

## RULE 15c2-12 FILING COVER SHEET

This cover sheet is sent with all submissions to the Municipal Securities Rulemaking Board (the Nationally Recognized Municipal Securities Information Repository) and any applicable State Information Depository pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12 or any analogous state statute.

**Issuer Name: Town of Wareham, Massachusetts**

**Issue(s):**

\$	16,595,000	General Obligation Bonds Dated 10/1/97
\$	5,477,000	General Obligation Bonds Dated 6/15/02
\$	4,206,000	General Obligation Bonds Dated 5/15/05
\$	4,105,000	General Obligation Bonds Dated 9/15/05
\$	2,420,000	General Obligation Municipal Purpose Loan of 2007 Bonds Dated 3/15/07

**Filing Format**  electronic  paper; If available on the Internet, give URL: \_\_\_\_\_

**CUSIP Numbers to which the information filed relates** (optional):

Nine-digit number(s) (see following page(s)):

Six-digit number if information filed relates to all securities of the issuer

\* \* \*

### Financial & Operating Data Disclosure Information

Annual Financial Report or CAFR

Financial Information & Operating Data

Other (describe) \_\_\_\_\_

Fiscal Period Covered: FYE 2012

Monthly  Quarterly  Annual  Other: \_\_\_\_\_

\* \* \*

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: /s/ John Foster

Name: John Foster Title: Treasurer

Employer: Town of Wareham, Massachusetts

Voice Telephone Number: (508) 291-3150

Email Address: jfooster@wareham.ma.us

## DESCRIPTION OF ISSUES COVERED BY THIS REPORT

### General Obligation Bonds Dated 10/1/97

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
10/01/13	\$ 195,000	934221 KW1
10/01/14	180,000	934221 KX9
10/01/15	170,000	934221 KY7
10/01/16	170,000	934221 KZ4
10/01/17	100,000	934221 LA8
	<u>\$ 815,000</u>	

### General Obligation Bonds Dated 6/15/02

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
06/15/13	\$ 230,000	934221 LU4
06/15/14	230,000	934221 LV2
06/15/15	215,000	934221 LW0
06/15/16	210,000	934221 LX8
06/15/17	210,000	934221 LY6
06/15/18	210,000	934221 LZ3
06/15/19	205,000	934221 MA7
06/15/20	195,000	934221 MB5
06/15/21	165,000	934221 MC3
06/15/22	140,000	934221 MD1
	<u>\$ 2,010,000</u>	

### General Obligation Bonds Dated 5/15/05

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
05/15/13	\$ 320,000	934221 MW9
05/15/14	250,000	934221 MX7
05/15/15	250,000	934221 MY5
05/15/16	140,000	934221 MZ2
05/15/17	140,000	934221 NA6
05/15/18	130,000	934221 NB4
05/15/20	260,000	934221 ND0
05/15/23	390,000	934221 NG3
	<u>\$ 1,880,000</u>	

**General Obligation Bonds Dated 9/15/05**

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
09/15/13	\$ 210,000	934221 NS7
09/15/14	210,000	934221 NT5
09/15/15	210,000	934221 NU2
09/15/17	405,000	934221 NW8
09/15/18	200,000	934221 NX6
09/15/19	200,000	934221 NY4
09/15/20	200,000	934221 NZ1
09/15/21	200,000	934221 PA4
09/15/22	200,000	934221 PB2
09/15/25	600,000	934221 PE6
	<u>\$ 2,635,000</u>	

**General Obligation Municipal Purpose Loan of 2007 Bonds Dated 3/15/07**

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
03/15/14	\$ 100,000	934221 PR7
03/15/15	100,000	934221 PS5
	<u>\$ 200,000</u>	

CONTINUING DISCLOSURE REPORT  
FOR THE  
FISCAL YEAR ENDED JUNE 30, 2012

TOWN OF WAREHAM, MASSACHUSETTS

GENERAL OBLIGATION DEBT



## **FINANCIAL STATEMENTS**

The audited financial statements for the Town for the fiscal year ended June 30, 2012 are being separately filed directly with the Nationally Recognized Municipal Securities Information Repository and any applicable State Information Depository, and are hereby incorporated by reference into this Annual Continuing Disclosure Report.

## **SIGNATURE OF ISSUER**

The information set forth herein has been obtained from the Town and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a promise or guarantee. This Annual Continuing Disclosure Report may contain, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion contained herein are subject to change without notice, and the delivery of this Annual Continuing Disclosure Report will not, under any circumstances, create any implication that there has been no change in the affairs of the Town or other matters described.

### **TOWN OF WAREHAM, MASSACHUSETTS**

/s/ John Foster

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John Foster  
Treasurer

Approved for Submission:

03/18/2013

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Date

## **CERTIFICATE OF SUBMISSION OF ANNUAL REPORT**

Subject to the continuing disclosure requirements of SEC Rule 15c2-12, this Annual Continuing Disclosure Report for the Town of Wareham, Massachusetts with respect to the issues listed on the report cover was submitted directly to the National Recognized Municipal Securities Information Repository ("NRMSIR") listed below as well as to any applicable State Information Depository ("SID").

### **NRMSIR**

Municipal Securities Rulemaking Board ("MSRB")  
via the Electronic Municipal Market Access ("EMMA") system

First Southwest Company

Signed by:

/s/ Henriqueta Da Costa

# **ANNUAL REPORT**

## **TOWN OF WAREHAM, MASSACHUSETTS**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**

Town of Wareham, Massachusetts  
/s/ John D. Foster, Treasurer

FILING DATE: MARCH 25, 2013

## TOWN OF WAREHAM, MASSACHUSETTS

The Town of Wareham, is a coastal community located in Plymouth County approximately 61 miles from Boston, is bordered on the south by the Towns of Marion and Bourne and Buzzards Bay, on the west by the Town of Rochester, on the north by the Towns of Carver and Plymouth, on the northwest by the Town of Middleborough, and on the east by Bourne. With a population of approximately 21,822 the Town occupies a land area of 35.8 square miles and is primarily a residential community. The principal highways serving the Town are state Routes 6 and 28 and Interstate Routes 495 and 195. Wareham, incorporated as a Town in 1739, is governed by the open town meeting form of government.

### Principal Town Officials

Local legislative decisions are made by an open town meeting consisting of all the registered voters in the Town. Subject to the legislative decisions made by the town meeting, the affairs of the Town are generally administered by a Town Administrator who is appointed by board of five selectmen who are elected on an at-large basis for staggered three-year terms.

Local school affairs are administered by an elected school committee of five persons, while local taxes are assessed by a board of five assessors, elected for staggered three year terms on an at-large basis.

The following is a list of the principal executive officers:

<u>Office</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Term Expires</u>
Selectmen	Stephen M. Holmes, Chair	Elected	2013
	Cara A. Winslow, Clerk	Elected	2013
	Alan H. Slavin	Elected	2015
	Peter W. Teitelbaum	Elected	2014
	Derek Sullivan	Appointed	2013
Town Administrator	John D. Foster	Appointed	Indefinite
Treasurer/Collector	Judy Lauzon	Appointed	Indefinite
Interim Town Accountant	Mary Ann Silva	Elected/3 years	2013
Town Clerk	Richard Bowen	Appointed	2013

### Municipal Services

The Town provides general governmental services for the territory within its boundaries including police protection, sewer services, public education in grades Kindergarten through twelve, a library, streets, parks and recreation. The Upper Cape Cod Regional Vocational Technical School District provides vocational technical education in grades 9 to 12.

### Education

The Town's school system provides education for students from pre-kindergarten through grade twelve. The Town has four elementary schools providing education for grades pre-K through 5, one middle school for grades 6 through 8 and one secondary school providing education for grades 9-12. The total design capacity of existing buildings is estimated at 3,556. Following is a table setting forth actual enrollments in the Town's schools as of October 1 of each year.

<u>Grades</u>	<u>Actual</u>					<u>Projected</u>
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
PreK-5	1,536	1,517	1,490	1,466	1,415	1,440
6-12	1,702	1,650	1,624	1,545	1,409	1,394
Totals	3,238	3,167	3,114	3,011	2,824	2,834



## Industry and Commerce

### Employment and Payrolls

Industry	Calendar Year Average				
	2007	2008	2009	2010	2011
Construction	237	201	163	148	147
Manufacturing	574	593	561	602	630
Trade, Transportation and Utilities	2,713	3,117	2,884	2,878	2,879
Information	112	117	138	113	110
Financial Activities	170	163	162	163	152
Professional and Business Services	766	766	764	648	639
Education and Health Services	1,851	1,898	1,887	1,872	1,927
Leisure and Hospitality	1,127	1,230	1,221	1,172	1,157
Other Services	413	403	412	423	415
Public Administration	350	370	366	382	365
<b>Total Employment</b>	<b>8,313</b>	<b>8,858</b>	<b>8,558</b>	<b>8,401</b>	<b>8,421</b>
Number of Establishments	645	651	654	675	667
Average Weekly Wages	\$ 702	\$ 701	\$ 698	\$ 694	\$ 700
<b>Total Wages</b>	<b>\$ 309,009,231</b>	<b>\$ 329,086,810</b>	<b>\$ 316,168,460</b>	<b>\$ 308,650,668</b>	<b>\$ 312,469,503</b>

Source: Massachusetts Department of Education and Training. Data based upon place of employment, not place of residence. Due to the reclassification the U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

### Largest Employers

The following are the principal employers located in the Town, excluding the Town itself:

<u>Company</u>	<u>Nature of Business</u>	<u>Approximate Number of Employees</u>
Southcoast Hospital Group	Healthcare	540
Walmart	Retail Store	250
Target	Retail Store	225
Home Depot	Hardware Store	200
Lowe's	Retail Store	200
Super Stop & Shop	Supermarket	200
Forestview Nursing Home	Assisted Living Development	190
Chatam Village Foods	Supermarket	145
Cape Cod Express, Inc.	Transportation	125
Tremont Rehab	Healthcare	100

### Building Permits

<u>Fiscal Year</u>	<u>No.</u>	<u>Value</u>
2012	999	\$ 31,048,225
2011	845	29,873,555
2010	855	41,012,563
2009	681	14,295,930
2008	953	26,343,818

## Labor Force, Employment and Unemployment

According to the Massachusetts Division of Employment and Training, in November 2012, the Town had a total labor force of 12,506 of which 11,684 were employed and 822, or 6.6% were unemployed as compared with 6.1% for the Commonwealth. (Note: monthly data are unadjusted.) The following table sets forth the Town's average labor force and unemployment rates and the unemployment rates for the Commonwealth and the United States for calendar years 2007 through 2011.

<u>Year</u>	<u>Wareham</u>	<u>Massachusetts</u>	<u>United States</u>
2011	8.5 %	6.6 %	8.3 %
2010	9.7	8.5	9.6
2009	9.8	8.1	9.3
2008	6.6	5.3	5.8
2007	5.4	4.5	4.6

SOURCE: Massachusetts Department of Employment and Training.

## Income Levels and Population

The following table compares changes in Median Age, Median Family Income, and Per Capita Income for the Town, the Commonwealth and the United States, according to the Federal Census.

	<u>Wareham</u>	<u>Plymouth County</u>	<u>Massachusetts</u>
Median Age:			
2011 (5-year estimate)	44.9	40.8	38.9
2000	39.3	36.8	36.5
Median Family Income:			
2011 (5-year estimate)	\$ 64,891	\$ 88,110	\$ 83,371
2010	67,364	86,251	81,165
Per Capita Income:			
2011 (5-year estimate)	\$ 28,066	\$ 34,285	\$ 35,051
2010	28,165	33,333	33,966

SOURCE: U.S. Department of Commerce.

On the basis of the 2011 estimate of the U.S. Department of Commerce, the Town has a population density of approximately 613 persons per square mile.

## POPULATION TRENDS OF THE TOWN

<u>2011</u> <u>(5-year estimate)</u>	<u>2010</u>	<u>2000</u>
21,941	21,822	20,335

SOURCE: U.S. Department of Commerce.

## PROPERTY TAXATION

### Tax Levy Computation

The principal tax of the Town is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from available funds. The total amount levied is subject to certain limits prescribed by law, for a description of those limits, see "Tax Limitations" below. As to inclusion of debt service and final judgments, see "Securities and Remedies" above.

The estimated receipts for a fiscal year from other sources may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from available funds for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements, no reserve is generally provided for uncollectible real property taxes. (See "Abatements/Exemptions and Overlay") Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items. (See "Taxation to Meet Deficits.")

The following table shows the details of the calculation of the tax levies for the most recent fiscal years:

	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009
Gross Amount to be Raised:					
Appropriations (1)(2)	\$ 59,113,619	\$ 56,070,084	\$ 56,538,981	\$ 55,100,906	\$ 55,680,494
Local Expenditures	504,180	1,154,171	957,212	790,101	1,275,402
State and County Charges	2,043,742	2,045,205	2,151,402	2,335,770	2,092,013
Overlay Reserve	301,455	384,458	303,382	320,376	407,960
Total Gross Amount to be Raised:	<u>61,962,995</u>	<u>59,653,918</u>	<u>59,950,977</u>	<u>58,547,153</u>	<u>59,455,869</u>
Deductions:					
Estimated Receipts from the State(3)	14,661,938	14,517,285	14,497,344	15,808,822	16,787,381
Estimated Receipts - Local	13,840,234	12,879,194	13,495,982	12,454,434	13,456,818
Available Funds(4):					
Free Cash	232,000	-	980,951	-	106,215
Other	598,334	691,237	221,325	568,000	334,325
Free Cash & Other Revenue Used to Reduce the Tax Rate	-	-	-	-	43,957
Total Deductions	<u>29,332,506</u>	<u>28,087,716</u>	<u>29,195,602</u>	<u>28,831,256</u>	<u>30,728,696</u>
Net Amount to be Raised (Tax Levy)	<u>\$ 32,630,489</u>	<u>\$ 31,566,202</u>	<u>\$ 30,755,375</u>	<u>\$ 29,715,897</u>	<u>\$ 28,727,173</u>

- (1) Includes additional appropriations from taxation voted subsequent to adoption of the annual budget but prior to setting of the tax rate.
- (2) Fluctuations are due to utilization of retained earnings for capital projects.
- (3) Estimated by various state agencies and required by law to be used in setting of the tax rate. Actual state aid payments may vary upward or downward from said estimates, and the State may withhold payments pending receipt of State and County assessments. See "Revenues --State Aid".
- (4) Transfers from other available funds, including "Free Cash" generally made as an offset to a particular appropriation item.

## Assessed Valuations and Tax Levies

Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

The following table sets forth the trend in the Town's assessed valuations, tax rates, tax levies, and tax levies per capita.

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Rate Per \$1,000	Tax Levy	Tax Levy Per Capita(1)
2013	\$ 3,005,119,250	\$ 111,450,890	\$ 3,116,570,140	\$ 10.47	\$ 32,630,489	\$ 1,495
2012	3,258,883,750	109,974,590	3,368,858,340	9.37	31,566,203	1,447
2011	3,330,711,250	113,339,660	3,444,050,910	8.93	30,755,375	1,409
2010	3,555,368,010	108,737,680	3,664,105,690	8.11	29,715,897	1,362
2009 (2)	3,763,365,510	97,813,710	3,861,179,220	7.44	28,727,173	1,316

(1) Based on the 2010 population of 21,822.

(2) Revaluation year.

## Classification of Property

The table below sets forth the assessed valuations of real estate of the Town for the following fiscal years.

Property Type	2013		2012		2011	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$ 2,555,537,288	82.0 %	\$ 2,804,016,318	83.2 %	\$ 2,870,869,211	83.4 %
Commercial	384,426,652	12.3	389,631,822	11.6	393,713,729	11.4
Industrial	65,155,310	2.1	65,235,610	1.9	66,128,310	1.9
Personal	111,450,890	3.6	109,974,590	3.3	113,339,660	3.3
Total Real Estate	<u>\$ 3,116,570,140</u>	<u>100.0 %</u>	<u>\$ 3,368,858,340</u>	<u>100.0 %</u>	<u>\$ 3,444,050,910</u>	<u>100.0 %</u>

## Largest Taxpayers

The following is a list of the largest taxpayers for fiscal 2013.

Name	Nature of Business	Total Assessed Valuation for Fiscal 2013	Taxes	% of Total Tax Levy
W/S Wareham Properties LLC	Shopping Plaza	\$ 59,772,700	\$ 625,820	1.92 %
NSTAR Electric Company	Utility	40,546,250	424,519	1.30
TRT Wareham LLC	Shopping Plaza	25,216,100	264,013	0.81
Verizon New England	Utility	23,140,400	242,280	0.74
Target Corporation	Retail	14,497,320	151,787	0.47
HD Development	Retail	12,846,260	134,500	0.41
Wal-Mart Real Estate Bus. Tr.	Retail	11,279,860	118,100	0.36
Union Pond Limited	Apartment Complex	10,433,100	109,235	0.33
Makepeace Co. AD	Cranberry Grower	9,853,530	103,166	0.32
Algonquin Gas Transmission	Utility	9,068,100	94,943	0.29
Total		<u>\$ 216,653,620</u>	<u>\$ 2,268,362</u>	<u>6.95 %</u>

## State Equalized Valuation and Estimated Full Value Tax Rate

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality as of January 1 of even numbered years. This is known as the "equalized value". The following table sets forth the trend in equalized valuations of the Town.

January 1,	State Equalized Valuation	% Change
2012	\$ 3,542,545,300	(6.99) %
2010	3,808,607,300	(9.67)
2008	4,216,499,700	6.46
2006	3,960,579,500	39.08
2004	2,847,668,900	48.58

## Abatements/Exemptions and Overlay

A city or town is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements and real estate exemptions. If abatements/exemptions are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following shows the abatements granted during each of the last five fiscal years.

	For Fiscal Year				
	2012	2011	2010	2009	2008
Total Tax Levy	\$ 31,566,203	\$ 30,755,374	\$ 29,715,897	\$ 28,727,173	\$ 27,344,497
Overlay Reserve for Abatements	353,197	303,382	320,376	407,950	247,762
Percent of Total Tax Levy	1.12 %	0.99 %	1.08 %	1.42 %	0.91 %
Abatements/Exempts Granted Through June 30, 2012	\$ 322,793	\$ 280,235	\$ 273,581	\$ 277,758	\$ 222,629

## Tax Collections

**Payment Dates.** The taxes for each fiscal year are due in four installments on August 1, November 1, February 1 and May 1. Under this statute preliminary tax payments are to be due on August 1 and November 1 with payment of the actual tax bill (after credit is given for the preliminary payments) in installments on February 1 and May 1 if the actual tax bills are mailed by December 31. Interest accrues on delinquent taxes at the rate of 14 percent per annum.

**Lien.** Real property (land and buildings) is subject to a lien for the taxes assessed upon it subject to any paramount federal lien and subject to bankruptcy and insolvency laws. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment.

**Personal Liability.** The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws.) In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described in "Taking and Sale" below.

The following shows the total tax levy, the reserve for abatements, the net levy and the amounts collected during each fiscal year and as of a more recent date for each of the last five fiscal years:

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net Tax Levy	Collections During Fiscal Year Payable (1)		Collections as of June 30, 2012 (1)	
				Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2012	\$ 31,566,203	\$ 353,197	\$ 31,213,006	\$ 30,347,668	97.2 %	\$ 30,347,668	97.2 %
2011	30,755,375	303,382	30,451,993	29,331,947	96.3	29,922,678	98.3
2010	29,715,897	320,376	29,395,521	28,407,889	96.6	28,935,507	98.4
2009	28,727,173	407,950	28,319,223	27,378,628	96.7	27,867,908	98.4
2008	27,344,497	247,762	27,096,735	26,138,661	96.5	26,572,745	98.1

(1) Actual dollar collections net of refunds. Does not include abatements, proceeds of tax titles or tax possessions attributable to each levy or other non-cash credits.

## Tax Titles and Possessions

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for non-payment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments) it can be foreclosed by petition to the Land Court.

Upon such foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes. Uncollectible real property taxes are ordinarily not written off until they become municipal tax titles by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of tax and charging surplus. The table below sets forth the amount of tax titles and possessions outstanding at the end of the following fiscal years.

<u>Fiscal Year</u>	<u>Total Tax Titles and Possessions (1)</u>
2012	\$ 3,351,800
2011	3,317,406
2010	2,854,342
2009	3,546,300
2008	2,906,342
2007	2,664,869

(1) Includes Fire Districts.

## Sale of Tax Receivables

Legislation enacted in 1996 authorizes public sales by cities and towns of delinquent property tax receivables, with individually or in bulk. The Town does not expect to utilize this option at the present time.

## Taxation to Meet Deficits

As noted elsewhere (see "*Abatements/Exemptions and Overlay*" above) overlay deficits, i.e. tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e. those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as "free cash" deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

## Tax Limitations

Chapter 59 Section 21C of the General Laws, also known as "Proposition 2½" imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation.

This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the "growth" limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit "to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year".

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town's apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

## **Initiative Petitions**

Various proposals have been made in recent years for legislative amendments to the Massachusetts Constitution to impose limits on state and local taxes. To be adopted, such amendments must be approved by two successive legislatures and then by the voters at a state election.



## Unused Levy Capacity

The following table shows the calculation of levy limits for the most recent fiscal years:

	2013	2012	2011	2010	2009
Primary Levy Limit (1)	\$ 77,914,254	\$ 84,221,459	\$ 86,101,273	\$ 91,602,642	\$ 96,529,481
Prior Fiscal Year Levy Limit	31,597,312	30,487,856	29,449,479	28,413,449	26,985,987
2.5% Levy Growth	789,933	762,196	736,237	710,336	674,650
Amended Prior Year Growth	-	-	-	-	-
New Growth (2)	248,635	347,260	302,140	325,694	752,812
Overrides	-	-	-	-	-
Growth Levy Limit	32,635,880	31,597,312	30,487,856	29,449,479	28,413,449
Debt Exclusions	-	-	284,469	297,219	344,137
Tax Levy Limit	32,635,880	31,597,312	30,772,325	29,746,698	28,757,586
Tax Levy	32,630,489	31,566,203	30,755,373	29,715,897	28,727,173
Unused Levy Capacity (3)	\$ 5,391	\$ 31,109	\$ 16,952	\$ 30,801	\$ 30,413
Unused Primary Levy Capacity (4)	\$ 45,278,374	\$ 52,624,147	\$ 55,613,417	\$ 62,153,163	\$ 68,116,032

(1) 2.5% of assessed valuation.

(2) Allowed increase for new valuations - certified by the Department of Revenue.

(3) Tax Levy Limit less Tax Levy. The additional amount which may be levied without voter approval.

(4) Primary Levy Limit less Growth Levy Limit.

## Pledged Taxes

Taxes on the increased value of certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes.

## Community Preservation Act

The Massachusetts Community Preservation Act (the "CPA"), permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy and to receive state matching funds for the acquisition, creation, preservation rehabilitation and restoration of open space, historic resources and affordable housing. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% of the real property tax levy, and it may accept one or more exemptions to the surcharge under the CPA, including an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property, and an exemption for commercial and industrial properties in cities and towns with classified tax rates. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see "Property Taxation" above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge on the real property tax levy. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula which requires that 80% of the amount in the state trust fund be used to match an equal percentage of the amount raised locally by each city and town, and that the remaining 20% of the amount in the fund be distributed only to those cities and towns that levy the maximum 3% surcharge based on a formula which takes into account equalized property valuation and population, resulting in larger distributions to those communities with low valuations and small populations. The total state distribution made to any city or town may not, however, exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on real property taxes and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The Town has accepted the Act and set the rate at 3% minus certain exemptions. The Town implemented the program in fiscal 2003 and had revenues as follows:

**Community Preservation Fund Revenues**

	Property Tax	State Contribution	Total
2012	\$ 583,652	\$ 198,862	\$ 782,514
2011	571,104	195,008	766,112
2010	570,961	197,198	768,159
2009	567,641	251,396	819,037
2008	549,187	442,642	991,829

## TOWN FINANCES

### Budget and Appropriation Process

The annual appropriations of a town are ordinarily made at the annual meeting which takes place in February, March, April, May or June. Appropriations may also be voted at special meetings. Every town must have an appropriation, advisory or finance committee. The committee (or the board of selectmen if authorized by by-law) is required to submit a budget of proposed expenditures at the annual town meeting.

Under certain circumstances and subject to certain limits and requirements, the city council of a city, upon the recommendation of the mayor, may transfer amounts appropriated for the use of one department (except for a municipal light department or a school department) to another appropriation for the same department or for the use of any other department. In a town, town meeting may at any time vote to transfer any amount previously appropriated to any other authorized use by law, and, under certain circumstances and subject to certain limits and requirements, the selectmen of a town, with the concurrence of the finance committee, may transfer amounts appropriated for the use of any department to any other appropriation for the same department or to any other department.

Water and sewer department expenditures are generally included in the budgets adopted by city councils and town meetings but electric and gas department funds may be appropriated by the municipal light boards. Under certain legislation any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts.

The school budget is limited to the total amount appropriated by the city council or town meeting, but the school committee retains full power to allocate the funds appropriated. State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. (See "STATE DISTRIBUTIONS" below.)

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See "PROPERTY TAXATION" above.)

### Budget Comparison

The following table sets forth the budgets for fiscal years 2009 through 2013:

	<u>Appropriated FY-2013</u>	<u>Appropriated FY-2012</u>	<u>Appropriated FY-2011</u>	<u>Appropriated FY-2010</u>	<u>Appropriated FY-2009</u>
General Government	\$ 2,601,998	\$ 2,496,496	\$ 2,641,437	\$ 2,894,541	\$ 2,764,672
Public Safety	6,345,806	5,344,080	4,715,872	4,699,345	4,108,032
Human Services	275,800	638,851	563,143	639,725	492,969
Public Works	1,566,681	1,528,595	1,565,431	1,266,768	1,771,060
Education	28,861,474	29,107,619	28,254,534	27,561,760	26,724,779
Culture and Recreation	462,301	476,523	418,475	301,571	297,825
Insurance	920,000	350,000	612,750	571,750	626,752
Employee Benefits	6,149,865	4,989,285	6,194,795	5,989,492	6,136,400
Debt Service	625,700	781,025	978,587	1,030,385	2,393,076
Pensions	2,764,648	2,342,535	2,533,494	2,316,902	2,246,643
State & County Assessments	2,063,614	2,045,205	2,406,448	2,572,279	-
<b>Total</b>	<u><u>\$ 52,637,887</u></u>	<u><u>\$ 50,100,214</u></u>	<u><u>\$ 50,884,966</u></u>	<u><u>\$ 49,844,518</u></u>	<u><u>\$ 47,562,208</u></u>

## Revenues

### State Distributions

In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid entitlement are subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, both the State Legislature (by statute, repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limited the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining law could restrict the amount of state revenues available for state aid to local communities.

Legislation was enacted in 1991 to help municipalities compensate for additional local aid reductions by the Commonwealth for fiscal year 1992. Under that law, municipalities were allowed to defer budgeting for teacher's summer compensation payable by the end of the fiscal years 1992 and 1993. Municipalities that chose to defer such amounts are required to amortize the resulting budget deficiency by raising at least one fifteenth of the deferred amount in each of the fiscal years 1997 through 2011, or in accordance with a more rapid amortization schedule. The Town chose to accept the deferral in the deferred amount of \$627,865. The Town has approved a 15-year amortization schedule for the deferred amount that began in fiscal year 1998. The Town budgeted \$44,916 for fiscal 2008 and \$43,957 for fiscal 2009 (the last year of deferral).

The following table sets forth the actual State aid received in each of the most recent fiscal years and the amount projected for fiscal 2013:

<u>Fiscal Year</u>	<u>Receipts</u>
2013 (est.)	\$14,000,000
2012	13,976,261
2011	14,065,000
2010	14,268,923
2009	13,717,212
2008	14,390,074

### State School Building Assistance Program

Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality, eliminating the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs in most cases.

The range of reimbursement rates for new project grant applications submitted to the Authority on or after July 1, 2007 has been reduced to between 40% and 80% of approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

### **Motor Vehicle Excise**

An excise is imposed on the registration of motor vehicles (subject to exemptions) at the rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturers' list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license or registration by the registrar of motor vehicles.

The following table shows the recent trend in actual receipts:

<u>Fiscal Year</u>	<u>Receipts (1)</u>
2012	\$2,115,281
2011	2,039,119
2010	2,020,694
2009	2,105,707
2008	2,294,398

(1) Net after refunds. Includes receipts for prior years.

### **Investments of Town Funds**

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, §55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer's office. According to the State Treasurer the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with §54 of Chapter 44, which permits a broader range of investments than §55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by §§54 and 55 do not apply to city and town retirement systems.

### **Annual Audits**

The Town's accounts are audited by Powers and Sullivan, Certified Public Accountant. A copy of the fiscal 2012 audit is attached as Appendix A.

The attached report speaks only as of its date, and only to the matters expressly set for therein. The auditors have not been engaged to review this Annual Report or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

### **Financial Statements**

Set forth on the following pages are Governmental Funds Balance sheets for fiscal years 2012, 2011 and, 2010 and Statements of Revenues, Expenditures and Changes in Fund Balance for fiscal years 2008 through 2012. Said financials were extracted from the Town's audited financial statements.

### **Town Finances**

The Town of Wareham's finances in the recent years have had the same challenges as most municipalities. The Town has faced reductions in Local Aid, slow growth in Local Receipts while facing increases in Employee Benefit costs. However, there are positive changes showing in the fiscal year 2013 budget.

### **Fiscal Year 2013**

The fiscal year 2013 budget was brought to the Annual Town Meeting as a balanced budget. It was voted and passed as a balanced budget.

The fiscal year 2013 budget did not need to draw on reserves in order to balance the budget. \$150,000 was voted into the Stabilization Fund to continue the process of strengthening the Town's reserves.

The fiscal year 2013 budget used extremely conservative Local Receipts estimates which did not include proposed increases to the inspectional Department and MLC fees.

State Legislature has passed the fiscal year 2013 budget with numbers that would increase the Town's Local Aid by \$207,000 with a roughly \$20,000 reduction in State Assessments.

The full year of the Meals Excise Tax should result in \$80,000 of revenue.

**Town of Wareham, Massachusetts**  
**Balance Sheet - Governmental Funds**  
**June 30, 2012(1)**

<b>ASSETS</b>	General	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 3,899,716	\$ 6,511,684	\$ 10,411,400
Receivables, net of uncollectible accounts:			
Real estate and personal property taxes	649,406	9,753	659,159
Tax liens	1,976,371	16,311	1,992,682
Motor vehicle excise taxes	576,986	-	576,986
Departmental and other	383,445	329,077	712,522
Special assessments	-	439,960	439,960
Intergovernmental	-	1,014,634	1,014,634
Loans	-	1,976,157	1,976,157
Tax foreclosures	487,888	-	487,888
<b>Total Assets:</b>	<b>\$ 7,973,812</b>	<b>\$ 10,297,576</b>	<b>\$ 18,271,388</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Warrants payable	937,637	1,249,539	2,187,176
Tax refunds payable	212,000	-	212,000
Payroll withholdings	2,849	-	2,849
Other liabilities	14,717	1,256	15,973
Deferred revenues	3,989,580	3,175,512	7,165,092
Notes payable	-	165,226	165,226
<b>Total Liabilities:</b>	<b>\$ 5,156,783</b>	<b>\$ 4,591,533</b>	<b>9,748,316</b>
<b>Fund Balances</b>			
Nonspendable	-	348,441	348,441
Restricted	-	5,357,602	5,357,602
Committed	170,759	-	170,759
Assigned	212,150	-	212,150
Unassigned	2,434,120	-	2,434,120
<b>Total Fund Balances</b>	<b>2,817,029</b>	<b>5,706,043</b>	<b>8,523,072</b>
<b>Total Liabilities and Fund Balances:</b>	<b>\$ 7,973,812</b>	<b>\$ 10,297,576</b>	<b>\$ 18,271,388</b>

(1) Extracted from the audited Financial Statements of the Town.

**Town of Wareham, Massachusetts**  
**Balance Sheet - Governmental Funds**  
**June 30, 2011(1)**

<b>ASSETS</b>	General	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 2,067,473	\$ 7,737,623	\$ 9,805,096
Receivables, net of uncollectible accounts:			
Real estate and personal property taxes	869,718	15,299	885,017
Tax liens	2,060,353	18,515	2,078,868
Motor vehicle excise taxes	537,053	-	537,053
Departmental and other	502,737	371,729	874,466
Special assessments	-	641,096	641,096
Intergovernmental	-	1,089,132	1,089,132
Loans	-	1,900,176	1,900,176
Tax foreclosures	438,310	-	438,310
<b>Total Assets:</b>	<b>\$ 6,475,644</b>	<b>\$ 11,773,570</b>	<b>\$ 18,249,214</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Warrants payable	944,760	207,953	1,152,713
Tax refunds payable	124,000	-	124,000
Payroll withholdings	754	-	754
Abandoned property	8,269	-	8,269
Other liabilities	14,717	1,250	15,967
Deferred revenues	4,260,111	4,035,947	8,296,058
Notes payable	-	1,287,752	1,287,752
<b>Total Liabilities:</b>	<b>\$ 5,352,611</b>	<b>\$ 5,532,902</b>	<b>10,885,513</b>
<b>Fund Balances</b>			
Nonspendable	-	343,041	343,041
Restricted	-	6,455,144	6,455,144
Assigned	420	-	420
Unassigned	1,122,613	(557,517)	565,096
<b>Total Fund Balances</b>	<b>1,123,033</b>	<b>6,240,668</b>	<b>7,363,701</b>
<b>Total Liabilities and Fund Balances:</b>	<b>\$ 6,475,644</b>	<b>\$ 11,773,570</b>	<b>\$ 18,249,214</b>

(1) Extracted from the audited Financial Statements of the Town.



**Town of Wareham, Massachusetts**  
**Balance Sheet - Governmental Funds**  
**June 30, 2010 (1)**

<b>ASSETS</b>	General	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 2,324,135	\$ 6,027,175	\$ 8,351,310
Receivables, net of uncollectible accounts:			
Real estate and personal property taxes	801,492	14,352	815,844
Tax liens	2,347,448	13,097	2,360,545
Motor vehicle excise taxes	516,081	-	516,081
Departmental and other	723,363	259,191	982,554
Special assessments	-	678,381	678,381
Intergovernmental	-	2,090,874	2,090,874
Loans	-	1,942,347	1,942,347
Tax foreclosures	438,310	-	438,310
Due from other funds	516,314	-	516,314
Other Assets	-	32,000	32,000
<b>Total Assets:</b>	<b>\$ 7,667,143</b>	<b>\$ 11,057,417</b>	<b>\$ 18,724,560</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Warrants payable	638,509	289,031	927,540
Abandoned property	35,848	-	-
Ot Payroll and taxes	-	1,250	1,250
Deferred revenues	4,711,801	4,826,739	9,538,540
Due from other funds	-	516,314	516,314
Notes payable	-	50,000	50,000
<b>Total Liabilities:</b>	<b>\$ 5,386,158</b>	<b>\$ 5,683,334</b>	<b>11,069,492</b>
<b>Fund Balances</b>			
Reserved for:			
Encumbrances and continued appropriations	54,518	-	54,518
Perpetual permanent funds	-	336,216	336,216
Unreserved:			
Undesignated, reported in:			
General fund	2,226,467	-	2,226,467
Special revenue funds	-	4,423,139	4,423,139
Capital projects funds	-	102,788	102,788
Permanent funds	-	511,940	511,940
<b>Total Fund Balances</b>	<b>2,280,985</b>	<b>5,374,083</b>	<b>7,655,068</b>
<b>Total Liabilities and Fund Balances:</b>	<b>\$ 7,667,143</b>	<b>\$ 11,057,417</b>	<b>\$ 18,724,560</b>

(1) Extracted from the audited Financial Statements of the Town.

**Town of Wareham, Massachusetts**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balance(1)**  
**For the Year Ending June 30, 2012 (1)**

	General	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Real estate and personal property taxes, net of tax refunds	\$ 30,867,011	\$ -	\$ 30,867,011
Community preservation surtax	-	596,234	596,234
Tax liens	530,686	9,130	539,816
Motor vehicle and other excise taxes	2,471,737	-	2,471,737
Charges for services	842,759	418,460	1,261,219
Penalties and interest on taxes	361,240	6,734	367,974
Fees and rentals	-	1,184,150	1,184,150
Licenses and permits	832,856	-	832,856
Fines and forfeitures	131,918	-	131,918
Intergovernmental	20,910,318	7,099,144	28,009,462
Departmental and other	144,133	1,172,384	1,316,517
Contributions	-	669,876	669,876
Investment income (loss)	14,174	4,836	19,010
Total Revenues:	<u>\$ 57,106,832</u>	<u>\$ 11,160,948</u>	<u>\$ 68,267,780</u>
<b>EXPENDITURES</b>			
Current:			
General government	\$ 2,999,256	\$ 2,480,458	\$ 5,479,714
Public Safety	5,568,274	1,423,814	6,992,088
Education	29,098,325	5,782,057	34,880,382
Public Works	1,651,525	1,057,146	2,708,671
Human services	540,921	198,120	739,041
Community preservation	-	777,317	777,317
Culture and recreation	446,544	160,441	606,985
Pension benefits	8,664,351	-	8,664,351
Employee benefits	5,019,502	-	5,019,502
Claims and judgements	250,137	-	250,137
State and county charges	2,003,919	-	2,003,919
Debt Service			-
Principal	477,525	75,000	552,525
Interest	113,245	36,551	149,796
Total Expenditures:	<u>\$ 56,833,524</u>	<u>\$ 11,990,904</u>	<u>\$ 68,824,428</u>
Excess (deficiency) of revenues over expenditures	<u>273,308</u>	<u>(829,956)</u>	<u>(556,648)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from bonds and notes	-	1,250,000	1,250,000
Transfers in	1,420,688	-	1,420,688
Transfers out	-	(954,669)	(954,669)
Total Other Financing Sources (Uses):	<u>1,420,688</u>	<u>295,331</u>	<u>1,716,019</u>
Net change in fund balances	1,693,996	(534,625)	1,159,371
Fund Balance, Beginning of Year	1,123,033	6,240,668	7,363,701
Fund Balance, End of Year	<u>\$ 2,817,029</u>	<u>\$ 5,706,043</u>	<u>\$ 8,523,072</u>

(1) Extracted from the audited financial statements of the Town.

**Town of Wareham, Massachusetts**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balance(1)**  
**For the Year Ending June 30, 2011 (1)**

	General	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Real estate and personal property taxes, net of tax refunds	\$ 29,774,088	\$ -	\$ 29,774,088
Community preservation surtax	-	579,832	579,832
Tax liens	448,387	3,845	452,232
Motor vehicle and other excise taxes	2,124,801	-	2,124,801
Charges for services	830,641	447,178	1,277,819
Penalties and interest on taxes	257,530	9,455	266,985
Fees and rentals	-	1,296,185	1,296,185
Licenses and permits	774,340	-	774,340
Fines and forfeitures	111,183	-	111,183
Intergovernmental	20,573,755	8,575,118	29,148,873
Departmental and other	30,558	1,424,731	1,455,289
Contributions	-	582,454	582,454
Investment income (loss)	41,508	4,818	46,326
Total Revenues:	<u>\$ 54,966,791</u>	<u>\$ 12,923,616</u>	<u>\$ 67,890,407</u>
<b>EXPENDITURES</b>			
Current:			
General government	\$ 2,759,583	\$ 1,437,359	\$ 4,196,942
Public Safety	4,847,401	1,576,944	6,424,345
Education	28,248,035	6,455,719	34,703,754
Public Works	2,029,130	1,812,754	3,841,884
Human services	593,225	185,271	778,496
Community preservation	-	91,677	91,677
Culture and recreation	401,700	175,567	577,267
Pension benefits	8,547,418	-	8,547,418
Employee benefits	6,330,728	-	6,330,728
State and county charges	2,127,324	-	2,127,324
Debt Service			-
Principal	796,999	75,000	871,999
Interest	134,714	39,551	174,265
Total Expenditures:	<u>\$ 56,816,257</u>	<u>\$ 11,849,842</u>	<u>\$ 67,619,835</u>
Excess (deficiency) of revenues over expenditures	<u>(1,849,466)</u>	<u>1,073,774</u>	<u>(775,692)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of real estate	-	22,100	22,100
Transfers in	653,715	130,000	783,715
Transfers out	(130,000)	(191,490)	(321,490)
Total Other Financing Sources (Uses):	<u>523,715</u>	<u>(39,390)</u>	<u>484,325</u>
Net change in fund balances	(1,325,751)	1,034,384	(291,367)
Fund Balance, Beginning of Year (as restated)	2,448,784	5,206,284	7,655,068
Fund Balance, End of Year	<u>\$ 1,123,033</u>	<u>\$ 6,240,668</u>	<u>\$ 7,363,701</u>

(1) Extracted from the audited financial statements of the Town.

**Town of Wareham, Massachusetts**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ending June 30, 2010 (1)**

	General	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Real estate and personal property taxes, net of tax refunds	\$ 28,958,800	\$ -	\$ 28,958,800
Community preservation surtax	-	579,362	579,362
Tax liens	1,031,118	13,086	1,044,204
Motor vehicle and other excise taxes	2,055,932	41,446	2,097,378
Charges for services	852,598	-	852,598
Penalties and interest on taxes	466,516	-	466,516
Fees and rentals	-	1,539,954	1,539,954
Licenses and permits	922,390	-	922,390
Fines and forfeitures	107,703	-	107,703
Intergovernmental	21,355,263	6,639,882	27,995,145
Departmental and other	59,885	1,601,831	1,661,716
Contributions	-	650,638	650,638
Investment income (loss)	73,582	42,414	115,996
Miscellaneous	33,945	-	33,945
Total Revenues:	<u>\$ 55,917,732</u>	<u>\$ 11,108,613</u>	<u>\$ 67,026,345</u>
<b>EXPENDITURES</b>			
Current:			
General government	\$ 2,670,992	\$ 1,519,947	\$ 4,190,939
Public Safety	5,096,260	1,282,117	6,378,377
Education	27,179,940	5,794,741	32,974,681
Public Works	1,730,264	704,037	2,434,301
Human services	588,904	258,242	847,146
Community preservation	-	516,651	516,651
Culture and recreation	275,847	119,408	395,255
Pension benefits	7,914,902	-	7,914,902
Employee benefits	6,385,212	-	6,385,212
State and county charges	2,401,563	-	2401563
Debt Service			-
Principal	856,999	75,000	
Interest	161,773	42,551	
Total Expenditures:	<u>\$ 55,262,656</u>	<u>\$ 10,312,694</u>	<u>\$ 64,439,027</u>
Excess (deficiency) of revenues over expenditures	<u>655,076</u>	<u>795,919</u>	<u>1,450,995</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Net unreconciled activity	(919,234)	-	(919,234)
Proceeds from bonds and notes	-	200,000	200,000
Sale of real estate	-	211,498	211,498
Capital lease financing	335,755	-	335,755
Transfers in	1,222,390	247,577	1,469,967
Transfers out	(221,000)	(599,432)	(820,432)
Total Other Financing Sources (Uses):	<u>417,911</u>	<u>59,643</u>	<u>477,554</u>
Net change in fund balances	1,072,987	855,562	1,928,549
Fund Balance, Beginning of Year (as restated)	1,207,998	4,518,521	5,726,519
Fund Balance, End of Year	<u>\$ 2,280,985</u>	<u>\$ 5,374,083</u>	<u>\$ 7,655,068</u>

(1) Extracted from the audited financial statements of the Town.

**Town of Wareham, Massachusetts**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ending June 30, 2009 (1)**

	General	State Fiscal Stabilization Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Real estate and personal property taxes, net of tax refunds	\$ 27,823,336			\$ 27,823,336
Community preservation surtax			575,136	575,136
Motor vehicle and other excise taxes	2,187,838		33,522	2,221,360
Charges for services	889,810			889,810
Penalties and interest on taxes	229,408			229,408
Fees and rentals			1,481,813	1,481,813
Licenses and permits	703,102			703,102
Fines and forfeitures	45,379			45,379
Intergovernmental	20,896,572	1,313,698	6,535,910	28,746,180
Departmental and other	3,057		1,181,453	1,184,510
Contributions			475,481	475,481
Investment income (loss)	141,466		14,144	155,610
Miscellaneous	213,742			213,742
<b>Total Revenues:</b>	<b>\$ 53,133,710</b>	<b>\$ 1,313,698</b>	<b>\$ 10,297,459</b>	<b>\$ 64,744,867</b>
<b>EXPENDITURES</b>				
Current:				
General government	\$ 2,962,763		\$ 981,669	\$ 3,944,432
Public Safety	4,567,953		846,756	5,414,709
Education	25,515,364	1,313,698	5,800,621	32,629,683
Public Works	1,745,491		582,616	2,328,107
Human services	525,417		439	525,856
Culture and recreation			358,127	358,127
Pension Benefits	338,317		213,635	551,952
Human services	7,434,866			7,434,866
Community preservation	5,672,410			5,672,410
Culture and recreation	2,041,152			2,041,152
Pension Benefits				-
Employee Benefits				-
Debt Service	2,729,887		120,551	2,850,438
<b>Total Expenditures:</b>	<b>\$ 53,533,620</b>	<b>\$ 1,313,698</b>	<b>\$ 8,904,414</b>	<b>\$ 63,751,732</b>
Excess (deficiency) of revenues over expenditures	(399,910)	-	1,393,045	993,135
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer in	1,372,915			1,372,915
Operating transfer out			(523,380)	(523,380)
<b>Total Other Financing Sources (Uses):</b>	<b>1,372,915</b>	<b>-</b>	<b>(523,380)</b>	<b>849,535</b>
Net change in fund balances	973,005	-	-	869,665
Fund Balance, Beginning of Year	234,993		3,480,289	3,715,282
Fund Balance, End of Year	<b>\$ 1,207,998</b>	<b>\$ -</b>	<b>\$ 4,349,954</b>	<b>\$ 5,557,952</b>

(1) Extracted from the audited financial statements of the Town.

**Town of Wareham, Massachusetts**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ending June 30, 2008 (1)**

	General	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 26,602,231	\$ 555,405	\$ 27,157,636
Tax liens	506,243	6,829	513,072
Excises	2,333,068	-	2,333,068
Interest and penalties	295,291	3,530	298,821
Departmental	308,707	3,670,294	3,979,001
Charges for services	555,416	-	555,416
Licenses and permits	884,043	-	884,043
Contributions	-	250,216	250,216
Intergovernmental - federal	-	3,413,914	3,413,914
Intergovernmental - state	21,195,051	1,142,469	22,337,520
Fines and forfeitures	36,747	-	36,747
Investment income	197,594	126,744	324,338
Miscellaneous	141,501	155,753	297,254
Total Revenues:	\$ 53,055,892	\$ 9,325,154	\$ 62,381,046
<b>EXPENDITURES</b>			
General government	\$ 2,818,840	\$ 2,016,038	\$ 4,834,878
Public Safety	4,746,732	1,239,030	5,985,762
Education	31,433,059	4,883,920	36,316,979
Public Works	1,596,206	722,614	2,318,820
Human services	566,391	636,929	1,203,320
Culture and recreation	540,742	505,445	1,046,187
Debt service	2,855,102	49,891	2,904,993
Intergovernmental charges	1,741,881	-	1,741,881
Employee benefits	5,919,458	-	5,919,458
Retirement contribution	2,096,093	-	2,096,093
Insurance	644,207	-	644,207
Capital outlay	-	51,833	51,833
Total Expenditures:	\$ 54,958,711	\$ 10,105,700	\$ 65,064,411
Excess (deficiency) of revenues over expenditures	(1,902,819)	(780,546)	(2,683,365)
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond proceeds	-	280,000	280,000
Operating transfer in	1,180,718	-	1,180,718
Operating transfer out	-	(292,156)	(292,156)
Total Other Financing Sources (Uses):	1,180,718	(12,156)	1,168,562
Net change in fund balances	(722,101)	(792,702)	(1,514,803)
Fund Balance, Beginning of Year	957,094	4,272,991	5,230,085
Fund Balance, End of Year	\$ 234,993	\$ 3,480,289	\$ 3,715,282

(1) Extracted from the audited financial statements of the Town.

## Undesignated General Fund Balance and Free Cash

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue less uncollected and overdue property taxes from prior years. The Town Accountant may certify as available for appropriation an adjusted free cash figure by adding back those uncollected and overdue property taxes which are subsequently collected between July 1 and the following March 31 of any year.

The following table sets forth the undesignated general fund balance and certified free cash for the most recent fiscal years:

<u>Year</u>	<u>Undesignated General Fund Balance (June 30) (1)</u>	<u>Free Cash (July 1)</u>
2012	\$2,434,120	\$1,284,829
2011	1,122,613	307,699
2010	2,226,467	1,753,000
2009	902,773	715,588
2008	(15,280)	(462,952)

(1) Reflects Unassigned Fund Balance in accordance with the new reporting requirements of GASB 54 beginning fiscal 2011.

## Stabilization Fund

The Town has maintained a Stabilization Fund for several years. Under Massachusetts statutes, funds may be appropriated from the Fund for any municipal purpose. The following is the balance in the fund at the end of the most recent fiscal years.

<u>Fiscal Year</u>	<u>Balance</u>
2012	\$418,387
2011	268,095
2010	167,799
2009	64,316
2008	163,635

## Tax Increment Financing for Development Districts

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town's development program for the district. This includes pledging such "tax increments" for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2 ½ (see "Tax Limitations" above.)

## INDEBTEDNESS

### Authorization Of General Obligation Bonds and Notes

Serial bonds and notes are authorized by a two-thirds vote of the town meeting. Refunding bonds and notes are authorized by the selectmen. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary loans in anticipation of revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the Treasurer with the approval of the selectmen.

### Debt Limits

General Debt Limit. The General Debt Limit of the Town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit for the Town is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the State Municipal Finance Oversight Board.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes; emergency loans; loans exempted by special laws; certain school bonds, sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, bonds for water (limited to 10 percent of equalized valuation), housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems, and telecommunications systems (subject to separate limits). Revenue bonds are not subject to these debt limits. The General Debt Limit and the special debt limit for water bonds apply at the time the debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

### Types Of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue ("DOR"). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as "qualified bonds" with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.



Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as “tax credit bonds” to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed five years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue. **The Town has not borrowed in anticipation of revenue for the current and the prior five fiscal years.**

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. Generally, they must mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities, for projects financed under the Commonwealth’s Water Pollution Abatement or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy.

**DIRECT DEBT SUMMARY (1)**  
**As of June 30, 2012, Including Subsequent Issues**

General Obligation Bonds:			
Within General Debt Limit (2)			
Sewer & Drains (3)	\$	11,777,812	
Land Acquisition		965,000	
Schools		409,000	
Other Building		704,000	
Departmental Equipment		1,650,000	
Other Inside General		70,000	
Total Inside Debt Limit		15,575,812	\$ 15,575,812
Outside General Debt Limit			
Sewers (3)		26,956,878	
Total Outside Debt Limit			26,956,878
Total Bonds Outstanding:			\$ 42,532,690
Temporary Loans:			
Total Temporary Loans Outstanding:			-
Total Direct Debt			\$ 42,532,690

(1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability.  
(2) At the present time, the normal general debt limit is \$190,430,365 and the double general debt limit is \$380,860,730.  
(3) Self-supporting.

## Bond Debt vs. Population, Valuations and Income

	As of June 30,				
	2012	2011	2010	2009	2008
Amount (000 omitted) (1)	\$41,282	\$39,373	\$36,116	\$39,644	\$45,457
Per Capita (2)	\$1,892	\$1,804	\$1,655	\$1,817	\$2,149
Percent of Assessed Valuation (3)	1.23%	1.14%	0.99%	1.03%	1.16%
Percent of Equalized Valuation (4)	1.08%	1.03%	0.86%	0.94%	1.15%
Per Capita as a percent of Personal Income (2) Per Capita	8.88%	8.47%	7.77%	8.52%	10.08%

(1) Principal on general obligation bonds. Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability.

(2) Source: U.S. Department of Commerce, Bureau of the Census - latest applicable actuals or estimates.

(3) The assessed valuation used here is the assessed valuation for that fiscal year.

(4) The equalized valuation used here is the equalized valuation in effect for that fiscal year.

## Projected Principal Payments by Purpose

The following table sets forth the projected principal payments by purpose on outstanding debt of the Town as of June 30, 2012, including subsequent issues.

### GENERAL OBLIGATION BONDS (1) Projected Principal Payments by Purpose As of June 30, 2012, Including Subsequent Issues

Fiscal Year	Sewers & Drains (2)	Land Acquisition	Schools	Other Building	Departmental Equipment	Other General	Total
2013	\$ 3,095,451	\$ 90,000	\$ 95,000	\$ 111,000	\$ 180,000	\$ 10,000	\$ 3,581,451
2014	3,076,022	90,000	79,000	111,000	405,000	10,000	3,771,022
2015	2,852,001	90,000	60,000	110,000	395,000	10,000	3,517,001
2016	2,833,060	90,000	60,000	76,000	280,000	10,000	3,349,060
2017	2,885,155	90,000	60,000	76,000	195,000	10,000	3,316,155
2018	2,574,884	85,000	15,000	55,000	195,000	10,000	2,934,884
2019	2,526,003	85,000	15,000	55,000	-	10,000	2,691,003
2020	2,567,622	85,000	15,000	55,000	-	-	2,722,622
2021	2,613,806	90,000	10,000	25,000	-	-	2,738,806
2022	2,654,555	85,000	-	15,000	-	-	2,754,555
2023	2,572,046	85,000	-	15,000	-	-	2,672,046
2024	1,949,897	-	-	-	-	-	1,949,897
2025	1,166,117	-	-	-	-	-	1,166,117
2026	1,179,714	-	-	-	-	-	1,179,714
2027	998,692	-	-	-	-	-	998,692
2028	647,150	-	-	-	-	-	647,150
2029	650,201	-	-	-	-	-	650,201
2030	663,523	-	-	-	-	-	663,523
2031	666,595	-	-	-	-	-	666,595
2032	278,076	-	-	-	-	-	278,076
2033	284,120	-	-	-	-	-	284,120
<b>Total</b>	<b>\$ 38,734,690</b>	<b>\$ 965,000</b>	<b>\$ 409,000</b>	<b>\$ 704,000</b>	<b>\$ 1,650,000</b>	<b>\$ 70,000</b>	<b>\$ 42,532,690</b>

(1) Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability.

(2) Principal and interest thereon will be paid from the sewer enterprise fund.

## Debt Service Requirement

The following table sets forth the required principal and interest payments on outstanding general obligation bonds of the Town as of as of June 30, 2012, including subsequent issues.

### Annual Debt Service (1) As of June 30, 2012, Including Subsequent Issues

Fiscal Year	Outstanding		Total Debt Service	MWPAT Subsidy	Total Net Debt Service
	Principal (2)	Interest			
2013	\$ 3,581,451	\$ 1,391,294	\$ 4,972,745	\$ (1,198,086)	\$ 3,774,659
2014	3,771,022	1,267,637	5,038,659	(990,042)	4,048,616
2015	3,517,001	1,128,682	4,645,683	(805,500)	3,840,183
2016	3,349,060	992,125	4,341,185	(775,295)	3,565,889
2017	3,316,155	862,745	4,178,900	(743,015)	3,435,884
2018	2,934,884	739,301	3,674,185	(583,939)	3,090,246
2019	2,691,003	644,117	3,335,120	(562,950)	2,772,170
2020	2,722,622	526,522	3,249,144	(528,497)	2,720,647
2021	2,738,806	431,958	3,170,764	(505,218)	2,665,547
2022	2,754,555	341,515	3,096,070	(483,737)	2,612,333
2023	2,672,046	233,675	2,905,722	(453,349)	2,452,373
2024	1,949,897	147,441	2,097,338	(236,820)	1,860,518
2025	1,166,117	121,327	1,287,443	(125)	1,287,318
2026	1,179,714	94,969	1,274,683	-	1,274,683
2027	998,692	72,361	1,071,053	-	1,071,053
2028	647,150	56,695	703,845	-	703,845
2029	650,201	44,032	694,233	-	694,233
2030	663,523	31,106	694,629	-	694,629
2031	666,595	17,910	684,505	-	684,505
2032	278,076	8,463	286,539	-	286,539
2033	284,120	2,841	286,961	-	286,961
Total	<u>\$ 42,532,690</u>	<u>\$ 9,156,717</u>	<u>\$ 51,689,407</u>	<u>\$ (7,866,574)</u>	<u>\$ 43,822,833</u>

(1) Excludes short-term debt, lease and installment purchase obligations, overlapping debt and unfunded pension liability.

(2) \$1,698,716 is exempt from Proposition 2½.

### Authorized Unissued Debt

The Town has \$7,623,000 in authorized unissued debt which includes \$7,273,000 for sewers and \$350,000 for various other municipal projects.

## Five Years Outstanding Debt (1)

	As of June 30				
	2012	2011	2010	2009	2008
Long-Term Indebtedness					
Within the General Debt Limit					
Sewers & Drains	\$ 11,777,812	\$ 12,575,134	\$ 12,775,058	\$ 15,643,874	\$ 15,959,912
Land Acquisition	965,000	1,055,000	1,235,000	1,235,000	1,435,000
Schools	409,000	504,000	899,000	1,294,000	1,689,000
Other Building	704,000	820,000	941,000	1,122,000	1,314,000
Departmental Equipment	400,000	580,000	770,000	960,000	1,150,000
Architectural & Engineering Services	-	80,000	1,350,000	-	1,832,700
Other Inside General	70,000	10,000	15,000	130,000	50,000
Total Within the General Debt limit	14,325,812	15,624,134	17,985,058	20,384,874	23,430,612
Outside the General Debt Limit:					
Sewers	26,956,878	23,059,592	17,600,359	19,258,696	19,798,262
Schools	-	-	-	-	1,615,000
Other	-	689,714	530,714	-	612,711
Total Outside the General Debt Limit	26,956,878	23,749,306	18,131,073	19,258,696	22,025,973
Total Long-Term Indebtedness	41,282,690	39,373,440	36,116,131	39,643,570	45,456,585
Short-Term Indebtedness					
Revenue Anticipation Notes	-	-	-	-	-
Grant Anticipation Notes	-	-	-	-	-
State Aid Anticipation Notes	-	-	-	-	-
Bond Anticipation Notes	1,250,000	2,199,000	1,000,000	950,000	800,000
Total Short-Term Indebtedness	1,250,000	2,199,000	1,000,000	950,000	800,000
Total Outstanding Indebtedness	\$ 42,532,690	\$ 41,572,440	\$ 37,116,131	\$ 40,593,570	\$ 46,256,585

(1) Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability.

## Overlapping Debt

The following table sets forth the portion of overlapping debt assessed to the Town: (1)

	<u>Outstanding</u>	<u>Authorized Unissued</u>	<u>Estimated Share of Wareham</u>	<u>Share of Assessment for Operations and Debt Service Fiscal Year 2012</u>
Plymouth County (2)	\$3,300,000	\$ 0	3.9%	\$65,193
Upper Cape Cod Regional Vocational Technical School District (3)	510,000	0	23.48	2,137,782
Carver, Marion & Wareham Refuse Disposal District (4)	0	0	55.39	0

(1) Excludes temporary loans in anticipation of revenue. Omits debt of the Commonwealth.

(footnotes continued on next page.)

- (2) Source Treasurer, Plymouth County. Debt as of June 30, 2012. County expenses including debt service on county bonds are assessed upon the cities and towns within the county in proportion to their taxable valuation as last equalized by the State Commissioner of Revenue. Estimated share and dollar assessment shown here are based on the 2008 equalized valuation. Legislation was enacted in 1997 abolishing the county governments of Franklin and Middlesex Counties as of July 1, 1997, with their assets, functions, debts and other obligations begin assumed by the Commonwealth. The legislation also abolished the county governments of Hampden and Worcester counties as of July 1, 2000. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire counties as of January 1, 1999, July 1, 1999 and July 1, 2000, respectively. The legislation also requires the state secretary for administration and finance to establish a plan to recover the Commonwealth's expenditures for the liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the state treasurer shall assess upon each city and town within the jurisdiction of an abolished county an amount not exceeding or equal to the county tax paid by each such city and town for the fiscal year immediately prior to the abolishment of the county until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county government in all the remaining counties. Assessment is for 2012.
- (3) Source: Treasurer, Upper Cape Cod Regional Vocational Technical School District. Debt is as of June 30, 2012. The other members of the district are the Towns of Bourne, Falmouth, Marion, and Sandwich.
- (4) Source: Carver, Marion & Wareham Refuse Disposal District. Debt is as of June 30, 2012.

**Local Districts** There are local districts within a number of towns organized for special purposes, such as fire protection, water and sewer. Except to the extent met from betterment assessments or user charges, their debt service is ordinarily assessed, along with operating expenses, on the taxable property within the district.

Two separate districts provide fire protection and water services to the entire Town. Those districts are:

	Debt Outstanding (1)
Onset Fire District	\$50,000
Wareham Fire District	11,990,000

(1) As of June 30, 2012.

### CONTRACTUAL OBLIGATIONS

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interests, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, (see "CONSTITUTIONAL STATUS AND FORM OF GOVERNMENT" above), cities and towns may also be empowered to make other contracts and leases.

The Town has no significant long term contracts.

## RETIREMENT PLAN

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

The Town participates in the contributory retirement system of Plymouth County. The annual contributions of the Town to the retirement system for the current and most recent fiscal years are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2013 (Est.)	\$2,432,471
2012	2,342,535
2011	2,530,839
2010	2,292,006
2009	2,220,143
2008	2,144,043

As of January 1, 2011, the unfunded actuarial accrued liability ('UAAL') of the County retirement system was \$520,716,602 assuming an actuarial value of assets of \$666,730,812. The Town of Wareham's share of the total UAAL of the system was approximately 5%, or \$27,012,627 assuming assets of \$34,587,241.

The foregoing data do not include the retirement system costs or liabilities attributable to employees of the county or the retirement system costs or liabilities of any other entity of which the Town is a constituent part.

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

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis. The pay-as-you-go cost to the Town for such benefits in recent years has been as follows:

<u>Fiscal Year</u>	<u>Benefit Costs</u>
2012	\$ 3,437,000
2011	3,161,000
2010	1,163,896
2009	2,857,810
2008	991,000

The Governmental Accounting Standards Board ("GASB") recently promulgated its Statement Nos. 43 and 45, which will for the first time require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These new accounting standards do not require pre-funding the payment of these costs as the liability for such costs accrues, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if the cost of such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The Town was required to implement the new GASB reporting requirements for other post-employment benefits beginning in fiscal year 2009. The Town most recently had an actuarial valuation study performed as of July 1, 2010. As of July 1, 2010, the Town's unfunded actuarial accrued liability was approximately \$87,952,833 (assuming a 4.0% discount rate) and the annual required contribution as of June 30, 2012 was approximately \$7,705,000. The Town has not yet determined how it will fund this liability.

## EMPLOYEE RELATIONS

The following table sets forth the collective bargaining groups of the Town and the status of union contracts.

<u>Name of Union</u>	<u>Expiration Date (1)</u>	<u># of Employees</u>
Wareham Clerical Employees	June 30, 2011	20
Wareham Police Union	June 30, 2011	40
Telecommunication Dispatchers	June 30, 2011	7
Library	June 30, 2011	2
Forepersons	June 30, 2011	6
Superior Officers Association	June 30, 2011	2
Emergency Medical Services	June 30, 2011	8
Municipal Maintenance Department	June 30, 2011	11
Town Custodians	June 30, 2011	3
Wareham Mid-Management Employees	June 30, 2012	14
Wareham Grades 1-7	June 30, 2012	18
Water Pollution Control Facility	June 30, 2011	7
Cafeteria Workers	June 30, 2013	23
School Custodians	June 30, 2013	21
School Fields & Grounds	June 30, 2013	2
School Garage Mechanics	August 31, 2013	2
School Bus Drivers	August 31, 2013	28
School Nurses	August 31, 2013	6
School Secretaries	June 30, 2012	28
Unit B - Asst. Principals	June 30, 2012	6
School Teachers	August 31, 2013	252
School Teacher Assistants	August 31, 2013	68
Cafeteria Managers	June 30, 2012	4
<b><u>NON UNION</u></b>		
Personnel Plan	June 30, 2007	2
Transportation Director	August 31, 2011	1

(1) Expired contracts are currently in negotiations.

## LITIGATION

At present there are various cases pending in various courts throughout the Commonwealth where the Town of Wareham is a defendant. In the opinion of the Town, none of the pending litigation is likely to result, either individually or in the aggregate, in final judgments against the Town that would materially affect its financial position or its ability to pay its obligations.

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TOWN OF WAREHAM, MASSACHUSETTS  
/s/ John D. Foster, Treasurer

March 25, 2013