\$	
Cemetery funds:								
Charles Lawn	474,809	222,455	7,350	21,489	23,484	481,709	220,910	
Forest Glen	652,283	696,474	1,680	41,251	45,204	653,963	692,521	
Laurel Hill	293,310	494,418	-	24,072	26,384	293,310	492,106	
Wood End	798,236	78,662	75,600	28,047	30,427	872,336	77,783	
Total cemetery funds	2,218,638	1,492,010	84,630	114,859	125,500	2,301,318	1,483,319	
Hospital funds:								
Stephen Foster	3,872	95,695	-	3,108	-	3,872	98,803	
Anne S. Grouard	75,000	1,959,720	-	62,521	49,991	75,000	1,972,250	
Gilman L. Parker	35,000	2,009,233	700	62,831	54,411	35,000	2,018,354	
Total hospital funds	113,872	4,064,648	700	128,461	104,402	113,872	4,089,407	
Library funds:								
Endowment	4,000	579	-	143	-	4,000	722	
Appleton/Mansfield	11,000	90	-	346	-	11,000	437	
Edward Appleton	5,000	3,559	-	267	-	5,000	3,826	
R/M Babcock	3,598	109	-	116	-	3,598	224	
Stephen Foster	12,000	25	-	375	-	12,000	400	
Charles Torrey	1,000	192	-	37	-	1,000	229	
Donald Tuttle	500	1,675	-	68	-	500	1,743	
Elaine & George Long	5,000	1,071	-	190	-	5,000	1,261	
Barbara Hewitt	8,952	965	-	300	299	8,952	966	
James/Freda Rawstron	1,613	2	-	50	-	1,613	53	
Total library funds	52,663	8,268	-	1,893	299	52,663	9,861	

	Non- expendable	Expendable	Bequests and Contributions	Investment Income	Expenditures	Non- expendable	Expendable
Scholarship funds:							
Kenneth Brown	1,000	6,785	-	243	25	1,000	7,003
Nathaniel Hill	1,500	12	-	47	40	1,500	19
No. Residents Association	11,370	1,108	-	366	800	11,370	674
Gilman L. Parker	5,000	905	550	154	1,250	5,000	359
Torre	-	5,494	-	159	400	-	5,253
Carl B. Sawyer	5,000	1,316	-	180	600	5,000	895
Hal Croft	5,687	49	-	179	150	5,687	78
Florence Nichols	16,680	615	-	540	900	16,680	255
Dennis Lehane	30,457	429	200	969	1,000	30,657	398
James Klepeis	15,000	182	-	474	400	15,000	257
Patron for Older Adults	25,000	42	-	782	-	25,000	824
Patrick Schettini	-	26,118	200	819	2,217	-	24,920
Joan Clifford Award	1,000	86	-	34	-	1,000	120
Exemplary teacher award:							
Arnold Berger	6,856	5,438	-	384	-	6,856	5,822
Education loan fund:							
Winthrop Parker	23,307	-	-	728	-	24,035	-
Total education funds	147,859	48,579	950	6,057	7,782	148,786	46,877
Veterans Memorial							
Veterans Memorial	82,118	19,047	5,070	3,253	4,985	82,883	21,620
Elder Services							
Avis E. Schroeder	10,000	13,428	15	716	726	10,000	13,433
Dorothy Burbank	-	261,806	-	8,070	6,280	-	263,595
Patron for Older Adults	126,482	213	-	3,947	881	126,482	3,280
Celebration							
General	-	34,757	-	1,087	4,950	-	30,894
400th	-	12,851	-	401	-	-	13,252
Historical Preservation							
General	-	33,128	732	1,045	-	-	34,904
400th celebration	-	12,825	-	400	-	-	13,225
Historical Commission							
General	-	22,106	-	690	-	-	22,796
Total trust funds	2,751,642	6,023,655	92,097	270,878	255,805	2,836,005	6,046,463

**TOWN OF READING
REPORT OF THE
COLLECTOR**

**12 MONTHS ENDING JUNE 30,
2011**

2011 REAL ESTATE

Committed 2010-2011	51,210,572.47	
Interest and Costs Collected	37,051.36	
Abatements & Adjustments		355,038.66
Paid to Treasurer		50,280,609.65
Subsequent Tax Title		154,978.02
Deferred Taxes		19,641.80
Uncollected June 30, 2011		437,355.72
	51,247,623.85	51,247,623.85

2010 REAL ESTATE

Balance June 30, 2010	191,974.87	
Interest and Costs Collected	16,682.10	
Abatements & Adjustments		51,724.52
Paid to Treasurer		99,734.69
Taxtitle Taking		56,648.28
Uncollected June 30, 2011		549.48
	208,656.97	208,656.97

2011 PERSONAL PROPERTY

Committed 2010-2011	636,877.14	
Interest and Costs Collected	113.40	
Abatements & Adjustments		18,763.17
Paid to Treasurer		613,923.40
Uncollected June 30, 2011		4,303.97
	636,990.54	636,990.54

**2010 PERSONAL
PROPERTY**

Balance June 30, 2010	6,672.16	
Interest and Costs Collected	110.72	
Abatements & Adjustments		0
Paid to Treasurer		1,403.42
Uncollected June 30, 2011	<u>6,782.88</u>	<u>5,379.46</u>
		<u>6,782.88</u>

**2011 MOTOR VEHICLE
EXCISE**

Committed 2011	2,629,146.46	
Interest and Costs Collected	1,392.58	
Abatements & Adjustments		52,780.01
Paid to Treasurer		2,500,532.81
Uncollected June 30, 2011	<u>2,630,539.04</u>	<u>77,226.22</u>
		<u>2,630,539.04</u>

**2010 MOTOR VEHICLE
EXCISE**

Balance June 30, 2010	157,882.56	
Committed 2010-2011	324,104.15	
Interest and Costs Collected	3,009.12	
Abatements & Adjustments		33,492.80
Paid to Treasurer		424,532.70
Uncollected June 30, 2011	<u>484,995.83</u>	<u>26,970.33</u>
		<u>484,995.83</u>

2009 MOTOR VEHICLE EXCISE

Balance June 30, 2010	28,901.37	
Committed 2010-2011	627.62	
Interest and Costs Collected	1862.47	
Abatements & Adjustments		2,096.27

Adjustments		
Paid to Treasurer		13,978.06
Uncollected June 30, 2011		15,317.13
	<u>31,391.46</u>	<u>31,391.46</u>

**2008 MOTOR VEHICLE
EXCISE**

Balance 6/30/10	13,688.59	
Committed 2010-2011	0	
Interest and Costs Collected	704.35	
Abatements & Adjustments		903.32
Paid to Treasurer		2,250.93
Uncollected June 30, 2011		11,238.69
	<u>14,392.94</u>	<u>14,392.94</u>

**2007 MOTOR VEHICLE
EXCISE**

Balance June 30, 2010	15,168.99	
Committed 2010-2011	0	
Interest and Costs Collected	252.14	
Abatements & Adjustments		0
Paid to Treasurer		851.01
Uncollected June 30, 2011		14,570.12
	<u>15,421.13</u>	<u>15,421.13</u>

**2006 MOTOR VEHICLE
EXCISE**

Balance June 30, 2010	9,496.18	
Interest and Costs Collected	212.61	
Abatements & Adjustments		0
Paid to Treasurer		594.06
Uncollected June 30, 2011		9,114.73
	<u>9,708.79</u>	<u>9,708.79</u>

**OLD EXCISE-2005 &
PRIOR**

Balance June 30, 2010	1,674.49	
Interest and Costs Collected	1,650.97	
Abatements & Adjustments		237.23
Paid to Treasurer		<u>3,088.23</u>
Uncollected June 30, 2011		0
	3,325.46	3,325.46

WATER CHARGES

Committed 2010-2011	5,839,849.51	
Service Charge & Final Bill Fee	7,180.89	
Interest & Costs Collected	6,441.76	
Abatements & Adjustments		62,860.17
Paid to Treasurer		4,068,373.74
Discount for Timely Payments		425,401.44
Added to 2011 Taxes		169,179.78
Uncollected June 30, 2011		<u>1,127,657.03</u>
	<u>5,853,472.16</u>	<u>5,853,472.16</u>

SEWER CHARGES

Committed 2010-2011	5,992,064.81	
Interests & Costs Collected	6,605.71	
Abatements & Adjustments		74,899.15
Paid to Treasurer		4,173,605.81
Discount for Timely Payments		437,842.86
Added to 2011 Taxes		166,442.37
Uncollected June 30, 2011		<u>1,145,880.33</u>
	<u>5,998,670.52</u>	<u>5,998,670.52</u>

STORM WATER FEES

Committed 2010-2011	432,761.17	
Interest & Costs Collected	351.03	
Abatements & Adjustments		42.64
Paid to Treasurer		310,469.60
Discount for Timely Payments		32,556.03
Added to 2011 Taxes		8,839.75
Uncollected June 30, 2011		81,204.18
	<u>433,112.20</u>	<u>433,112.20</u>

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

Balance June 30, 2010	2,828.05	
Committed 2010-2011	9,913.58	
Paid to Treasurer		11,434.47
Added to 2011 Taxes		0
Uncollected June 30, 2011		1,307.16
	<u>12,741.63</u>	<u>12,741.63</u>

AMBULANCE FEES

Committed 2010-2011	1,206,000.24	
Abatements & Adjustments		477,404.93
Paid to Treasurer		616,213.77
Uncollected June 30, 2011		112,381.54
	<u>1,206,000.24</u>	<u>1,206,000.24</u>

CERTIFICATES OF MUNICIPAL LIENS

Certificates Issued	40,525.00	
Paid to Treasurer		40,525.00
	<u>40,525.00</u>	<u>40,525.00</u>

Abatement Summary in Budget 2011

APPLICANT	PROPERTY	Decision	Abated Value	FY 2011 Tax	Original Val	New Value
Aldrich	40 Prescott Street	3/8/2011	\$ 25,800	\$ 356.04	477,400	451,600
Alibrandi	15 South Street	2/8/2011	\$ 53,000	\$ 731.40	578,000	525,000
Amico	4 Chapel Hill Drive	4/12/2011	\$ 13,200	\$ 182.16	374,400	361,200
Anderson	35 Laurel Lane	3/29/2011	\$ 10,300	\$ 142.14	620,300	610,000
Becker	206 Woburn Street	2/22/2011	\$ 7,800	\$ 107.64	334,600	326,800
Blakely	75 Spruce Rd	3/15/2011	\$ 5,700	\$ 78.66	396,600	390,900
Briggs	22 Green Meadow Dr	4/6/2011	\$ 30,700	\$ 423.66	706,300	675,600
Brown	28 Martin Road	1/18/2011	\$ 2,028	\$ 27.99	2,028	0
Callahan	217 Washington Street	3/1/2011	\$ 7,200	\$ 99.36	394,600	387,400
Cann	34 Salem Street	2/8/2011	\$ 40,500	\$ 558.90	809,100	768,600
Cantillon	115 Prescott Street	3/15/2011	\$ 27,100	\$ 373.98	363,800	336,700
Carpentella	52 Prescott Street	2/8/2011	\$ 38,700	\$ 534.06	761,900	723,200
Carter	15 Pondview Lane	4/27/2011	\$ 34,500	\$ 476.10	256,000	221,500
Chan	7 Pratt Street	1/25/2011	\$ 238,300	\$ 3,288.54	1,776,500	1,538,200
Clemente	22 Pondview Ln	4/27/2011	\$ 71,700	\$ 989.46	373,100	301,400
Congton	436 West Street	2/8/2011	\$ 72,300	\$ 997.74	363,600	291,300
Connolly	15 Hillcrest Rd	2/15/2011	\$ 91,500	\$ 1,262.70	693,100	601,600
Counihan	8 Verdi Circle	4/27/2011	\$ 75,000	\$ 1,035.00	644,800	569,800
Coyne	129 Oak Street	1/25/2011	\$ 50,000	\$ 690.00	631,800	581,800
Cullen	32 Holly Road	3/15/2011	\$ 50,000	\$ 690.00	657,000	607,000
DiDonato	59 Bancroft Street	4/12/2011	\$ 55,000	\$ 759.00	435,000	380,000
Diluca	63 Intervale Terr	1/25/2011	\$ 55,000	\$ 759.00	435,000	380,000
Dunn	19 Benjamin Lane	1/25/2011	\$ 55,000	\$ 759.00	435,000	380,000
Emilius	40 Fairchild Street	4/27/2011	\$ 52,800	\$ 728.64	427,800	375,000
Fasco	31 Avon Street	2/15/2011	\$ 52,800	\$ 728.64	427,800	375,000
Faucette	35 Kingston Street	2/15/2011	\$ 190,400	\$ 2,627.52	995,600	805,200
Fertility Ctr of NE	20 Pond Meadow Dr	3/15/2011	\$ 55,000	\$ 759.00	435,000	380,000
Ferullo	46 Howard Street	3/29/2011	\$ 39,700	\$ 547.86	517,200	477,500
First American Title	248 Main Street	3/15/2011	\$ 60,600	\$ 836.28	537,100	476,500
Formato	off Summer Ave	3/15/2011	\$ 39,700	\$ 547.86	577,400	537,700
Gallugi	69 Eastway	2/15/2011	\$ 37,600	\$ 518.88	265,100	227,500
German	12 Linden Street	4/12/2011	\$ 1,900	\$ 26.22	571,000	569,100
Gray	146 Summer Avenue	3/8/2011	\$ 27,300	\$ 376.74	546,000	518,700
Griffin	167 Pleasant Street	2/8/2011	\$ 58,800	\$ 811.44	514,400	455,600
Health Quarters	274 Main Street	3/15/2011	\$ 252,600	\$ 3,485.88	603,000	350,400

Abatement Summary in Budget 2011

Henneberry	17 Berkeley Street	2/8/2011	\$	24,000	\$	331.20	209,000	185,000
Hill	15 Catherine Ave	1/4/2011	\$	10,000	\$	138.00	742,100	732,100
Hologic LP	30 New Crossing Rd U207	3/15/2011	\$	184,500	\$	2,546.10	1,015,100	830,600
Hoit	46 Fairview Ave	3/22/2011	\$	10,800	\$	149.04	392,000	381,200
Hunter	51 Ashley Place	4/27/2011	\$	37,600	\$	518.88	679,700	642,100
Ippolito	52 Fairchild Street	4/27/2011	\$	30,900	\$	426.42	304,900	274,000
Jacob Way LLC	Jacob Way	5/10/2011	\$	6,119,600	\$	92,400.00 *	401,300	400,500
JOHNSON WOODS RLTY TR	112 Johnson Woods Dr-102	4/6/2011	\$	800	\$	11.04	4,570	0
JOHNSON WOODS RLTY TR	off West Street	4/6/2011	\$	4,570	\$	63.07	515,500	497,500
JOHNSON WOODS RLTY TR	122 Johnson Woods Dr-203	4/6/2011	\$	18,000	\$	248.40	438,700	423,400
Kimbal	27 Longfellow	1/25/2011	\$	15,300	\$	211.14	317,300	265,300
Kinney	28 Highland Street	1/25/2011	\$	52,000	\$	717.60	334,800	305,900
Knowles	12 Hancock Street	4/26/2011	\$	28,900	\$	398.82	508,300	494,600
Krepein	15 Pratt Street	3/1/2011	\$	13,700	\$	189.06	460,400	372,700
Lamontagne	24 Gavin Circle	4/12/2011	\$	87,700	\$	1,210.26	335,200	324,000
Linden Street Rlty Trst	10 Linden Street	4/12/2011	\$	11,200	\$	154.56	354,100	343,700
Lusk	20 Eastway	2/8/2011	\$	10,400	\$	143.52	453,200	432,700
Lydon	8 Pratt Street	2/15/2011	\$	20,500	\$	282.90	410,500	360,200
M&N Realty	315 Main Street	3/22/2011	\$	50,300	\$	694.14	29,300	8,800
Martiniello	11 Milepost Road	2/15/2011	\$	20,500	\$	282.90	750,000	655,200
Mauley	33 Canterbury Dr	2/15/2011	\$	94,800	\$	1,308.24	469,600	423,800
Mellen	0 Low Meadow	4/26/2011	\$	45,800	\$	632.04	555,400	527,200
Moss	20 Echo Avenue	2/22/2011	\$	28,200	\$	389.16	371,100	350,800
Mungenast	128 Wakefield Street	4/26/2011	\$	20,300	\$	280.14	285,500	264,400
Napoli	203 High Street	4/26/2011	\$	21,100	\$	291.18	403,100	381,800
Neeraj	20 Melendy Dr	2/22/2011	\$	21,300	\$	293.94	457,700	426,100
Ocallaghan	302 Woburn Street	3/8/2011	\$	31,600	\$	436.08	640,300	504,600
O'Connell	118 Red Gate Lane	3/29/2011	\$	135,700	\$	1,872.66	459,800	420,800
Oconner	660 Main Street	2/8/2011	\$	39,000	\$	538.20	365,100	332,500
Oster	5 Wash Street Unit D1	2/15/2011	\$	32,600	\$	449.88	632,000	520,700
Pacillo	38 Cross Street	4/12/2011	\$	111,300	\$	1,535.94	617,600	611,700
Patterson	128 Grove Street	2/15/2011	\$	5,900	\$	81.42	759,100	729,600
Pirano	216 Washington Street	2/8/2011	\$	29,500	\$	407.10	357,100	335,400
Porter	64 Berkeley Street	3/22/2011	\$	21,700	\$	299.46	459,000	416,500
Putnam	16 Boyce Street	4/27/2011	\$	42,500	\$	586.50	299,900	289,400
Raffi	134 Pearl Street	1/18/2011	\$	10,500	\$	144.90		

Abatement Summary in Budget 2011

REDSTONE REALTY TRUST	156 Johnson Woods Dr	4/6/2011	\$	53,400	\$	736.92	714,900	661,500
REDSTONE REALTY TRUST	158 Johnson Woods Dr	4/6/2011	\$	8,800	\$	121.44	765,300	756,500
REDSTONE REALTY TRUST	160 Johnson Woods Dr	4/6/2011	\$	45,700	\$	630.66	310,100	264,400
REDSTONE REALTY TRUST	162 Johnson Woods Dr	4/6/2011	\$	35,500	\$	489.90	428,000	392,500
REDSTONE REALTY TRUST	112 Johnson Woods Dr-103	4/6/2011	\$	253,500	\$	3,498.30	266,800	13,300
REDSTONE REALTY TRUST	112 Johnson Woods Dr-203	4/6/2011	\$	31,300	\$	431.94	472,900	441,600
REDSTONE REALTY TRUST	122 Johnson Woods Dr-103	4/6/2011	\$	63,200	\$	872.16	551,800	488,600
REDSTONE REALTY TRUST	122 Johnson Woods Dr-102	4/6/2011	\$	14,800	\$	204.24	419,400	404,600
Restaurant Tech Inc	Personal Property	3/15/2011	\$	87,300	\$	1,204.74	799,200	711,900
Richter	6 Lindsay Lane	4/27/2011	\$	33,000	\$	455.40	365,100	332,100
ROHMER-DRAKE	176 Summer Ave	1/25/2011	\$	22,300	\$	307.74	323,200	300,900
Rosenstein	189-191 Woburn Street	1/25/2011	\$	49,000	\$	676.20	482,600	433,600
Russell	48 Prescott Street	2/15/2011	\$	270,850	\$	3,737.73	305,150	34,300
Ryan	105 Salem Street	1/25/2011	\$	152,040	\$	2,098.15	1,690,170	1,538,130
Salvatore	3 Bancroft Street	2/8/2011	\$	16,700	\$	230.46	583,600	566,900
Salvatore	5 Bancroft Street	2/8/2011	\$	31,700	\$	437.46	528,500	496,800
Santorelli	1349 Main Street	2/8/2011	\$	35,300	\$	487.14	412,600	377,300
Scully	62 Federal Street	2/8/2011	\$	12,400	\$	171.12	463,800	451,400
Sherman	123 Prescott Street	3/22/2011	\$	20,600	\$	284.28	777,000	756,400
Shin	88 Prescott Street	3/15/2011	\$	67,100	\$	925.98	826,500	759,400
Silva	16 Glen Road	3/1/2011	\$	42,900	\$	592.02	610,900	568,000
Smith	4 C Street	2/15/2011	\$	40,600	\$	560.28	949,800	909,200
Sollop	71 Mt Vernon Street	1/25/2011	\$	64,000	\$	883.20	575,300	511,300
Stabler	194 Pearl Street	4/26/2011	\$	35,900	\$	495.42	603,500	567,600
Stackpole	186 Summer Ave	2/15/2011	\$	63,600	\$	877.68	154,800	91,200
Stitt	54 Deering Rd	4/26/2011	\$	15,300	\$	211.14	802,500	787,200
Sullivan	31 Indian Tree Lane	1/25/2011	\$	216,000	\$	2,980.80	1,484,000	1,268,000
Thornton	14 Perkins Ave	3/15/2011	\$	4,700	\$	64.86	350,200	345,500
Tierney	28 Pondview Lane	4/27/2011	\$	129,900	\$	1,792.62	1,239,100	1,109,200
Town of Reading	0 Kyle Drive	1/18/2011	\$	63,000	\$	869.40	615,100	552,100
Vail	4 Bolton Street	4/12/2011	\$	14,300	\$	197.34	552,200	537,900
Valentino	36 Hemlock Rd	2/8/2011	\$	56,800	\$	783.84	726,600	669,800
Verizon Internet	Personal Property	3/22/2011	\$	25,600	\$	353.28	933,500	907,900
Vyriotes	111 Longwood Road	4/6/2011	\$	37,700	\$	520.26	369,300	331,600
Wai-Por	7 Woodbine Street	2/15/2011	\$	41,100	\$	567.18	486,600	445,500
Wang XJ	61 Line Rd	4/26/2011	\$	9,100	\$	125.58	432,000	422,900

Abatement Summary in Budget 2011

Webber	39 Howard Street	1/4/2011	\$	3,700	\$	51.06	3,700	3,700	0
Wise	276 Summer Ave	3/29/2011	\$	1,190	\$	16.42	1,190	17,000	15,810
ZoPatti	69 Ash Street	1/18/2011	\$	251,700	\$	3,473.46	251,700	251,700	0

* Includes Interest from FY 2009 & 2010 \$ 11,844,178 \$ 171,399.18



MELANSON HEATH & COMPANY, PC

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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, 2011, 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, 2011, 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.

Additional Offices:

Greenfield, MA • Ellsworth, ME • Nashua, NH • Manchester, NH

In accordance with *Government Auditing Standards*, we have also issued a report dated February 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.

The Management's Discussion and Analysis, appearing on the following pages, and the supplementary information, appearing on page 69, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Reading's basic financial statements. The accompanying supplementary information, appearing on pages 70 - 79 are presented for purposes of additional analysis and are not a required part of the basic financial statement. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Melanson, Heath + Company P.C.
Andover, Massachusetts
February 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, 2011. 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 compliance with finance-related legal requirements. All of the funds can be

divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

Proprietary funds. Proprietary funds are maintained as follows:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Specifically, enterprise funds are used to account for water, 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 \$ 226,010 (i.e., net assets), a change of \$ 344 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$ 38,029, a change of \$ (2,825) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 7,109, a change of \$ 812 in comparison to the prior year.
- Total bonds payable at the close of the current fiscal year was \$ 55,071, a change of \$ (5,658) in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 45,253	\$ 48,926	\$ 44,283	\$ 42,577	\$ 89,536	\$ 91,503
Capital assets	131,441	132,665	88,109	88,218	219,550	220,883
Total assets	<u>176,694</u>	<u>181,591</u>	<u>132,392</u>	<u>130,795</u>	<u>309,086</u>	<u>312,386</u>
Long-term liabilities outstanding	54,633	55,119	15,534	16,560	70,167	71,679
Other liabilities	6,499	7,413	6,411	7,629	12,910	15,042
Total liabilities	<u>61,132</u>	<u>62,532</u>	<u>21,945</u>	<u>24,189</u>	<u>83,077</u>	<u>86,721</u>
Net assets:						
Invested in capital assets, net	88,067	87,843	77,337	76,251	165,404	164,094
Restricted	26,051	26,368	5,436	4,801	31,487	31,169
Unrestricted	1,445	4,848	27,674	25,554	29,119	30,402
Total net assets	<u>\$ 115,563</u>	<u>\$ 119,059</u>	<u>\$ 110,447</u>	<u>\$ 106,606</u>	<u>\$ 226,010</u>	<u>\$ 225,665</u>

CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues:						
Program revenues:						
Charges for services	\$ 6,029	\$ 5,527	\$ 98,831	\$ 91,192	\$ 104,860	\$ 96,719
Operating grants and contributions	21,253	20,564	1,784	5,650	23,037	26,214
Capital grants and contributions	770	388	66	910	836	1,298
General revenues:						
Property taxes	51,465	49,877	-	-	51,465	49,877
Excises	2,839	2,672	-	-	2,839	2,672
Penalties and interest and other taxes	695	461	-	-	695	461
Grants and contributions not restricted to specific programs	2,963	16,844 (a)	-	-	2,963	16,844
Investment income	1,089	1,460	112	194	1,201	1,654
Other	696	1,196	839	805	1,535	2,001
Total revenues	<u>87,799</u>	<u>98,989</u>	<u>101,632</u>	<u>98,751</u>	<u>189,431</u>	<u>197,740</u>
Expenses:						
General government	4,247	4,027	-	-	4,247	4,027
Public safety	10,977	10,440	-	-	10,977	10,440
Education	63,373	59,493	-	-	63,373	59,493
Public works	8,462	8,779	-	-	8,462	8,779
Human services	1,101	1,144	-	-	1,101	1,144
Culture and recreation	3,076	3,030	-	-	3,076	3,030
Interest on long-term debt	1,944	2,149	-	-	1,944	2,149
Intergovernmental	923	907	-	-	923	907
Electric	-	-	85,317	83,244	85,317	83,244
Water	-	-	4,735	4,812	4,735	4,812
Other	-	-	4,931	4,900	4,931	4,900
Total expenses	<u>94,103</u>	<u>89,969</u>	<u>94,983</u>	<u>92,956</u>	<u>189,086</u>	<u>182,925</u>
Excess of revenues over expenses	(6,304)	9,020	6,649	5,795	345	14,815
Transfers in (out)	<u>2,808</u>	<u>2,103</u>	<u>(2,808)</u>	<u>(2,103)</u>	<u>-</u>	<u>-</u>
Change in net assets	(3,496)	11,123	3,841	3,692	345	14,815
Net assets - beginning of year	<u>119,059</u>	<u>107,936</u>	<u>106,606</u>	<u>102,914</u>	<u>225,665</u>	<u>210,850</u>
Net assets - end of year	<u>\$ 115,563</u>	<u>\$ 119,059</u>	<u>\$ 110,447</u>	<u>\$ 106,606</u>	<u>\$ 226,010</u>	<u>\$ 225,665</u>

(a) 2010 Includes a one-time MSBA grant of \$ 13,206.

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 \$ 226,010, a change of \$ 345 from the prior year.

The largest portion of net assets \$ 165,404 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 \$ 31,487 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$ 29,119 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 \$ (3,496). Key elements of this change are as follows:

General fund expenditures exceeding revenues	\$ (3,974)
PILOT from RMLD	2,172
Enterprise fund indirect costs	636
Special revenue and permanent fund revenues exceeding expenditures	1,058
Current year revenue used for the acquisition of capital assets	2,052
Depreciation expense exceeding debt service principal	(1,721)
Increase in OPEB obligation	(3,768)
Other	<u>49</u>
Total	<u>\$ (3,496)</u>

Business-type activities. Business-type activities for the year resulted in a change in net assets of \$ 3,841. Key elements of this change are as follows:

- The electric operations had revenues of \$ 90,273 and expenses and transfers of \$ 87,489, resulting in a change in net assets of \$ 2,784.
- The water operations had revenues of \$ 5,435 and expenses and transfers of \$ 5,113, resulting in a change in net assets of \$ 322.
- The sewer operations had revenues of \$ 5,522 and expenses and transfers of \$ 5,053, resulting in a change in net assets of \$ 469.
- The landfill operations did not report any revenues or expenditures.

- The storm water management operations had revenues of \$ 402 and expenses of \$ 136, resulting in a change in net assets of \$ 266.

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 \$ 38,029, a change of \$ (2,825) in comparison to the prior year. Key elements of this change are as follows:

General fund expenditures exceeding revenues and transfers in	\$ (585)
Special revenue and permanent fund revenues exceeding expenditures and transfers out	477
Capital project fund expenditures exceeding revenues	<u>(2,717)</u>
Total	<u>\$ (2,825)</u>

In fiscal year 2011, the Town implemented *Governmental Accounting Standards Board Statement #54 Fund Balance Reporting and Governmental Fund Type Definitions*. In general, amounts previously reported as undesignated fund balance, are now reported as unassigned fund balance. Full definitions of all fund balance classifications can be found in the Notes to Financial Statements. Additionally, amounts previously reported as stabilization, are now required to be presented as committed fund balance in the general fund.

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$ 7,109, while total fund balance was \$ 23,121. 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>6/30/11</u>	<u>6/30/10</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 7,109	\$ 6,297	\$ 812	8.7%
Total fund balance	23,121	23,706	(585)	28.3%

The total fund balance of the general fund changed by \$ (585) during the current fiscal year. Key factors in this change are as follows:

Use of MSBA grant for debt service	\$ (697)
Use of free cash and overlay surplus as a funding source	(2,045)
Revenues in excess of budget	1,307
Expenditures less than budget	764
Other	86
Total	\$ <u>(585)</u>

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

	<u>6/30/11</u>	<u>6/30/10</u>	<u>Change</u>
Stabilization	\$ 2,245	\$ 1,900	\$ 345

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

Last Six Fiscal Years

<u>As of 30-Jun</u>	<u>Restricted for Debt Service</u>	<u>Committed for Stabilization Fund</u>	<u>Assigned for Encumbrances</u>	<u>Assigned for Subsequent Year's Expenditures</u>	<u>Unassigned</u>	<u>Total Fund Balance</u>
2006	\$ -	\$ 851	\$ 881	\$ 662	\$ 4,221	\$ 6,615
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

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 \$ 110,447, a change of \$ 3,841 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 \$ 247. The majority of this increase was related to the snow and ice supplemental appropriation, which was primarily funded through the use of free cash.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year-end amounted to \$ 219,550 (net of accumulated depreciation), a change of \$ (1,333) 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:

- \$ 2,610 in education improvements
- \$ 549 in roadway improvements
- \$ 224 acquisition of new ambulance
- \$ 200 in Town Hall technology improvements

Business-type additions:

- \$ 4,503 in electric improvements
- \$ 258 in water improvements
- \$ 220 in sewer improvements
- \$ 288 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 \$ 55,071, 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 FY12 General Fund budget of \$ 75,739 is a 0.98% increase over the prior year. The FY12 budget is balanced.

State Aid exclusive of ARRA funds has been level at approximately \$ 12,400 since 2008. FY2012 State aid will be \$ 12,309 plus a distribution of \$ 198 in one time supplemental aid to help make up for the 7.2% reduction in FY11's Unrestricted General Government Aid. Federal ARRA stimulus funding is not available to supplement FY2012 state aid to cities and town. To make up for this revenue reduction, the Town made an allocation from the unassigned fund balance of \$ 863.

The tax levy for FY12 of \$ 53,261 represents a 3.1% increase over the prior year, and the FY12 tax rate is \$ 14.15 per thousand compared to \$ 13.78 in the prior year. Overall, property values increased .045% to \$ 3,764,000.

For FY2012, the Board of Selectmen acting as the Water and Sewer Commissioners voted to increase Water Rates by 3.0% and Sewer Rates by 1.5% for all customers effective September 2011. 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 9 months of revenue in FY2011 totaling \$ 173. The FY12 revenue budgeted for this tax is \$ 211.

The Town issued \$ 2,050 non-interest bonds in the Water Fund in August of 2011 (FY2012) through the Massachusetts Water Resources Authority Local Pipeline Assistance program to fund our Local Water System Improvement Program for the water mains on a portion of Haverhill Street. The Town issued a \$ 222 non-interest bond in the Sewer Fund in August of 2011 (FY2012) through the Massachusetts Water Resources Authority program for Sewer Rehabilitation and Infiltration /inflow reduction. The debt service related to these bonds is budgeted within the respective enterprise fund.

On June 29, 2011, the Town entered into a Project Funding Agreement with the Massachusetts School Building Authority for "Green Repair Projects." This includes a \$ 788 project at the Birch Meadow Elementary School for Window Replacement and a \$ 1,349 project at the Killam Elementary School for roof replacement. The town will receive 47% reimbursement from the MSBA for the eligible costs of these projects.

The Town is working on a \$ 12,000 capital improvement project for remodeling our library. We are currently second on the Massachusetts Board Of Library Commissioners Approved Project list. We are on hold until the state releases more funding in 2012. Town meeting must vote for funding of the towns share of

the project and a special town wide vote for a debt exclusion must be completed within 6 months of the grant becoming available.

The High School Building Construction project was completed in FY2009 and in FY2010 the Town filed the preliminary closing documents with the Massachusetts School Building Authority (MSBA). The \$ 55,900 project was funded with a \$ 35,000 bond and \$ 20,900 of progress payments from the MSBA. The MSBA has calculated their share of the project to be \$ 35,600. The Town already received \$ 20,900 of that in progress payments and MSBA is retaining \$ 1,500 pending settlement of contract law suits. The Town received the balance as a lump sum payment of \$ 13,200 from MSBA in FY2010. The MSBA grant must be reserved and is applied over the remaining term of the bond issue. The percentage that each annual principal payment represents of the total debt for the project is applied to the reserve to determine the amount to use each fiscal year. Interest earned on the balance is general fund revenue.

Each year, the unused portion of the MSBA grant will be reflected in the General Fund-Fund Balance Restricted for Debt Service. The Total General Fund Balance as a percent of Expenditures could be distorted by this reserve. A better measure of reserve strength uses only the unassigned fund balance. Users of these financial statements should take this into consideration when calculating reserve ratios.

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, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current:			
Cash and short-term investments	\$ 34,261,408	\$ 11,302,691	\$ 45,564,099
Restricted cash	-	16,385,677	16,385,677
Investments	9,593,164	-	9,593,164
Receivables, net of allowance for uncollectibles:			
Property taxes	338,268	-	338,268
Excises	95,791	-	95,791
User fees	-	11,818,541	11,818,541
Departmental and other	283,078	-	283,078
Intergovernmental	118,018	-	118,018
Prepaid assets	-	753,132	753,132
Unamortized discounts on bonds	9,909	296	10,205
Inventory	-	1,744,983	1,744,983
Other assets	83,366	-	83,366
Noncurrent:			
Restricted investments	-	2,200,000	2,200,000
Investment in associated companies	-	77,463	77,463
Receivables, net of allowance for uncollectibles:			
Property taxes	389,905	-	389,905
Deferred charges	80,175	888	81,063
Capital assets being depreciated, net	127,355,150	86,659,280	214,014,430
Capital assets not being depreciated	4,086,432	1,449,426	5,535,858
TOTAL ASSETS	176,694,664	132,392,377	309,087,041
LIABILITIES			
Current:			
Warrants payable	1,398,122	5,046,553	6,444,675
Accrued liabilities	3,403,815	479,361	3,883,176
Customer advances for construction	-	255,980	255,980
Customer deposits	-	561,385	561,385
Retainage payable	1,104,104	-	1,104,104
Notes payable	140,000	-	140,000
Other current liabilities	453,457	68,142	521,599
Current portion of long-term liabilities:			
Bonds and loans payable	4,185,000	1,487,965	5,672,965
Accrued employee benefits	61,696	56,698	118,394
Unamortized premiums on bonds	24,762	776	25,538
Noncurrent:			
Bonds and loans payable, net of current portion	39,880,000	9,518,131	49,398,131
Accrued employee benefits	1,701,047	2,961,819	4,662,866
Unamortized premiums on bonds	200,419	2,328	202,747
Net OPEB obligation	8,579,719	1,506,152	10,085,871
TOTAL LIABILITIES	61,132,141	21,945,290	83,077,431
NET ASSETS			
Invested in capital assets, net of related debt	88,067,366	77,337,382	165,404,748
Restricted for:			
Grants and other statutory restrictions	17,362,850	4,265,768	21,628,618
OPEB Trust	-	1,169,499	1,169,499
Permanent funds:			
Nonexpendable	2,833,730	-	2,833,730
Expendable	5,853,868	-	5,853,868
Unrestricted	1,444,709	27,674,438	29,119,147
TOTAL NET ASSETS	\$ 115,562,523	\$ 110,447,087	\$ 226,009,610

See notes to financial statements.

TOWN OF READING, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
General government	\$ 4,247,179	\$ 488,335	\$ -	\$ (3,330,563)	\$ -	\$ (3,330,563)
Public safety	10,976,788	143,752	-	(9,193,433)	-	(9,193,433)
Education	63,372,720	20,322,244	582,036	(39,325,868)	-	(39,325,868)
Public works	8,461,668	169,321	188,015	(8,104,332)	-	(8,104,332)
Health and human services	1,100,902	250,386	-	(782,175)	-	(782,175)
Culture and recreation	3,076,537	48,559	-	(2,447,193)	-	(2,447,193)
Debt service interest	1,944,284	-	-	(1,944,284)	-	(1,944,284)
Intergovernmental	923,008	-	-	(923,008)	-	(923,008)
Total Governmental Activities	94,103,086	21,253,276	770,051	(66,050,856)	-	(66,050,856)
Business-Type Activities:						
Electric operations	85,317,168	1,784,218	65,693	-	4,044,026	4,044,026
Water operations	4,735,541	-	-	-	662,903	662,903
Other	4,930,744	-	-	-	990,875	990,875
Total Business-type Activities	94,983,453	1,784,218	65,693	-	5,697,804	5,697,804
Total	\$ 189,086,539	\$ 23,037,494	\$ 835,744	(66,050,856)	5,697,804	(60,353,052)
General Revenues and Transfers:						
Property taxes				51,465,121	-	51,465,121
Excises				2,839,172	-	2,839,172
Penalties, interest and other taxes				694,269	-	694,269
Grants and contributions not restricted to specific programs				2,963,044	-	2,963,044
Investment income				1,089,006	111,906	1,200,912
Other				695,734	839,057	1,534,791
Transfers, net				2,808,251	(2,808,251)	-
Total general revenues and transfers				62,554,597	(1,857,288)	60,697,309
Change in Net Assets				(3,496,259)	3,840,516	344,257
Net Assets:						
Beginning of year				119,058,782	106,606,571	225,665,353
End of year				\$ 115,562,523	\$ 110,447,087	\$ 226,009,610

See notes to financial statements.

TOWN OF READING, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2011

ASSETS	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Cash and short-term investments	\$ 26,471,188	\$ 7,790,220	\$ 34,261,408
Investments	1,000,000	8,593,164	9,593,164
Receivables:			
Property taxes	812,116	-	812,116
Excises	153,937	-	153,937
Departmental and other	283,078	-	283,078
Intergovernmental	-	118,018	118,018
Other assets	<u>83,366</u>	<u>-</u>	<u>83,366</u>
TOTAL ASSETS	\$ <u>28,803,685</u>	\$ <u>16,501,402</u>	\$ <u>45,305,087</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Warrants payable	\$ 1,088,174	\$ 309,948	\$ 1,398,122
Accrued liabilities	2,967,713	-	2,967,713
Deferred revenues	1,173,412	38,816	1,212,228
Tax refunds payable	-	-	-
Retainage payable	-	1,104,104	1,104,104
Notes payable	-	140,000	140,000
Other liabilities	<u>453,457</u>	<u>-</u>	<u>453,457</u>
TOTAL LIABILITIES	5,682,756	1,592,868	7,275,624
Fund Balances:			
Nonspendable	-	2,833,730	2,833,730
Restricted	11,832,693	12,059,791	23,892,484
Committed	2,244,822	150,000	2,394,822
Assigned	1,934,414	-	1,934,414
Unassigned	<u>7,109,000</u>	<u>(134,987)</u>	<u>6,974,013</u>
TOTAL FUND BALANCES	<u>23,120,929</u>	<u>14,908,534</u>	<u>38,029,463</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>28,803,685</u>	\$ <u>16,501,402</u>	\$ <u>45,305,087</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, 2011

Total governmental fund balances	\$ 38,029,463
<ul style="list-style-type: none">• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	131,441,582
<ul style="list-style-type: none">• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,070,139
<ul style="list-style-type: none">• 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.	(135,097)
<ul style="list-style-type: none">• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(436,102)
<ul style="list-style-type: none">• 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>(54,407,462)</u>
Net assets of governmental activities	<u>\$ 115,562,523</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, 2011

	<u>General</u>	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$ 51,396,712	\$ -	\$ 51,396,712
Excises	2,936,623	-	2,936,623
Penalties, interest and other taxes	694,269	-	694,269
Departmental	1,511,243	4,197,883	5,709,126
Licenses and permits	156,266	-	156,266
Fines and forfeitures	111,598	-	111,598
Intergovernmental	20,331,901	4,654,470	24,986,371
Investment income	370,203	694,045	1,064,248
Other	273,460	422,770	696,230
Total Revenues	<u>77,782,275</u>	<u>9,969,168</u>	<u>87,751,443</u>
Expenditures:			
Current:			
General government	3,373,174	292,488	3,665,662
Public safety	8,323,155	615,308	8,938,463
Education	43,239,761	9,241,105	52,480,866
Public works	5,612,821	358,958	5,971,779
Health and human services	605,248	285,099	890,347
Culture and recreation	2,019,445	835,795	2,855,240
Employee benefits	11,506,088	-	11,506,088
Debt service	6,153,445	-	6,153,445
Intergovernmental	923,008	-	923,008
Total Expenditures	<u>81,756,145</u>	<u>11,628,753</u>	<u>93,384,898</u>
Deficiency of revenues over expenditures	(3,973,870)	(1,659,585)	(5,633,455)
Other Financing Sources (Uses):			
Transfers in	3,388,721	-	3,388,721
Transfers out	-	(580,470)	(580,470)
Total Other Financing Sources (Uses)	<u>3,388,721</u>	<u>(580,470)</u>	<u>2,808,251</u>
Change in fund balances	(585,149)	(2,240,055)	(2,825,204)
Fund Balances, at Beginning of Year	<u>23,706,078</u>	<u>17,148,589</u>	<u>40,854,667</u>
Fund Balances, at End of Year	<u>\$ 23,120,929</u>	<u>\$ 14,908,534</u>	<u>\$ 38,029,463</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, 2011

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (2,825,204)																
<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</td> <td style="text-align: right;">4,662,859</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(5,886,202)</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;">22,330</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>Repayments of debt</td> <td style="text-align: right;">4,165,000</td> </tr> <tr> <td>Current year amortization of bond premiums and costs</td> <td style="text-align: right;">14,853</td> </tr> <tr> <td>Increase in other long-term liabilities (OPEB)</td> <td style="text-align: right;">(3,767,831)</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;">54,070</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;"><u>63,866</u></td> </tr> </table> 		Capital outlay purchases	4,662,859	Depreciation	(5,886,202)		22,330	Repayments of debt	4,165,000	Current year amortization of bond premiums and costs	14,853	Increase in other long-term liabilities (OPEB)	(3,767,831)		54,070		<u>63,866</u>
Capital outlay purchases	4,662,859																
Depreciation	(5,886,202)																
	22,330																
Repayments of debt	4,165,000																
Current year amortization of bond premiums and costs	14,853																
Increase in other long-term liabilities (OPEB)	(3,767,831)																
	54,070																
	<u>63,866</u>																
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>(3,496,259)</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues and Transfers:				
Taxes	\$ 51,192,450	\$ 51,192,450	\$ 51,332,892	\$ 140,442
Excise taxes	2,450,000	2,450,000	2,936,623	486,623
Penalties, interest and other taxes	600,000	600,000	692,697	92,697
Departmental	1,450,000	1,450,000	1,511,721	61,721
Licenses and permits	156,000	156,000	156,138	138
Fines and forfeitures	130,000	130,000	111,590	(18,410)
Intergovernmental	13,375,344	13,375,344	13,465,060	89,716
Investment income	400,000	400,000	370,272	(29,728)
Other	-	-	303,377	303,377
Transfers in	3,357,564	3,367,564	3,548,420	180,856
Total Revenues and Transfers	73,111,358	73,121,358	74,428,790	1,307,432
Expenditures:				
General government	3,667,393	3,627,393	3,445,103	182,290
Public safety	8,242,399	8,342,399	8,276,337	66,062
Education	36,383,097	36,160,097	36,082,960	77,137
Public works	5,617,326	6,027,326	5,781,164	246,162
Health and human services	626,911	626,911	605,849	21,062
Culture and leisure	1,951,107	1,951,107	1,938,804	12,303
Intergovernmental	907,858	907,858	934,352	(26,494)
Employee benefits	11,712,081	11,712,081	11,531,247	180,834
Debt service	6,158,003	6,158,003	6,153,445	4,558
Total Expenditures	75,266,175	75,513,175	74,749,261	763,914
Excess (deficiency) of revenues and other sources over expenditures	(2,154,817)	(2,391,817)	(320,471)	2,071,346
Other Financing Sources:				
Use of free cash and overlay surplus	1,807,827	2,044,827	2,044,827	-
Use of debt service reserve	696,990	696,990	696,990	-
Increase stabilization reserve	(350,000)	(350,000)	(350,000)	-
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 2,071,346	\$ 2,071,346

See notes to financial statements.

TOWN OF READING, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2011

	Electric Division Fund	Water Fund	Non Major Funds	Total
<u>ASSETS</u>				
Current:				
Cash and short-term investments	\$ 6,596,634	\$ 2,049,718	\$ 2,656,339	\$ 11,302,691
User fees, net of allowance for uncollectibles	8,749,838	1,447,587	1,621,116	11,818,541
Prepaid expenses	753,132	-	-	753,132
Deferred charges	-	296	-	296
Inventory	1,586,245	155,230	3,508	1,744,983
Total current assets	17,685,849	3,652,831	4,280,963	25,619,643
Noncurrent:				
Restricted cash and cash equivalents	16,385,677	-	-	16,385,677
Restricted investments	2,200,000	-	-	2,200,000
Investment in associated companies	77,463	-	-	77,463
Deferred charges, net of current portion	-	888	-	888
Capital assets being depreciated, net	66,294,667	14,003,801	6,360,812	86,659,280
Capital assets not being depreciated	1,265,842	121,823	61,761	1,449,426
Total noncurrent assets	86,223,649	14,126,512	6,422,573	106,772,734
TOTAL ASSETS	103,909,498	17,779,343	10,703,536	132,392,377
<u>LIABILITIES</u>				
Current:				
Warrants payable	4,997,392	18,769	30,392	5,046,553
Accrued liabilities	390,660	88,701	-	479,361
Customer advances for construction	255,980	-	-	255,980
Customer deposits	561,385	-	-	561,385
Other current liabilities	-	-	68,142	68,142
Current portion of long-term liabilities:				
Bonds and loans payable	-	1,370,000	117,965	1,487,965
Accrued employee benefits	56,698	-	-	56,698
Unamortized premiums on bonds	-	776	-	776
Total current liabilities	6,262,115	1,478,246	216,499	7,956,860
Noncurrent:				
Bonds and loans payable	-	9,400,000	118,131	9,518,131
Accrued employee benefits	2,878,001	58,929	24,889	2,961,819
Unamortized premiums on bonds	-	2,328	-	2,328
Net OPEB obligation	1,165,800	240,768	99,584	1,506,152
TOTAL LIABILITIES	10,305,916	11,180,271	459,103	21,945,290
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	67,560,510	3,547,958	6,228,914	77,337,382
Restricted for depreciation fund	4,265,768	-	-	4,265,768
Restricted for OPEB trust	1,169,499	-	-	1,169,499
Unrestricted	20,607,805	3,051,114	4,015,519	27,674,438
TOTAL NET ASSETS	\$ 93,603,582	\$ 6,599,072	\$ 10,244,433	\$ 110,447,087

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, 2011

	Electric Division Fund	Water Fund	Non Major Funds	Total
Operating Revenues:				
Charges for services	\$ 87,511,283	\$ 5,398,444	\$ 5,921,619	\$ 98,831,346
Other	1,784,218	-	-	1,784,218
Total Operating Revenues	89,295,501	5,398,444	5,921,619	100,615,564
Operating Expenses:				
Personnel expenses	-	946,942	479,477	1,426,419
Non-personnel expenses	-	376,623	139,171	515,794
Intergovernmental	1,330,070	1,726,878	3,922,082	6,979,030
Depreciation	3,452,749	1,194,036	360,084	5,006,869
Energy purchases	66,822,547	35,396	26,782	66,884,725
Other	13,338,306	-	-	13,338,306
Total Operating Expenses	84,943,672	4,279,875	4,927,596	94,151,143
Operating Income	4,351,829	1,118,569	994,023	6,464,421
Nonoperating Revenues (Expenses):				
Investment income	103,765	4,741	3,400	111,906
Interest expense	(2,005)	(455,666)	(3,148)	(460,819)
Loss on disposal of capital assets	(371,491)	-	-	(371,491)
Other	807,807	31,250	-	839,057
Total Nonoperating Revenues (Expenses)	538,076	(419,675)	252	118,653
Income Before Transfers and Contributions	4,889,905	698,894	994,275	6,583,074
Capital contributions	65,693	-	-	65,693
Transfers out	(2,171,880)	(377,367)	(259,004)	(2,808,251)
Change in Net Assets	2,783,718	321,527	735,271	3,840,516
Net Assets at Beginning of Year	90,819,864	6,277,545	9,509,162	106,606,571
Net Assets at End of Year	\$ 93,603,582	\$ 6,599,072	\$ 10,244,433	\$ 110,447,087

See notes to financial statements.

TOWN OF READING, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2011

	Electric Division Fund	Water Fund	Non Major Funds	Total
<u>Cash Flows From Operating Activities:</u>				
Receipts from customers and users	\$ 86,647,569	\$ 5,226,157	\$ 5,725,456	\$ 97,599,182
Payments to vendors and employees	(82,392,991)	(1,163,366)	(623,073)	(84,179,430)
Customer refund, purchase power, and fuel charge adjustments	1,784,218	-	-	1,784,218
Payments to other governments	-	(1,726,878)	(3,922,082)	(5,648,960)
Net Cash Provided By Operating Activities	6,038,796	2,335,913	1,180,301	9,555,010
<u>Cash Flows From Noncapital Financing Activities:</u>				
MMWEC refund	571,635	-	-	571,635
Other	236,171	31,250	-	267,421
Transfer out	(2,171,880)	(377,367)	(259,004)	(2,808,251)
Net Cash Provided By (Used For) Noncapital Financing Activities	(1,364,074)	(346,117)	(259,004)	(1,969,195)
<u>Cash Flows From Capital and Related Financing Activities:</u>				
Acquisition of capital assets	(4,503,250)	(258,619)	(507,482)	(5,269,351)
Capital grants and contributions	65,693	-	-	65,693
Principal payments on bonds and notes	-	(1,375,000)	(117,965)	(1,492,965)
Interest expense	(2,005)	(455,666)	(3,148)	(460,819)
Net Cash (Used For) Capital and Related Financing Activities	(4,439,562)	(2,089,285)	(628,595)	(7,157,442)
<u>Cash Flows From Investing Activities:</u>				
Decrease in restricted cash and investments	(1,910,065)	-	-	(1,910,065)
Investment income	103,765	4,741	3,400	111,906
Net Cash Provided By Investing Activities	(1,806,300)	4,741	3,400	(1,798,159)
Net Change in Cash and Short-Term Investments	(1,571,140)	(94,748)	296,102	(1,369,786)
Unrestricted Cash and Short Term Investments, Beginning of Year	8,167,774	2,144,466	2,360,237	12,672,477
Unrestricted Cash and Short Term Investments, End of Year	\$ 6,596,634	\$ 2,049,718	\$ 2,656,339	\$ 11,302,691
<u>Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities:</u>				
Operating income	\$ 4,351,829	\$ 1,118,569	\$ 994,023	\$ 6,464,421
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	3,452,749	1,194,036	360,084	5,006,869
Changes in assets and liabilities:				
User fees receivables	(925,903)	(172,287)	(196,163)	(1,294,353)
Inventory and prepayments	52,149	76,953	(286)	128,816
Other assets	-	296	-	296
Warrants payable	(1,190,866)	(9,355)	(18,853)	(1,219,074)
Accrued liabilities	(37,750)	(7,178)	-	(44,928)
Other liabilities	(15,751)	(11,534)	(20,333)	(47,618)
OPEB liability	352,339	146,413	61,829	560,581
Net Cash Provided By (Used For) Operating Activities	\$ 6,038,796	\$ 2,335,913	\$ 1,180,301	\$ 9,555,010

See notes to financial statements.

TOWN OF READING, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2011

	<u>Pension Trust Fund</u>	<u>Municipal Light Pension Trust Funds</u>	<u>Agency Funds</u>
<u>ASSETS</u>			
Cash and short term investments	\$ 13,735	\$ 4,787,498	\$ 346,693
Investments	92,305,343	1,000,000	-
Accounts receivable	84,979	-	-
Other	<u>-</u>	<u>-</u>	<u>3,613</u>
Total Assets	92,404,057	5,787,498	350,306
<u>LIABILITIES AND NET ASSETS</u>			
Warrants payable	-	-	15,665
Other liabilities	<u>184,750</u>	<u>-</u>	<u>334,641</u>
Total Liabilities	<u>184,750</u>	<u>-</u>	<u>350,306</u>
<u>NET ASSETS</u>			
Total net assets held in trust for pension benefits and other purposes	<u>\$ 92,219,307</u>	<u>\$ 5,787,498</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, 2011

	<u>Pension Trust Fund</u>	<u>Municipal Light Pension Trust Funds</u>
Additions:		
Contributions:		
Employers	\$ 4,231,461	\$ 1,000,000
Intergovernmental	381,362	-
Plan members	2,044,056	-
Total contributions	<u>6,656,879</u>	<u>1,000,000</u>
Investment Income:		
Increase in fair value of investments	17,379,141	48,514
Less: management fees	(437,873)	-
Net investment income	<u>16,941,268</u>	<u>48,514</u>
Total additions	23,598,147	1,048,514
Deductions:		
Benefit payments to plan members, beneficiaries, and other systems	7,718,792	-
Refunds and transfers to other systems	239,290	-
Administrative expenses	70,780	-
Other	-	1,278,695
Total deductions	<u>8,028,862</u>	<u>1,278,695</u>
Net increase (decrease)	15,569,285	(230,181)
Net assets:		
Beginning of year	<u>76,650,022</u>	<u>6,017,679</u>
End of year	<u>\$ 92,219,307</u>	<u>\$ 5,787,498</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 2011, 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 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 2011 tax levy reflected an excess capacity of \$ 8,093.

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)	\$ 77,782,275	\$ 81,756,145
Other financing sources/uses (GAAP basis)	<u>3,388,721</u>	<u>-</u>
Subtotal (GAAP Basis)	81,170,996	81,756,145
To record use of free cash and overlay surplus	2,044,827	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(1,291,729)
Add end-of-year appropriation carryforwards to expenditures	-	1,006,105
To reverse the effects of the non- budgeted MSBA grant (net)	696,990	696,990
To reverse the effects of non- budgeted State contributions for teacher retirements	(6,838,505)	(6,838,505)
To record stabilization funding	-	(350,000)
Other	<u>96,299</u>	<u>120,255</u>
Budgetary Basis	<u>\$ 77,170,607</u>	<u>\$ 75,099,261</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, 2011, \$ 548,822 of the Town's and \$13,635 of the System's bank balances of \$ 66,822,303 and \$ 110,519, 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>Aa2</u>	<u>Aa3</u>
Corporate bonds	\$ 355	\$ -	\$ -	\$ 160	\$ 195
Corporate equities	1,600	1,600	-	-	-
Mutual funds	2,306	2,306	-	-	-
Certificates of deposit	2,898	2,898	-	-	-
Federal agency securities	5,634	-	5,634	-	-
Total investments	\$ 12,793	\$ 6,804	\$ 5,634	\$ 160	\$ 195

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, 2011, the Contributory Retirement System maintained its investments in the State Investment Pool* with a fair value of \$ 92,305,343. 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 \$ 92,305,343 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 \$ 12,793,164, the government has a custodial credit risk exposure of \$ 355,024 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):

Freddie Mac - FreddieNotes	\$ 1,474
Freddie Mac - Step CPN FreddieNotes	\$ 3,163
Certificates of Deposit	\$ 2,001
Money Market Trusts	\$ 2,307

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	\$ 5,634	\$ -	\$ 988	\$ 4,646
Federal agency securities	355	-	61	294
Total	<u>\$ 5,989</u>	<u>\$ -</u>	<u>\$ 1,049</u>	<u>\$ 4,940</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, 2011 consist of the following (in thousands):

Real Estate		
2011		\$ 267
Personal Property		
2011	4	
2010	5	
2009	3	
2008	2	
2007	2	
Prior	<u>6</u>	
		22
Tax Liens		434
Deferred Taxes		<u>89</u>
Total		<u>\$ 812</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	\$ 84
Excises	58

7. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Land improvements	\$ 2,612	\$ 690	\$ -	\$ 3,302
Buildings and improvements	128,889	3,388	(617)	131,660
Machinery, equipment, and furnishings	8,318	932	(149)	9,101
Infrastructure	<u>37,924</u>	<u>873</u>	<u>(1,418)</u>	<u>37,379</u>
Total capital assets, being depreciated	177,743	5,883	(2,184)	181,442
Less accumulated depreciation for:				
Land improvements	(629)	(140)	-	(769)
Buildings and improvements	(25,282)	(3,520)	617	(28,185)
Machinery, equipment, and furnishings	(3,045)	(768)	149	(3,664)
Infrastructure	<u>(21,429)</u>	<u>(1,458)</u>	<u>1,418</u>	<u>(21,469)</u>
Total accumulated depreciation	<u>(50,385)</u>	<u>(5,886)</u>	<u>2,184</u>	<u>(54,087)</u>
Total capital assets, being depreciated, net	127,358	(3)	-	127,355
Capital assets, not being depreciated:				
Land	3,939	-	-	3,939
Construction in progress	<u>1,368</u>	<u>147</u>	<u>(1,368)</u>	<u>147</u>
Total capital assets, not being depreciated	<u>5,307</u>	<u>147</u>	<u>(1,368)</u>	<u>4,086</u>
Governmental activities capital assets, net	<u>\$ 132,665</u>	<u>\$ 144</u>	<u>\$ (1,368)</u>	<u>\$ 131,441</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Land improvements	\$ 1,437	\$ -	\$ -	\$ 1,437
Buildings and improvements	16,541	146	(53)	16,634
Machinery, equipment, and furnishings	31,644	1,807	(190)	33,261
Infrastructure	<u>101,578</u>	<u>3,316</u>	<u>(1,147)</u>	<u>103,747</u>
Total capital assets, being depreciated	151,200	5,269	(1,390)	155,079
Less accumulated depreciation for:				
Land improvements	(48)	(70)	-	(118)
Buildings and improvements	(8,973)	(523)	53	(9,443)
Machinery, equipment, and furnishings	(17,263)	(1,157)	190	(18,230)
Infrastructure	<u>(38,148)</u>	<u>(3,256)</u>	<u>775</u>	<u>(40,629)</u>
Total accumulated depreciation	<u>(64,432)</u>	<u>(5,006)</u>	<u>1,018</u>	<u>(68,420)</u>
Total capital assets, being depreciated, net	86,768	263	(372)	86,659
Capital assets, not being depreciated:				
Land	<u>1,450</u>	-	-	<u>1,450</u>
Total capital assets, not being depreciated	<u>1,450</u>	-	-	<u>1,450</u>
Business-type activities capital assets, net	<u>\$ 88,218</u>	<u>\$ 263</u>	<u>\$ (372)</u>	<u>\$ 88,109</u>

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

Governmental Activities:	
General government	\$ 222
Public safety	543
Education	3,177
Public works	1,744
Health and human services	30
Culture and recreation	<u>170</u>
Total depreciation expense - governmental activities	<u>\$ 5,886</u>
Business-Type Activities:	
Electric	\$ 3,453
Water	1,194
Other - Sewer	347
Other - Stormwater	<u>12</u>
Total depreciation expense - business-type activities	<u>\$ 5,006</u>

8. Warrants Payable

Warrants payable represent 2011 expenditures paid by July 15, 2011.

9. 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, 2011 receivable balances, except real and personal property taxes that are accrued for subsequent 60-day collections.

10. 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:

	Serial	Interest	Amount
	Maturities	Rate(s)%	Outstanding
<u>Governmental Activities:</u>	<u>Through</u>		<u>as of</u>
			<u>6/30/11</u>
Police station	02/01/12	4.12%	\$ 400,000
Coolidge Middle School	02/01/21	4.75%	4,725,000
Memorial High School	03/15/24	4.22%	25,635,000
Barrow Elementary School	06/30/24	3.96%	1,635,000
Wood End Elementary School	06/30/24	3.96%	1,950,000
Wood End Elementary School	06/30/24	3.92%	130,000
Wood End Elementary School	04/15/24	3.94%	390,000
Wood End Elementary School	04/15/24	3.94%	585,000
Downtown Improvement projects	11/01/17	3.45%	455,000
Fire Engine	11/01/12	3.45%	160,000
Turf Field improvements	11/01/12	3.45%	150,000
Joshua Eaton refunding	07/01/13	3.05%	80,000
Birch Meadow refunding	07/01/12	3.05%	25,000
Parker School refunding	07/01/17	3.05%	1,360,000
Ladder truck	07/01/17	3.05%	560,000
Tennis courts	07/01/12	3.05%	190,000
Financial hardware and software	01/27/13	2.00%	550,000
Fire truck	08/01/14	4.61%	420,000
Energy Improvements	08/01/24	4.61%	4,665,000
Total Governmental Activities:			<u>\$ 44,065,000</u>

	Serial	Interest	Amount
	Maturities	Rate(s)%	Outstanding
<u>Business-Type Activities:</u>	<u>Through</u>		<u>as of</u>
			<u>06/30/11</u>
Water treatment plant	06/30/15	3.38%	\$ 400,000
MWRA buy-in	04/15/27	4.00%	2,540,000
Water mains	04/15/12	3.66%	490,000
MWRA buy-in	11/01/17	3.05%	6,630,000
Water demo	07/01/17	3.05%	560,000
MWRA water supply	01/27/13	2.00%	150,000
MWPAT septic	02/01/12	0.00%	11,628
MWRA sewer	08/15/12	0.00%	17,732
Fairview and Sunnyside sewer	11/01/11	3.05%	75,000
MWRA sewer	08/20/14	0.00%	131,736
Total Business-Type Activities:			<u>\$ 11,006,096</u>

B. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2011 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 4,185,000	\$ 1,830,943	\$ 6,015,943
2013	3,810,000	1,686,344	5,496,344
2014	3,310,000	1,619,425	4,929,425
2015	3,350,000	1,433,155	4,783,155
2016	3,300,000	1,288,233	4,588,233
2017-2021	16,545,000	4,333,279	20,878,279
2022-2025	<u>9,565,000</u>	<u>862,156</u>	<u>10,427,156</u>
Total	<u>\$ 44,065,000</u>	<u>\$ 13,053,535</u>	<u>\$ 57,118,535</u>

The general fund has been designated as the sole source to repay the governmental-type general obligation debt outstanding as of June 30, 2011:

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,487,965	\$ 416,116	\$ 1,904,081
2013	772,965	366,670	1,139,635
2014	764,099	339,905	1,104,004
2015	764,099	312,340	1,076,439
2016	631,165	284,531	915,696
2017-2021	2,915,803	1,036,305	3,952,108
2022-2026	2,740,000	477,675	3,217,675
2027-2028	<u>930,000</u>	<u>37,388</u>	<u>967,388</u>
Total	<u>\$ 11,006,096</u>	<u>\$ 3,270,930</u>	<u>\$ 14,277,026</u>

C. Changes in General Long-Term Liabilities

During the year ended June 30, 2011, the following changes occurred in long-term liabilities (in thousands):

	Total Balance 7/1/10	Additions	Reductions	Total Balance 6/30/11	Less Current Portion	Equals Long-Term Portion 6/30/11
<u>Governmental Activities</u>						
Bonds payable	\$ 48,230	\$ -	\$ (4,165)	\$ 44,065	\$ (4,185)	\$ 39,880
Other:						
Accrued employee benefits	1,827	64	(128)	1,763	(62)	1,701
Unamortized premium on bonds	250	-	(25)	225	(25)	200
Net OPEB obligation	4,812	5,896	(2,128)	8,580	-	8,580
Totals	\$ 55,119	\$ 5,960	\$ (6,446)	\$ 54,633	\$ (4,272)	\$ 50,361

	Total Balance 7/1/10	Additions	Reductions	Total Balance 6/30/11	Less Current Portion	Long-Term Portion 6/30/11
<u>Business-Type Activities</u>						
Bonds and loans payable	\$ 12,499	\$ -	\$ (1,493)	\$ 11,006	\$ (1,488)	\$ 9,518
Other:						
Accrued employee benefits	3,111	74	(166)	3,019	(57)	2,962
Unamortized premium on bonds	4	-	(1)	3	(1)	2
Net OPEB obligation	946	839	(1,117)	668	-	668 ^(A)
Totals	\$ 16,560	\$ 913	\$ (2,777)	\$ 14,696	\$ (1,546)	\$ 13,150

^(A) The Electric fund estimated their liability prior to the issuance of the valuation.

D. Bond Authorizations

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2011 are as follows:

<u>Purpose</u>	<u>Amount</u>
MWRA loan program	\$ 404,000
Birch meadow tennis courts	140,000
Turf field improvements	275,000
Sunnyside/Fairview sewer mains	65,000
Fire ladder truck	50,000
MWRA water bonds	2,285,000
Killam School remodeling	1,413,500
Birch Meadow School remodeling	446,500
Birch Meadow School remodeling	250,000
Total	\$ 5,329,000

11. 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.

12. 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.

13. 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

Interlocal 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 2011 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, 2011, 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	Electric Fund	Stormwater Fund	Total
Annual Required Contribution (ARC)	\$ 5,887,367	\$ 131,875	\$ 49,572	\$ 630,058	\$ 10,950	\$ 6,709,822
Interest on net OPEB obligation	256,026	7,728	3,254	95,341	-	362,349
Adjustment to ARC	(247,537)	(7,471)	(3,146)	(80,125)	-	(338,279)
Annual OPEB cost	5,895,856	132,132	49,680	645,274	10,950	6,733,892
Contributions made	(2,128,025)	14,281	1,199	36,647	-	(2,075,898) (a)
Additional funding to trust	-	-	-	(1,167,161)	-	(1,167,161)
Increase in net OPEB obligation	3,767,831	146,413	50,879	(485,240)	10,950	3,490,833
Net OPEB obligation - beginning of year	4,811,888	94,355	37,755	813,461	-	5,757,459
Net OPEB obligation - end of year	\$ 8,579,719	\$ 240,768	\$ 88,634	\$ 328,221	\$ 10,950	\$ 9,248,292 (b)

(a) Includes adjustment of \$1,093,969 to reflect revision to June 30, 2008 actuarial report.

(b) The Electric fund estimated their liability prior to the issuance of the valuation.

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
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, 2011 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	1,167,161
Unfunded actuarial accrued liability (UAAL)	\$ 93,291,325
Funded ratio (actuarial value of plan assets/AAL)	1.24%
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.

14. 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, 2010:

Retirees and beneficiaries receiving benefits	324
Terminated plan members entitled to but not yet receiving benefits	29
Active plan members	<u>348</u>
Total	<u>701</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>
2002	\$ 2,980,400	100%
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%

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%

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 \$ 38.8 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, 2011, the unfunded actuarially accrued liability is being amortized over 18 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 2011, the Commonwealth of Massachusetts contributed \$ 6,838,505 to the MTRS on behalf of the Town. This is included in the education expenditures and intergovernmental revenues in the general fund.

15. 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.

16. Subsequent Events

Subsequent to June 30, 2011, the Town has incurred the following additional debt:

	<u>Amount</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>
Water Bond	\$ 2,050,000	0%	08/15/11	08/15/16
Sewer Bond	\$ 222,200	0%	08/22/11	08/15/16

Town of Reading, Massachusetts Municipal Light Department

Notes to the 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 U.S. government bonds that are being held to maturity. Investments are carried at cost.

- 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 Investments

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Unrestricted cash and short-term investments	\$ 6,596,634
Restricted cash and short-term investments	16,385,677
Restricted investments	<u>2,200,000</u>
Fiduciary funds:	
Cash and short-term investments	4,787,498
Investments	<u>1,000,000</u>
Total cash and investments	<u>\$ 30,969,809</u>

Cash and investments at June 30, 2011 consist of the following:

Cash on hand	\$ 3,000
Deposits with financial institutions	27,766,809
Investments	<u>3,200,000</u>
Total cash investments	<u>\$ 30,969,809</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. One of the ways that the Department manages its exposure to interest rate risk is 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, 2011, the Department (including the Pension Trust) had the following investments:

	<u>Restricted Investments</u>	<u>Pension Trust</u>	<u>Maturity Date</u>	<u>Moody's Rating</u>
<u>Government agency bonds</u>				
Freddie Mac	\$ 2,200,000	\$ -	9/15/2020	AAA
Freddie Mac	-	1,000,000	9/15/2020	AAA
Total	<u>\$ 2,200,000</u>	<u>\$ 1,000,000</u>		

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. Presented below is the actual rating as of year end for each of the Department's (including the Pension Trust) investment types:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>	
			<u>AAA</u>	<u>Not Rated</u>
Government agency bonds	\$ <u>3,200,000</u>	N/A	\$ <u>3,200,000</u>	\$ <u>-</u>
Total	\$ <u>3,200,000</u>		\$ <u>3,200,000</u>	\$ <u>-</u>

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. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent more than 5% of the Department's total investments (including the Pension Trust investments) are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Freddie Mac	Government agency bonds	\$ 3,200,000

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 per cent 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, 2011. As of June 30, 2011, Department investments (including the Pension Trust) in the following investment types were held by the same broker-dealer (counterparty) that was used by the Department to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
Government agency bonds	\$ <u>3,200,000</u>
Total	\$ <u><u>3,200,000</u></u>

3. Restricted Cash and Investments

Restricted cash and investments consist of the following at June 30, 2011:

	<u>Cash</u>	<u>Investments</u>
Depreciation fund	\$ 4,297,944	\$ -
Deferred fuel reserve	3,055,225	-
Rate stabilization	5,046,137	1,000,000
Deferred energy conservation reserve	170,788	-
OPEB reserve	969,499	200,000
Reserve for uncollectible accounts	200,000	-
Sick leave benefits	1,934,699	1,000,000
Hazardous waste fund	150,000	-
Customer deposits	561,385	-
Total	\$ <u><u>16,385,677</u></u>	\$ <u><u>2,200,000</u></u>

Restricted investments are invested in government agency bonds, which will be held to maturity, and are reported at book value of \$ 2,200,000. The fair market value of the investments at June 30, 2011 was \$ 2,174,282.

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.
- 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.
- Rate stabilization - This represents amounts set aside to help stabilize short-term cost increases resulting from fluctuations in purchase power 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.
- 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, 2011:

Customer Accounts:	
Billed	\$ 3,607,974
Less allowances:	
Uncollectible accounts	(200,000)
Sales discounts	<u>(296,467)</u>
Total billed	3,111,507
Unbilled, net	<u>4,830,294</u>
Total customer accounts	7,941,801
Other Accounts:	
Merchandise sales	136,719
MMWEC flush	571,635
Liens and other	<u>99,683</u>
Total other accounts	<u>808,037</u>
Total net receivables	<u>\$ 8,749,838</u>

5. Prepaid Expenses

Prepaid expenses consist of the following:

Insurances	\$ 277,479
Purchase power	97,011
PASNY prepayment fund	238,331
WC Fuel - Watson	<u>140,311</u>
Total	<u>\$ 753,132</u>

6. Inventory

Inventory is comprised of supplies and materials at June 30, 2011, 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, 2011:

New England Hydro-Transmission Electric Company, Inc.	\$ 15,748
New England Hydro-Transmission Corporation	<u>61,715</u>
Total	<u>\$ 77,463</u>

8. Capital Assets

The following is a summary of fiscal year 2011 activity in capital assets (in thousands):

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Structures and improvements	\$ 13,521	\$ 146	\$ -	\$ 13,667
Equipment and furnishings	29,251	1,181	(68)	30,364
Infrastructure	<u>72,602</u>	<u>3,176</u>	<u>(1,116)</u>	<u>74,662</u>
Total capital assets, being depreciated	115,374	4,503	(1,184)	118,693
Less accumulated depreciation for:				
Structures and improvements	(6,772)	(386)	-	(7,158)
Equipment and furnishings	(16,732)	(953)	68	(17,617)
Infrastructure	<u>(26,255)</u>	<u>(2,114)</u>	<u>745</u>	<u>(27,624)</u>
Total accumulated depreciation	<u>(49,759)</u>	<u>(3,453)</u>	<u>813</u>	<u>(52,399)</u>
Total capital assets, being depreciated, net	65,615	1,050	(371)	66,294
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>\$ 66,881</u>	<u>\$ 1,050</u>	<u>\$ (371)</u>	<u>\$ 67,560</u>

9. Accounts Payable

Accounts payable represent fiscal 2011 expenses that were paid after June 30, 2011.

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, 2011:

Accrued payroll	\$ 215,991
Accrued interest	3,550
Other	<u>171,119</u>
Total	<u>\$ 390,660</u>

13. 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.

14. 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.

15. Post-Employment Health Care and Life Insurance Benefits

Other Post-Employment Benefits

The Department follows 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 16, 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, 2008, the actuarial valuation date, approximately 72 retirees and 64 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, 2008, the actuarial valuation date, retirees were required to contribute 30% of the cost of the medical and prescription drug plan, as determined by the MIIA Health Benefits Trust. In 2010, this required contribution changed to 29%. 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 2011 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, 2011, 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, 2008.

Annual Required Contribution (ARC)	\$ 680,035
Interest on net OPEB obligation	225,946
Adjustment to ARC	<u>-</u>
Annual OPEB cost	905,981
Contributions made	<u>(553,642)</u>
Increase in net OPEB obligation	352,339
Net OPEB obligation - beginning of year	<u>813,461</u>
Net OPEB obligation - end of year	<u>\$ 1,165,800</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 2011 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>
06/30/09	\$ 890,140	50.97%	\$ 436,402
06/30/10	\$ 878,668	57.09%	\$ 813,461
06/30/11	\$ 905,981	61.11%	\$ 1,165,800

The Department's net OPEB obligation as of June 30, 2011 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, 2008, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 8,085,388
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 8,085,388</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0%</u>
Covered payroll (active plan members)	Not available
UAAL as a percentage of covered payroll	Not available

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

2011, the department contributed \$ 1,165,800 to this fund, which was equal to its actuarially determined OPEB liability at June 30, 2011. Because these monies are not held in an irrevocable trust supported by a trust instrument, as required by GASB 45, they are reported as restricted net assets on the Department's Statements of Net Assets.

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, 2008 actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial value of assets was not determined, as the Department has not advance funded its obligation. The actuarial assumptions included a 7.75% investment rate of return and an initial annual health care cost trend rate of 10.0% 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.

16. 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, 2011, 2010, and 2009 were \$ 1,278,695, \$ 919,336, and \$ 896,185, respectively, which were equal to its annual required contributions for each of these years.

17. 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 ser-

vice 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 \$ 1,578,484,000, of which \$ 113,067,000 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 System Revenue Bonds totaling \$ 358,420,000, of which \$ 17,135,000 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, 2011 principal payment, MMWEC's total future debt service requirement on outstanding bonds issued for the Projects is \$ 420,481,000, of which \$ 19,693,000 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, 2011 and estimated for future years is shown below.

	<u>Annual Costs</u>
For years ended June 30, 2012	\$ 4,583,000
2013	4,315,000
2014	3,706,000
2015	2,729,000
2016	2,700,000
2017 - 2020	<u>1,660,000</u>
Total	<u>\$ 19,693,000</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 \$ 14,683,000 and \$ 14,350,000 for the years ended June 30, 2011 and 2010, respectively.

18. Environmental Remediation

In August of 2009, while working on a transformer upgrade project at the Gaw Substation, the Department discovered soil that was contaminated with polychlorinated biphenyls (PCBs). This contamination was traced to a capacitor bank lineup located on the south side of the Gaw Substation control house. Once utilized to stabilize voltage, these capacitor banks were removed from the Substation decades prior to the onset of the transformer upgrade project.

Site cleanup at Gaw Substation was conducted by a Commonwealth of Massachusetts Licensed Site Professional in compliance with United States Environmental Protection Agency (US EPA) and Massachusetts Department of Environmental Protection (MA DEP) regulations. Analysis, soil sampling, and remediation of the contaminated area began in fiscal year 2010 and were completed in fiscal year 2011.

As of June 30, 2011, environmental remediation costs related to the Gaw Substation project totaled \$ 2,482,826, of which, \$ 1,386,395 was expended in fiscal year 2011. The Department has temporarily modified its rate structure to include a Hazardous Material Charge of \$ 0.001/kWh, which is designed to recover a portion of the Gaw Substation soil remediation costs over the next three years.

19. Leases

Related Party Transaction - Property Sub-Lease

The Department is sub-leasing facilities to the Reading Massachusetts Town Employees Federal Credit Union. The original sub-lease agreement commenced in December 2000 and ended in November 2005. A new agreement, which extended the lease through November 30, 2008, was signed on December 1, 2005. An additional amendment, effective December 1, 2008, extends the lease through November 30, 2011. The following is the future minimum rental income for the years ending June 30:

2012	\$ <u>3,630</u>
Total	\$ <u><u>3,630</u></u>

20. NStar Radial Transmission Charges

Effective November 10, 1979, RMLD entered into FERC Rate Schedule No. 125 with Boston Edison Co. (now NStar) to transmit power to the Gaw Substation over two radial 115kV transmission lines (Lines 211-503 and 211-504). Rate Schedule No. 125 provided for RMLD to pay \$ 11,635 per month for the "support" (i.e., operation and maintenance costs) of these radial transmission lines. In approximately April 2003, NStar and National Grid constructed new facilities which "looped" Lines 211-503 and 211-504 and made them eligible for treatment as Pool Transmission Facilities ("PTF"). Once Lines 211-503 and 211-504 were reclassified from radial to PTF facilities, their costs became eligible for recovery through Regional Network Service rates paid by all customers under the ISO New England ("ISO-NE") Tariff under either of two alternatives. First, NStar could have rolled-in the costs associated with those lines to its revenue requirement for Regional Network Service rates, which would be socialized by NStar throughout all New England. Second, NStar could have left Rate Schedule No. 125 in place as a "grandfathered" support agreement, and RMLD could have included the charges it paid under Rate Schedule No. 125 in its revenue requirement for the Regional Network Service Rates, which would be socialized by RMLD throughout all New England. However, RMLD was not notified that Lines 211-503 and 211-504 had been reclassified as PTF, and NStar left Rate Schedule No. 125 in place without advising RMLD of the opportunity to include its costs under that Rate Schedule in RMLD's revenue requirement for Regional Network Service rates.

In May 2011, RMLD discovered that NStar Lines 211-503 and 211-504 had been reclassified as PTF and that continuation of Rate Schedule No. 125 in effect without including RMLD's payments in Regional Network Service (RSN) rates was no longer appropriate. RMLD contacted NStar, and with the assistance of legal counsel, was able to terminate Rate Schedule No. 125 effective June 1, 2011. In light of the fact that Rate Schedule No. 125 contained a limitation of claims clause, previously upheld by the federal courts, that limited RMLD's ability to challenge to bills issued within the previous twelve months, RMLD determined that its customers were better off if RMLD incorporated the costs of the terminated agreement in its RNS revenue requirement, through a true-up mechanism, for the prior twelve months and for the five months of 2011 during which Rate Schedule No. 125 had been in effect. Between June 1, 2011 and May 31, 2014, the use of the RNS revenue requirement true-up mechanism will recover \$ 198,000 in charges paid under Rate Schedule No. 125 through adjustments in RMLD's purchased power costs. The value of payments made under Rate Schedule No. 125 between June 2003 and December 2009 which cannot be recovered due to the claims limitation under Rate Schedule No. 125 and the limited scope of available cost recovery under the ISO-NE Tariff is \$1,094,968.

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

June 30, 2011

(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%

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a 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 Auditor's Report

TOWN OF READING, MASSACHUSETTS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2011

	<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	\$ 15,029	\$ 789,121	\$ 2,511,236	\$ 1,620,159
Investments	-	-	-	-
Receivables:				
Intergovernmental	<u>79,202</u>	<u>-</u>	<u>38,816</u>	<u>-</u>
Total Assets	<u>\$ 94,231</u>	<u>\$ 789,121</u>	<u>\$ 2,550,052</u>	<u>\$ 1,620,159</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Warrants payable	\$ 93,400	\$ 52,512	\$ 81,709	\$ -
Deferred revenue	-	-	38,816	-
Notes payable	-	-	-	-
Retainage payable	-	-	-	-
Total Liabilities	93,400	52,512	120,525	-
Fund Balances:				
Non-spendable	-	-	-	-
Restricted	15,117	794,151	2,429,527	1,620,159
Committed	-	-	-	-
Unassigned	<u>(14,286)</u>	<u>(57,542)</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>831</u>	<u>736,609</u>	<u>2,429,527</u>	<u>1,620,159</u>
Total Liabilities and Fund Balance	<u>\$ 94,231</u>	<u>\$ 789,121</u>	<u>\$ 2,550,052</u>	<u>\$ 1,620,159</u>

Special Revenue Funds

<u>Gifts and Donations</u>	<u>Trust Funds</u>	<u>Other Trust Funds</u>	<u>Subtotals</u>
\$ 555,091	\$ 98,008	\$ 195,663	\$ 5,784,307
-	8,593,164	-	8,593,164
-	-	-	118,018
<u>\$ 555,091</u>	<u>\$ 8,691,172</u>	<u>\$ 195,663</u>	<u>\$ 14,495,489</u>
\$ 7,728	\$ 3,574	\$ -	\$ 238,923
-	-	-	38,816
-	-	-	-
-	-	-	-
7,728	3,574	-	277,739
-	2,833,730	-	2,833,730
547,363	5,853,868	195,663	11,455,848
-	-	-	-
-	-	-	(71,828)
<u>547,363</u>	<u>8,687,598</u>	<u>195,663</u>	<u>14,217,750</u>
<u>\$ 555,091</u>	<u>\$ 8,691,172</u>	<u>\$ 195,663</u>	<u>\$ 14,495,489</u>

(continued)

TOWN OF READING, MASSACHUSETTS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

(continued)

	Capital Project Funds			Total Nonmajor Governmental Funds
	Town Capital Project Funds	School Capital Project Funds	Subtotals	
<u>ASSETS</u>				
Cash and short-term investments	\$ 433,067	\$ 1,572,846	\$ 2,005,913	\$ 7,790,220
Investments	-	-	-	8,593,164
Receivables:				
Intergovernmental	-	-	-	118,018
Total Assets	<u>\$ 433,067</u>	<u>\$ 1,572,846</u>	<u>\$ 2,005,913</u>	<u>\$ 16,501,402</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Warrants payable	\$ 55,423	\$ 15,602	\$ 71,025	\$ 309,948
Deferred revenue	-	-	-	38,816
Notes payable	-	140,000	140,000	140,000
Retainage payable	-	1,104,104	1,104,104	1,104,104
Total Liabilities	55,423	1,259,706	1,315,129	1,592,868
Fund Balances:				
Non-spendable	-	-	-	2,833,730
Restricted	227,644	376,299	603,943	12,059,791
Committed	150,000	-	150,000	150,000
Unassigned	-	(63,159)	(63,159)	(134,987)
Total Fund Balance	<u>377,644</u>	<u>313,140</u>	<u>690,784</u>	<u>14,908,534</u>
Total Liabilities and Fund Balance	<u>\$ 433,067</u>	<u>\$ 1,572,846</u>	<u>\$ 2,005,913</u>	<u>\$ 16,501,402</u>

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TOWN OF READING, MASSACHUSETTS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds			
	Federal Grants	State Grants	Revolving Funds	Receipts Reserved
Revenues:				
Departmental	\$ -	\$ -	\$ 4,161,613	\$ 36,270
Intergovernmental	2,664,743	1,717,113	152,614	-
Investment income	-	-	68	3,603
Other	-	-	20,131	3,251
Total Revenues	2,664,743	1,717,113	4,334,426	43,124
Expenditures:				
Current:				
General government	-	16,711	17,282	-
Public safety	95,099	81,392	430,806	-
Education	2,552,853	817,019	3,131,995	-
Public works	-	208,152	-	-
Health and human services	102,079	48,381	15,298	-
Culture and recreation	10,113	8,310	419,002	-
Total Expenditures	2,760,144	1,179,965	4,014,383	-
Excess (deficiency) of revenues over (under) expenditures	(95,401)	537,148	320,043	43,124
Other Financing Sources (Uses):				
Transfers out	-	-	(157,219)	(328,251)
Total Other Financing Sources (Uses)	-	-	(157,219)	(328,251)
Change in fund balances	(95,401)	537,148	162,824	(285,127)
Fund Balances, beginning of year	96,232	199,461	2,266,703	1,905,286
Fund Balances, end of year	\$ 831	\$ 736,609	\$ 2,429,527	\$ 1,620,159

Special Revenue Funds

Gifts and Donations	Trust Funds	Other Trust Funds	Subtotals
\$ -	\$ -	\$ -	\$ 4,197,883
-	-	-	4,534,470
-	683,912	6,462	694,045
<u>397,318</u>	<u>2,070</u>	<u>-</u>	<u>422,770</u>
397,318	685,982	6,462	9,849,168
25,418	32,789	-	92,200
8,011	-	-	615,308
121,606	-	7,232	6,630,705
3,441	125,499	-	337,092
2,096	117,245	-	285,099
<u>393,961</u>	<u>-</u>	<u>-</u>	<u>831,386</u>
<u>554,533</u>	<u>275,533</u>	<u>7,232</u>	<u>8,791,790</u>
(157,215)	410,449	(770)	1,057,378
<u>(95,000)</u>	<u>-</u>	<u>-</u>	<u>(580,470)</u>
<u>(95,000)</u>	<u>-</u>	<u>-</u>	<u>(580,470)</u>
(252,215)	410,449	(770)	476,908
<u>799,578</u>	<u>8,277,149</u>	<u>196,433</u>	<u>13,740,842</u>
<u>\$ 547,363</u>	<u>\$ 8,687,598</u>	<u>\$ 195,663</u>	<u>\$ 14,217,750</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, 2011

(continued)

	<u>Capital Project Funds</u>			Total Nonmajor Governmental Funds
	<u>Town Capital Project Funds</u>	<u>School Capital Project Funds</u>	<u>Subtotals</u>	
Revenues:				
Departmental	\$ -	\$ -	\$ -	\$ 4,197,883
Intergovernmental	-	120,000	120,000	4,654,470
Investment income	-	-	-	694,045
Other	-	-	-	422,770
Total Revenues	-	120,000	120,000	9,969,168
Expenditures:				
Current:				
General government	200,288	-	200,288	292,488
Public safety	-	-	-	615,308
Education	-	2,610,400	2,610,400	9,241,105
Public works	21,866	-	21,866	358,958
Health and human services	-	-	-	285,099
Culture and recreation	4,409	-	4,409	835,795
Total Expenditures	226,563	2,610,400	2,836,963	11,628,753
Excess (deficiency) of revenues over (under) expenditures	(226,563)	(2,490,400)	(2,716,963)	(1,659,585)
Other Financing Sources (Uses):				
Transfers out	-	-	-	(580,470)
Total Other Financing Sources (Uses)	-	-	-	(580,470)
Change in fund balances	(226,563)	(2,490,400)	(2,716,963)	(2,240,055)
Fund Balances, beginning of year	604,207	2,803,540	3,407,747	17,148,589
Fund Balances, end of year	\$ 377,644	\$ 313,140	\$ 690,784	\$ 14,908,534

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

JUNE 30, 2011

	Business-Type Activities Enterprise Funds			<u>Total</u>
	<u>Sewer Fund</u>	<u>Landfill Closure and Postclosure</u>	<u>Stormwater Management</u>	
<u>ASSETS</u>				
Current:				
Cash and short-term investments	\$ 1,658,643	\$ 68,142	\$ 929,554	\$ 2,656,339
User fees, net of allowance for uncollectibles	1,505,035	-	116,081	1,621,116
Inventory	<u>3,508</u>	<u>-</u>	<u>-</u>	<u>3,508</u>
Total current assets	3,167,186	68,142	1,045,635	4,280,963
Noncurrent:				
Capital assets being depreciated, net	5,969,180	-	391,632	6,360,812
Capital assets not being depreciated	<u>61,761</u>	<u>-</u>	<u>-</u>	<u>61,761</u>
Total noncurrent assets	<u>6,030,941</u>	<u>-</u>	<u>391,632</u>	<u>6,422,573</u>
TOTAL ASSETS	9,198,127	68,142	1,437,267	10,703,536
<u>LIABILITIES</u>				
Current:				
Warrants payable	28,668	-	1,724	30,392
Other current liabilities	-	68,142	-	68,142
Current portion of long-term liabilities:				
Bonds payable	<u>117,965</u>	<u>-</u>	<u>-</u>	<u>117,965</u>
Total current liabilities	146,633	68,142	1,724	216,499
Noncurrent:				
Bonds payable, net of current portion	118,131	-	-	118,131
Accrued employee benefits	9,317	-	15,572	24,889
Net OPEB obligation	<u>88,634</u>	<u>-</u>	<u>10,950</u>	<u>99,584</u>
Total noncurrent liabilities	<u>216,082</u>	<u>-</u>	<u>26,522</u>	<u>242,604</u>
TOTAL LIABILITIES	362,715	68,142	28,246	459,103
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	5,837,282	-	391,632	6,228,914
Unrestricted	<u>2,998,130</u>	<u>-</u>	<u>1,017,389</u>	<u>4,015,519</u>
TOTAL NET ASSETS	\$ <u>8,835,412</u>	\$ <u>-</u>	\$ <u>1,409,021</u>	\$ <u>10,244,433</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, 2011

	Business-Type Activities Enterprise Funds			Total
	Sewer Fund	Landfill Closure and Postclosure	Stormwater Management	
Operating Revenues:				
Charges for services	\$ 5,520,310	\$ -	\$ 401,309	\$ 5,921,619
Total Operating Revenues	5,520,310	-	401,309	5,921,619
Operating Expenses:				
Personnel expenses	397,064	-	82,413	479,477
Non personnel expenses	97,518	-	41,653	139,171
Intergovernmental	3,922,082	-	-	3,922,082
Depreciation	347,857	-	12,227	360,084
Energy purchases	26,782	-	-	26,782
Total Operating Expenses	4,791,303	-	136,293	4,927,596
Operating Income	729,007	-	265,016	994,023
Nonoperating Revenues (Expenses):				
Investment income	2,563	-	837	3,400
Interest expense	(3,148)	-	-	(3,148)
Total Nonoperating Revenues (Expenses)	(585)	-	837	252
Income Before Transfers	728,422	-	265,853	994,275
Transfers (out)	(259,004)	-	-	(259,004)
Change in Net Assets	469,418	-	265,853	735,271
Net Assets at Beginning of Year	8,365,994	-	1,143,168	9,509,162
Net Assets at End of Year	\$ 8,835,412	\$ -	\$ 1,409,021	\$ 10,244,433

See notes to financial statements.

TOWN OF READING, MASSACHUSETTS
NONMAJOR PROPRIETARY FUNDS
COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

	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	\$ 5,336,088	\$ -	\$ 389,368	\$ 5,725,456
Payments to vendors and employees	(471,690)	(23,509)	(127,874)	(623,073)
Payments to other governments	(3,922,082)	-	-	(3,922,082)
Net Cash Provided By (Used For) Operating Activities	942,316	(23,509)	261,494	1,180,301
<u>Cash Flows From Noncapital Financing Activities:</u>				
Transfer out	(259,004)	-	-	(259,004)
Net Cash Provided By (Used For) Noncapital Financing Activities	(259,004)	-	-	(259,004)
<u>Cash Flows From Capital and Related Financing Activities:</u>				
Acquisition of capital assets	(219,671)	-	(287,811)	(507,482)
Principal payments on bonds and notes	(117,965)	-	-	(117,965)
Interest expense	(3,148)	-	-	(3,148)
Net Cash (Used For) Capital and Related Financing Activities	(340,784)	-	(287,811)	(628,595)
<u>Cash Flows From Investing Activities:</u>				
Investment income	2,563	-	837	3,400
Net Cash Provided By Investing Activities	2,563	-	837	3,400
Net Change in Cash and Short-Term Investments	345,091	(23,509)	(25,480)	296,102
Cash and Short Term Investments, Beginning of Year	1,313,552	91,651	955,034	2,360,237
Cash and Short Term Investments, End of Year	\$ 1,658,643	\$ 68,142	\$ 929,554	\$ 2,656,339
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u>				
Operating income	\$ 729,007	\$ -	\$ 265,016	\$ 994,023
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	347,857	-	12,227	360,084
Changes in assets and liabilities:				
User fees receivables	(184,222)	-	(11,941)	(196,163)
Inventory and prepayments	(286)	-	-	(286)
Warrants payable	(5,253)	-	(13,600)	(18,853)
Other liabilities	4,334	(23,509)	(1,158)	(20,333)
OPEB liability	50,879	-	10,950	61,829
Net Cash Provided By (Used For) Operating Activities	\$ 942,316	\$ (23,509)	\$ 261,494	\$ 1,180,301

See notes to financial statements.

ADMINISTRATION DEPARTMENT

Board of Selectmen

Selectmen James Bonazoli and Ben Tafoya were re-elected to three year terms. For Fiscal Year 2012, Camille Anthony served as Chairman, Stephen Goldy served as Vice Chairman and Ben Tafoya served as Secretary. Avery Stroman and Jordan Coleman were appointed as the Youth Liaisons to the Board of Selectmen.

Personnel and Volunteers

The Board of Selectmen:

- Reappointed Gail LaPointe as Town Accountant. In late 2011 the Town learned that Town Accountant Gail LaPointe would be retiring in June of 2012. Gail has served ably as Town Accountant for six years.
- Reappointed Brackett and Lucas as Town Counsel.

Town Administration:

- Administrative Secretary Lillian Marino's position was eliminated due to budget cuts.
- Marianna Corrente replaced Rachel Boschetti as the Receptionist.
- As part of the necessary restructuring of Town government, several senior positions were restructured, and this meant the retirement of Conservation Administrator Fran Fink, and Technology Administrator Bill Connors. Public Health Administrator Larry Ramdin and Elder/Human Services Administrator Dawn Folopoulos left Reading for other employment.

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

- Approved the policy establishing a Fall Street Faire Committee.
- Rescinded the policy on the Land Bank Committee.
- Rescinded the policy on the Telecommunications and Technology Advisory Committee.
- Approved the policy establishing the ad hoc Committee on Amplified Sound in Parks.

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 - Tina Ohlson.
- Board of Appeals – John Miles and Damase Caouette.
- Board of Cemetery Trustees – Olive Hecht and Janet Baronian.
- Board of Health – Andrew Friedman.
- Board of Registrars – Harry Simmons.
- Advisory Committee on the Cities for Climate Protection Program – David Williams, Ronald D'Addario, Gina Snyder (Associate), Michele Benson (Associate), and Laurie Ann Sylvia (Associate).

- Commissioners of Trust Funds – Elizabeth Klepeis and Stephen Gold.
- Community Planning and Development Commission – Charles Adams, David Tuttle, George Katsoufis (Associate), and William Keating (Associate).
- Conservation Commission – William Hecht and Tom Laughlin.
- Constable – Sally Hoyt.
- Council on Aging – Carol Oniskey, Jean Prato, Kevin Walsh, and Dorothy Derosa.
- Cultural Council – Margaret Caouette, and Colleen O’Shaughnessy.
- Economic Development Committee – Ben Yoder, Sheila Clarke, Michelle Ferullo (Associate), Maria Higgins (Associate), Karl Weld (Associate), and John Russell (Associate).
- Historical Commission – Janann Ali, Roberta Sullivan, and Virginia Adams (Associate).
- Human Relations Advisory Committee – Carie Ann Torrence, and Robin Decker (Associate).
- RCTV Board of Directors – Edward Smethurst.
- Reading Ice Arena Authority – Carl McFadden.
- Recreation Committee – Adam Chase, Richard Hand, and Joseph Rossetti (Associate).
- RMLD Citizen Advisory Board – Tony Capobianco.
- Trails Committee – Alan Rosh and William Finch (Associate).
- Volunteer Appointment Subcommittee – Ben Tafoya and James Bonazoli.

Licensing and Permits

In the area of licenses, the Board of Selectmen approved:

- Delegated approval of A-Frame Signs to the Town Manager.
- Approved an application for a Junk Dealer’s License (precious metal) at 75 Haven Street.
- Approved a Special Liquor License for the Fall Street Faire.
- Approved an application for Waiver of Retail Sales before 6:00 a.m. for JK Market, 211 Main Street.

The Reading Police conducted a sting operation that resulted in the Board of Selectmen suspending five liquor licenses including Bangkok Spice Thai Restaurant, Knights of Columbus, Oye’s Restaurant, Fuddruckers, and The Wine Shop. Each license was suspended for three days for selling alcohol to a minor. The Board also held a hearing on Oye’s violation of Board of Selectmen Policies regarding not having a manager on duty.

Community Development

The Board of Selectmen approved the first application for outdoor dining for two tables at Sammy Jo’s Bakery and Cafe at 2 Haven Street.

A resident’s petition was presented to the Board of Selectmen regarding use of amplified sound at Morton Field on Sundays from 1:00 to 7:00 p.m. by the Reading Bulldogs. The request was

for the Selectmen to overturn the permit issued by the Recreation Committee because the sound is intrusive and impacts the residents' right to peace. As a result of this request the Board of Selectmen rescinded the permit for the Reading Bull Dogs team to use amplified sound and then voted to allow them to only play the National Anthem and announce the players. The Selectmen later created an ad hoc committee to create a policy regarding amplified sound in parks.

The Board reviewed a presentation of the Glen Meadow Park Master Plan at the Barrows School. The plan included keeping the tennis courts but moving them closer to Stewart Road to give a buffer with the playground. The plan also includes a small retaining wall along the walkway to help with erosion and a guardrail to keep cars from driving down the hill. Irrigation is needed for the ball field and a new backstop is also needed.

The Board of Selectmen voted in favor of the federally funded Safe Routes to School project to construct and reconstruct curb and sidewalks on portions of Temple Street, Woburn Street, Washington Street, Prescott Street, Riverside Avenue, and Sunnyside Avenue.

Security and Safety

Following the shooting death of a resident in Reading, and the death of another Reading resident outside of the community, Reading conducted a series of three Community Dialogues this fall centered on the issues of Substance Abuse and Violence Prevention in Reading. A direct outcome of those dialogues is a coordinated approach in the FY 2013 budget to address these issues through education, treatment, and enforcement.

Infrastructure

Significant progress (although never enough) is being made on road reconstruction and improvements, and over the next 3 to 4 fiscal year, including FY 2012, an additional infusion of one time revenues is being devoted to road improvements – over \$300,000 in additional funds in FY 12, FY 13, and projected for FY 14.

The grand opening of the Mattera Cabin was held on April 30, 2012. This project was made possible from a sizeable grant that paid for materials; the Northeast Regional Vocational School did the work and Jordan's Furniture and other businesses also made donations.

The need for a new Cemetery Garage was reviewed during 2011. The Board of Selectmen voted to endorse the further exploration of two sites – Laurel Hill site and Forest Glen site – for the new location of a new Cemetery Garage. They further instructed the Town Manager to include in the FY2013 Capital Improvement Program funding for design of the two sites and to utilize whatever other funds and other resources that may be available prior to that date for further site evaluation and planning work.

The Board of Selectmen approved two 30 minute parking spaces from 9:00 AM to 9:00 PM for 505 and 519 Main Street (Quick Stop) due to the constant use of parking spaces by Grumpy Doyle's customers.

The Selectmen reviewed the options of selling various parcels of town owned land. After much review, the Board of Selectmen directed the Town Manager to have appraisals done of town owned property on Lothrop Road and Audubon Road.

The Reading Public Library is 116 years old and in need of more space and updating. The Library Board reviewed their needs and decided to update and add on to the current Library. The Children's Room will be expanded and there will also be additional meeting room space. Expanding out will also solve a lot of accessibility issues. Reading is on the list for grant funding and if it granted, it will need Town Meeting vote and a special election.

Financial

Financial issues are always central to much of the activity of the community, as the still struggling economy on a State and National level had an impact on local finances. While Reading too has been challenged by this recession, the Town's fiscal health is good. This improving Town financial picture is due in large part to the Town's ability to make difficult decisions on a timely manner. The Town continues to be fiscally conservative. Financial highlights during 2011 were:

- Finance and Accounting staff began to prepare for a debt refinancing for the RMHS and Coolidge projects, and the sale took place in early 2012. The results were full payment by the State of all remaining balances owed on these projects, a refinancing with interest cost of 1.97%, saving \$400,000 in tax funds, and \$5 million in excluded debt over the remaining life of the debt issues.
- Restructuring of some local government services with little, if any, loss of service to the customers, primarily in the Community Services and technology areas. This resulted in regionalizing the Public Health functions by an interlocal services agreement with Melrose and Wakefield, and right sizing the Elder/Human Services, Plumbing and Gas and Wiring inspections, and Conservation functions
- Development of a plan for use of one time revenues on one time expenses – mostly for much needed road improvements.
- Town Meeting approval for the sale of several parcels of Town owned land, some of which should be available for sale shortly; and
- Receipt of new grants totaling over \$1.6 million for a variety of purposes big and small.

To help regulate use of the Bancroft Avenue Tennis Courts during high demand times, the Board of Selectmen approved the "Seasonal Tennis Pass" as recommended by the Recreation Committee. The Seasonal Pass was valid from May 31, 2011 to September 2, 2011 for the hours of 5:00 PM to 9:00 PM, Monday – Friday (holidays excepted), for the seasonal cost of \$10 per individual resident with a maximum of \$25 per resident family; and \$100 per individual non-residents.

The Board of Selectmen, at a joint meeting with the Reading Housing Authority, voting as a committee of the whole, pursuant to the enabling legislation creating the Affordable Housing

Trust Fund, voted to approve funds for the Oaktree Development in Reading in the amount of \$200,000 as a grant with due diligence as last money into the project.

The Board of Selectmen voted to amend Section 1.5.2 of Selectmen's Policies re: use of public funds for gifts. The issue was that the policy did not allow the funds to be used for bereavement. To allow for donations to be collected the wording was changed to "accept and use funds" instead of "use of public funds."

The Board of Selectmen approved the 10 year lease agreement between the Town of Reading and the Reading Ice Arena Authority for the operation and management of the Nelson S. Burbank Ice Arena at 15 Symonds Way effective February 24, 2013. The lease has two renewable terms and is consistent with the lease that has been in place for the past 12 years.

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 beginning of the Oaktree project on Haven Street at the former Atlantic Supermarket site. This mixed use development, including underground parking, retail, and 53 apartments, has been used by the Massachusetts DHCD as a model of Smart Growth development
- The Reading Commons project by Pulte Homes on the former Addison Wesley Pearson site is now under construction. This Gateway Smart Growth project will eventually contain 425 housing units (all condominiums), including 43 affordable units.
- Calereso's has relocated to an expansive new location on South Main Street, redeveloping a somewhat blighted area at the gateway to Reading.
- E-Cars has redeveloped the former Artist Shoppe site on South Main Street, and reflects the "green" orientation of the community.
- The Economic Development Committee has spearheaded the placement of flower baskets and banners in downtown, using the assets of the Downtown Improvements and Events Trust established by Town Meeting a couple of years ago.
- The Reading Fall Street Faire, in its 3rd 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.

**2011 ANNUAL REPORT
COMMUNITY SERVICES DEPARTMENT - CONSERVATION DIVISION**

Wetlands Protection Activities

During 2011, the Conservation Commission reviewed 66 permit applications for proposed work and wetlands delineation. The Commission held 35 public hearings and public meetings and performed more than 156 site inspections regarding the permit applications and construction. The Commission also issued 101 decisions including permits, resource area delineations, extensions, and amendments. The Commission made final site inspections and closed 48 project files. The Commission identified and resolved 14 violations. The Administrator reviewed and signed off on 850 building permits and 31 minor projects, and performed 554 site inspections. The Commission collected \$8,015.50 in filing fees under the Wetlands Protection Act and \$37,074.50 under the Wetlands Protection Bylaw.

Major projects under permitting review and/or construction oversight by the Commission in 2011 included:

- The initial review of the work on Reading Woods by Pulte Homes at the old Addison Wesley site
- The permitting and final approval of eCars at the old Artist Shoppe on Main Street.
- The clean-up of all the hazardous waste at the Gas substation on West Street.
- The approval of major renovation at the Cutlery Firm on John Street, rear.
- The removal of a building by National Grid at the Walkers Brook location.

The staffing changes under the reorganization effective July 1, 2011 were a result of budget cuts. A part time (temporary) Conservation Administrator was hired in July. Along with the staffing changes, the regulations governing conservation were under review. A Survey was posted on the website and was sent via direct mail to both applicants and abutters to solicit input. As a result of the feedback from the survey, it became apparent that there was a need to streamline and simplify the Conservation Commission regulations.

The Commission was asked by the Board of Selectmen (BOS) to consider rescinding the Local Wetland By-Law. After the discussion, the rescission did not go forward. The BOS asked the Commission to examine in-depth the existing local bylaw and regulations with an eye toward simplifying it. The Commission created an ad-hoc Committee which examined the local bylaw and proposed changes. As a result of the work, Town Meeting voted to amend the local bylaw to simplify it. The Commission has worked and continues to work on revisions to the regulations to keep protection at the current levels but simplify the regulations. The Commission participated in the Earth Day Fair and the Economic Development Summit Meeting.

Natural Resources Conservation Activities

Conservation secured a Recreational Trails Grant for improvements in Kurchian Woods. Work has begun by the Trails Committee to implement the Grant.

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 prowl" 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 Commission began 2010 with Bill Hecht as Chairman, and Jamie Maughan, Tina Ohlson, Barbara Stewart, Annika Scanlon, Brian Tucker and Brian Sullivan. Tina Ohlson retired effective June and was replaced by Thomas Loughlin. Fran Fink, longtime administrator, retired at the end of June. In the FY 2012 budget the administrator position was reduced from full time to 20 hours per week. For about 6 weeks the Commission functioned without professional support and Commission members provided staffing. Chuck Tirone was hired as the new Conservation Administrator. Maureen Knight served for part of the year as Recording Secretary; Kim Saunders became Recording Secretary as of October 26. Commissioners and the Administrator attended various workshops and courses during the year to stay current with open space protection and wetland regulation practices, and to obtain certification on new State ethics regulations.

At the request of the Board of Selectmen, the Conservation Commission formed an ad hoc committee to review the Town's Wetland Bylaws and Regulations. The committee was comprised of 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 has been working to develop specific proposals to enhance the regulations and draft policies.

The Commission's office is located in the Community Services Department on the first floor of Town Hall. The phone number is 781-942-6616.

2011 ANNUAL REPORT
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 at the Senior Center 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 hr/wk), a Social Worker (37.5 hr/wk), a Senior Center Coordinator (35 hr/wk), a Van Driver (35 hr/wk), a Nurse Advocate (21 hr/wk) and a Clerk (19 hr/wk).

Activities for the Elder/Human Services division this year included the following:

- Due to a reorganization and budget cuts for FY12, the Administrator's position was reduced from 37.5 hr/wk to 16 hr/wk effective July 1. As a result of this change, part-time temporary help was added to lead the division through the remainder of the year. Regular meetings with staff focused on streamlining and reassigning tasks to improve efficiency without affecting service while staying within budget constraints.
- In cooperation with the Reading Police Department, the Everbridge Communication System was rolled out for Elder Services. As of December 2011, 250 seniors have signed up for the program.
- Visitors of the Senior Center partnered with EMARC during the holiday season to provide a Giving Tree. Seniors donated hats, mittens and gloves to 17 special needs adults living in group homes in the Town of Reading.
- In collaboration with the School Department, the division continued the METCO shuttle. The shuttle uses the Elder Services' van and drivers but is funded by the METCO grant.
- The Keurig Corporation generously donated a Keurig coffee maker to enhance the quality of service at the Senior Center.

Social Service

Our 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 finances, 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. Assisting relatives and friends of seniors with all

the above concerns is another important service our Social Worker provides. During 2011, our Social Worker had 2,847 contacts with approximately 892 people (53% fewer than last year) who required assistance of some kind. In addition, our Social Worker co-facilitates an Alzheimer's/Memory Loss Caregivers' support group at the Senior Center.

Our Social Worker provides eligibility screening for, and assistance with, the Reading Food Pantry, various transportation programs, and where to file applications for Fuel Assistance. In 2011, the Social Worker completed these tasks for 123 (10% increase from 2010) individuals/families to the Reading Food Pantry, 124 (2% decrease from 2010) certifications for medical transportation and assisted 167 (8% decrease from 2010) households with their Fuel Assistance applications. Our Home Heating Financial Assistance program provided \$1,100 (100% increase from 2010) in assistance during 2011.

Nurse Advocate

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

This position is interested in identifying 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 will help seniors to remain healthier and more independent. Similar programs have demonstrated that such interventions can even reduce disabilities and prevent or delay institutionalization.

In the past year, the Nurse Advocate has assisted 276 seniors with 823 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 issue
- 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.

The Nurse Advocate is very knowledgeable about Alzheimer’s disease. This year she co-facilitated the Alzheimer’s/Memory Loss support group at the Senior Center.

During the past year, there has been a consistent flow of referrals from a wide variety of sources. Both seniors and elder care professionals have shown a great deal of interest in learning about the position. There have been many notes of appreciation from seniors and their caregivers.

Senior Center

The Senior Center Coordinator’s primary responsibility is to manage the daily operations of the Senior Center, including the care of the facility and the coordination of activities. As can be seen from the following chart, the Senior 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	Bingo	Billiards	Bingo	Chess
Movies*	Motion to Music - aerobics	Knitters	Motion to Music-aerobics	B.E.S.T. -Strength Training
Open Computer Lab	Computer Lessons	Computer Lessons	Book Discussion	Party Bridge
Tai Chi	Open Computer Lab	Quilting	Congressman* Tierney’s Office	Open Computer Lab
Hairdresser*	Practice Bridge	Yoga	Open Computer Lab	AA
Birthday Lunch*	Facials	Coffee Social*	Scuttlebutt*	SHINE - health insurance info*
Art Classes	Fix-it Lamp Repair	Low Vision*	Podiatry Clinic*	Walgreen’s* Blood Pressure Clinic*
SHINE* Health Insurance Information	Visit with the* School Supt.	Open Computer Lab	Blood Pressure Clinic**	Art Classes
Zumba fitness		Party Bridge	Visit with the* Town Manager	

		Bereavement Support Group	Visit with Selectman Goldy*	
			Manicures	
			Memoir Writing	
			Massages*	

*Meet monthly

**Provided by the Reading Health Department

New programs added during 2011 include: Coffee Social, Computer Classes (Monday/Wednesday), Drop-in game day, Line Dancing Massages, Painting Group, Chronic Disease Self-Management 6 week program.

Support groups, like Low Vision, Scuttlebutt, the Bereavement Support Group and the Alzheimer's/Memory Loss Caregivers' group provide participants with an opportunity to express their feelings and gain insights from other participants' experiences. Guest speakers are often invited to present education and alternate viewpoints.

Volunteers

The division recognizes the importance of volunteers. 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 Senior Center receptionists, gardeners, book discussion leaders, game leaders, income tax preparers, computer instructors, COA board members, repairmen, friendly visitors, medical escorts, office workers, newsletter editor, bread suppliers, kitchen helpers, shoppers for homebound seniors, and shopping escorts.

Intergenerational projects continue to be an important teaching tool for cooperation among the generations. Students served the seniors lunch and helped with yard work. They provided entertainment at the Senior Center and prepared dinner and entertainment for the seniors at their schools. They made cards, cookies, and tray favors at holiday times.

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 including the application, 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.

During the past year, 218 registered volunteers gave 8,978 hours of service. The financial equivalent for these services is approximately \$113,981 and unregistered volunteers gave 360 hours of service.

Lunch time Meals

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

There are 31 meal site volunteers who help serve and clean up after the noontime meal at the Senior Center. Socialization is an important component of this program. In 2011, a total of 4,451 lunches were served at the Senior Center.

Van Transportation

The van transportation program provides a vital service for those seniors that don't drive. Transportation is provided in-town for the following purposes: errands, grocery shopping, voting, medical and personal appointments, pharmacy needs, going to breakfast, and visiting the Senior Center. For younger residents, the van services offers transportation to and from the food pantry and other vital destinations. In 2011, the van provided 3,701 one-way trips.

Newsletter

The "Pleasantries" newsletter is a monthly publication created by the division. In July of 2011, Reading switched to Senior News Publications for printing and there is no cost to the Town for this arrangement. The company's revenue is derived from selling advertising space in the newsletter.

The newsletters are delivered to approximately 2,610 senior households in Reading three times a year. This figure is significantly lower than in previous years. In an effort to lower costs, we have combined married couple households, and we now hand-deliver stacks of newsletters to senior housing developments instead of mailing them. 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 also subscribe to the newsletter online at no cost and receive it via email.

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 age 65 and over or disabled, who own property

and have a household income that does not exceed limits set by the program. In 2011 there were 30 positions available, and each participant was permitted to earn a maximum abatement of \$1,000 annually. In 2011, 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 2011 the Council on Aging approved expenditures from the Dorothy L. Burbank Trust to pay for the following: Mahjong set, repair the bingo system, a k-cup carousel for the new Keurig coffee maker, Kenwood stereo for the van, the Volunteer Recognition Reception, advertisements in the Reading Recreation Community Guide, three months of postage cost for bulk mailings of the newsletter, monthly entertainment for the Senior Center's special lunch program, birthday cakes, gift certificates, and lunch for the monthly birthday celebrants.

2011 beginning balance = \$261,776.00

2011 ending balance = \$264,781.40

Patrons for Older Adults Support Fund

In 2010 Town Meeting (Article 17) 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 2011 the Council on Aging approved expenditures from the fund to support the Volunteer Appreciation Event.

2011 beginning balance = \$129,762.00

2011 ending balance = \$131,020.36

Schroeder Trust Fund

In 2011 funds from the Schroeder Trust were used to purchase hot Thanksgiving and Christmas meals for seniors who were going to be alone for the holidays. Thirty meals were provided for each Thanksgiving and Christmas. All meals were delivered by Council on Aging board members.

2011 beginning balance = \$23,433.00

2011 ending balance = \$22,970.56

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.

Human Services 2011 beginning balance = \$5,603.00

Human Services 2011 ending balance = \$6,552.39

Elder Services 2011 beginning balance = \$17,175.00

Elder Services 2011 ending balance = \$17,528.54

Holiday Programs

Adopt-a-Family

Once again 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 and distribute food and gifts to families in need.

The Adopt-a-Family program matched 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)

COA Hot Meals

The Social Worker supplies the Council on Aging with a list of 30 seniors who would welcome a Thanksgiving meal and a visitor, and another 30 for around Christmas time. (This task is more difficult than it sounds as many seniors are uncomfortable accepting assistance.) The meals are purchased from Boston Market using Schroeder Trust funds and are delivered by COA board members.

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 Revolving Fund covers emergency situations for persons age 60 and older who lack financial resources to cover basic needs or emergencies. The Human Service Revolving Fund is for persons under age 60 who lack financial resources for emergency situations.

Council on Aging Board

Two new members joined the Council on Aging Board this year. The Council is currently at 10 members. The members took on many volunteer tasks this year, which is an important contribution to the Town of Reading.

2011 ANNUAL REPORT
COMMUNITY SERVICES DEPARTMENT – HEALTH DIVISION

Introduction

As a result of reorganization, including budget cuts as part of the FY11 Annual Budget, 2011 was a year of great change for the Health Division. The Health Administrator position was reduced to part-time with the goal of regionalizing this function. Shortly thereafter, the position was vacated and in the interim a retired Health Director worked per diem. Regionalization plans were solidified in October, when the Town of Reading signed a purchase of service agreement with the City of Melrose for Reading to join the existing Melrose/Wakefield regional health department venture. The Health Director position is now shared among the three communities. Reading's public health staff remains in their capacity serving Reading.

The Board of Health, appointed by the Board of Selectmen, also had a new member this year. Andrew Friedmann joined Barbara Mead RN/NP and Dr. David Singer, DMD on the Board. In November, the Board held a joint meeting with the Wakefield and Melrose Boards of Health for presentations from EMARC and Riverside Community Cares. Work is underway to standardize fees and regulations among the three communities.

Environmental Health

The Health Division enforces 14 state regulations, 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 2011 the division received 43 complaints and performed 466 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. The sharps are disposed of appropriately; a safer alternative to curbside trash collection.

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 223 people), and health education activities (Reading Fall Street Faire, Reading Friends and Family Day, Senior Health Fair at the Senior Center, and the Reading Memorial 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 41 confirmed cases of communicable diseases for Reading residents. The annual flu clinics were held this fall, with a few changes. 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 1,026 flu shots were given. In addition, 4 other immunizations were administered during the year.

Emergency Preparedness

The Health Division continues to participate in the Emergency Preparedness Region 3B - Greater Lawrence Coalition and Greater River Valley Medical Reserve Corps (GRVMRC). Plans are underway to change to the Mystic Valley Coalition to be in the same coalition as Melrose and Wakefield.

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 2011.

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 Department of Public Works assists with the larviciding of Catch basins in town.

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. Dept. 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 5882 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 for outpatient mental health services provided by Riverside Community Cares. In fiscal year 2011, 62 Reading residents received 865 visits. With the sliding scale used, \$33,785 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.

**2011 ANNUAL REPORT
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 2011	Previous Year End 2010
Building	Building Permits issued	815	759
	Inspections	1209	1,212
	Fees received	\$277,178.10*	\$218,086.28*
	Occupancy Permits	114	117
	Fees received	\$4,585.*	\$4,760.*
Wiring	Wiring Permits issued	543	503
	Inspections	859	875
	Fees received	\$38,845.*	\$35,998*
Plumbing/Gas	Gas Permits issued	234	213
	Gas Fees received	\$8,388.*	\$7,439.*
	Plumbing Permits issued	383	358
	Plumbing Fees received	\$19,886.*	\$15,703.*
	Combined Inspections Gas/Plumbing	624	848
TOTAL FEES		\$348,882.10*	\$281,986.28*

*** Totals do not include permit fees for Walkers Brook Crossing, Johnson Woods and Archstone-Reading deposited in revolving building account.**

ZONING BOARD OF APPEALS

The Zoning Board of Appeals met 19 times in 2011. The ZBA voted on petitions for 28 Variances, Special Permits and appeals.

ZBA Members are Chairman Jeffrey Perkins, Robert Redfern, John Jarema, Damase Caouette, John Miles, and Kristin Cataldo. Town Planner Jean Delios and the Commissioner of Buildings, Glen Redmond, provide primary support to the Zoning Board of Appeals.

2011 ANNUAL RPEORT
COMMUNITY SERVICES DEPARTMENT - PLANNING DIVISION

In 2011 the Planning Division of the Community Services Department was busy with planning, economic development, development review and permitting of 6 major redevelopment projects, and regional planning initiatives. Likewise, as part of a departmental effort to streamline regulatory requirements, the Planning Division, in collaboration with the Community Planning and Development Commission (CPDC), revised zoning to make it easier for small projects to be permitted under a new "Minor Site Plan Review" provision.

The Community Planning and Development Commission (CPDC) continued to receive experienced and dedicated service from its Chair, John Weston and Vice Chair, Dave Tuttle and board members Nick Safina, Paul Bolger (who resigned in late 2011), new member Charlie Adams, and associate member George Katsoufis. The Planning Division worked closely with the CPDC, The Reading-North Reading Chamber of Commerce, and Economic Development Committee to achieve important milestones in 2011.

Planning Division Activities - General

Responsibilities of the Planning Division include advising the public, property owners, Reading's Boards and Commissions, business owners and architects, and coordinating Town Staff on planning issues regarding land use, zoning, and economic development. The Planning Division provides support to the Community Planning and Development Commission, the Zoning Board of Appeals, and the Economic Development Committee.

In 2011, the CPDC met 25 times, and with the assistance of the Planning Division, reviewed 48 requests for a variety of approvals including site plan review; subdivision; signage design and extensions/modifications to existing decisions. The CPDC held 14 public meetings and 12 zoning work sessions centered on zoning bylaw amendments noted below and proposed zoning changes and design standards for South Main Street. 9 Development Review Team (DRT) meetings were also held with Town Staff and Applicants to provide guidance on application procedures, permitting and zoning compliance.

Major Accomplishments - 2011

- ZBL Updates - Annual Town Meeting Adopted changes to
 - Section 4.3.3.11 Minor Site Plan Review;
 - Section 4.8 Aquifer Protection District
 - Planning Staff and CPDC held numerous workshops, meetings, presentations, and public hearings as part of these changes.
- South Main Street - Additional work on draft design standards and zoning changes.
- ZBL Updates - Subsequent Town Meeting - With CPDC and Economic Development Committee prepared updates and recommended by-law revisions to Section 6.2 Signs (Construction/Redevelopment).

Economic Development Committee

The Economic Development Committee (EDC) Chair Meghan Young-Tafoya, Vice Chair Sheila Clarke, Russ Graham, George Rio, Michelle Williams, and Associate Members Jack Russell, Michelle Ferullo, Maria Higgins and Ben Yoder, working with Planning Staff, executed an aggressive work plan for the year. The Committee welcomed new associate member Karl Weld. A very successful Fall Street Faire was held in September for the third year. A Façade and Signage improvement project was undertaken with funding from a State grant. Website updates included a more prominent link from the home page to an updated list of active projects.

Regional Planning Initiatives

In keeping with the goal for regionalization, several regional planning initiatives were pursued in 2011. A grant was applied for with the NSPC for sustainable development. A DLTA grant was successfully secured from the MAPC for a "Main Street" study for Reading, Melrose, and Wakefield. Community forums were held for the Main Street project to solicit public input into the planning process. Several goals were identified to improve connectivity and encourage alternative forms of transportation throughout the region along Main Street.

Six Major Redevelopment Projects:

In an effort to keep the public informed, the Bi-Weekly Notes that were used during the Downtown Revitalization project were brought back. This was a welcome addition and generated many accolades from readers.

1. Reading Woods, One 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 the Addison Wesley property. 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. The site has been cleared of all former structures, site work has commenced, and 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.

2. Calareso's Garden Center, 80-100 Main Street

Calareso's is an expansion and new construction of a stalwart local business that has outgrown its original home (several blocks away on South Main Street). The new development will be a retail store (that is more than 2.5 times larger than currently), a greenhouse (2 times larger than currently), and a parking area that is double the capacity of the current store.

3. 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. The project was been completed and the business opened at the end of 2011.

4. Perfecto's, 285 Main Street

A coffee shop/café is being planned for this former building that housed a tux shop. Construction is expected to commence in the spring of 2012. This replaces a vacant, abandoned fire site.

5. MF Charles Building, 600 Main Street

This property is a mixed use building, largely vacant, with some active tenants. A redevelopment of the property is being proposed which will focus on the commercial retail areas located on the first floor. Upper story residential use will follow in a future phase. Permitting is anticipated in the spring of 2012 with construction to follow.

6. Oaktree, 30 Haven Street

This is 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, closed, downtown supermarket. This is the first project to be built under the Town's Downtown Smart Growth District (40R). Construction has progressed with completion expected in the Spring/Summer of 2012.

In 2010, revenue generated from Planning Division activities totaled \$66,355. The Planning Division is located at Town Hall, 16 Lowell Street, and can be reached at 781-942-9056.

2011 ANNUAL REPORT
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. The Town of Reading receives 75% reimbursement from the Commonwealth of Massachusetts under the Chapter 115 program.

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, and death benefits. Retrieving military records for veterans who would not be eligible for any benefits without these records is also offered.

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 in June 2011.

Reading's Department of Veterans' Services also works with other committees to coordinate public events such as the Veterans Day ceremony held at the Reading Memorial High School and Memorial Day services held at the four 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 3:00 PM. Frank Driscoll, Veterans' Services Officer for the Town of Reading can be reached at 781-942-6652.

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GARY S. BRACKETT

gsbrackett@brackettlucas.com

April 13, 2012

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

RE: 2011 Annual Report

Dear Peter:

I am submitting the report of Brackett & Lucas as Town Counsel for the calendar year 2011.

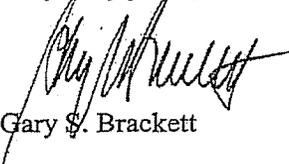
During the past year, legal assistance was provided to the Board of Selectmen, Town Manager, department heads, town boards, committees and commissioners. Our services included advice and legal opinions as well as attendance at meetings as required. In addition, we assisted in the preparation and review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

In 2011, 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 were unsuccessful. 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 an 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

**2011 ANNUAL REPORT
EAST MIDDLESEX ARC**

Listed below is a detailed analysis of the number of individuals serviced during CY 2011 by East Middlesex Arc in Reading as well as the surrounding cities and towns.

Program Statistics for CY 2011: Day, Recreation and Residential

Program	Reading	Other	Total
Day Services	39	166	205
Recreation	130	210	340
Residential			
Range Heights Road, Lynn		4	4
Cliffside Commons, Malden		2	2
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		6	6
Nahant Street, Wakefield		3	3
Spruce Street, Wakefield		4	4
Water Street, Wakefield		5	5
Independent/Supported Living	6	12	18
TOTAL RESIDENTS	23	52	75

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 employment placement 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 employment skills and training to become independent, tax-paying members of their communities. Additionally, EMI provides work opportunities through production services and 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

East Middlesex Arc 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 75 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.

- Parent Resource Counseling
- Information and Referral Services
- Internships and Work Study Programs for students
- Various Support Groups
- Resource Library
- Family Education and Training
- Individual Centered Planning
- Supported Living
- Sib-Shop groups for siblings of individuals with developmental disabilities
- Respite Services
- Building Community Bridges

The Family Support DESE/DDS program supports children under 18 who are in imminent risk of residential placement. IFFS (Intensive Flexible Family Support) provides support to 8 individuals. One individual is a Reading resident. Case management is provided for 15 individuals. Adult Foster Care, a new Family Support Program, supports 2 Reading families. There are 2 teens in the Teen Sibling Group. The Senior Support Group (age 60+) provides monthly support and information to the parents of 7 Reading individuals with disabilities.

East Middlesex Arc 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

2011 ANNUAL REPORT
COMMUNITY SERVICES DEPARTMENT - READING HISTORICAL COMMISSION

The Reading Historical Commission's (RHC) work in 2011 included regular monthly meetings and work in the RHC's Town archives. The RHC also worked on 3 Demolition delays, worked to protect 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.

Two of the demolition delays, on 10 Pierce Street and 200 Ash Street, were released early. The other demolition delay, 258 Main Street, continued to run, while the RHC attempted to work with the owner on alternatives to demolition.

The RHC went on 3 site visits, 2 of which were for demolition delay hearings (258 Main Street and 200 Ash Street). The other site visit was to document a non-inventoried property before it was demolished. This property happened to be formerly part of the Pierce Organ Factory and was moved to 12 Winter Street in 1869 when the factory was expanded.

There were changes proposed in 2011. First, an article was brought before the spring Town Meeting to reduce the Demolition Delay from 12 Months to 6 Months. The article passed by a small margin. Second, a petitioned article was brought forth to the fall Town Meeting. The article wording was confusing as was the intent of the article. Town Meeting decided to indefinitely postpone the article. The RHC began working on ways to make the processes more transparent to the public.

The RHC worked with the several property owners, contractors and designers to achieve preservation goals in 2011 including:

- 335 Main Street (dance studio) - repairs to the front façade.
- 600 Main Street (MF Charles building) - building renovation.
- Reading Public Library - assisted with the grant process for the new addition.
- Representatives from the Old South Church – advised on issues with the structure of the bell tower and issues with the windows.
- 320 Haverhill Street - to correct some rot on the façade.

The RHC worked with the Town Planner on improving communication between Town Hall and the RHC. The RHC worked on a way to make email communications more professional. This was achieved by creating a Gmail account, reading.historical.commission@gmail.com. The RHC worked with the Town to repair a water leak in the archives. The leak damaged several cases of "At Wood End" books and could have caused irreparable damage to historic documentation.

The RHC worked with the Building Inspector on 33 Salem Street where the owner was doing work on this inventoried property without a permit.

The RHC was presented with bound volumes of vital records for marriages and deaths from 1850-1937. The volumes were put together by the Blodgetts. A summer intern worked on organizing the Pierce Organ Pipe Factory papers that were provided by the new owner of 10 Pierce Street, as well as organizing other historical records. The RHC worked with the Massachusetts Historical Commission on correcting Reading's inventory sheets on their website. The RHC received the grant money for the 2010 inventory expansion project from the MHC for inventory expansion project. A new bandstand proposal was brought to the RHC's attention.

There was turnover in membership as two chairmen resigned from the RHC. A general request for new members was sent to owners of inventoried properties. In June, 2011 the RHC was able to return to having a full slate of members with 3 associate members and officers were elected. The members and officers have remained intact since June, 2011 and are listed below.

Membership at end of 2011:

Mark Cardono – Chairman
Sharlene Reynolds-Santo – Secretary
Roberta Sullivan – Treasurer
Janann Ali – Member
Robyn Parker - Member
Virginia Adams - Associate
Nancy Kohl- Associate
Judith Smith - Associate

The Metropolitan Area Planning Council (MAPC)

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."

This year has been transformative in many ways for both MAPC and the region. With an infusion of federal dollars through HUD's Sustainable Communities Regional Planning Grant, MAPC has been honored and challenged with a great responsibility this year: to support and showcase the best smart growth projects and policies across Greater Boston, and to serve those up as models for others across the country.

Our Metro Boston Sustainable Communities Consortium, which governs the grant, now numbers 158 member organizations, including 65 municipalities representing 80 percent of the region's 3 million residents. The Consortium's Steering Committee has already funded a number of projects that were directly included in our application to HUD. In addition, we released our first request for place-based project proposals this summer, to which we received 33 applications totaling \$1.7 million in diverse ideas. We are pleased to report that 11 new projects were selected for funding under a competitive evaluation process that emphasized our MetroFuture goals related to equity and sustainability, while aiming for geographic diversity.

Take a look at some of the exciting projects funded by Sustainable Communities:

- The Regional Housing Plan and Fair Housing Equity Assessment will outline the region's housing needs, link fair housing with a broader set of regional issues, and recommend housing development and policy goals.
- Sustainable Communities will augment the City of Boston's planning process in the Fairmount/Indigo Line Corridor, which includes some of the most underserved neighborhoods in Boston. We will also provide predevelopment support to the Community Development Corporations in the Fairmount Collaborative, and advance the need for green spaces and bicycle paths in the communities served by the new rail line.
- The Framingham Tech Park Transportation Management Plan will recommend investments in transit, infrastructure, and incentives to facilitate economic development in an old industrial park along Route 9. Goals include improved access to employment and a reduction of vehicle miles traveled in the region.
- "Community PlanIt" will develop an on-line social media game focused on community learning, deliberation, and participation to engage a broad range of stakeholders in decision-making. Our program will also help the Asian Community Development Corporation to engage linguistically-isolated, low-income Asian residents of Quincy in local development and planning activities.

- An early success of the program occurred when the town of Littleton adopted zoning to protect the future of the active farms in residential districts.
- The Everett Community Visioning Process will create an inclusive, comprehensive vision and a set of development goals for Everett's future, using innovative public engagement techniques.
- A feasibility study to redevelop Millis Town Center will explore mixed-use development opportunities at two former industrial sites: the Cliquot Club Factory and the GAF Shingle Plant.
- Pedestrian and Bicycle Network Planning will encourage accommodations for biking and walking in four community clusters: Dedham & Westwood; Quincy to Boston; Hudson, Stow, Maynard, & Marlborough; and Chelsea, Everett, Revere, Malden, Saugus, & Lynn.
- An Urban Green Infrastructure Plan along the Lower Mystic River will reduce water pollution and improve environmental quality near the Chelsea Creek, with a focus on storm water management. These projects will move into scoping and implementation throughout 2012, providing a platform for learning and expanding opportunities for dialogue and collaboration. It will be gratifying to watch the projects develop, furthering the goals of MetroFuture and bettering the region in the process, and informing the way we conduct the rest of our work — always with an eye toward greater prosperity, equity and sustainability for all of Greater Boston.

Of course, Sustainable Communities is not the only way we try and implement MetroFuture by helping cities and towns. We're proud to report that 2011 was another successful year for our work under the District Local Technical Assistance (DLTA) program, which is an essential vehicle for helping communities 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 environmental protection projects. The funding can also be used to help municipalities to coordinate and more efficiently deliver local services. This year, MAPC funded 19 projects, 8 in land use planning and 11 in municipal services.

Another critical component to MAPC's mission is assisting the region's municipalities to envision and foster local, collaborative economic development opportunities. This year, MAPC co-sponsored a summit in Gloucester with funding from the U.S. Economic Development Administration. The highly-attended water-front conference in November developed a roster of ideas for helping the city to blend its historic, vibrant fishing industry with emerging maritime industries and economic development opportunities.

MAPC staff also worked with the 495/MetroWest Development Compact to help identify priority development and preservation areas and significant transportation and infrastructure investments for that region. We worked with our neighbors to the west, the Central Massachusetts Regional Planning Commission, and other allied organizations, to hold community meetings in almost 40 cities and towns, yielding both local and regional priorities for

both residential and economic growth, as well as priority land for preservation and protection. MAPC is working to make sure commercial and residential growth respects open space resources, transportation networks, and water resources in the region.

One of the most important drivers of the region's vitality is a strong, reliable transportation network. From transit to roadways and walking and biking infrastructure, the area's ability to attract and retain a productive workforce rests on a dependable transportation network. This year, one of our most significant accomplishments came in connection with the launch of the New Balance Hubway Bike Share in Boston. Hubway opened in July 2011 with 600 bikes spread across 61 stations in Boston, and demand has been high for the program's shared bicycles since its very outset. Bolstered with funding from the Federal Transit Administration, MassDOT, the MPO, and local businesses and institutions, Hubway bikes clocked over 140,000 trips by the time the program closed down for the winter — wildly outpacing expectations. In 2012, MAPC will help to facilitate expansion of Hubway into surrounding cities and towns such as Brookline, Cambridge and Somerville this year.

We've also continued to support bicycling through infrastructure improvements through our Bike Rack Purchasing Program, funded by the MPO. This year, which is slated to be the final year of the program, cities and towns purchased \$272,149 worth of bicycle parking infrastructure, including two innovative bike-parking corrals in Somerville which replaced one full-size car parking space in Union Square and another in Davis Square. In the four years of the program, 8,542 bike parking spaces have been installed, with another 4,268 still on order.

Our bicycle and pedestrian planners also released a new Snow Removal Policy Toolkit in winter 2011, just in time for the record snowfalls the region experienced. The guide, available at www.mapc.org/resources/snow-removal-policy, contains best practices, information on a recent state Supreme Judicial Court ruling about snow removal, and model ordinances for municipal leaders to apply. Hard copies are available by request.

MAPC also published the 2011 Greater Boston Cycling and Walking Map, the region's first comprehensive map of walking and bicycling facilities. With a companion website that is updated regularly as new information becomes available, this comprehensive guide includes walking paths, hiking trails, bike lanes, and upcoming projects. To see the interactive website or request a hard copy of the map, visit www.trailmap.mapc.org.

MAPC also led an innovative community visioning process for the area around a potential terminus of the Green Line Extension at Mystic Valley Parkway in Somerville and Medford. Using 3-dimensional models of potential developments and estimates of their impacts, MAPC led residents of both cities through a 10-month process to envision station-area development that would make the most of new transit while also preserving community character and preventing displacement. A full report on the process findings was presented to the Medford City Council in November and is available on MAPC's website, www.mapc.org.

As programs such as Hubway have helped to make biking and walking more popular options for getting around Metro Boston, our outreach staff has worked hard to fold these modes of mobility into the MetroFuture "Walks and Talks" program. Walks and Talks has helped to grow our

“Friends of MetroFuture” list to more than 1,900 supporters by offering lectures, workshops and walking and biking tours of our region. Events this year, many of them sellouts, included a tour of the Deer Island Sewage Treatment Plant in Boston Harbor; a weekend biking tour of the Neponset Greenway in Dorchester; an urban bicycling safety workshop, co-hosted with MassBike; and a forum on funding challenges at the MBTA with Stephanie Pollack of the Dukakis Center at Northeastern University. 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 www.metrofuture.org.

In 2011 we added two new divisions to MAPC: energy and public health. We now have several staff devoted exclusively to providing technical assistance and policy guidance to bolster energy efficiency and reduce greenhouse gas emissions (GHG), to help in the regional development of renewable energy resources, and to procure energy products and services for groups of municipalities. We hope this work will advance markets for clean technology while reducing GHG and dependence on fossil fuels. For example, we brought together 14 communities to hire an Energy Services Company (ESCO) and we created a new Local Energy Action Program to help communities plan and implement local clean energy projects. We especially want to thank The Barr Foundation for their support of MAPC’s energy work.

In the public health field, we had the unprecedented opportunity this year to partner with the Massachusetts Department of Public Health (DPH) – a member of our Sustainable Communities Consortium – to apply for a Community Transformation Grant funded under the federal health reform law, the Affordable Care Act. MAPC and DPH coordinated with Middlesex County to design a program that would meet that region’s unique public health needs. Middlesex County is the largest in Massachusetts, with some of the greatest health disparities in areas such as tobacco use, diabetes, obesity and cancer-related deaths. We were selected in September, 2011, making MAPC the only regional planning agency in the country to receive a Community Transformation Grant. This gives us an opportunity to link land use planning decisions to public health outcomes and provides several years of stable funding to anchor our public health work and move it forward long term as long as neither Congress nor the Supreme Court repudiates health care reforms that were so long overdue in our country.

As we have journeyed into the field of public health, we have learned that health outcomes are one of the greatest indicators of inequality in the Metro Boston region. Indeed, although the region as a whole has become far more diverse over the past decade, deep divisions and inequity remain. We wanted to highlight these challenges in the very first “Regional Indicators Report” published after the adoption of MetroFuture. And so, in December 2011, MAPC published “The State of Equity in Metro Boston,” an analysis of how inequity creates challenges at all stages of life: childhood, young adulthood, adulthood, and the senior years. The full report can be found at www.mapc.org, while a more detailed review of indicators can be studied at www.regionalindicators.org.

Of course, data gathering and analysis cannot solve all the problems which they reveal. So, in 2012, MAPC will work with partners across the region and in state government to publish the second phase of our “State of Equity” report, a thorough compendium of recommendations for

public and private actions that can make Metro Boston a leader not only in diversity, but also in equality.

In 2011, MAPC also continued to innovate new ways to use technology and interactive websites to engage residents and share data about the region. The Data Services Department developed two new online transportation survey tools that allow commuters and parents to provide information about travel patterns using an interactive map, rather than a traditional paper survey. These “open source” survey tools, available at <http://greenstreets.mapc.org> and www.myschoolcommute.org, can be easily adapted for use by other municipalities and organizations in the region.

MAPC is also developing new ways to help stakeholders find and use data, through interactive mapping sites such as the Mystic River Environmental Atlas (www.maps.mapc.org/myrwa), which provides easy access to information about storm-water discharges and water quality monitoring results for dozens of sites in the Mystic River Watershed. During the past year, more than 8,600 unique users visited www.MetroBostonDataCommon.org, MAPC’s regional data viewer and web mapper, to access data about 2010 Census results, the American Community Survey, housing developments, and hundreds of other topics. Early 2012 will see the launch of the next generation of the DataCommon, which will include new Community Snapshots, a more intuitive mapping interface, and more powerful tools for the analysis and visualization of data.

Even as we branch into new areas of work, our mission remains the desire to help municipalities collaborate across city and town borders, becoming more efficient in their operations and service delivery, oftentimes saving money and resources in the process. Nowhere is this more exemplified this year than in MAPC’s unique Fire Apparatus Collective Purchasing Program. This year, within the first six months of launching the state’s first collective purchasing contracts for fire apparatus, MAPC and the Fire Chiefs Association of Massachusetts (FCAM) brought the city of Boston into the partnership, giving the program a giant leap forward. Now, with the program just one year old, our staff are consistently fielding calls from new fire chiefs interested in saving money by purchasing fire apparatus through our collaborative. To date, 23 fire trucks have been purchased through the program, saving \$460,000 collectively.

In keeping with our mission to promote regional collaboration, MAPC continues to operate three regional equipment cache sites, containing reserves of emergency resources for large-scale incidents. Located in Beverly, Framingham and Lexington, each site contains 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. MAPC works in tandem with NERAC, the Northeast Homeland Security Regional Advisory Council, to offer these vital resources through the Homeland Security grant program by the U.S. Department of Homeland Security through the state’s Executive Office of Public Safety and Security. For example, NERAC assets were deployed in such major disasters as Hurricane Irene and the early-October Northeaster which crippled large swaths of New England, making 2011 a year of deep need in terms of emergency planning and preparedness.

MAPC continued a robust legislative agenda in 2011, focusing on topics such as transportation funding, zoning reform, and pursuing a more sound financial footing for the Community

Preservation Act. With many allies, we achieved a major success when Governor Patrick signs into law legislation reforming health insurance for municipal employees on July 12, 2011. This law will help dozens of municipalities to negotiate savings on health care costs for their employees and retirees. This law strikes a balance that gives municipalities a chance to manage their way through the fiscal crisis while preventing layoffs and ensuring high-quality health insurance for all municipal employees and retirees.

Finally, as the discussion and debate around the MBTA's struggling financial picture takes shape, we are poised to influence policy decisions and advocate for key revenue changes as part of our new Transportation Campaign. We've hosted forums on transit funding throughout the year and are planning more as pending fare hikes approach for transit riders. If you are interested in joining us, visit our website to get started.

As we move forward into a new year, we know that MAPC will continue to be involved in creating a healthy, strong, more vibrant region consistent with our MetroFuture goals. Visit www.mapc.org throughout the year for news and updates about our work.

The Metropolitan Area Planning Council North Suburban Planning Council (NSPC)

Burlington, Lynnfield, North Reading, Reading, Stoneham, Wakefield, Wilmington, Winchester and Woburn

The North Suburban Planning Council (NSPC) is composed of eight towns and one city that have formed a voluntary association to facilitate cooperative regional planning. The goals of NSPC are to facilitate communication between member communities on planning topics of interest including issues of growth management and land use and to provide a forum for members to create a shared agenda for action that, if thoughtfully addressed, will allow the region to continue to thrive as a desirable place to live and work.

NSPC held ten meetings in 2011. Tony Fields, Town of Burlington, continued to serve as the Chair. Joan Blaustein, MAPC Land Resources Planner, has served in the role of NSPC Subregional Coordinator for over two decades; she stepped down from this role in 2011. Jennifer Erickson, MAPC Regional Planner, will serve in this role moving forward.

NSPC members heard from guest presenters as well as MAPC staff about various projects and topics of interest. Members received information about project funding opportunities through the Sustainable Communities Regional Planning Grant (SCRPG), DLTA-funded regional energy projects, and the MAPC Local Energy Action Program. Presentations were also offered on timely topics like stormwater management, the regionalization of housing services, and municipal governments and accessibility issues. Members continued the annual activity of reviewing NSPC transportation priorities, projects, and study areas as part of the Transportation Improvement Program and the Unified Work Planning Program.

Through the Sustainable Communities proposal development process, members identified a number of shared interests and project ideas, including: identification of priority development and preservation areas in the subregion, open space preservation and connectivity planning and potential linkages towards creation of a regional open space and trails system, residential development patterns in NSPC communities, and best practices for regional corridor districts.

NSPC and its member communities also engaged in the following notable activities in 2011: submission of a comment letter on the TIP priority projects list to the Metropolitan Planning Organization (MPO); development and submission of a proposal to the Sustainable Communities Regional Planning Grant program; and participation in developing a 2012 NSPC Work Plan that includes new strategies the subregion will engage that are enabled by SCRPG funding.

MAPC also commenced project work on the Reading-Wakefield-Melrose Main Street Corridor Planning Study, which involves two NSPC member communities – Wakefield and Reading – along with the City of Melrose. This project was funded through the 2011 District Local Technical Assistance (DLTA) program, and looks at ways to improve upon the existing transportation network by reducing automobile traffic while promoting commuter rail, walking, bicycling, and bus transportation.

MAPC continues to upgrade the NSPC webpage in an on-going effort to provide member communities with better access to information. The page is: www.mapc.org/subregions/nspc.

2011 ANNUAL REPORT MYSTIC VALLEY ELDER SERVICES

In FY11 over 405 Reading residents used Mystic Valley's services valued at \$1,802,125; of these, 71 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. 319 consumers served at a cost of \$8,339.

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. It includes: in-home assessment by a care manager, development of a care plan, and delivery of approved services. 210 consumers served at a cost of \$1,584,308.

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. This provides useful resources especially for working and long distance caregivers. 18 consumers served at a cost of \$16,014.

Transportation

Providing rides to medical appointments and adult day health centers. 3 consumers served at a cost of \$780.

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. 22,758 meals served at a cost of \$126,301.

Senior Dining Sites

Centers in 14 locations offer seniors an opportunity to meet and enjoy a nutritious lunch. Ethnic meals are available. 4,911 meals served at a cost of \$44,118.

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. 1 consumer served at a cost of \$1,845.

Minority Outreach

Services for non-and limited-English speakers include information and referral, translation of and assistance responding to important documents, health insurance information counseling, and English for Speakers of Other Languages (ESOL) classes. 0 consumers served at a cost of \$0.

SHINE Health Benefits Counseling

Trained counselors provide seniors with no-cost, confidential counseling and unbiased information regarding health insurance and prescription drug options. 153 consumers served at a cost of \$8,804.

Money Management Assistance

Trained volunteers provide assistance with bill paying, budgeting and banking tasks. A volunteer may also serve as a Representative Payee. 9 consumers served at a cost of \$6,468.

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. 26 volunteers performed 1,835 hours of service.

Legal Assistance

We provide no-cost legal assistance and education on issues such as public benefits, landlord tenant disputes and loss of independence. 15 consumers served at a cost of \$3,313.

2011 ANNUAL REPORT
COMMUNITY SERVICES DEPARTMENT – TRAILS COMMITTEE

This is the Annual Report of the Reading Trails Committee (RTC) for 2011, outlining the activities and events that members, associate members and volunteers participated in throughout the year.

The RTC is happy to report another productive and successful year of activities. The committee is a very dedicated and active group of Reading residents who feel that it is important to maintain and develop Reading's trail systems for others to explore, respect and enjoy. The group is made up of five voting members, a few associate members, Kim Honetschlager, the GIS Coordinator for the Town of Reading, and a variety of hard working volunteers. The Reading DPW crew has also been very supportive by providing time and equipment towards whatever is needed.

Focus in 2011 by the RTC and Scouts has been in the Kurchian Woods conservation area where a trail system has existed for many years. A very generous Department of Conservation and Recreation grant was received which is to be used to build and replace a very old boardwalk built back in the 1970's. The new boardwalk will be at the Franklin Street entrance to Kurchian and will be a huge undertaking. The planning has begun, the funds received, and the first two six' sections are in place. The project will continue into 2012.

Every year we have a few Boy Scouts who are eager for ideas and projects they can work on as a way to earn their Eagle Scout Awards, and they have accomplished much again this year. Major projects have been completed this year such as a trail clean-up, clearing and blazing; the designing and building of a bridge across a stream making access of the trail more accessible and safer; an old sign built in 1974 by a previous Boy Scout was painted and "restored," all making the Kurchian area a nice place to spend time.

There have been monthly RTC meetings at the Town Hall and at the Mattera Cabin and some members have attended additional Town meetings for various reasons that were pertinent to RTC or conservation business.

In June, National Trails Day was a day to get out and clean up the Mattera Cabin yard. Other members participated in the Ipswich River Cleanup collecting trash, bottles, cans and disposing of them. Participating in the Friends and Family Day in June was a time to share what the RTC has been up to when people stop by the display table. Will Finch's turtles are always a hit and draw a crowd.

With all of the snow in the Winter, a few snowshoe outings were enjoyed at Bare Meadow and in the Town Forest, Woodcock (bird) walks, a few finishing touches at the Mattera Cabin, the retirement of Fran Fink, Conservation Administrator, clearing trails at Kylie Drive, a Girl Scout hike at Bare Meadow and many other fun times took place in our town. The availability of trails and woods for the Winter, Spring, Summer and Fall add to everything else Reading has to offer its residents.

Reading Trails Committee members:

Tom Gardiner, Chairman

Joan Hoyt, Secretary

Dave Williams, Member

Susan Giacalone, Member

Alan Rosh, Member

John Parsons, Associate Member

Will Finch, Associate Member

**2011 ANNUAL REPORT
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 five voting members and two alternates. The voting members are Chairman (Acting) Steve O'Shea, Vice Chairman (Vacant), Virginia Adams, Everett Blodgett, and Priscilla Poehler. The alternates are Ilene Bornstein and Sharlene Reynolds Santo.

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.