FINANCIAL AUDIT ADVISORY COMMITTEE

Report

Thursday, December 5, 2013

Present: Ald. Fuller (Chairman), Ald. Gentile, Ald. Danberg, Gail Deegan, and Howard Merkowitz
Also present: David Wilkinson (Comptroller), Sue Dzikowski (Director of Finance; School Department), Chris Rogers, CPA (Sullivan, Rogers & Company, LLC), and Marisa Batista, CPA (Sullivan, Rogers & Company, LLC)

06/30/2013 Audit

The Committee met with Chris Rogers and Marissa Batista of Sullivan, Rogers & Company, LLC, the City's external auditing firm, to review the drafts of the Reports on Internal Control and Federal Awards and the Management Letter related to the Fiscal Year 2013 Audit. The attached handout provides an overview of the audit, which includes the Comprehensive Annual Financial Report, Reports on Internal Control and Federal Awards and the Management Letter. The Committee also received a copy of the audited Comprehensive Annual Financial Report (CAFR), which can be found on the City web site under the following link: http://www.newtonma.gov/civicax/filebank/documents/55736. Mr. Rogers informed the Committee that this year's audit process was very smooth and the City's information was provided in a timely manner and was well organized.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 63, *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which affects this year's audit. The statement results in a few minor language changes including renaming "net assets" to "net position."

GASB Statement No. 68 and amendment Statement No. 71 related to accounting and financial reporting for pensions do not influence this year's audit, but are effective for fiscal years beginning after June 15, 2014. The City will be required to recognize its long-term obligation for pension benefits as a liability in its government-wide financial statements. This represents a significant change in the accounting and reporting of pension expense and the related liability. It will significantly affect the City's financial statements. Mr. Rogers noted that the implementation of GASB No. 68 is strictly a financial reporting standard and does not constitute a state or federal mandate regarding the funding of the net pension obligation. The attached statements summarize the objectives of the statements and reporting requirements for the City. Chris Rogers provided the attached mock-up of the City's statement of net position including pension obligations and the statement of net position including pension and Other Post-Employment Benefits (OPEB) to give the City a sense of the impact of the changes to the required reporting for pension and OPEB liabilities.

A new auditing standard was implemented this year that changes the structure of the auditor's opinion letter. This change makes the report more readable by breaking the auditor's opinion letter down by component. It is very clear what the auditor is reporting on and who is responsible for what in the report.

The attached presentation provides a helicopter view of the Fiscal Year 2013 audit. The presentation includes an engagement summary and summaries of the CAFR, Reports on Internal Control and Federal Awards and the Management Letter. The City's audit began in September 2013 and the CAFR, and drafts of the Reports on Internal Control and the Management Letter were issued on November 27, 2013. The City staff was responsive to all requests and there were no disagreements with City administrators.

The Committee asked that Mr. Rogers identify the most important information within the presentation as it relates to the City's financial statements.

Comprehensive Annual Financial Report

The audit presentation began with a review of the Fiscal Year 2013 CAFR, which is attached. The independent auditor's opinion is unmodified, which is the best opinion available. Mr. Rogers pointed out that the Newton Commonwealth Foundation's (the golf course) financial statements are audited by a different audit firm, which is provided to the City for inclusion in the CAFR as a discretely presented component unit. Sullivan, Rogers & Company, LLC opinion related to the Commonwealth Foundation, Inc. is based only on the report of the other auditors. In addition, Mr. Rogers reminded the Committee that the Newton Community Farm is no longer part of the City's financial statements, as it was determined that the Farm's financial activities are immaterial to the City's financial statements.

There was a reclassification of funds within the CAFR because of the establishment of an irrevocable OPEB trust fund. The funds in the fund are no longer considered an employer asset; they are now considered fiduciary assets and are now reflected in the fiduciary fund.

Mr. Rogers stated that there is an unrestricted deficit of $122 million found in the CAFR as part of the Government-wide Statement of Net Position reported under Net Position, which is the result of the recognition of OPEB liabilities in the City's financial statements. It is important that the Committee is aware of this information to have a full picture of the City financial statements.

The most important change in the past few years to the City's financial statements is the creation of the Rainy Day Stabilization Fund. The focus of the City's financial advisors is at the fund level and the City's percentage of uncommitted funds help determines financial health. By creating and adding approximately $13 million to the Rainy Day Stabilization Fund, almost 5% of the operating budget is not committed. In addition, it is important to note that the general fund, budget to actual, and enterprise fund statements contain some of the most important information for having an accurate financial picture of the city.

Mr. Rogers concluded his review of the CAFR by stating that he would characterize the City as heading in the right direction financially due to the Rainy Day Stabilization Fund. He believes that the City's financial situation is slightly above average in comparison to other cities. For further details on the CAFR, please refer to the attached audit exit conference summary.

Reports on Internal Control and Federal Awards

The independent auditor provides two reports on the internal control over financial reporting and on compliance. The City received close to $9.7 million in federal grants this past year. The auditors had no findings in either report. The accountants gave an unmodified opinion, the best available, on all major federal award programs. During the audit, no material weaknesses were identified and there were no instances of noncompliance or other matters that are required to be reported within the reports. There were fourteen findings in the prior year. In theory, the City has set up better controls for the management of grants and now checks the certification of vendors.

Management Letter

Mr. Rogers reminded the Committee that the Management Letter does not identify the strengths of the City's financial systems. This year the Management Letter contains eight comments. There are two new comments this year, five repeat comments from the prior year that are either partially resolved or unresolved and one informational comment. He also informed the Committee that six of the comments from the prior year have been resolved.

Mr. Rogers reviewed each of the comments and the City's response with the Committee. Issues are partially resolved in two areas. First, issues remain in the student activity funds; however, the School Department performed agreed upon procedures. There is no formal documentation of the procedures and the auditor recommends that the School Department document the procedures. The auditors also recommend that the City have an independent audit firm audit the student activity funds and agreed upon procedures every three years. Second, during Fiscal Year 2013, the City bought hardware to access the accounts receivable data in the event of a disaster but did not locate the hardware offsite.

There are three prior year comments that are unresolved. First, the Police Department detail accounts receivables is still an issue in this audit. There is about $28,000 in police detail accounts receivable that is older than a year. The auditor recommends that the City develop and implement a policy regarding the uncollectible police detail funds and the write-off of those funds. It was pointed out that the State will help cities and towns collect the outstanding detail funds.

Second, the auditor also recommends the development, and implementation of a documented risk assessment program to identify, evaluate, and manage the risk of asset misappropriation. Third, the auditor recommends the preparation of a formal policies and procedures manual to improve and standardize the City's financial policies and procedures.

The Management Letter also contains an informational comment regarding pension accounting and financial reporting, which is previously addressed in this report. For further detail on the Management Letter, comments and the City's responses please refer to the following link: http://www.newtonma.gov/civicax/filebank/documents/56104.

Draft Request for Proposals for an External Auditor

Purchasing Agent Nicholas Read joined the Committee and informed the members that the process for hiring an independent auditor is not subject to Massachusetts General Law chapter 30B; therefore, the low-bidder does not have to be selected. However, as the Financial Audit Advisory Committee will take the lead on interviewing perspective auditors, they should be able to articulate why another firm is selected if the low-bidder is not selected.

Mr. Read will handle all advertisement, interview questions and scoring sheets for the interview process. He will provide members of the Finance Committee and the Financial Audit Advisory Committee with copies of the proposed interview questions. The interviews will be open to the public. The Financial Audit Advisory Committee makes a recommendation to the Finance Committee based on the interviews but members of the Committee felt it would be helpful if some members of the Finance Committee were part of the interview process.

Upcoming Committee and Sub-committee Dates

The Chair provided the Committee with a draft 2014 meeting calendar and asked that Committee members review it for conflicts. The Chair will try to accommodate members, if they have conflicts with the dates.

Respectfully submitted,

Ruthanne Fuller, Chair

City of Newton, Massachusetts

Fiscal Year 2013 Audit Exit Conference

December 5, 2013

Presented by: Chris Rogers, CPA, Shareholder

Agenda

- Engagement summary
- CAFR/Financial Statement summary
  - CAFR Structure
  - New pronouncements
  - Opinion
  - Prior period reclassifications and adjustment
  - Financial highlights, including significant footnotes and RSI
- Reports on Internal Control and Federal Awards
- Management Letter

Engagement Summary

- Audit began September 2013
- 1st CAFR draft issued 11/12; final issued 11/27
- Management letter and Reports on Internal Control and Federal Awards drafts issued 11/7 and 11/27
- Information provided timely and was well organized
- Management and staff responsive to all inquiries
- No disagreements with management
- End result – smooth audit process

CAFR Structure

- Introductory section (p i-viii)
- Financial section
  - Auditors' opinion (p 1-3)
  - Management's discussion and analysis (p 4-17)
  - Financial statements and notes (p 18-76)
  - Required supplementary information (p 77-78)
  - Combining statements and schedules (p 79-114)
  - Additional information (p 115-124)
- Statistical Section (p 125-148)

New Pronouncements

- Governmental Accounting Standards Board (GASB)
  - GASB Statement No. 63, *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*
    - Current impact – renaming "Net Assets" to "Net Position" and other minor language changes
  - GASB Statement No.'s 60, 61 and 62 do not impact the City
- Auditing Standards Board
  - Clarity standards implemented by SRC
  - Impact – Change in the structure of our independent auditors' opinion (see pages 1-3)
    - Provides a more structured and easily readable report

Opinion

- Opinion (p 1-3)
  - Unmodified opinion (consistent with prior years)
    - Best opinion available
  - Other auditors audited Newton Commonwealth Foundation
    - Discretely presented component unit
  - Emphasis of Matter paragraph for prior period reclassifications and adjustment

Prior Period Reclassifications and Adjustment

- Note 17 (page 72)
  - Reclassifications
    - During FY 13, the City established an irrevocable OPEB trust that is now reported in the Fiduciary Funds Financial Statements (p 31-32)
      - Previously reported in General Fund as restricted fund balance
    - Reclassification totaled $312,973
  - Adjustment
    - Newton Community Farm previously reported in the financial statements as a discretely presented component unit no longer reported
      - City determined that the activities of the Farm are immaterial to the financial statements ($379k was FY 12 ending net position)

Financial Highlights

- Government-Wide Financial Statements (Full Accrual)
  - Statement of Net Position - Governmental Activities (p 18-19)
    - Assets - $566.4m
      - Cash and investments - $116m
      - Capital assets - $419.8m
    - Liabilities - $422.4m
      - Bonds payable - $189.3m
      - Net OPEB obligation - $173.3m
    - Net Position– $144m
      - Net investment in capital assets - $238.4m
      - Restrictions - $28m
      - Unrestricted – ($122.4m)
  - Statement of Net Assets - Business-type Activities (p 18-19)
    - Represent collective balances of enterprise funds, which are discussed individually further in this document

Financial Highlights

- Government-Wide Financial Statements (continued)
  - Statement of Activities - Governmental Activities (p 20-21)
    - Decrease in net position of $16.9m, or 10.5%
      - Primarily the result of recognizing $29.0m in OPEB expense
    - Total expenses - $408.3m
      - Education - $264.7m, or 64.8%
      - Public safety - $57.0m, or 14.0%
      - Public works - $28.2m, or 6.9%
    - Total revenues – $389.7m
      - Program revenues - $104.3m, or 26.8%
        - Operating grants and contributions - $69.3m, or 66.5%
      - General revenues and transfers - $287.1m, or 73.4%
        - Real estate $258.6m, or 90.1%

Financial Highlights

- Governmental Funds Financial Statements (Modified Accrual)
  - General Fund
    - Balance Sheet (p 22)
      - Fund balance - $32.7m
        - Restricted - $3.2m (debt service, capital)
        - Committed - $5.3m (funding of the FY 14 budget, continuing appropriations and capital)
        - Assigned - $3.1m (encumbrances and capital)
        - Unassigned - $21.1m
          - Includes $11.0m of general/"rainy day" stabilization funds
          - Represents 6.0% of total revenues and other financing sources (3.4 – 6.0% over the past 6 fiscal years)
      - See Note 14, page 71, for further detail

Financial Highlights

- General Fund
  - Statement of changes in fund balance (p 24)
    - Net change in fund balance – $4.8m
      - Use of reserves (including prior year carry-forwards) – $13.6m (primarily free cash and continuing appropriations of $6.8m and $4.6m, respectively)
      - Budgeted revenue positive variance - $7.3m
      - Budgeted expenditures positive variance - $7.7m
        - Encumbrances and continuing appropriations totals $5.9m
    - General Fund debt service as a percentage of total expenditures and transfers out – 4.7% (4.8% in prior year)
    - Paid approximately $179k in interest on refund to Verizon

Financial Highlights

- Other Governmental Funds
  - Fund balances
    - Community Preservation - $9.4m
    - School construction/renovation - $4.2m
    - Receipts reserved - $5.1m
    - Education - $2.0m

Financial Highlights

- Proprietary Funds Financial Statements (full accrual)
  - Sewer Enterprise
    - Statement of net position (p 28)
      - Assets - $60.6m
        - Cash and investments - $16.8m
        - Capital assets - $34.5m
      - Liabilities - $16.7m
        - Bonds payable - $14.1m
        - Net OPEB obligation - $2.0m
      - Net position- $43.9m
        - Net investment in capital assets - $26.1m
        - Unrestricted - $17.8m

Financial Highlights

- Sewer Enterprise (continued)
  - Statement of revenues, expenses and changes (p 29)
    - Net change in net position- $2.9m
      - Contributing factors are enhanced revenue collection due to new meters and reduction in abatements from the prior year
- Water Enterprise
  - Statement of net assets (p 28)
    - Assets - $61.2m
      - Cash and investments - $12.0m
      - Capital assets - $44.2m

Financial Highlights

- Water Enterprise (continued)
  - Liabilities - $22.8m
    - Bonds payable - $19.2m
    - Net OPEB obligation - $2.3m
  - Net position - $38.5m
    - Net investment in capital assets - $30.2m
    - Unrestricted - $8.3m
- Statement of revenues, expenses and changes (p 29)
  - Net change in net position- $2.4m
    - Contributing factors are enhanced revenue collection due to new meters and reduction in abatements from the prior year

Financial Highlights

- Internal Service Fund (self-insured activities for health, workers' compensation, building and liability insurance)
  - Statement of net assets (p 28)
    - Assets - $30.5m
      - Cash and investments - $30.0m
    - Liabilities - $17.1m
      - Accrued health claims - $4.0m
      - Workers' compensation - $10.4m
    - Net position- $13.4m
      - Health - $14.1m
      - Workers' compensation – ($1.4m)
      - Building - $484k
      - Liability - $223k

Financial Highlights

- Internal Service Fund (continued)
  - Statement of revenues, expenses and changes (p 29)
    - Net change in net position – ($1.7m) ($2.1m in prior year)
      - Primarily related to $3.9m increase in workers compensation liability

Financial Highlights

- Fiduciary Funds Financial Statements (full accrual)
  - Pension Trust Fund
    - Statement of Fiduciary Net position (p 31)
      - Net position- $254.2m (primarily consisting of cash and investments)
    - Statement of Changes in Fiduciary Net Assets (p 32)
      - Change in net assets – $20.8m; prior year decrease of $8.0m
        - Change from prior year primarily the result of investment gains (losses) – $30.2m increase from the prior year
    - Funding progress (p 74)
      - Unfunded actuarial accrued liability (UAAL) - $244.3m
      - Funded ratio – 52.3% as of 01/01/13
        - City is responsible for 98.9% of UAAL

Financial Highlights

- OPEB Trust Fund
  - Statement of Fiduciary Net position (p 31)
    - Net position- $539k
  - Statement of Changes in Fiduciary Net Position (p 32)
    - Change in net assets – $226k
      - City contribution - $225k
      - Interest - $1k
  - Beginning balance reclassification $313k
  - OPEB liability discussed further at slide 21

Significant Footnotes

- Note 10 - Long-term Debt (p 58-64)
  - Total outstanding
    - Governmental Funds - $189.3m
    - Water - $19.2m
    - Sewer - $14.1m
  - FY 13 advanced refunding
    - Reduced total debt service payments by $417k
    - See page 60 for more details

Significant Footnotes

- Note 12 – OPEB (p 62-65)
  - 6th year of OPEB accrual
  - UAAL at 06/30/13 - $601.8m
    - 0.1% funded with assets of $539k
  - Net OPEB Obligation at 06/30/13 – $177.5m
  - FY 13 ARC - $46.1m
    - Paid $16.4m (pay-as-you-go plus contribution to OPEB trust)
    - Increase to NOPEBO - $29.7m
    - Percentage contributed related to ARC – 35.0%

Significant Footnotes

- Note 14 – Fund Balances (p 71)
  - Provides detail of fund balances reported in Governmental Funds

- Note 15 - Stabilization Funds (p 72)
  - Describes establishment and use of funds
  - Capital stabilization totals $2.6m
  - General/"rainy-day" stabilization totals $11.0m

Required Supplementary Information

- Pages 77-78
  - Includes historical pension and OPEB information
    - Schedules of funding progress
    - Schedule of employer contributions
    - City share of retirement system ARC

Report on IC over FR, Compliance and Federal Award Programs

- Document structure
  - Report on internal control (IC) over financial reporting (FR), compliance and other matters (p 1-2)
    - Required by Government Auditing Standards
    - No opinion provided
    - Must report the following:
      - Any significant deficiencies or material weaknesses in internal control over financial reporting
      - Material noncompliance related to laws, regulations, contracts and grant agreements

Report on IC over FR, Compliance and Federal Award Programs

- Document structure (continued)
  - Report on Compliance with Major Federal Award Programs (p 3-5)
    - Provides an opinion on compliance related to major federal award programs
    - Reports on any significant deficiencies or material weaknesses in internal control over major federal award program compliance
  - Schedule of Expenditures of Federal Awards (p 6-8)
  - Notes to Schedule (p 9)
  - Schedule of Findings and Questioned Costs (p 10-14)

Report on IC over FR, Compliance and Federal Award Programs

- Results
  - ***No findings*** cited in either report
  - Unmodified opinion (best available) on all major federal award programs, which were:
    - Child Nutrition cluster; CDBG; HOME; Safe Schools; Fund for Improvement of Education; Special Education cluster and Title IIA
    - Total federal expenditures - $9.7M
  - No findings (versus 14 findings in the prior year)

Management Letter

- Does not identify the strengths of the financial systems
- New structure
  - Prior year comments – resolved (6)
  - Prior year comments – partially resolved (2)
  - Prior year comments – unresolved (3)
  - Current year comments (2)
  - Informational comment (1)

Management Letter

- Prior Year Comments – Resolved (p 1-3)
  - Water and Sewer Billings (page 2)
  - City-Wide Grants Administrator (page 2)
  - Parks and Recreation (page 2)
  - Service Organization Controls (page 3)
  - Old Outstanding Checks (page 3)
  - Unclaimed Checks (page 3)

Management Letter

- Prior Year Comments – Partially Resolved (p 4-6)
  - Student Activity Funds (Page 5)
    - The School performed agreed-upon procedures (AUP) related to the NNHS, NSHS, Day Middle School and Brown Middle school's student activity funds
      - No formal documentation of procedures performed and the related results were maintained for each school the AUP were performed
    - MASBO also recommends that every 3 years an independent audit firm perform agreed-upon procedures or an audit
    - We recommend:
      - The School formally document the procedures and related results of the internal AUP
      - The School consider the MASBO recommendation to have an independent audit firm conduct the AUP every 3 years

Management Letter

- Disaster Recovery Plan (Page 6)
  - In the prior year, we identified that the City did not have the hardware required to access the detailed accounts receivable data in the event of a disaster
    - During FY 13, the City purchased the hardware but it is not currently offsite.
  - The City is also currently transitioning to a new disaster recovery plan
  - We recommend the City complete the transition to the new disaster recovery plan in FY14

Management Letter

- Prior Year Comments – Unresolved (8-11)
  - Police Details (Page 8)
    - For financial reporting purposes, the City considers police detail accounts receivable uncollectible if greater than 1 year old (approximately $28k)
      - However, a formal policy does not exist for the actual "write-off" of uncollectible amounts
    - In addition, the Police Department utilizes an internally developed database for billings and collections that doesn't facilitate a clear audit trail and effective reporting
    - We recommend the development of a formal uncollectible policy and the consideration of purchasing software specifically designed for billing and collection

Management Letter

- Risk Assessment and Monitoring (Page 9)
  - The City, like many municipalities, has not implemented a formal risk assessment and monitoring program
    - Important element of internal control
    - Purpose is to identify, anticipate, analyze and manage risk of asset misappropriation (i.e., cash, movable inventory, etc.)
  - Should be led by employees who have extensive knowledge of the City's operations
    - However, all departments must be involved
  - We recommend the City implement a formal risk assessment and monitoring programs

Management Letter

- Financial Policies and Procedures (Pages 10-11)
  - A formal financial policies and procedures manual does not exist
    - A formal manual would improve and standardize the City's financial policies and procedures, which enhances supervisory personnel effectiveness and transition effectiveness and efficiencies upon employee turnover
    - Should address major financial processes, such as cash receipts and disbursements, purchase orders, personnel, etc.
  - We recommend the development of a formal manual

Management Letter

- Current Year Comments (pgs 12-15)
  - Departmental and Other Accounts Receivable (p 13)
    - Procedures are not in place to reconcile departmental and other detailed accounts receivable balances (maintained at the individual department level) to the general ledger monthly
    - We recommend:
      - Formal procedures be implemented to reconcile these accounts receivable no later than 30 days after the end of the month
      - The applicable department head and Comptroller approve (sign off) each reconciliation

Management Letter

- FA Day Middle School and Angier Elementary School (p 14-15)
  - F.A. Day Middle School
    - A standard turnover form is not used for cash collections by teachers and activity advisors when submitted to the Bursar's Office
    - Reconciliations of the total student activity funds to the g/l and bank account are not signed by the preparer or reviewer
    - We recommend:
      - A standard turnover form be used that includes, at a minimum, the name, date, amount, trip and trip date
      - Procedures be implemented requiring the supervisory review of all reconciliations and that the preparer and reviewer sign the reconciliation.

Management Letter

- Angier Elementary School
  - Cash receipts collected for field trips are not consistently deposited timely
  - There is no formal reconciliation of the total student activity fund balances to the general ledger
  - We recommend:
    - Cash receipts be submitted to the Executive Assistant daily and deposited no later than 48 hours after receipt
    - Procedures be implemented to perform monthly reconciliations of the total student activity fund balances to the general ledger and such reconciliations include the signature of the preparer and reviewer

Management Letter

- Informational Comment (p 16-17)
  - Pension Accounting and Financial Reporting (Page 17)
    - GASBS 68 revises/establishes new financial reporting requirements related to pension benefits
      - Required to recognize long-term obligation for pension benefits in government-wide financial statements
      - Also requires:
        - More comprehensive measure of annual pension costs
        - Conditions on the use of discount rate
        - Requirement to use entry age method and each service period's cost is determined by level % of pay (attribution method)
        - Expanded note disclosures and RSI
    - Implementation date is fiscal year 2015
    - We recommend management familiarize itself with GASBS 68 and prepare for its implementation

NO. 344-A | NOVEMBER 2013

Governmental Accounting Standards Series

Statement No. 71 of the Governmental Accounting Standards Board

Pension Transition for Contributions Made Subsequent to the Measurement Date

an amendment of GASB Statement No. 68

GASB

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Summary

The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions.* The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine *all* such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This benefit will be achieved without the imposition of significant additional costs.

Unless otherwise specified, pronouncements of the GASB apply to financial reports of all state and local governmental entities, including general purpose governments; public benefit corporations and authorities; public employee retirement systems; and public utilities, hospitals and other healthcare providers, and colleges and universities. Paragraph 2 discusses the applicability of this Statement.

Technical Issues

SUMMARY - STATEMENT NO. 68

SUMMARIES / STATUS

SUMMARY OF STATEMENT NO. 68
ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS—AN AMENDMENT OF GASB STATEMENT NO. 27
(ISSUED 06/12)

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

Statement No. 67, *Financial Reporting for Pension Plans,* revises existing standards of financial reporting for most pension plans. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.

Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.

Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

> Single employers are those whose employees are provided with defined benefit pensions through single -employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).
>
> Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
>
> Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan.

Defined Benefit Pensions

This Statement requires the liability of employers and nonemployer contributing entities to employees for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position.

Actuarial valuations of the total pension liability are required to be performed at least every two years, with more frequent valuations encouraged. If a valuation is not performed as of the measurement date, the total pension liability is required to be based on update procedures to roll forward amounts from an earlier actuarial valuation (performed as of a date no more than 30 months and 1 day prior to the employer's most recent year-end). Unless otherwise specified by this Statement, all assumptions underlying the determination of the total pension liability and related measures set forth by this Statement are required to be made in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

Projections of benefit payments are required to be based on the benefit terms and legal agreements existing at the measurement date and to incorporate the effects of projected salary changes (if the pension formula incorporates future compensation levels) and service credits (if the pension formula incorporates periods of service), as well as projected automatic postemployment benefit changes, including automatic cost-of-living-adjustments (COLAs). Projections also are required to include the effects of ad hoc postemployment benefit changes (including ad hoc COLAs), if they are considered to be substantively automatic.

Projected benefit payments are required to be discounted to their actuarial present value using the single rate that reflects (1) a long-term expected rate of return on pension plan investments to the extent that the pension plan's fiduciary net position is projected to be sufficient to pay benefits and pension plan assets are expected to be invested using a strategy to achieve that return and (2) a tax-exempt, high-quality municipal bond rate to the extent that the conditions for use of the long-term expected rate of return are not met.

The actuarial present value of projected benefit payments is required to be attributed to periods of employee service using the entry age actuarial cost method with each period's service cost determined as a level percentage of pay. The actuarial present value is required to be attributed for each employee individually, from the period when the employee first accrues pensions through the period when the employee retires.

Single and Agent Employers

In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, a single or agent employer that does not have a special funding situation is required to recognize a liability equal to the net pension liability. The net pension liability is required to be measured as of a date no earlier than the end of the employer's prior fiscal year (the measurement date), consistently applied from period to period.

The pension expense and deferred outflows of resources and deferred inflows of resources related to pensions that are required to be recognized by an employer primarily result from changes in the components of the net pension liability—that is, changes in the total pension liability and in the pension plan's fiduciary net position.

This Statement requires that most changes in the net pension liability be included in pension expense in the period of the change. For example, changes in the total pension liability resulting from current-period service cost, interest on the total pension liability, and changes of benefit terms are required to be included in pension expense immediately. Projected earnings on the pension plan's investments also are required to be included in the determination of pension expense immediately.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), beginning with the current period. The effect on the net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions.

Employer contributions subsequent to the measurement date of the net pension liability are required to be reported as deferred outflows of resources.

Financial Statements Prepared Using the Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting

In governmental fund financial statements, a net pension liability should be recognized to the extent the liability is normally expected to be liquidated with expendable available financial resources. Pension expenditures should be recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources.

Notes to Financial Statements

The Statement requires that notes to financial statements of single and agent employers include descriptive information, such as the types of benefits provided and the number and classes of employees covered by the benefit terms. Single and agent employers also should disclose the following information:

For the current year, sources of changes in the net pension liability

Significant assumptions and other inputs used to calculate the total pension liability, including those about inflation, salary changes, ad hoc postemployment benefit changes (including ad hoc COLAs), and inputs to the discount rate, as well as certain information about mortality assumptions and the dates of experience studies

The date of the actuarial valuation used to determine the total pension liability, information about changes of assumptions or other inputs and benefit terms, the basis for determining employer contributions to the pension plan, and information about the purchase of allocated insurance contracts, if any.

Required Supplementary Information

This Statement requires single and agent employers to present in required supplementary information the following information, determined as of the measurement date, for each of the 10 most recent fiscal years:

Sources of changes in the net pension liability

The components of the net pension liability and related ratios, including the pension plan's fiduciary net position as a percentage of the total pension liability, and the net pension liability as a percentage of covered-employee payroll.

If the contributions of a single or agent employer are actuarially determined, the employer should present in required supplementary information a schedule covering each of the 10 most recent fiscal years that includes information about the actuarially determined contribution, contributions to the pension plan, and related ratios. If the contributions of a single or agent employer are not actuarially determined but are established in statute or by contract, the employer should present a schedule covering each of the 10 most recent fiscal years that includes information about the statutorily or contractually required contribution rates, contributions to the pension plan, and related ratios.

Significant methods and assumptions used in calculating the actuarially determined contributions, if applicable, should be presented as notes to required supplementary information. In addition, the employer should explain factors that significantly affect trends in the amounts reported in the schedules, such as changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions.

Cost-Sharing Employers

In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, a cost-sharing employer that does not have a special funding situation is required to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plan)—the collective net pension liability. An employer's proportion is required to be determined on a basis that is consistent with the manner in which contributions to the pension plan are determined, and consideration should be given to separate rates, if any, related to separate portions of the collective net pension liability. The use of the employer's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers as the basis for determining an employer's proportion is encouraged.

A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.

In addition, the effects of (1) a change in the employer's proportion of the collective net pension liability and (2) differences during the measurement period between the employer's contributions and its proportionate share of the total of contributions from employers included in the collective net pension liability are required to be determined. These effects are required to be recognized in the employer's pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees). The portions of the effects not recognized in the employer's pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions. Employer contributions to the pension plan subsequent to the measurement date of the collective net pension liability also are required to be reported as deferred outflows of resources related to pensions.

In governmental fund financial statements, the cost-sharing employer's proportionate share of the collective net pension liability is required to be recognized to the extent the liability is normally expected to be liquidated with expendable available financial resources. Pension expenditures should be recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources.

This Statement requires that notes to financial statements of cost-sharing employers include descriptive information about the pension plans through which the pensions are provided. Cost-sharing employers should identify the discount rate and assumptions made in the measurement of their proportionate shares of net pension liabilities, similar to the disclosures about those items that should be made by single and agent employers. Cost-sharing employers, like single and agent employers, also should disclose information about how their contributions to the pension plan are determined.

This Statement requires cost-sharing employers to present in required supplementary information 10-year schedules containing (1) the net pension liability and certain related ratios and (2) if applicable, information about statutorily or contractually required contributions, contributions to the pension plan, and related ratios.

Defined Contribution Pensions

An employer whose employees are provided with defined contribution pensions is required to recognize pension expense for the amount of contributions to employees' accounts that are defined by the benefit terms as attributable to employees' services in the period, net of forfeited amounts that are removed from employees' accounts. A change in the pension liability is required to be recognized for the difference between amounts recognized in expense and amounts paid by the employer to a defined contribution pension plan. In governmental fund financial statements, pension expenditures should be recognized equal to the total of (1) amounts paid by the employer to a pension plan and (2) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. A pension liability should be recognized to the extent the liability is normally expected to be liquidated with expendable available financial resources. Notes to financial statements of an employer with a defined contribution plan should include descriptive information about the pension plan and benefit terms, contribution rates and how they are determined, and amounts attributed to employee service and forfeitures in the current period.

Special Funding Situations

In this Statement, special funding situations are defined as circumstances in which a nonemployer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of contributions for which the nonemployer entity legally is responsible is not dependent upon one or more events unrelated to pensions or (2) the nonemployer is the only entity with a legal obligation to make contributions directly to a pension plan.

This Statement requires an employer that has a special funding situation for defined benefit pensions to recognize a pension liability and deferred outflows of resources and deferred inflows of resources related to pensions with adjustments for the involvement of nonemployer contributing entities. The employer is required to recognize its proportionate share of the collective pension expense, as well as additional pension expense and revenue for the pension support of the nonemployer contributing entities. This Statement requires the employer to disclose in notes to financial statements information about the amount of support provided by nonemployer contributing entities and to present similar information about the involvement of those entities in 10-year schedules of required supplementary information.

The approach required by this Statement for measurement and recognition of liabilities, deferred outflows of resources and deferred inflows of resources, and expense by a governmental nonemployer contributing entity in a special funding situation for defined benefit pensions is similar to the approach required for cost-sharing employers.

The information that should be disclosed in notes to financial statements and presented in required supplementary information of a governmental nonemployer contributing entity in a special funding situation depends on the proportion of the collective net pension liability that it recognizes. If the governmental nonemployer contributing entity recognizes a substantial proportion of the collective net pension liability, it should disclose in notes to financial statements a description of the pensions, including the types of benefits provided and the employees covered, and the discount rate and assumptions made in the measurement of the net pension liability. The governmental nonemployer contributing entity also should present schedules of required supplementary information similar to those required of a cost-sharing employer. Reduced note disclosures and required supplementary information are required for governmental nonemployer contributing entities that recognize a less-than -substantial portion of the collective net pension liability.

This Statement also establishes requirements related to special funding situations for defined contribution pensions.

Effective Date and Transition

This Statement is effective for fiscal years beginning after June 15, 2014. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information, as follows:

More robust disclosures of assumptions will allow for better informed assessments of the reasonableness of pension measurements.

Explanations of how and why the net pension liability changed from year to year will improve transparency.

The summary net pension liability information, including ratios, will offer an indication of the extent to which the total pension liability is covered by resources held by the pension plan.

The contribution schedules will provide measures to evaluate decisions related to the assessment of contribution rates—in comparison to actuarially, statutorily, or contractually determined rates, when such rates are determined. It also will provide information about whether employers and nonemployer contributing entities, if applicable, are keeping pace with those contribution rates.

The consistency and transparency of the information reported by employers and governmental nonemployer contributing entities about pension transactions will be improved by requiring:

The use of a discount rate that considers the availability of the pension plan's fiduciary net position associated with the pensions of current active and inactive employees and the investment horizon of those resources, rather than utilizing only the long-term expected rate of return regardless of whether the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments and is expected to be invested using a strategy to achieve that return

A single method of attributing the actuarial present value of projected benefit payments to periods of employee service, rather than allowing a choice among six methods with additional variations

Immediate recognition in pension expense, rather than a choice of recognition periods, of the effects of changes of benefit terms and the effects of projected pension plan investment earnings

Recognition of pension expense that incorporates deferred outflows of resources and deferred inflows of resources related to pensions over a defined, closed period, rather than a choice between an open or closed period.

The comparability of reported pension information also will be improved by the changes related to the attribution method used to determine service cost and the total pension liability, requirements for immediate recognition in pension expense of certain items, and the establishment of standardized expense recognition periods for amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions.

Unless otherwise specified, pronouncements of the GASB apply to financial reports of all state and local governmental entities, including general purpose governments; public benefit corporations and authorities; public employee retirement systems; and public utilities, hospitals and other healthcare providers, and colleges and universities. Paragraphs 5 and 6 discuss the applicability of this Statement.

CITY OF NEWTON, MASSACHUSETTS
STATEMENT OF NET POSITION (INCLUDING PENSION OBLIGATION)

JUNE 30, 2013

	Primary Government		
ASSETS	Governmental Activities	Business-type Activities	Total
Current assets:			
Cash and cash equivalents	$ 52,610,560	$ 17,912,165	$ 70,522,725
Restricted cash and cash equivalents	54,047,246	10,858,009	64,905,255
Restricted investments	9,348,880	-	9,348,880
Interest and dividends	31,973	-	31,973
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes	3,496,954	-	3,496,954
Tax and utility liens	8,885,430	250,411	9,135,841
Motor vehicle excise	1,138,233	-	1,138,233
Community preservation surcharges	25,248	-	25,248
Charges for service	715,684	12,218,296	12,933,980
Departmental and other	719,993	-	719,993
Intergovernmental	6,813,156	229,837	7,042,993
Special assessments	2,365	146	2,511
Other assets	38,417	-	38,417
Due from fiduciary funds	14,997	-	14,997
Working capital deposit	448,073	-	448,073
Total current assets	138,337,209	41,468,864	179,806,073
Noncurrent assets:			
Restricted investments	35,651	-	35,651
Receivables, net of allowance for uncollectibles:			
Real estate tax deferrals	3,213,602	-	3,213,602
Departmental and other	4,149,929	-	4,149,929
Intergovernmental	207,486	1,608,359	1,815,845
Special assessments	576,976	47,635	624,611
Capital assets:			
Nondepreciable	39,616,147	317,230	39,933,377
Depreciable, net of accumulated depreciation	380,220,621	78,410,715	458,631,336
Total noncurrent assets	428,020,412	80,383,939	508,404,351
Total assets	566,357,621	121,852,803	688,210,424
LIABILITIES			
Current liabilities:			
Warrants payable	6,408,670	434,673	6,843,343
Accrued liabilities	5,619,060	530,760	6,149,820
Accrued payroll	13,464,842	46,066	13,510,908
Revenue refunds payable	5,313,269	-	5,313,269
Health claims payable	3,996,304	-	3,996,304
Other liabilities	2,463,098	1,921	2,465,019
Accrued interest	1,847,694	173,064	2,020,758
Abandoned property	880,514	-	880,514
Liabilities payable from restricted assets	320,447	453,679	774,126
Bonds payable	9,664,867	4,682,975	14,347,842
Landfill closure and other environmental liabilities	110,887	-	110,887
Compensated absences	3,011,447	28,501	3,039,948
Workers' compensation benefits	1,541,706	-	1,541,706
Total current liabilities	54,642,805	6,351,639	60,994,444

CITY OF NEWTON, MASSACHUSETTS
STATEMENT OF NET POSITION (INCLUDING PENSION OBLIGATION) (Continued)

JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Noncurrent liabilities:			
Bonds payable	$ 179,632,957	$ 28,631,629	$ 208,264,586
Landfill closure and other environmental liabilities	557,226	-	557,226
Compensated absences	5,337,491	256,508	5,593,999
Net OPEB obligation	173,296,572	4,243,314	177,539,886
Workers' compensation benefits	8,890,047	-	8,890,047
Pension obligation	*233,378,485*	*8,223,336*	*241,601,821*
Total noncurrent liabilities	601,092,778	41,354,787	642,447,565
Total liabilities	655,735,583	47,706,426	703,442,009
NET POSITION			
Net investment in capital assets	238,374,247	56,271,350	294,645,597
Restricted for:			
Community preservation activities	10,752,575	-	10,752,575
Education activities	2,763,108	-	2,763,108
Debt service	2,896,430	-	2,896,430
Perpetual funds:			
Expendable	796,061	-	796,061
Nonexpendable	447,206	-	447,206
Other specific purposes	10,326,004	-	10,326,004
Unrestricted	*(355,733,593)*	*17,875,027*	*(337,858,566)*
Total net position	*$ (89,377,962)*	*$ 74,146,377*	*$ (15,231,585)*

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
STATEMENT OF NET POSITION (INCLUDING PENSION AND OPEB OBLIGATION)

JUNE 30, 2013

	Primary Government		
ASSETS	Governmental Activities	Business-type Activities	Total
Current assets:			
Cash and cash equivalents	$ 52,610,560	$ 17,912,165	$ 70,522,725
Restricted cash and cash equivalents	54,047,246	10,858,009	64,905,255
Restricted investments	9,348,880	-	9,348,880
Interest and dividends	31,973	-	31,973
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Real estate and personal property taxes	3,496,954	-	3,496,954
Tax and utility liens	8,885,430	250,411	9,135,841
Motor vehicle excise	1,138,233	-	1,138,233
Community preservation surcharges	25,248	-	25,248
Charges for service	715,684	12,218,296	12,933,980
Departmental and other	719,993	-	719,993
Intergovernmental	6,813,156	229,837	7,042,993
Special assessments	2,365	146	2,511
Other assets	38,417	-	38,417
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Total current assets	138,337,209	41,468,864	179,806,073
Noncurrent assets:			
Restricted investments	35,651	-	35,651
Receivables, net of allowance for uncollectibles:			
Real estate tax deferrals	3,213,602	-	3,213,602
Departmental and other	4,149,929	-	4,149,929
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Special assessments	576,976	47,635	624,611
Capital assets:			
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Depreciable, net of accumulated depreciation	380,220,621	78,410,715	458,631,336
Total noncurrent assets	428,020,412	80,383,939	508,404,351
Total assets	566,357,621	121,852,803	688,210,424
LIABILITIES			
Current liabilities:			
Warrants payable	6,408,670	434,673	6,843,343
Accrued liabilities	5,619,060	530,760	6,149,820
Accrued payroll	13,464,842	46,066	13,510,908
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Liabilities payable from restricted assets	320,447	453,679	774,126
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Workers' compensation benefits	1,541,706	-	1,541,706
Total current liabilities	54,642,805	6,351,639	60,994,444

CITY OF NEWTON, MASSACHUSETTS
STATEMENT OF NET POSITION (INCLUDING PENSION AND OPEB OBLIGATION) (Cotinued)

JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Noncurrent liabilities:			
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Landfill closure and other environmental liabilities	557,226	-	557,226
Compensated absences	5,337,491	256,508	5,593,999
Workers' compensation benefits	8,890,047	-	8,890,047
Pension obligation	***233,378,485***	***8,223,336***	***241,601,821***
OPEB obligation	***587,388,298***	***14,382,702***	***601,771,000***
Total noncurrent liabilities	1,015,184,504	51,494,175	1,066,678,679
Total liabilities	1,069,827,309	57,845,814	1,127,673,123
NET POSITION			
Net investment in capital assets	238,374,247	56,271,350	294,645,597
Restricted for:			
Community preservation activities	10,752,575	-	10,752,575
Education activities	2,763,108	-	2,763,108
Debt service	2,896,430	-	2,896,430
Perpetual funds:			
Expendable	796,061	-	796,061
Nonexpendable	447,206	-	447,206
Other specific purposes	10,326,004	-	10,326,004
Unrestricted	***(769,825,319)***	***7,735,639***	***(762,089,680)***
Total net position	***$ (503,469,688)***	***$ 64,006,989***	***$ (439,462,699)***

See notes to basic financial statements.