

City of Newton, Massachusetts

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013



Prepared by the Comptroller's Office

CITY OF NEWTON, MASSACHUSETTS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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INTRODUCTORY SECTION



CITY OF NEWTON, MASSACHUSETTS

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DAVID C. WILKINSON
COMPTROLLER

November 25, 2013

Members of the Board of Aldermen
Mayor Setti D. Warren
Citizens and Taxpayers of the City of Newton

I am pleased to transmit to you the City of Newton's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. This report has been prepared by the Comptroller's Office of the City in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Government Accounting Standards Board (GASB).

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

The City's financial statements have been audited by Sullivan, Rogers & Company, LLC, a firm of licensed certified public accountants, who have been hired by and report to the City's Board of Aldermen. The independent auditors' unqualified ("clean") opinion on the City's financial statements for the year ended June 30, 2013 is presented as the first component of the financial section of this report on pages 1 through 3.

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

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

History and Profile

The City of Newton was settled in 1639 and incorporated as a City in 1873. The City is located approximately seven miles from downtown Boston and is bordered by the West Roxbury section of Boston on the southeast, the Town of Needham on the southwest, the Towns of Wellesley and Weston on the west, the City of Waltham and Town of Weston on the north; and the Town of Brookline and the Allston-Brighton sections of Boston on the east.

The City has a population of 83,829 according to the 2000 federal census and occupies a land area of 18.33 square miles. The City is principally suburban-residential in character and consists of 13 distinct villages – Auburndale; Chestnut Hill; Newton Centre; Newton Corner; Newton Highlands; Newton Lower Falls; Newton Upper Falls; Newtonville; Nonantum; Oak Hill; Thompsonville; Waban; and West Newton. Open space comprises 19.6% of the City's total land area, of which 55% is publicly owned.

Newton has a diversified economic base with approximately 45,500 individuals employed in 3,700 establishments within the boundaries of the City, with an estimated annual payroll of \$2.2 billion. Businesses are generally small and service oriented with retail and wholesale trade and services accounting for 74% of all jobs.

Commercial uses occupy 4.1% of the City's land area. Nearly 24% of commercial land parcels are office uses; 21% are small retail uses; and 6% are storage or warehouse uses. Only 1.1% of the City's land area is industrial. Newton is a desirable community to live and work in due to its proximity to Boston; an excellent public school system; multiple transportation systems; attractive neighborhoods; high property values; and well managed local government. Newton has an award winning public library and a City museum that was a stop on the Underground Railroad.

Organizational Structure

The City is governed under a home-rule charter, which vested executive authority and responsibility in an elected Mayor, who serves a four-year term. Legislative authority is vested in a 24-member Board of Aldermen, of which eight members are elected from the City's eight wards and sixteen are elected at large. Members of the Board of Aldermen are elected every two years. An eight member school committee is elected every two years and is responsible for appointing the Superintendent of Schools, who has responsibility for the daily administration of the Newton Public Schools.

Services

The City provides a complete range of municipal services including education, public safety, public works, recreation, library, cultural and health and human services. The Massachusetts Water Resources Authority provides public water supply and sewerage treatment services.

Reporting Entity

The basic financial statements along with the combining statements and schedules included in this report relate to the activities under the direction and control of the Mayor, Board of Aldermen and School Committee. The activities of the Newton Contributory Retirement System are included in this report as a blended component unit as prescribed by GAAP. The activities of the Newton Community Development Authority and Newton Commonwealth Foundation are discretely presented component units. The Newton Housing Authority is excluded from this report because it falls outside the direction and control of the Mayor and Board of Aldermen.

Financial Management

The Mayor is responsible for the preparation of the City's capital improvement plan, and annually recommended capital and operating budgets. The Board of Aldermen is responsible for review and approval of all appropriations that are recommended by the Mayor. An eight member Finance Committee of the Board of Aldermen oversee financial policy and a majority of the membership of the Finance Committee also serves on the Audit Subcommittee.

The City's senior financial management team consists of the Chief Operating and Financial Officers, who serve on the Mayor's staff; the Treasurer/Collector and Chief Assessor who are appointed by the Mayor and approved by the Board of Aldermen, and the Comptroller who is appointed by the Board of Aldermen.

The City's three-member Board of Assessors, appointed by the Mayor, is responsible for maintaining accurate real estate and personal property values. Property values are adjusted annually to capture changes in the local real estate market and to make certain the City's assessed valuations are fair and accurate.

The Treasurer/Collector is responsible for revenue collections, cash and debt management, and the administration of parking violations. Real estate and personal property taxes are billed quarterly, thereby eliminating the need to borrow in anticipation of revenue. A lock-box system is used for the majority of real estate, personal property, motor vehicle and utility cash collections.

The Comptroller is responsible for maintaining the City's accounting records, and reporting the City's financial activity and position. Detailed monthly revenue and expenditure information is provided on-line to operating departments. Quarterly comparative financial management reports are issued to the Mayor, Board of Aldermen and public on the Comptroller's page of the City web site. Un-audited budgetary basis year-end financial reports are issued within 60 days of the close of the fiscal year, and audited financial statements are issued prior to the end of the calendar year.

Economic Condition and Outlook

While Newton is not immune to regional and national economic development trends, the City is characterized as a self-sustaining and stable local economy. Historically, Newton has housed a myriad of economic activities ranging from manufacturing to high-tech industries that have served not only local residents, but also the Greater Boston area, and in some cases national and international markets. The City's proximity to Boston; location on major regional highway systems; existing building stock; and solid and extensive physical infrastructure make Newton an attractive place for metro-area regional and national investments ranging from corporate headquarters to light manufacturing and regional retail.

The majority of the City's business establishments are located in the 13 village centers, as well as in some of the principal traffic corridors such as Needham, Boylston, and California Streets. There are two major concentrations of light manufacturing and non-service related industries, both of which are located on the edges of the City; one in Nonantum along the Watertown line, and a second in Newton Upper Falls, along the Needham line.

Accounting System and Budgetary Control

The management of the City is responsible for establishing and maintaining adequate internal controls to:

- Properly safeguard assets.
- Provide reasonable assurance on the accuracy and reliability of the accounting records used in the preparation of the basic financial statements.
- Provide reasonable assurance relative to compliance with legal and contractual constraints on the custody and use of assets.

Departmental expenditure budgets are prepared and accounted for on a line item basis. However, legally binding appropriations are made for Personal Services, Expenses, Fringe Benefits, Debt Service and Capital Outlay. Line item transfers within an expenditure category may be made with the approval of the Department Head and Comptroller. Transfers between expenditure categories require the approval of the Mayor and Board of Aldermen.

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures are recorded to reserve that portion of the applicable appropriation, is employed in the Governmental Funds to maintain budgetary control.

An analysis of all legally adopted operating and capital budgets are presented on pages 101 - 124 of this report.

The City's books on fiscal year 2013 were closed within 60 days of year end and on October 2, 2013 the Massachusetts Department of Revenue certified the City's June 30, 2013 free cash (General Fund fund balance available for appropriation) at \$6,777,958. Of this sum, \$2 million has been transferred to the City's Rainy Day Stabilization Fund, bringing the total amount accumulated in this reserve to slightly more than \$13 million – approximately three-quarters the City's target funding level. All statutory filings have also been made with the Massachusetts Department of Revenue.

Cash Management

Quarterly billing of real estate and personal property taxes coupled with timely water and sewer utility billing has eliminated the need to borrow in anticipation of revenue. Idle cash is invested by the Treasurer/Collector and governed by the Municipal Finance Laws of the Commonwealth of Massachusetts.

Trust Fund, Permanent Fund and Internal Service Fund assets, which the City does not expect to liquidate for current operations, are invested in U.S. Government, fixed income and/or equity securities. Professional investment managers oversee the City's long-term investments.

The City's Retirement Board voted at its May 2007 meeting to transfer investment management responsibility for the system's investment portfolio to the Commonwealth of Massachusetts Pension Reserve Investment Trust effective July 1, 2007. The Retirement System's assets are segregated from other City assets and are managed by a variety of professional investment managers who have been selected by the Massachusetts Pension Reserve Investment Trust, in order to achieve the Board's asset allocation policy.

Risk Management

The City is self-insured for group health, workers' compensation, building and general liability insurance. Individual Internal Service Funds are maintained for purposes of accumulating sufficient assets to meet fund liabilities.

The City purchases property insurance from a commercial insurance company but funds annual premiums from earnings on the building self insurance fund assets. All other risk exposures are self insured by the City.

In accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement 45, the City began to recognize the cost of health benefits in the same manner that has been required for pension benefits for the past several years in the year ended June 30, 2008. This means that instead of recognizing the cost of health benefits as they are being paid out, the cost of these benefits are now recognized as they are earned. Although there are no requirements that the City change the method of funding these benefits, the cumulative impact of the change in financial reporting is a \$177.5 million increase in expenses in the government-wide financial statements and a corresponding decline in unrestricted net position.

Newton, like most communities in Massachusetts and for that matter New England, does not currently have a plan for funding health benefits on a basis other than the historical pay as you go approach. Beginning on July 1 of 2012 the City began making a contribution of 2.5% of compensation for all new health plan participants. The 2.5% contribution level is expected to be reviewed annually and gradually adjusted to come closer to the actuarial required contribution to fund normal cost for the health benefits. As a result of two small prior year appropriations and the recurring contributions that began in July of 2012, the City had accumulated a total of \$538,537 for this purpose as of June 30, 2013. Please refer to note 12 (pages 65-69) for more detailed information on the City's health benefit obligations.

Collective Bargaining Agreements

During fiscal year 2012 the City entered into three year collective bargaining agreements with all employees of the City and the Newton Public Schools. All contracts contain changes in health care plan design that are intended to keep the total annual increase in salaries/wages and health care benefits to not more than 2.5% per year for fiscal years 2012; 2013; and 2014.

Audit Committee

In order to strengthen the City's internal controls and financial reporting, the Board of Aldermen has established a permanent audit committee, consisting of both representatives of the Board of Aldermen and Newton residents with financial management and audit education and experience. Appointments to the City were made in fiscal year 2012 and the Committee held a number of meetings with management and the City's independent auditors in both 2012 and 2013. A complete accounting of the work of the Audit Committee is documented on their page of the City web site.

Awards and Acknowledgments

During the fiscal year ended June 30, 2013, the City maintained a Aaa credit rating with Moody's Investor Service.

Before concluding, I would like to take this opportunity to acknowledge the exceptional work and professional commitment of the staff of the Comptroller's Office, including: Regina Zegarelli; Mary Santoes; Denise Paone; Stephen Curley; Ann-Marie Daley and Maria Mastroinni. I'd also like to thank the Chair of the Finance Committee, Alderman Leonard Gentile, and members of the Finance Committee for their assistance and support over the past year. Special thanks also go to the public accounting firm of Sullivan, Rogers & Company for the efficient completion of this year's audit and for all of their advice and assistance in the preparation of this report and over the course of the year.

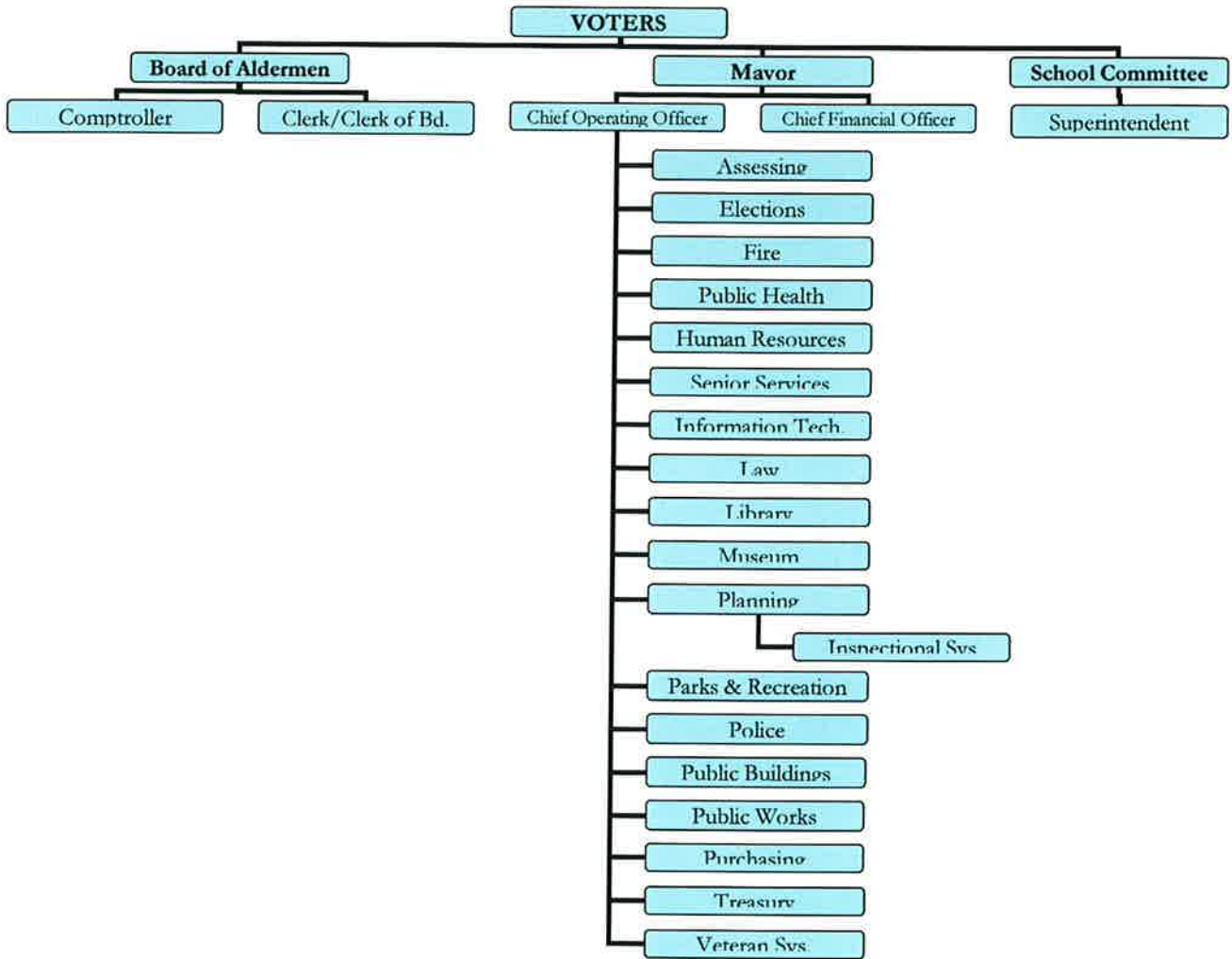
Respectfully,

A handwritten signature in black ink, appearing to read 'DCW', with a horizontal line extending to the right.

David C. Wilkinson
Comptroller

CITY OF NEWTON, MASSACHUSETTS

ORGANIZATIONAL CHART



CITY OF NEWTON, MASSACHUSETTS

ELECTED OFFICIALS AND DEPARTMENT HEADS

BOARD OF ALDERMEN

Scott F. Lennon, President
Cheryl Lappin, Vice President & Finance Committee
R. Lisle Baker, President Emeritus
Susan Albright
Richard Blazar, Finance Committee
Allan Ciccone, Jr., Finance Committee
Deborah Crossley
Victoria Danberg
Mitchell Fischman
Ruthanne Fuller, Finance Committee
Leonard Gentile, Finance Committee Chair
John Harney
Ted Hess-Mahan
Marcia Johnson
David Kalis
Marc Laredo
Stephen Linsky, Finance Committee
Carleton Merrill
John Rice, Finance Committee
Amy Mah Sangiolo
Anthony Salvucci, Finance Committee
Gregory Swartz
Greer Tan Swiston
Brian Yates

SCHOOL COMMITTEE

Claire Sokoloff, Chair
Matt Hills, Vice Chair
Geoff Epstein
Diana Fisher-Gomberg
Angela Pitter-Wright
Steven Siegel
Margie Ross Decker
Jonathan Yeo
David Fleishman, Superintendent of Schools
Sandra Guryan, Deputy Superintendent/CAO

EXECUTIVE

Mayor Setti D. Warren
Robert Rooney, Chief Operating Officer
Maureen Lemieux, Chief Financial Officer
Ana Gonzalez, Director of Community Engagement
Aaron Goldman, Citizen Assistance Officer

DEPARTMENT HEADS

Accounting: David Wilkinson, Comptroller
Assessing: Elizabeth Dromey, Director and Chair, Board of Assessors
City Clerk/Clerk of Board: David Olson, City Clerk/Clerk of the Board
Elections: David Olson, Clerk/Clerk of the Board
Fire: Bruce Proia, Fire Chief
Health & Human Services: Dori Zaleznik Commissioner
Human Resources, Maureen Lemieux, Interim HR Director
Financial Information Systems: Ann Cornaro, Director
Information Technology: Joe Mulvey, Director
Inspectional Services: John Lojek Commissioner
Newton History Museum: Cynthia Stone, Director
Law: Donnalyn Kahn, City Solicitor
Library: Philip McNulty, Librarian
Parks & Recreation: Robert DeRubeis, Commissioner
Planning & Development: Candace Havens, Director
Police: Howard Mintz, Police Chief
Public Buildings: Josh Morse, Interim Commissioner
Public Works: David Tuocy, Commissioner
Purchasing: Nick Read, Chief Procurement Officer
Senior Services, Jayne Colino, Director
Treasury: James Reardon, Treasurer & Collector
Veteran Services: John MacGillivray, Veterans Agent

CONTRIBUTORY RETIREMENT BOARD

Nunzio Piselli, Chairman & Mayor's appointee
Francis Capello, Vice Chairman & Elected member
David Wilkinson, Ex Officio Member
Paul Bianci, Elected Member
Kimberly Fletcher, Appointed Member
Kelly Byrne, Retirement System Director



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FINANCIAL SECTION



Certified Public Accountants

SULLIVAN, ROGERS & COMPANY, LLC
Corporate Place I, Suite 204 • 99 South Bedford Street
Burlington, Massachusetts 01803
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Independent Auditors' Report

To the Honorable Board of Aldermen and Mayor
City of Newton, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts, as of and for the year ended June 30, 2013 (except for the Newton Contributory Retirement System and the Newton Commonwealth Foundation, Inc., which are as of and for the fiscal year ended December 31, 2012), and the related notes to the financial statements, which collectively comprise the City of Newton, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Newton Commonwealth Foundation, Inc., which represents 35.0%, 34.6%, and 35.0%, respectively, of the assets, net position, and operating revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Newton Commonwealth Foundation, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Newton Commonwealth Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts, as of June 30, 2013 (except for the Newton Contributory Retirement System and the Newton Commonwealth Foundation, Inc., which are as of and for the fiscal year ended December 31, 2012), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As more fully described in Note 17 to the financial statements, the City has restated the beginning net position of the governmental activities, discretely presented component units and OPEB trust fund, and the beginning fund balance of the general fund. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (located on pages 4 through 17) and certain pension and other postemployment benefits information (located on pages 77 through 78) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

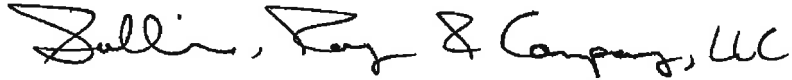
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newton, Massachusetts' basic financial statements. The introductory section, combining and individual fund financial statements and schedules, additional information and statistical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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2013, on our consideration of the City of Newton, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Newton, Massachusetts' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Sullivan, Roy & Company, LLC". The signature is written in a cursive, flowing style.

November 25, 2013



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Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Newton (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City (primary government) for the fiscal year ended June 30, 2013.

Financial Highlights:

- Total assets of the City exceeded total liabilities at the close of the most recent fiscal year by \$226.4 million (*net position*). The City has a negative unrestricted net position totaling (\$122.4 million) in the City's governmental activities and \$26.0 million positive unrestricted net position in its business type activities (water & sewer utilities).
- The City's total net position decreased by \$11.6 million or 4.9% in fiscal year 2013. Net position of governmental activities decreased by \$16.9 million, a 10.5% decline from fiscal year 2012, while net position of business-type activities increased by \$5.3 million, or 6.9%, from the prior fiscal year.
- Unrestricted governmental net position decreased by \$28.8 million to (\$122.4) million at June 30, 2013. The decline in unrestricted governmental activities net position continues to be the result of the recognition of new liabilities associated with the City's post-retirement health benefit (OPEB) obligations. During the fiscal year just ended, \$29.0 million in new liabilities were recognized, bringing the total OPEB liability that has been recognized since the implementation of Governmental Accounting Standards Board Statement 45 to \$173.3 million.
- The total cost of all City services for fiscal year 2013 was \$449.6 million, \$408.3 million (90.8%) of which was for governmental services, and \$41.3 million (9.2%) of which was for business type services. The total cost of City services increased by \$19.8 million or 4.6% from the total cost of services in the previous fiscal year, principally as a result of growth in education, public works, and public buildings (general government) spending.
- A total of \$104.3 million or 25.5% of governmental services were financed from program revenue, leaving 74.5% to be financed from general revenues and inter-fund transfers. Real estate and personal property tax revenue continues to represent the single largest source of general revenue.
- At June 30, 2013, the City's governmental funds reported a combined fund balance of \$61.7 million. The combined governmental funds fund balance increased by \$3 million (5.2%) from the prior year's ending fund balance.
- The City's general fund reported total fund balance of \$32.7 million at the end of fiscal year 2013, a \$4.8 million (17.2%) increase from the re-stated total fund balance at June 30 of the prior fiscal year. The \$312,973 re-statement reflects the reclassification of an equal amount of General Fund OPEB resources that have been moved to a fiduciary fund as the result of the City's establishment of an irrevocable OPEB trust during fiscal year 2013. The unassigned portion of the fund balance increased by \$6.2 million to \$21.1 million or 6% of total general fund revenues and other financing sources. The unassigned fund balance includes \$11.0 million that the City set aside over the course of the three most recent fiscal years as a "Rainy Day" Stabilization fund and \$6.8 million in "Free Cash" that has been certified as being available for appropriation by the Massachusetts Department of Revenue.
- The City's total bonded debt (bonds and notes) increased by \$4.9 million or 2.3% to \$222.6 million during the year. Newton North project debt accounted for \$130.1 million or 58.4% of the City's total bonded debt.

Overview of the Financial Statements:

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

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. The *statement of net position* (pages 18 and 19) presents information on all of the City's non-fiduciary assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* (pages 20 and 21) presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the cash flows*. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements summarize functions and programs of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions and programs that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the City include the broad functions of general government; public safety; education; public works; health & human services; culture and recreation; debt service – interest, and the major services provided within each functional category. The business-type activities of the City include two enterprise activities: the water system and the sanitary sewer system. Trend information for all years since the City's adoption of the current reporting model can be found on pages 126-133 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. These reconciliations may be found on pages 23 and 25.

The City maintains 19 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the *general fund*, the *community preservation fund* and the *high school improvements fund*, all of which are considered to be major funds. Data from the other 16 funds are combined into a single, aggregated presentation under the caption *non-major governmental funds*. A brief description and individual fund data for each of the non-major governmental funds is provided in the form of *combining statements* beginning on page 79 of this report. The governmental funds financial statements can be found on pages 22-27 of this report. Trend information may be found on pages 134 through 137 of this report.

Proprietary funds: The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water and sanitary sewer activities. *Internal service funds* are an accounting device used to accumulate and allocate the costs internally among the City's various functions, including employee health benefits; workers' compensation; public building insurance; and general liability self-insurance activities. The services provided by these funds predominately benefit the governmental rather than the business-type functions. Accordingly, the internal service funds have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sanitary sewer activities, which are considered major funds of the City. Conversely, all internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements. A brief description of each fund and individual fund data for the internal service funds is provided in the form of *combining statements* beginning on page 90 of this report. The basic proprietary fund financial statements can be found on 28-30 of this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* included in the government-wide financial statements because the resources of the funds are *not* available to support the City’s own functions and activities. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary funds financial statements provide separate information for the pension and other post-employment trust funds of the City. All other fiduciary funds are reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions “private purpose trust funds” and “agency funds”, respectively. A brief description of each fund and individual fund data for the private purpose trust funds and agency funds are provided in the form of *combining statements* beginning on page 99 of this report. The fiduciary funds financial statements can be found on pages 31 and 32 of this report.

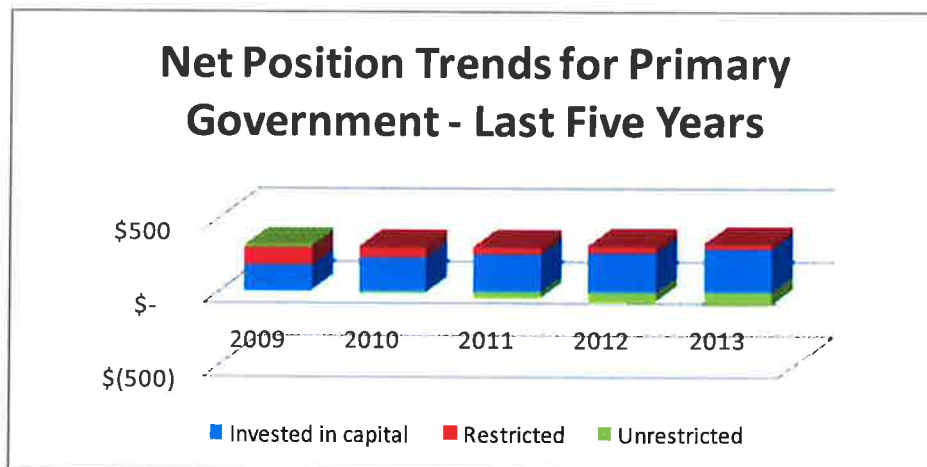
Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-76 of this report. A brief description of new fund balance terminology required by Governmental Accounting Standards Board Statement 54 for governmental funds is presented on page 41 along with a detailed analysis of the major components of each fund balance account on page 71.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City’s progress in funding its obligation to provide pension and post-employment benefits to its employees. Such information is located on pages 77 and 78 of this report.

The combining statements previously referred to are presented immediately following the notes to the basic financial statements.

Government-wide Financial Analysis:

Net Position: The City’s total assets exceeded total liabilities by \$226.4 million at June 30, 2013. This represents a \$11.6 million or 4.9% decline from total net position at June 30 of the prior year, and a decline of \$85.6 million or 27.4% since fiscal year 2008 when the City first began recognizing post-employment health benefit liabilities in its external financial statements. Trend information for total net position and its major components over the past five year period is summarized graphically below:



The following table presents current and prior year data regarding the City's net position:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2013	2012	2013	2012	2013	2012
Assets						
Current assets.....	\$ 138,337,209	\$ 126,635,436	\$ 41,468,864	\$ 33,584,864	\$ 179,806,073	\$ 160,220,300
Noncurrent assets (excluding capital assets).....	8,183,644	10,389,494	1,655,994	1,886,096	9,839,638	12,275,590
Capital assets (net).....	<u>419,836,768</u>	<u>407,523,975</u>	<u>78,727,945</u>	<u>76,316,320</u>	<u>498,564,713</u>	<u>483,840,295</u>
Total assets.....	<u>566,357,621</u>	<u>544,548,905</u>	<u>121,852,803</u>	<u>111,787,280</u>	<u>688,210,424</u>	<u>656,336,185</u>
Liabilities						
Current liabilities (excluding debt).....	44,977,938	39,489,312	1,668,664	1,646,618	46,646,602	41,135,930
Noncurrent liabilities (excluding debt).....	188,081,336	155,495,193	4,499,822	3,793,774	192,581,158	159,288,967
Current debt.....	9,664,867	9,596,167	4,682,975	4,458,055	14,347,842	14,054,222
Noncurrent debt.....	<u>179,632,957</u>	<u>178,724,266</u>	<u>28,631,629</u>	<u>24,867,962</u>	<u>208,264,586</u>	<u>203,592,228</u>
Total liabilities.....	<u>422,357,098</u>	<u>383,304,938</u>	<u>39,483,090</u>	<u>34,766,409</u>	<u>461,840,188</u>	<u>418,071,347</u>
Net Position						
Net investment in capital assets.....	238,374,247	227,091,798	56,271,350	55,890,406	294,645,597	282,982,204
Restricted.....	27,981,384	27,700,568	-	-	27,981,384	27,700,568
Unrestricted.....	<u>(122,355,108)</u>	<u>(93,548,399)</u>	<u>26,098,363</u>	<u>21,130,465</u>	<u>(96,256,745)</u>	<u>(72,417,934)</u>
Total net position.....	<u>\$ 144,000,523</u>	<u>\$ 161,243,967</u>	<u>\$ 82,369,713</u>	<u>\$ 77,020,871</u>	<u>\$ 226,370,236</u>	<u>\$ 238,264,838</u>

The largest portion of the City's total net position, \$294.6 million, represents the investment in capital assets (e.g., land and land improvements, intangible assets, buildings and improvements, machinery and equipment, road network, water system, sewer system and construction in progress) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens therefore the assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay debt must be provided from other sources, since capital assets themselves, cannot be used to liquidate these liabilities. Please refer to note 6 (page 56) for a detailed calculation of the City's net investment in capital assets.

An additional portion of the City's net position, \$28.0 million, represents resources that are subject to restrictions placed on how they may be used by parties external to the City, of which \$10.8 million (38.6%) represents resources restricted to community preservation purposes. A summary of all major components of the restricted net position may be found on the face of the Statement of Net Position, which can be found on page 19 of this report.

During the fiscal year ended June 30, 2013, total unrestricted net position declined by \$23.8 million as a direct result of the recognition of \$29.7 million new post-retirement health benefit liabilities (\$29.0 million in governmental activities and \$0.7 million in business type activities). All governmental activities unrestricted net position have been consumed since 2008 with the recognition of liabilities required by Governmental Accounting Standards Board Statement 45. Pages 65 through 69 of this report provide more detailed information on the City's post retirement health liabilities that have given rise to the change in financial positions over the past five years.

Changes in net position:

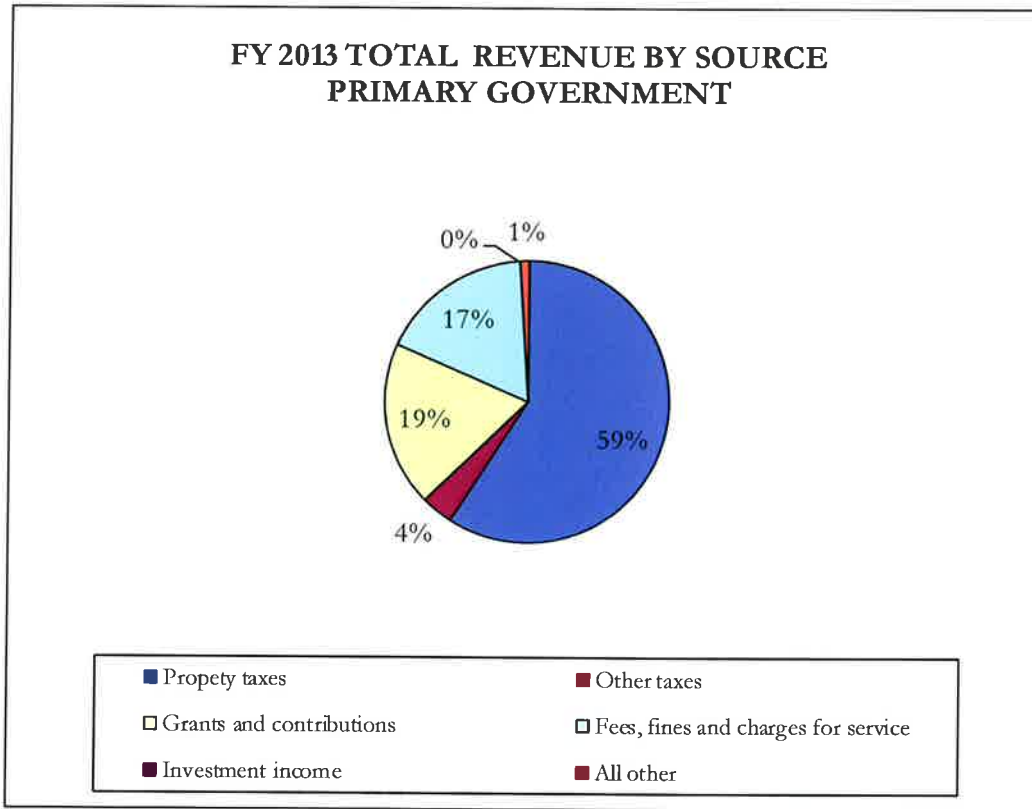
The following table presents current and prior year data regarding the City's changes in net position:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<u>2013*</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013*</u>	<u>2012</u>
Revenues						
<i>Program Revenues:</i>						
Fees, fines and charges for services.....	\$ 28,970,340	\$ 25,732,684	\$ 47,175,932	\$ 48,273,768	\$ 76,146,272	\$ 74,006,452
Operating grants and contributions.....	69,319,711	65,780,261	1,059,085	646,975	70,378,796	66,427,236
Capital grants and contributions.....	5,975,327	2,519,356	9,808	489,333	5,985,135	3,008,689
<i>General Revenues:</i>						
Real estate and personal property taxes.....	258,590,398	249,340,011	-	-	258,590,398	249,340,011
Motor vehicle and other excise taxes.....	11,404,708	10,514,832	-	-	11,404,708	10,514,832
Hotel room occupancy taxes.....	2,051,414	1,814,792	-	-	2,051,414	1,814,792
Meals taxes.....	1,407,803	1,403,261	-	-	1,407,803	1,403,261
Penalties and interest on taxes.....	1,011,590	1,146,496	-	-	1,011,590	1,146,496
Payments in lieu of taxes.....	524,906	529,294	-	-	524,906	529,294
Community preservation surcharges.....	2,501,875	2,431,863	-	-	2,501,875	2,431,863
Grants and contributions not restricted to specific programs.....	6,276,114	5,263,525	-	-	6,276,114	5,263,525
Unrestricted investment income.....	202,473	278,106	-	-	202,473	278,106
Other.....	1,492,956	2,169,238	-	-	1,492,956	2,169,238
Total revenues.....	389,729,615	368,923,719	48,244,825	49,410,076	437,974,440	418,333,795
Expenses						
General government.....	22,997,802	21,992,988	-	-	22,997,802	21,992,988
Public safety.....	56,962,698	56,061,495	-	-	56,962,698	56,061,495
Education.....	264,655,220	252,922,994	-	-	264,655,220	252,922,994
Public works.....	28,194,390	24,221,365	-	-	28,194,390	24,221,365
Health and human services.....	11,323,484	10,684,932	-	-	11,323,484	10,684,932
Culture and recreation.....	16,177,118	16,216,945	-	-	16,177,118	16,216,945
Debt service - interest.....	7,989,634	7,559,469	-	-	7,989,634	7,559,469
Water.....	-	-	15,896,034	15,185,784	15,896,034	15,185,784
Sewer.....	-	-	25,359,689	24,953,457	25,359,689	24,953,457
Total expenses.....	408,300,346	389,660,188	41,255,723	40,139,241	449,556,069	429,799,429
Change in net position before transfers.....	(18,570,731)	(20,736,469)	6,989,102	9,270,835	(11,581,629)	(11,465,634)
Transfers, net.....	1,640,260	1,429,518	(1,640,260)	(1,429,518)	-	-
Change in net position.....	(16,930,471)	(19,306,951)	5,348,842	7,841,317	(11,581,629)	(11,465,634)
Net position - beginning of year (as restated).....	160,930,994	180,550,918	77,020,871	69,179,554	237,951,865	249,730,472
Net position - end of year.....	\$ <u>144,000,523</u>	\$ <u>161,243,967</u>	\$ <u>82,369,713</u>	\$ <u>77,020,871</u>	\$ <u>226,370,236</u>	\$ <u>238,264,838</u>

* The 2013 governmental activities beginning net position has been restated to reflect the reclassification of the City's OPEB trust fund from an employer asset to a fiduciary fund. This change is not retroactive as the irrevocability of the OPEB trust was established during fiscal year 2013. See note 17, page 72.

The City's total revenues for the year ended June 30, 2013 increased by \$19.6 million (4.7%) from the prior year. Property taxes, inspectional services permits, and grants/contributions were responsible for the majority of the increase. The 3.7% increase in property taxes represents a combination of a 2 1/2% increase allowed in the tax levy plus new growth. The 5.9% increase in operating grants and contributions is primarily a function of increased Chapter 70 and special education circuit-breaker funding for the City's schools, and the 98.9% increase in capital grants is related to Mass Works Roadway construction grant financed improvements in the Route 9 area of the City.

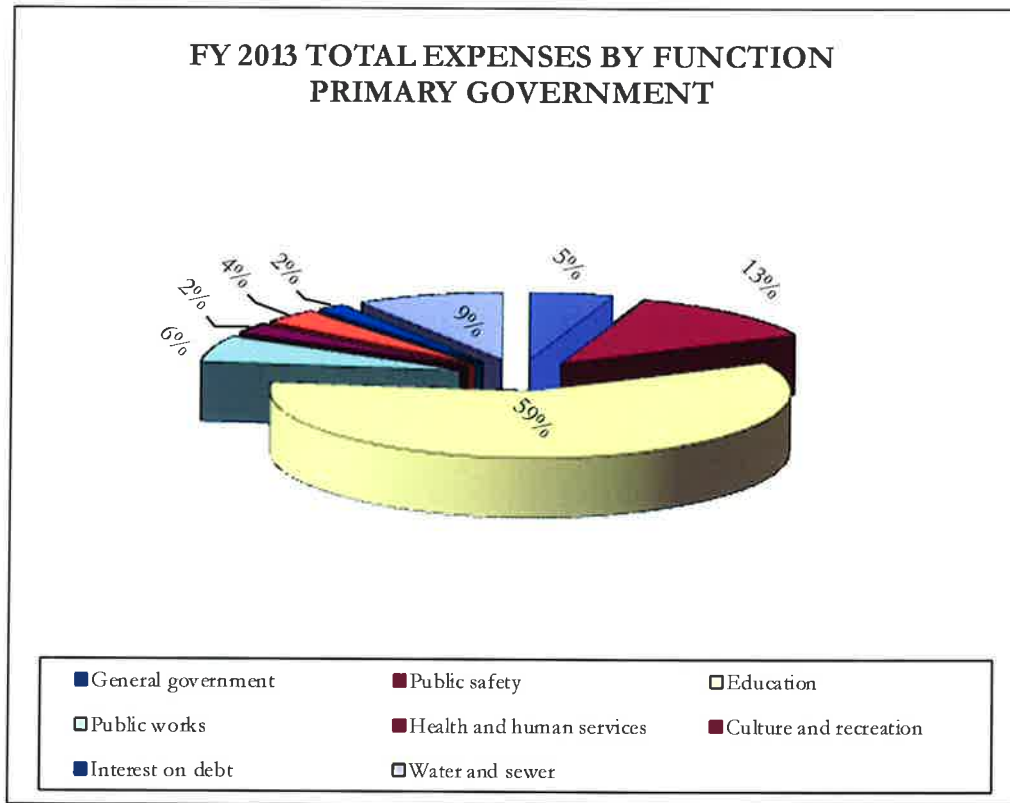
The following chart illustrates the distribution of total current year revenues for the primary government, by major source.



Total expenses increased by \$19.6 million or 4.6% during the year. Education and public works spending accounted for \$15.7 million or 80.1% of the total year over year growth in total spending. Snow and ice control spending accounted for \$3.2 million of the \$4 million increase in public works spending. During fiscal year 2013 the City spent a total of \$4.1 million on snow and ice control. The median annual expenditure for this purpose over the trailing five year period is \$3.9 million.

Public education continues to be the function receiving the largest commitment of City resources. For the year ended June 30, 2013, total spending for education purposes was \$264.7 million or 58.9% of total spending, and 64.8% of governmental activity spending.

The following chart illustrates the distribution of expenses by major function for the primary government for the year ended June 30, 2013.



Governmental activities – Governmental activities decreased the City’s net position by \$16.9 million or 10.5% during fiscal 2013, for the reasons cited previously. A summary of revenues and major functional expenses is included in the tables presented previously. In order to assist the reader in understanding more completely the full cost of the major services provided by the City within each of the broad functional classifications identified above, the Statement of Activities, presented on pages 20 and 21 of this report, provides a detailed accounting of all major service expenses, related revenues, and each service’s consumption of general revenues (principally property taxes).

As has been the case in all years since the City has adopted this reporting model, all governmental activity services, except for inspectional services, relied on subsidies from general revenues to one degree or another during fiscal year 2013. Inspectional service department program revenues exceeded total program expenses by \$5.3 million for the year. In the fiscal year ending June 30, 2012, Inspectional services department program revenue exceeded program expenses by \$2.9 million.

Business-type activities – Business-type activities increased the City’s net position by \$5.3 million or 6.9% during fiscal year 2013. This is primarily the result of increased user charge revenue resulting from a rate increase that was put in place effective July 1, 2012 along with enhanced revenue collections from the City’s new water meters and a decline in the value of abatements for prior meter reading errors.

Financial Analysis of Governmental Funds:

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

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

As of June 30, 2013, the City's governmental funds reported a combined fund balance totaling \$61.7 million, a \$3 million or 5.2% increase from the prior year reported financial position.

Both the Community Preservation and General Funds reported improved financial positions, while the High School Improvement Fund and the grand total of all Non-Major Governmental Funds reported reduced fund balances.

The general fund is the primary operating fund of the City and at June 30, 2013 reported a total fund balance of \$32.7 million, \$4.8 million or 17.2% greater than the total fund balance for the previous fiscal year. The unassigned portion of fund balance continued to improve, increasing from \$14.9 million or approximately 4.5% of total fund revenues and other financing sources at June 30, 2012 to \$21.1 million or 6.0% of fund revenues and other financing sources at June 30, 2013. During the past fiscal year, the City added a total of \$4.8 million to the Rainy Day Stabilization Fund, which at June 30, 2013 accounted for \$11 million of the \$21.1 million in unassigned fund balance. The City's funding target for the Rainy Day Stabilization Fund is 5% of the General Fund budget, or approximately \$17.5 million. Note 14, on page 71 of this report provides a detailed analysis of the major components of each fund balance category.

**City of Newton, Massachusetts
General Fund
Fund Trends – Fiscal year 2012 and (5) previous fiscal years**

	2013	2012	2011 (1)	2010	2009	2008
Total fund balance	\$ 32,715,384	\$ 28,224,341	\$ 30,773,574	\$ 19,312,545	\$ 20,169,278	\$ 19,433,216
Less: Fund balance restrictions for:						
Debt service.....	2,896,430	617,572	683,320	749,640	881,707	-
Capital.....	268,186	7,729	108,107	-	-	-
Other postemployment benefits (2).....	-	312,973	137,295	-	-	-
Less: Fund balance committed for:						
Subsequent year's expenditures.....	300,000	2,565,748	2,066,320	2,675,133	5,051,017	2,900,000
Capital.....	2,149,216	5,049,725	9,714,755	-	-	-
Continued appropriations.....	2,899,584	2,201,193	3,096,013	3,192,017	2,335,964	2,223,358
Less: Fund balance assigned for:						
Encumbrances.....	2,977,415	2,435,508	727,814	1,804,606	1,377,372	867,806
Capital.....	133,106	147,553	116,627	-	-	-
Unassigned fund balance.....	21,091,447	14,886,340	14,123,323	10,891,149	10,523,218	13,442,052
Total revenues & other financing sources.....	\$ 349,844,773	\$ 329,962,477	\$ 321,055,179	\$ 318,872,777	\$ 310,562,043	\$ 296,667,211
Total fund balance as % total revenues and ofs.....	9.4%	8.6%	9.6%	6.1%	6.5%	6.6%
Unassigned fund balance as % total revenues and ofs.....	6.0%	4.5%	4.4%	3.4%	3.4%	4.5%

(1) Starting in fiscal year 2011 general fund balance is being reported in accordance with Governmental Accounting Standards Board Statement #54, *Fund Balance Reporting and Governmental Fund Type Definitions*

(2) Starting in fiscal year 2013 other postemployment benefits are being reported as an other postemployment benefits trust fund in the fiduciary funds financial statements

Total fiscal year 2013 general fund revenues and other financing sources increased by \$19.9 million or 6.1%, to \$349.8 million.

Source	Amount	% of Total	Increase/ (Decrease)	% Change
Real estate and personal property taxes..... \$	257,225,856	73.5%	\$ 8,722,286	3.5%
Motor vehicle excise taxes.....	11,351,368	3.2%	783,889	7.4%
Hotel room occupancy taxes.....	2,051,414	0.6%	236,622	13.0%
Meals taxes.....	1,407,803	0.4%	4,542	0.3%
Penalties and interest on taxes.....	984,301	0.3%	(132,700)	-11.9%
Licenses and permits.....	8,200,172	2.3%	2,783,190	51.4%
Intergovernmental.....	57,693,939	16.5%	6,768,525	13.3%
Charges for services.....	1,822,894	0.5%	83,256	4.8%
Fines and forfeitures.....	1,939,122	0.6%	(61,264)	-3.1%
Investment income.....	188,892	0.1%	(72,406)	-27.7%
Payments in lieu of taxes.....	521,643	0.1%	42,026	8.8%
Special assessments.....	66,752	0.0%	(6,785)	-9.2%
Miscellaneous.....	375,371	0.1%	(305,707)	-44.9%
Total revenues.....	343,829,527	98.3%	18,845,474	5.8%
Premium from issuance of bonds/notes.....	590,740	0.2%	459,361	349.6%
Sale of capital assets.....	22,725	0.0%	(12,323)	-35.2%
Transfers from other funds.....	5,401,781	1.5%	589,784	12.3%
Total revenues and other financing sources..... \$	349,844,773	100.0%	\$ 19,882,296	6.1%

Property tax growth of \$8.7 million accounted for 43.7% of all revenue growth for the year.

Intergovernmental revenue including \$32.0 million in Commonwealth of Massachusetts on-behalf payments for Newton participants in the Massachusetts Teachers Retirement System, increased by \$6.8 million or 13.3% during the year. The 5% grant hold back on the new Newton North High School project accounted for \$2.3 million of this sum and the balance represents increased Chapter 70 assistance to the Newton Public Schools. The \$2.3 million North High School grant reimbursement has been reserved for funding of future project debt service pursuant to Massachusetts Department of Revenue regulations.

The \$2.8 million increase in license and permit revenue represents inspectional services permit revenue. Total fiscal year 2013 inspectional service permit revenue amounted to \$6.9 million. The median annual revenue realized from this source over the trailing five year period is \$4.1 million.

A detailed schedule of inter-fund transfer activity is presented in note 7, on page 57 of this report.

Total general fund expenditures and transfers to other funds totaled \$345.0 million, an increase of \$12.5 million or 3.6% over the previous fiscal year.

	Amount	%	Increase/ (Decrease)	%
		of Total		Change
General government.....	\$ 14,000,199	4.1%	130,955	0.9%
Public safety.....	35,420,583	10.3%	72,496	0.2%
Education.....	176,950,192	51.1%	7,276,464	4.3%
Public works.....	21,214,497	6.1%	3,017,485	16.6%
Health and human services.....	3,876,000	1.1%	143,254	3.8%
Culture and recreation.....	9,843,035	2.9%	403,858	4.3%
Retirement benefits.....	57,813,067	16.8%	1,757,584	3.1%
Workers' compensation insurance.....	1,300,643	0.4%	151,268	13.2%
Property and liability insurance.....	421,363	0.1%	11,464	2.8%
Claims and judgements.....	128,950	0.0%	70,446	120.4%
State assessments and charges.....	5,722,550	1.7%	218,594	4.0%
Debt service				
Principal.....	8,841,167	2.6%	187,800	2.2%
Interest.....	7,492,201	2.2%	20,667	0.3%
Total expenditures.....	343,024,447	99.4%	13,462,335	4.1%
Transfers to other funds.....	2,016,310	0.6%	(933,288)	-31.6%
Total expenditures and transfers.....	\$ 345,040,757	100.0%	\$ 12,529,047	3.8%

The two functions reporting the largest growth in spending (in dollar terms) were Education and Public Works.

The increase in public works spending is related to more normal snow and ice control requirements experienced during fiscal year 2013. The increase in education spending is related to the budget priorities of the community.

Expenditures for retirement benefits (including pay-as-you-go post retirement health and life benefits and the Commonwealth's on behalf contribution to the Massachusetts Teachers Retirement System for Newton educators) increased by \$1.8 million or 3.1% for the year. The \$1.8 million increase in retirement spending consisted of \$1.3 million in additional contributions to the Massachusetts Teachers Retirement System; \$0.4 million in additional funding for the Newton Retirement System, and a \$0.1 million increase in pay-as-you-go retiree health benefit costs.

The voters of the City elected to implement the Community Preservation Act (CPA), with a 1% surcharge on all real estate tax bills, in November 2001. During the fiscal year ended June 30, 2013, the City realized \$3.2 million in CPA fund revenue, \$2.5 million (78.1%) of which came from the local property tax surcharge. State matching funds amounted to \$0.7 million. Fund expenditures totaled \$2.4 million for the year, \$1.0 million (41.9%) of which was for historic preservation project purposes and \$0.8 million (34.8%) was for debt service on two land acquisition projects.

The high school improvements fund was established to account for major renovations to the City's Newton South High School and the construction of a new Newton North High School. Both projects are now complete and the fund ended the fiscal year with a fund balance of \$8,565.

The overall financial position of all non-major governmental funds declined by \$2.5 million (11.3%) during the year. A total of \$1.8 million or 72% of this decline occurred in capital project funds as the result of capital project spending that was financed with bond proceeds that were realized in prior fiscal years

Proprietary funds - The City's proprietary funds provide the same information found in the government-wide statements, but in slightly more detail. Proprietary fund net position's net investment in capital assets represents principally the City's water supply and distribution system and the sanitary sewer collection system.

The financial position of the City's sewer fund increased by \$2.9 million to \$43.9 million at June 30, 2013. This resulted from the fact that fund revenues continue to exceed fund expenses, which is principally a result of the more accurate and timely billings from the City's newly installed water meter system. A total of \$26.1 million or 59.5% of the fund's net position represent its net investment in capital assets. Unrestricted fund net position amounted to \$17.8 million at June 30, 2013, the equivalent of 8.7 months of operating expenditures.

The financial position of the City's water fund also improved during the last fiscal year from \$36.0 million at June 30, 2012 to \$38.4 million at June 30, 2013. The \$2.4 million improvement in the financial position of this fund was also a function of the improved billings and collections resulting from the installation of new water meters.

A total of \$30.1 million or 78.4% of the total fund net position represents the City's net investment in capital assets. Unrestricted fund net position were \$8.6 million, also approximately 6.7 months of operating expenditures.

The financial position of the City's Internal Service Funds decreased by \$1.7 million, or 11.3%, to 13.4 million during the year ended June 30, 2013. Internal service funds are used to account for the City's self-insured group health insurance; workers compensation; and general liability risk exposures and to fund property insurance premiums for \$741.0 million in insured City buildings and contents. Detailed information on the self-insurance funds is presented on pages 90-93.

The financial position of the City's workers compensation self-insurance fund declined by \$3.1 million during the year and accounted for all of the deterioration in the financial position of the internal service funds. A \$3.9 million increase in the City's estimate of incurred but unreported workers compensation benefit claims was the source of the decline. The change in the liability estimate resulted from an independent evaluation of open workers compensation cases by the City's new workers compensation administrator.

In spite of a three week payroll deduction holiday that took place late in fiscal year 2013, the City's group health self-insurance fund's financial position improved by \$1.3 million to \$14.1 million. The \$14.1 million year-end net position represents 3.8 months of average paid claims. The City's target financial position for the fund is 1.5 – 2.0 months of average paid claims.

The City's Building Insurance Fund ended the fiscal year with a net position of \$484,026. A total of \$448,000 of this sum has been designated to fund fiscal year 2014 property insurance premiums.

Fiduciary funds – The net position of the City's contributory retirement system increased by \$20.8 million (8.9%) to \$254.2 million during the system's fiscal year that ended December 31, 2012, entirely as a result of positive investment performance. According to the Commonwealth of Massachusetts Public Employee Retirement Administration Commission's 2012 Annual Report, the Newton Contributory Retirement System's investment portfolio returned 14.15% for the year (compared to a long term return assumption of 7.75%). The plan's ten year average annual return is 6.95%. The funded status of the defined benefit retirement plan at January 1, 2013 was 52.3%.

The City made its actuarially required contribution to the fund in full. More specific information about the local retirement system may be found on pages 72-75 of this report.

General Fund Budgetary Highlights:

The difference between the original General Fund budget of \$317.6 million (including prior year encumbrances and continuing appropriations) and the final amended budget of \$325.0 million amounts to 2.3% and can be summarized as follows:

Description	Amount
Rainy Day Stabilization fund.....	\$ 2,850,000
Snow and ice control.....	1,300,000
Interest on tax refunds.....	1,108,368
Capital outlay and improvements.....	844,926
School SPED tuitions.....	620,000
Emergency tree maintenance.....	262,000
Veteran benefits.....	125,000
School technology.....	119,426
Police overtime.....	100,000
Bond sale costs.....	74,876
Environmental insurance.....	40,410
Special election - Ward 1 Alderman.....	35,000
Veteran services salaries.....	1,000
State assessments.....	<u>(34,131)</u>
 Total supplemental appropriations.....	 \$ <u>7,446,875</u>

There were no deficits incurred in the appropriations of the various departments of the City. All but \$1.9 million (0.6%) of total appropriations were expended, encumbered, or continued into fiscal year 2014 for completion of the appropriated purposes at June 30, 2013. Please refer to pages 102–111 for a complete accounting of budget to actual experience for all City departments, at their legal level of control.

Capital Assets and Debt Administration

Capital assets – The City’s investment in capital assets for governmental and business-type activities, net of accumulated depreciation of \$228.1 million, as of June 30, 2013, amounts to \$498.6 million. The investment in capital assets includes land and land improvements, intangible assets, buildings and improvements, machinery and equipment, infrastructure and construction in progress.

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2013	2012	2013	2012	2013	2012
Land and improvements.....	\$ 22,226,126	\$ 22,226,126	\$ 284,785	\$ 284,785	\$ 22,510,911	\$ 22,510,911
Intangible assets.....	2,238,261	1,270,000	-	-	2,238,261	1,270,000
Buildings and improvements.....	312,637,033	318,092,734	2,214,526	2,286,814	314,851,559	320,379,548
Machinery and equipment.....	21,911,216	18,577,977	10,066,842	10,472,627	31,978,058	29,050,604
Infrastructure.....	45,672,372	44,064,082	66,129,347	63,267,749	111,801,719	107,331,831
Construction in progress.....	<u>15,151,760</u>	<u>3,293,056</u>	<u>32,445</u>	<u>4,345</u>	<u>15,184,205</u>	<u>3,297,401</u>
Total capital assets.....	<u>\$ 419,836,768</u>	<u>\$ 407,523,975</u>	<u>\$ 78,727,945</u>	<u>\$ 76,316,320</u>	<u>\$ 498,564,713</u>	<u>\$ 483,840,295</u>

Total capital assets, net of accumulated depreciation, increased by \$14.7 million or 3.0%. Major capital asset events during 2013 included the following:

- Business-type activity net capital assets increased by \$2.4 million, due to water and sewer system improvements funded with Massachusetts Water Resources Authority grants and interest free loans, and the beginning of a locally funded sewer infiltration and inflow reduction program.

- Governmental activity capital assets (net) increased by \$12.3 million, principally as a result of a variety of school improvement projects and Route 9 area roadway intersection improvements that are being funded with state Mass Works grant funds.

Additional information on the City's capital assets may be found on pages 53-55 of this report.

Debt outstanding – At June 30, 2013, the City had total long term debt outstanding of \$222.6 million, \$189.3 million for governmental activities and \$33.3 million for business-type activities. There were no bond anticipation notes outstanding at June 30, 2013. All debt is a general obligation of the City, although water and sewer debt service payments are made from the resources of the enterprise funds and community preservation fund project debt service payments are made from resources of the community preservation fund.

**City of Newton, Massachusetts
General Obligation Bonds and Notes Outstanding – by Purpose**

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2013	2012	2013	2012	2013	2012
Education buildings.....	\$ 168,213,224	\$ 167,402,333	\$ -	\$ -	\$ 168,213,224	\$ 167,402,333
Municipal buildings.....	10,945,000	10,250,000	-	-	10,945,000	10,250,000
Departmental equipment.....	7,412,000	7,040,000	-	-	7,412,000	7,040,000
Landfill closure.....	952,600	1,028,100	-	-	952,600	1,028,100
Street reconstruction.....	255,000	325,000	-	-	255,000	325,000
Land acquisition.....	1,520,000	2,275,000	-	-	1,520,000	2,275,000
Water system.....	-	-	19,207,903	18,179,039	19,207,903	18,179,039
Sanitary sewer system.....	-	-	14,106,701	11,146,978	14,106,701	11,146,978
Total bonds and notes.....	\$ 189,297,824	\$ 188,320,433	\$ 33,314,604	\$ 29,326,017	\$ 222,612,428	\$ 217,646,450

During the year just ended, the City added \$24.0 million in new bonds and retired \$19.0 million in existing bonds. General fund interest and principal payments amounted to \$16.3 million or 4.6% of fund revenues and other financing sources. Community Preservation Fund interest and principal payments amounted to \$831,125, or 26.1%, of fund revenues.

All existing long-term debt of the City's existing debt will be repaid in full by the year 2041.

At June 30, 2013 the City's authorized and unissued long term debt amounted to \$29.9 million, a decrease of \$6.8 million (18.7%) from June 30, 2012. Subsequent to year end, the Mayor and Board of Aldermen have authorized \$38.7 million in new bonded debt, \$36.8 million of which is for the construction of a new Angier elementary school. The debt service on the Angier project is to be funded with a Proposition 2 ½ debt exclusion that was approved by Newton voters in the spring of 2014.

The City's bonds are rated Aaa by Moody's Investor Services Inc.

Additional information on the City's long-term debt can be found on pages 58-65 of this report. In addition, debt trend information is available on pages 144-145 of this report.

Economic Factors and Next Year's Budget and Rates

- According to the U.S Census Bureau, the 2010 median household income for the City was \$112,728. This compares favorably with the Massachusetts median household income of \$67,950, and the U.S median household income of \$54,595. The City's per capita income was \$59,877 compared with \$33,704 for the Commonwealth of Massachusetts, and \$26,505 for the nation as a whole.
- According to the U.S Bureau of Labor Statistics, the unemployment rate for the City for June of 2013 was 5.5%, which compared favorably with the statewide unemployment rate of 7% and the national unemployment rate of 7.6%.

- According to the City's Board of Assessors, the 2013 median value of a single family home in Newton was \$685,900; the median value of a commercial property was \$754,200; and the median value of industrial property was \$874,200.

The City of Newton's fiscal year 2014 general fund operating budget, as amended through the date of this report, amounts to \$339 million, \$5.9 million of which represents encumbrances and continuing appropriations from fiscal year 2013. This represents an increase of \$13.9 million, or 4.3%, from the final fiscal year 2013 budget total. The fiscal year 2014 budget includes \$8.4 million in new spending authorized by Newton voters in the spring of 2013 as a Proposition 2 ½ operating override.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all of those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Comptroller, City of Newton, 1000 Commonwealth Avenue, Newton, Massachusetts 02459 or dwilkinson@newtonma.gov.

Basic Financial Statements

CITY OF NEWTON, MASSACHUSETTS
STATEMENT OF NET POSITION

JUNE 30, 2013

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents.....	\$ 52,610,560	\$ 17,912,165	\$ 70,522,725	\$ 512,543
Restricted cash and cash equivalents.....	54,047,246	10,858,009	64,905,255	81,702
Restricted investments.....	9,348,880	-	9,348,880	-
Interest and dividends.....	31,973	-	31,973	438,923
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	18,669
Intergovernmental.....	6,813,156	229,837	7,042,993	-
Special assessments.....	2,365	146	2,511	-
Loans.....	-	-	-	80,970
Other assets.....	38,417	-	38,417	-
Due from fiduciary funds.....	14,997	-	14,997	-
Prepaid expenses.....	-	-	-	660
Working capital deposit.....	448,073	-	448,073	-
Total current assets.....	138,337,209	41,468,864	179,806,073	1,133,467
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	-
Loans.....	-	-	-	4,027,482
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	1,965,159
Total noncurrent assets.....	428,020,412	80,383,939	508,404,351	5,992,641
Total assets.....	566,357,621	121,852,803	688,210,424	7,126,108
LIABILITIES				
Current liabilities:				
Warrants payable.....	6,408,670	434,673	6,843,343	50,280
Accrued liabilities.....	5,619,060	530,760	6,149,820	3
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	50,283

CITY OF NEWTON, MASSACHUSETTS
STATEMENT OF NET POSITION (Continued)

JUNE 30, 2013

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
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	-
Total noncurrent liabilities.....	367,714,293	33,131,451	400,845,744	-
Total liabilities.....	422,357,098	39,483,090	461,840,188	50,283
NET POSITION				
Net investment in capital assets.....	238,374,247	56,271,350	294,645,597	1,965,159
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.....	(122,355,108)	26,098,363	(96,256,745)	5,110,666
Total net position.....	\$ 144,000,523	\$ 82,369,713	\$ 226,370,236	\$ 7,075,825

See notes to basic financial statements.

**CITY OF NEWTON, MASSACHUSETTS
STATEMENT OF ACTIVITIES**

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense)/ Revenue
Primary government:					
Governmental activities:					
General government					
Legislative & executive.....	\$ 2,674,332	\$ 259,264	\$ 12,361	\$ 5,510	\$ (2,397,197)
Elections.....	953,065	1,504	45,392	-	(906,169)
Financial administration.....	4,533,218	225,556	1,586	-	(4,306,076)
Administrative support.....	4,461,111	420,220	6	-	(4,040,885)
Planning & development.....	5,115,813	1,148,014	2,493,676	-	(1,474,123)
Public building maintenance & operation.....	5,081,124	36,877	89,925	-	(4,954,322)
Interest on property tax refunds.....	179,139	-	-	-	(179,139)
Public safety					
Police.....	29,583,207	5,218,312	389,060	-	(23,975,835)
Fire.....	25,749,084	933,186	67,444	-	(24,748,454)
Inspectional services.....	1,630,407	6,971,811	-	-	5,341,404
Education.....	264,655,220	7,959,269	63,025,173	-	(193,670,778)
Public works					
Streets & sidewalks.....	12,569,978	3,089,166	75,202	5,969,817	(3,435,793)
Control of snow & ice.....	4,108,144	-	254,385	-	(3,853,759)
Sanitation.....	9,671,604	6,450	87,979	-	(9,577,175)
Engineering.....	1,844,664	55,551	-	-	(1,789,113)
Health & human services					
Public health & human services.....	9,920,714	133,390	286,399	-	(9,500,925)
Senior services.....	893,449	3,774	255,072	-	(634,603)
Veteran services.....	509,321	-	391,382	-	(117,939)
Culture and recreation					
Libraries.....	7,285,180	118,660	426,719	-	(6,739,801)
Parks & recreation.....	8,597,562	2,389,336	217,130	-	(5,991,096)
Newton History museum.....	294,376	-	2,454	-	(291,922)
Debt service - interest.....	7,989,634	-	1,198,366	-	(6,791,268)
Total governmental activities.....	408,300,346	28,970,340	69,319,711	5,975,327	(304,034,968)
Business-type activities:					
Water.....	15,896,034	19,372,911	498,979	7,620	3,983,476
Sewer.....	25,359,689	27,803,021	560,106	2,188	3,005,626
Total business-type activities.....	41,255,723	47,175,932	1,059,085	9,808	6,989,102
Total Primary Government.....	\$ 449,556,069	\$ 76,146,272	\$ 70,378,796	\$ 5,985,135	\$ (297,045,866)
Component units:					
Newton Commonwealth Foundation, Inc.....	\$ 244,505	\$ 312,583	\$ 2,474	\$ -	\$ 70,552
Newton Community Development Authority.....	660,871	592	622,518	-	(37,761)
Total Component Units.....	\$ 905,376	\$ 313,175	\$ 624,992	\$ -	\$ 32,791

**CITY OF NEWTON, MASSACHUSETTS
STATEMENT OF ACTIVITIES (Continued)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position:				
Net (expense)/revenue (from previous page).....	\$ (304,034,968)	\$ 6,989,102	\$ (297,045,866)	\$ 32,791
<i>General revenues:</i>				
Real estate and personal property taxes, levied for general purposes.....	258,590,398	-	258,590,398	-
Real estate and personal property taxes, levied for community preservation purposes.....	2,501,875	-	2,501,875	-
Motor vehicle and other excise taxes.....	11,404,708	-	11,404,708	-
Hotel room occupancy taxes.....	2,051,414	-	2,051,414	-
Meals taxes.....	1,407,803	-	1,407,803	-
Penalties and interest on taxes.....	1,011,590	-	1,011,590	-
Payments in lieu of taxes.....	524,906	-	524,906	-
Grants and contributions not restricted to specific programs.....	6,276,114	-	6,276,114	-
Unrestricted investment income.....	202,473	-	202,473	-
Other.....	1,492,956	-	1,492,956	-
<i>Transfers, net</i>	1,640,260	(1,640,260)	-	-
Total general revenues and transfers.....	287,104,497	(1,640,260)	285,464,237	-
Change in net position.....	(16,930,471)	5,348,842	(11,581,629)	32,791
Net position - beginning of year (as restated).....	160,930,994	77,020,871	237,951,865	7,043,034
Net position - end of year.....	\$ 144,000,523	\$ 82,369,713	\$ 226,370,236	\$ 7,075,825

See notes to basic financial statements.

**CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2013

ASSETS	<u>General</u>	<u>Community Preservation</u>	<u>High School Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents.....	\$ 50,892,228	\$ -	\$ -	\$ 1,718,332	\$ 52,610,560
Interest and dividends.....	-	-	-	1,847	1,847
Receivables, net of allowance for uncollectibles:					
Real estate and personal property taxes.....	3,496,954	-	-	-	3,496,954
Real estate tax deferrals.....	3,213,602	-	-	-	3,213,602
Tax liens.....	8,881,747	-	-	3,683	8,885,430
Motor vehicle excise.....	1,138,233	-	-	-	1,138,233
Community preservation surcharges.....	-	25,248	-	-	25,248
Charges for services.....	35,385	-	-	680,299	715,684
Departmental and other.....	4,827,722	-	-	7,009	4,834,731
Intergovernmental.....	990,217	1,305,486	-	4,724,939	7,020,642
Special assessments.....	579,341	-	-	-	579,341
Due from other funds.....	2,631,492	-	-	-	2,631,492
Due from fiduciary funds.....	14,997	-	-	-	14,997
Other assets.....	8,417	-	-	30,000	38,417
Restricted assets:					
Cash and cash equivalents.....	3,164,616	9,432,315	8,565	20,229,479	32,834,975
Investments.....	-	-	-	595,247	595,247
TOTAL ASSETS.....	\$ 79,874,951	\$ 10,763,049	\$ 8,565	\$ 27,990,835	\$ 118,637,400
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 3,707,237	\$ 9,368	\$ -	\$ 2,461,429	\$ 6,178,034
Accrued liabilities.....	3,297,685	-	-	1,083,694	4,381,379
Accrued payroll.....	12,858,905	970	-	593,269	13,453,144
Revenue refunds payable.....	5,313,269	-	-	-	5,313,269
Other liabilities.....	-	136	-	1,256,391	1,256,527
Abandoned property.....	880,514	-	-	-	880,514
Liabilities due depositors.....	320,447	-	-	-	320,447
Deferred revenue.....	20,781,510	1,325,730	-	364,767	22,472,007
Due to other funds.....	-	-	-	2,631,492	2,631,492
TOTAL LIABILITIES.....	47,159,567	1,336,204	-	8,391,042	56,886,813
FUND BALANCES:					
Nonspendable.....	-	-	-	447,206	447,206
Restricted.....	3,164,616	9,426,845	8,565	17,434,255	30,034,281
Committed.....	5,348,800	-	-	1,718,332	7,067,132
Assigned.....	3,110,521	-	-	-	3,110,521
Unassigned.....	21,091,447	-	-	-	21,091,447
TOTAL FUND BALANCES.....	32,715,384	9,426,845	8,565	19,599,793	61,750,587
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 79,874,951	\$ 10,763,049	\$ 8,565	\$ 27,990,835	\$ 118,637,400

See notes to basic financial statements.

**CITY OF NEWTON, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

JUNE 30, 2013

Total governmental fund balances (page 22).....	\$	61,750,587
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		419,836,768
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.....		22,472,007
In the statement of net position, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.....		(1,847,694)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds and notes payable.....		(189,297,824)
Landfill closure and other environmental liabilities.....		(668,113)
Compensated absences.....		(8,348,938)
Net OPEB obligation.....		(173,296,572)
Internal service funds are used by management to account for health insurance, workers' compensation, building insurance and liability insurance activities. The assets and liabilities of the internal service funds are reported as governmental activities in the statement of net position.....		<u>13,400,302</u>
Net position of governmental activities (page 19).....	\$	<u><u>144,000,523</u></u>

See notes to basic financial statements.

**CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General	Community Preservation	High School Improvements	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Real estate and personal property taxes.....	\$ 257,225,856	\$ -	\$ -	\$ -	\$ 257,225,856
Motor vehicle excise taxes.....	11,351,368	-	-	-	11,351,368
Hotel room occupancy taxes.....	2,051,414	-	-	-	2,051,414
Meals taxes.....	1,407,803	-	-	-	1,407,803
Community preservation surcharges.....	-	2,508,969	-	-	2,508,969
Penalties and interest on taxes.....	984,301	-	-	27,290	1,011,591
Licenses and permits.....	8,200,172	-	-	1,091,091	9,291,263
Intergovernmental.....	57,693,939	652,294	-	23,624,824	81,971,057
Charges for services.....	1,822,894	-	-	15,879,530	17,702,424
Fines and forfeitures.....	1,939,122	-	-	90,738	2,029,860
Investment income.....	188,892	19,091	-	49,743	257,726
Contributions and donations.....	-	-	-	833,888	833,888
Payments in lieu of taxes.....	521,643	-	-	-	521,643
Miscellaneous.....	375,371	-	-	218,341	593,712
Special assessments.....	66,752	-	-	157,751	224,503
TOTAL REVENUES	343,829,527	3,180,354	-	41,973,196	388,983,077
EXPENDITURES					
Current:					
General government:					
Legislative & executive.....	1,847,953	-	-	-	1,847,953
Elections.....	632,393	-	-	28,924	661,317
Financial administration.....	3,216,349	-	-	-	3,216,349
Administrative support.....	3,313,313	-	-	-	3,313,313
Planning & development.....	1,081,684	556,803	-	2,878,218	4,516,705
Public building maintenance & operations.....	3,729,368	28,318	-	1,469,504	5,227,190
Interest on property tax refunds.....	179,139	-	-	-	179,139
Public safety:					
Police.....	17,794,088	-	-	3,637,093	21,431,181
Fire.....	16,549,507	-	-	1,167,861	17,717,368
Inspectional services.....	1,076,988	-	-	6,918	1,083,906
Education.....	176,950,192	-	127,980	33,294,820	210,372,992
Public works:					
Streets & sidewalks.....	4,843,312	-	-	7,659,065	12,502,377
Control of snow & ice.....	3,694,007	-	-	-	3,694,007
Sanitation.....	7,892,394	-	-	3,058	7,895,452
Vehicle maintenance.....	2,301,905	-	-	7,656	2,309,561
Engineering.....	1,041,433	-	-	55,551	1,096,984
Administration & support.....	1,441,446	-	-	-	1,441,446
Health and human services:					
Health & human services.....	2,955,788	-	-	240,081	3,195,869
Senior services.....	559,325	-	-	242,914	802,239
Veteran services.....	360,887	-	-	-	360,887
Culture and recreation:					
Libraries.....	5,054,270	-	-	337,805	5,392,075
Parks & recreation.....	4,560,626	-	-	2,480,033	7,040,659
Newton History museum.....	228,139	970,531	-	3,278	1,201,948
Retirement benefits.....	57,813,067	-	-	-	57,813,067
Workers' compensation insurance.....	1,300,643	-	-	-	1,300,643
Property and liability insurance.....	421,363	-	-	-	421,363
Claims and judgments.....	128,950	-	-	-	128,950
State assessments & charges.....	5,722,550	-	-	-	5,722,550
Debt service:					
Principal.....	8,841,167	755,000	-	-	9,596,167
Interest.....	7,492,201	76,125	-	-	7,568,326
TOTAL EXPENDITURES	343,024,447	2,386,777	127,980	53,512,779	399,051,983
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	805,080	793,577	(127,980)	(11,539,583)	(10,068,906)
OTHER FINANCING SOURCES (USES)					
Transfers in.....	5,401,781	-	53,446	2,276,951	7,732,178
Issuance of general obligation bonds.....	-	-	-	10,812,558	10,812,558
Premium from issuance of bonds and notes.....	590,740	-	-	-	590,740
Proceeds of refunding bonds.....	-	-	4,761,000	-	4,761,000
Premium from issuance of refunding bonds.....	-	-	597,034	-	597,034
Sale of assets.....	22,725	-	-	32,600	55,325
Transfers out.....	(2,016,310)	(2,802)	(5,171)	(4,067,636)	(6,091,919)
Payments to refunding bond escrow agent.....	-	-	(5,358,034)	-	(5,358,034)
TOTAL OTHER FINANCING SOURCES (USES)	3,998,936	(2,802)	48,275	9,054,473	13,098,882
NET CHANGE IN FUND BALANCES	4,804,016	790,775	(79,705)	(2,485,110)	3,029,976
FUND BALANCES AT BEGINNING OF YEAR (AS RESTATED)	27,911,368	8,636,070	88,270	22,084,903	58,720,611
FUND BALANCES AT END OF YEAR	\$ 32,715,384	\$ 9,426,845	\$ 8,565	\$ 19,599,793	\$ 61,750,587

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds (page 24).....	\$	3,029,976
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.</p>		
Capital outlays.....		27,106,625
Depreciation.....		(14,727,189)
<p>In the statement of activities, only the loss on the disposal of capital assets is reported, whereas in the governmental funds there is no use of financial resources. As a result, the change in net position differs from the change in fund balance by the net book value of the disposed capital assets.....</p>		
		(66,643)
<p>Revenues in the statement of activities that do not provide current financial resources are fully deferred in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>		
		(411,738)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts represent the related activity of the current period.</p>		
Bond proceeds.....		(10,812,558)
Proceeds of refunding bonds.....		(4,761,000)
Retirement of refunded bonds.....		5,000,000
Bond maturities.....		9,596,167
<p>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable.....</p>		
		(63,273)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes in accruals:</p>		
Landfill closure and other environmental liabilities.....		75,887
Compensated absences.....		(185,894)
Net OPEB obligation.....		(28,963,538)
<p>Internal service funds are used by management to account for health insurance, workers' compensation, building insurance and liability insurance activities. The net activity of the internal service funds is reported with governmental activities.....</p>		
		<u>(1,747,293)</u>
Changes in net position of governmental activities (page 21).....	\$	<u><u>(16,930,471)</u></u>

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
REVENUES				
Real estate and personal property taxes.....	\$ 256,997,730	256,559,763	\$ 257,032,377	\$ 472,614
Motor vehicle excise taxes.....	10,300,000	10,350,000	10,914,807	564,807
Hotel room occupancy taxes.....	1,682,000	1,682,000	2,051,414	369,414
Meals tax.....	1,388,000	1,388,000	1,407,803	19,803
Penalties and interest on taxes.....	1,000,000	1,000,000	984,301	(15,699)
Licenses and permits.....	5,122,520	5,122,520	8,200,172	3,077,652
Intergovernmental.....	22,875,804	23,229,640	25,645,692	2,416,052
Charges for services.....	1,603,217	1,603,217	1,822,894	219,677
Fines and forfeitures.....	1,926,000	1,927,500	1,939,122	11,622
Investment income.....	240,000	240,000	167,201	(72,799)
Payments in lieu of taxes.....	410,000	410,000	521,643	111,643
Miscellaneous.....	138,564	138,564	358,290	219,726
Special assessments.....	75,000	73,500	66,752	(6,748)
TOTAL REVENUES.....	303,758,835	303,724,704	311,112,468	7,387,764
EXPENDITURES				
Current:				
General government:				
Legislative & executive.....	1,941,516	1,933,005	1,847,953	85,052
Elections.....	447,694	678,093	632,393	45,700
Financial administration.....	3,612,353	4,064,662	3,216,349	848,313
Administrative support.....	3,799,182	3,690,747	3,313,313	377,434
Planning & development.....	1,167,293	1,229,701	1,081,684	148,017
Public building maintenance & operations.....	3,969,476	3,904,946	3,729,368	175,578
Interest on property tax refunds.....	-	672,858	179,139	493,719
Public safety:				
Police.....	17,920,351	18,148,180	17,815,397	332,783
Fire.....	17,530,143	17,513,236	16,549,507	963,729
Inspectional services.....	1,149,813	1,165,639	1,076,988	88,651
Education.....	180,430,102	179,323,995	176,950,192	2,373,803
Public works:				
Streets & sidewalks.....	5,656,471	5,373,731	4,843,312	530,419
Control of snow & ice.....	1,000,000	3,696,684	3,694,007	2,677
Sanitation.....	7,731,448	7,976,844	7,892,394	84,450
Vehicle maintenance.....	2,639,067	2,432,891	2,301,905	130,986
Engineering.....	1,059,355	1,066,998	1,041,433	25,565
Administration & support.....	1,446,031	1,448,995	1,441,446	7,549
Health and human services:				
Health & human services.....	3,210,788	3,073,750	2,955,788	117,962
Senior services.....	591,434	588,021	559,325	28,696
Veteran services.....	268,533	393,581	360,887	32,694
Culture and recreation:				
Libraries.....	5,131,427	5,109,961	5,054,270	55,691
Parks & recreation.....	4,591,224	5,212,902	4,560,626	652,276
Newton History museum.....	246,571	245,794	228,139	17,655
Retirement benefits.....	26,393,402	25,836,202	25,835,951	251
Workers' compensation insurance.....	945,000	1,300,643	1,300,643	-
Property and liability insurance.....	450,520	450,520	421,363	29,157
Claims and judgments.....	141,496	130,352	128,950	1,402
Reserve fund.....	2,036,227	227	-	2,277
State assessments & charges.....	5,845,130	5,810,999	5,722,550	88,449
Debt service:				
Principal.....	8,841,167	8,841,167	8,841,167	-
Interest.....	7,423,451	7,423,451	7,421,070	2,381
TOTAL EXPENDITURES.....	317,616,665	318,738,775	310,997,509	7,741,266
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(13,857,830)	(15,014,071)	114,959	15,129,030
OTHER FINANCING SOURCES (USES)				
Transfers in.....	6,655,381	7,695,243	7,537,325	(157,918)
Premium from issuance of bonds and notes.....	-	-	590,740	590,740
Sale of assets.....	-	-	22,725	22,725
Transfers out.....	-	(6,324,765)	(6,324,765)	-
TOTAL OTHER FINANCING SOURCES (USES).....	6,655,381	1,370,478	1,826,025	455,547
NET CHANGE IN FUND BALANCE.....	(7,202,449)	(13,643,593)	1,940,984	15,584,577
FUND BALANCE AT BEGINNING OF YEAR.....	21,735,824	21,735,824	21,735,824	-
FUND BALANCE AT END OF YEAR.....	\$ 14,533,375	\$ 8,092,231	\$ 23,676,808	\$ 15,584,577

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
COMMUNITY PRESERVATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
REVENUES				
Community preservation surcharges.....	\$ 2,472,621	2,472,621	\$ 2,507,871	35,250
Intergovernmental	566,895	566,895	652,294	85,399
Investment income.....	-	-	19,091	19,091
TOTAL REVENUES.....	3,039,516	3,039,516	3,179,256	139,740
EXPENDITURES				
Current:				
General government:				
Planning & development.....	790,547	1,045,047	556,803	488,244
Public building maintenance & operations.....	516,185	696,185	28,318	667,867
Culture and recreation:				
Libraries.....	1,222	-	-	-
Newton History museum.....	1,124,105	1,124,105	970,530	153,575
Reserve fund.....	2,066,075	2,067,797	-	2,067,797
Debt service:				
Principal.....	755,000	755,000	755,000	-
Interest.....	76,125	76,125	76,125	-
TOTAL EXPENDITURES.....	5,329,259	5,764,259	2,386,776	3,377,483
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(2,289,743)	(2,724,743)	792,480	3,517,223
OTHER FINANCING SOURCES (USES)				
Transfers out.....	(6,750)	(6,750)	(2,802)	3,948
NET CHANGE IN FUND BALANCE.....	(2,296,493)	(2,731,493)	789,678	3,521,171
FUND BALANCE AT BEGINNING OF YEAR.....	8,632,164	8,632,164	8,632,164	-
FUND BALANCE AT END OF YEAR.....	\$ 6,335,671	\$ 5,900,671	\$ 9,421,842	\$ 3,521,171

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF FUND NET POSITION

JUNE 30, 2013

	Business-Type Activities - Enterprise Fund			Governmental Activities - Internal Service Funds
	Sewer	Water	Total	
ASSETS				
Current assets:				
Cash and cash equivalents.....	\$ 11,085,891	\$ 6,826,274	\$ 17,912,165	\$ -
Restricted cash and cash equivalents.....	5,726,366	5,131,643	10,858,009	21,212,271
Restricted investments.....	-	-	-	8,789,284
Interest and dividends.....	-	-	-	30,126
Receivables, net of allowance for uncollectibles:				
Charges for service.....	7,273,699	4,944,597	12,218,296	-
Utility liens.....	143,824	106,587	250,411	-
Special assessments.....	146	-	146	-
Departmental and other.....	-	-	-	35,190
Intergovernmental.....	229,837	-	229,837	-
Working capital deposit.....	-	-	-	448,073
Total current assets.....	24,459,763	17,009,101	41,468,864	30,514,944
Noncurrent assets:				
Receivables, net of allowance for uncollectible amounts:				
Special assessments.....	47,635	-	47,635	-
Intergovernmental.....	1,608,359	-	1,608,359	-
Capital assets:				
Nondepreciable.....	26,245	290,985	317,230	-
Depreciable, net of accumulated depreciation.....	34,476,343	43,934,372	78,410,715	-
Total noncurrent assets.....	36,158,582	44,225,357	80,383,939	-
Total assets.....	60,618,345	61,234,458	121,852,803	30,514,944
LIABILITIES				
Current liabilities:				
Warrants payable.....	54,845	379,828	434,673	230,636
Accrued liabilities.....	117,352	413,408	530,760	1,237,777
Accrued payroll.....	20,829	25,237	46,066	11,698
Other liabilities.....	833	1,088	1,921	1,206,474
Liabilities payable from restricted assets.....	165,875	287,804	453,679	-
Accrued interest.....	123,502	49,562	173,064	-
Accrued health claims payable.....	-	-	-	3,996,304
Workers' compensation claims.....	-	-	-	1,541,706
Compensated absences.....	14,778	13,723	28,501	-
Long-term bonds and notes payable.....	1,559,721	3,123,254	4,682,975	-
Total current liabilities.....	2,057,735	4,293,904	6,351,639	8,224,595
Noncurrent liabilities:				
Workers' compensation claims.....	-	-	-	8,890,047
Compensated absences.....	132,997	123,511	256,508	-
Net OPEB obligation.....	1,961,886	2,281,428	4,243,314	-
Long-term bonds and notes payable.....	12,546,980	16,084,649	28,631,629	-
Total noncurrent liabilities.....	14,641,863	18,489,588	33,131,451	8,890,047
Total liabilities.....	16,699,598	22,783,492	39,483,090	17,114,642
FUND NET POSITION				
Net investment in capital assets.....	26,122,253	30,149,097	56,271,350	-
Unrestricted.....	17,796,494	8,301,869	26,098,363	13,400,302
Total net position.....	\$ 43,918,747	\$ 38,450,966	\$ 82,369,713	\$ 13,400,302

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Business-Type Activities - Enterprise Fund</u>			Governmental Activities - Internal Service Funds
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>	
OPERATING REVENUES				
Charges for services.....	\$ 27,794,041	\$ 19,372,911	\$ 47,166,952	\$ -
Special assessments.....	8,980	-	8,980	-
Employer contributions.....	-	-	-	40,060,456
Plan member contributions.....	-	-	-	9,990,921
TOTAL OPERATING REVENUES.....	27,803,021	19,372,911	47,175,932	50,051,377
OPERATING EXPENSES				
Salaries, wages and employee benefits.....	2,892,619	3,036,343	5,928,962	-
Other operating expenses.....	778,919	783,155	1,562,074	3,289,644
MWRA assessment.....	19,917,866	9,731,160	29,649,026	-
Workers' compensation.....	200,652	173,579	374,231	-
Self insurance claims.....	-	-	-	49,419,226
Depreciation.....	1,115,338	1,604,739	2,720,077	-
TOTAL OPERATING EXPENSES.....	24,905,394	15,328,976	40,234,370	52,708,870
OPERATING INCOME (LOSS).....	2,897,627	4,043,935	6,941,562	(2,657,493)
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental.....	275,149	315,437	590,586	-
Investment income.....	2,188	7,620	9,808	910,200
Premium from issuance of bonds.....	284,957	183,542	468,499	-
Interest expense.....	(454,295)	(532,258)	(986,553)	-
(Loss) on disposal of capital assets.....	-	(34,800)	(34,800)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	107,999	(60,459)	47,540	910,200
INCOME (LOSS) BEFORE TRANSFERS.....	3,005,626	3,983,476	6,989,102	(1,747,293)
TRANSFERS				
Transfers in.....	689,753	-	689,753	-
Transfers out.....	(784,349)	(1,545,664)	(2,330,013)	-
TOTAL TRANSFERS.....	(94,596)	(1,545,664)	(1,640,260)	-
CHANGE IN FUND NET POSITION.....	2,911,030	2,437,812	5,348,842	(1,747,293)
FUND NET POSITION AT BEGINNING OF YEAR.....	41,007,717	36,013,154	77,020,871	15,147,595
FUND NET POSITION AT END OF YEAR.....	\$ 43,918,747	\$ 38,450,966	\$ 82,369,713	\$ 13,400,302

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-Type Business - Enterprise Fund			Governmental Activities - Internal Service Funds
	Sewer	Water	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users.....	\$ 29,053,665	\$ 20,285,179	\$ 49,338,844	\$ 9,990,921
Receipts from interfund services provided.....	-	-	-	40,082,231
Payments to vendors/providers.....	(21,747,567)	(11,654,805)	(33,402,372)	(48,608,213)
Payments to employees.....	(1,692,246)	(1,683,305)	(3,375,551)	-
NET CASH FROM OPERATING ACTIVITIES.....	<u>5,613,852</u>	<u>6,947,069</u>	<u>12,560,921</u>	<u>1,464,939</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in.....	689,753	-	689,753	-
Transfers out.....	(784,349)	(1,545,664)	(2,330,013)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	<u>(94,596)</u>	<u>(1,545,664)</u>	<u>(1,640,260)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the issuance of bonds and notes.....	4,312,942	4,133,700	8,446,642	-
Premium from the issuance of bonds and notes.....	284,957	183,542	468,499	-
Acquisition and construction of capital assets.....	(1,910,785)	(3,255,717)	(5,166,502)	-
Principal payments on bonds and notes.....	(1,126,256)	(3,104,836)	(4,231,092)	-
Interest expense.....	(182,244)	(221,999)	(404,243)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>1,378,614</u>	<u>(2,265,310)</u>	<u>(886,696)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase and sales of investments, net.....	-	-	-	(288,087)
Investment income.....	2,188	7,620	9,808	910,200
NET CASH FROM INVESTING ACTIVITIES.....	<u>2,188</u>	<u>7,620</u>	<u>9,808</u>	<u>622,113</u>
NET CHANGE IN CASH AND SHORT-TERM INVESTMENTS.....	6,900,058	3,143,715	10,043,773	2,087,052
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
(Includes \$2,861,041, \$3,973,903 and \$19,125,219 reported as restricted in the sewer, water enterprise funds and internal service funds respectively).....	9,912,199	8,814,202	18,726,401	19,125,219
CASH AND CASH EQUIVALENTS AT END OF YEAR				
(Includes \$5,726,366, \$5,131,643 and \$21,212,271 reported as restricted in the sewer, water enterprise funds and internal service funds respectively).....	<u>\$ 16,812,257</u>	<u>\$ 11,957,917</u>	<u>\$ 28,770,174</u>	<u>\$ 21,212,271</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss).....	\$ 2,897,627	\$ 4,043,935	\$ 6,941,562	\$ (2,657,493)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Changes in assets and liabilities not requiring current cash flows:				
Depreciation.....	1,115,338	1,604,739	2,720,077	-
Net OPEB obligation.....	315,494	382,426	697,920	-
Changes in assets and liabilities requiring current cash flows:				
Utility liens.....	48,401	18,673	67,074	-
Water fees.....	-	893,595	893,595	-
Sewer fees.....	1,202,124	-	1,202,124	-
Special assessments.....	119	-	119	-
Interest and dividends.....	-	-	-	(1,501)
Departmental and other.....	-	-	-	5,037
Intergovernmental.....	-	-	-	18,239
Working capital deposit.....	-	-	-	(70,641)
Warrants payable.....	(53,951)	11,411	(42,540)	(56,398)
Accrued liabilities.....	90,705	26,424	117,129	205,887
Accrued payroll.....	(288)	1,430	1,142	478
Other liabilities.....	(3,801)	(43,477)	(47,278)	(243,144)
Liabilities payable from restricted assets.....	6,971	(6,005)	966	-
Accrued health claims payable.....	-	-	-	321,917
Workers' compensation.....	-	-	-	3,942,558
Accrued compensated absences.....	(4,887)	13,918	9,031	-
Total adjustments.....	<u>2,716,225</u>	<u>2,903,134</u>	<u>5,619,359</u>	<u>4,122,432</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 5,613,852</u>	<u>\$ 6,947,069</u>	<u>\$ 12,560,921</u>	<u>\$ 1,464,939</u>
NONCASH INVESTING, CAPITAL FINANCING ACTIVITIES				
Intergovernmental debt subsidies (MWPAT and MVRA).....	\$ 502,112	\$ 315,437	\$ 817,549	\$ -

See notes to basic financial statements.

**CITY OF NEWTON, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION**

JUNE 30, 2013

ASSETS	Pension Trust Fund (As of 12/31/12)	OPEB Trust Fund	Private Purpose Trust Funds	Agency Funds
Cash and cash equivalents.....	\$ 16,702,414	\$ 538,537	\$ 2,121,344	\$ 2,064,936
Investments.....	-	-	-	-
Fixed Income.....	-	-	900,926	-
Equities.....	133,095,910	-	5,191,128	-
Mutual bond funds.....	49,748,870	-	914,987	-
Real estate.....	23,367,413	-	493,368	-
Alternative.....	30,721,696	-	-	-
Interest and dividends.....	-	-	16,186	-
Receivables, net of allowance for uncollectibles:				
Intergovernmental.....	335,453	-	-	-
Plan members.....	213,979	-	-	-
Loans.....	-	-	19,663	-
Prepaid expenses.....	4,233	-	-	-
Total assets.....	<u>254,189,968</u>	<u>538,537</u>	<u>9,657,602</u>	<u>2,064,936</u>
LIABILITIES				
Warrants payable.....	7,652	-	1,500	-
Payroll withholdings.....	-	-	-	971,009
Other liabilities.....	-	-	-	1,093,927
Due to the general fund.....	-	-	14,997	-
Total liabilities.....	<u>7,652</u>	<u>-</u>	<u>16,497</u>	<u>2,064,936</u>
NET POSITION				
Assets held in trust for pension/other post employment benefits and other purposes.....	<u>\$ 254,182,316</u>	<u>\$ 538,537</u>	<u>\$ 9,641,105</u>	<u>\$ -</u>

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Pension Trust Fund (As of 12/31/12)</u>	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Funds</u>
ADDITIONS			
Contributions:			
Employer.....	\$ 16,769,593	\$ 224,720	\$ -
Plan members.....	7,776,175	-	-
Private donations.....	-	-	87,520
Other.....	3,426	-	-
	<u>24,549,194</u>	<u>224,720</u>	<u>87,520</u>
Net investment income:			
Net appreciation/(depreciation) in fair value of investments.....	23,081,158	-	-
Interest.....	8,808,318	844	821,237
	<u>31,889,476</u>	<u>844</u>	<u>821,237</u>
Total investment income (loss).....	31,889,476	844	821,237
Less investment expense.....	(1,213,488)	-	-
	<u>30,675,988</u>	<u>844</u>	<u>821,237</u>
Net investment income (loss).....	30,675,988	844	821,237
Intergovernmental.....	971,524	-	-
Transfers from other systems.....	1,001,573	-	-
	<u>57,198,279</u>	<u>225,564</u>	<u>908,757</u>
DEDUCTIONS			
Retirement benefits.....	33,423,530	-	-
Refunds of contributions and transfers to other systems.....	2,659,004	-	-
Administration expense.....	276,643	-	31,157
Educational scholarships and awards.....	-	-	338,159
	<u>36,359,177</u>	<u>-</u>	<u>369,316</u>
TOTAL DEDUCTIONS.....	36,359,177	-	369,316
CHANGE IN NET POSITION.....	20,839,102	225,564	539,441
NET POSITION AT BEGINNING OF YEAR (AS RESTATED).....	233,343,214	312,973	9,101,664
NET POSITION AT END OF YEAR.....	<u>\$ 254,182,316</u>	<u>\$ 538,537</u>	<u>\$ 9,641,105</u>

See notes to basic financial statements.

**CITY OF NEWTON, MASSACHUSETTS
COMPONENT UNITS
COMBINING STATEMENT OF FUND NET POSITION**

JUNE 30, 2013

	Component Units		
	Newton Commonwealth Foundation, Inc. (As of 12/31/12)	Newton Community Development Authority	Total
ASSETS			
Current assets:			
Cash and cash equivalents.....	\$ 512,543	\$ -	\$ 512,543
Restricted cash and cash equivalents.....	-	81,702	81,702
Interest and dividends.....	-	438,923	438,923
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	18,669	-	18,669
Loans.....	-	80,970	80,970
Prepaid expenses.....	660	-	660
Total current assets.....	<u>531,872</u>	<u>601,595</u>	<u>1,133,467</u>
Noncurrent assets:			
Receivables, net of allowance for uncollectible amounts:			
Loans.....	-	4,027,482	4,027,482
Capital assets:			
Depreciable, net of accumulated depreciation.....	<u>1,965,159</u>	<u>-</u>	<u>1,965,159</u>
Total noncurrent assets.....	<u>1,965,159</u>	<u>4,027,482</u>	<u>5,992,641</u>
Total assets.....	<u>2,497,031</u>	<u>4,629,077</u>	<u>7,126,108</u>
LIABILITIES			
Current liabilities:			
Warrants payable.....	50,280	-	50,280
Accrued liabilities.....	-	3	3
Total liabilities.....	<u>50,280</u>	<u>3</u>	<u>50,283</u>
FUND NET POSITION			
Net investment in capital assets.....	1,965,159	-	1,965,159
Unrestricted.....	<u>481,592</u>	<u>4,629,074</u>	<u>5,110,666</u>
Total fund net position.....	<u>\$ 2,446,751</u>	<u>\$ 4,629,074</u>	<u>\$ 7,075,825</u>

See notes to basic financial statements.

**CITY OF NEWTON, MASSACHUSETTS
COMPONENT UNITS**
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Component Units		
	Newton Commonwealth Foundation, Inc. (As of 12/31/12)	Newton Community Development Authority	Total
OPERATING REVENUES			
Charges for services.....	\$ 312,583	\$ -	\$ 312,583
Intergovernmental.....	-	581,194	581,194
Other.....	-	592	592
TOTAL OPERATING REVENUES.....	312,583	581,786	894,369
OPERATING EXPENSES			
Salaries, wages and employee benefits.....	41,596	-	41,596
Grant expense.....	-	580,394	580,394
Other operating expenses.....	50,000	80,477	130,477
Depreciation.....	152,909	-	152,909
TOTAL OPERATING EXPENSES.....	244,505	660,871	905,376
OPERATING INCOME (LOSS).....	68,078	(79,085)	(11,007)
NONOPERATING REVENUES (EXPENSES)			
Investment/interest income.....	2,474	41,324	43,798
CHANGE IN FUND NET POSITION.....	70,552	(37,761)	32,791
FUND NET POSITION AT BEGINNING OF YEAR (AS RESTATED).....	2,376,199	4,666,835	7,043,034
FUND NET POSITION AT END OF YEAR.....	\$ 2,446,751	\$ 4,629,074	\$ 7,075,825

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The City of Newton, Massachusetts (the City) is a municipal corporation governed by an elected Mayor, who serves a four - year term, and a twenty-four member Board of Aldermen, who serve two-year terms. Sixteen of the members of the Board of Aldermen are elected at large, and eight members are elected from one of the City's eight wards. The current city charter was approved by the voters of the City on November 2, 1971, and became effective January 1972.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting.

The accompanying financial statements present the activities of the City and its component units, legally separate organizations for which the City is financially accountable or integrated.

Blended Component Unit

The following component unit provides services or benefits exclusively or almost exclusively to the City or its employees and is therefore blended and reported as if it were part of the City:

The Newton Contributory Retirement System (the System) was established to provide retirement benefits to City employees, Newton Housing Authority employees and their respective beneficiaries. The System is governed by a five member board comprised of the City Comptroller (ex officio); an appointee of the Mayor; two members elected by the active and retired members of the System, and one member appointed by the other four members. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary funds financial statements.

The System does not issue a separate audited financial statement. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' Public Employee Retirement Administration Commission. That report may be obtained by contacting the System located at 1000 Commonwealth Avenue, Newton, Massachusetts 02459.

Discretely Presented Component Units

The following component units are discretely presented in the government-wide financial statements because of the nature and/or significance of their relationships with the City. Each of the component units described below are considered major component units.

The Newton Commonwealth Foundation, Inc. (the Foundation) was established for the management of the Newton Commonwealth Golf Course on the site formerly known as the Chestnut Hill Country Club. The Foundation is governed by a fifteen member board appointed by the Mayor and are subject to confirmation approval by a majority of the Board of Aldermen. The annual operating budget of the Foundation is subject to approval by the Mayor. Complete audited financial statements may be obtained by writing to the Foundation Chairman at Newton City Hall, 1000 Commonwealth Avenue, Newton, Massachusetts 02469.

The Newton Community Development Authority (the Authority) was established in 1975 pursuant to Chapter 705 of the Massachusetts General Laws to develop housing programs for low and moderate income families, the elderly and handicapped residents of the City. The Authority is governed solely by the City's Director of Planning and Development, who is appointed by the Mayor, subject to confirmation approval by a majority of the Board of Aldermen. The Authority does not issue a separate audited financial statement.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

B. Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the City) including its blended component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each major function/service program of the City's governmental activities. Direct expenses are those that are specifically associated with a program and, therefore, are clearly identifiable to a particular service. Vehicle maintenance; retirement benefits; workers' compensation; property and liability insurance; health insurance subsidies; claims and judgments; other; and state assessments and charges costs have been allocated to major functions/programs in order to present a more accurate and complete picture of the cost of City services. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the major programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column in their respective governmental funds and proprietary funds financial statements. All remaining governmental funds are aggregated and reported in a separate column.

Internal service funds of the City (which provide services primarily to other funds of the City) are presented, in summary form, as part of the proprietary funds financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of the internal service funds are presented in the governmental activities column when presented at the government-wide level. The costs of these services are allocated to the appropriate function/program (general government, public safety, education, public works, health and human services, and culture and recreation) in the statement of activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from exchange transactions (charges for services) associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. All revenues and expenses not meeting this definition, such as intergovernmental subsidies and investment earnings, are reported as nonoperating revenues and expenses.

The City reports the following major governmental funds:

General Fund: The fund is used to account for and report all financial resources not accounted for and reported in another fund.

Community Preservation Fund: This fund accounts for the 1% local property tax surcharge that the voters of the City approved in November of 2001 for open space, historic resource and affordable housing purposes. The Commonwealth of Massachusetts currently matches (in the subsequent fiscal year) local surcharge revenue on a percentage basis that can change annually.

The Board of Aldermen has appropriation authority over all community preservation funds; however, all appropriation recommendations must originate with the nine member community preservation committee.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

High School Improvements Fund: This fund accounts for major improvements that are being made to the City's two high schools, and are being financed by the sale of long term debt and state grants.

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

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs and benefit the government or its citizenry.

The City also reports the following major enterprise funds:

Sewer Fund: This fund accounts for the operation and maintenance of the City's sanitary sewer collection and disposal system. The City is charged an annual assessment by the Massachusetts Water Resources Authority (MWRA) for disposal of sanitary sewerage.

Water Fund: This fund accounts for the operation and maintenance of the City's water supply and distribution system. The City is charged an annual assessment by the Massachusetts Water Resources Authority (MWRA) for water supply.

The City also reports the following fund types:

Internal Service Funds: These funds account for group health, workers' compensation, building and general liability insurance protection to City departments on a cost reimbursement basis.

Pension Trust Fund: This fund is used to account for the activities of the System, which accumulates resources for defined benefit pension benefit payments to qualified employees and retirees and their survivors. This fund is excluded from the City's government-wide financial statements.

Other Postemployment Benefits (OPEB) Trust Fund: This fund is an irrevocable trust fund established for other postemployment benefits, which accumulates resources to reduce the unfunded actuarial liability of health care and other postemployment benefits.

Private Purpose Trust Funds: These funds are used to account for resources legally held in trust for the benefit of persons and organizations other than the City. Since such funds can not be used for purposes of providing City services, they are excluded from the City's government-wide financial statements.

Agency Fund: This fund is used to account for monies held on behalf of parties other than the City, such as state and federal agencies; independent not-for-profit organizations for which the City collects private donations; the Metro Fire District; and public school student activities. This fund is excluded from the City's government-wide financial statements.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Funds Financial Statements: The government-wide, proprietary, and fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time that liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property, motor excise and hotel room occupancy taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Derived tax revenues, such as hotel room occupancy taxes, that result from assessments imposed by the City on exchange transactions are recognized when the underlying exchange occurs. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Funds Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers revenues reported in the governmental funds to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days after year-end. Property taxes, motor excise taxes, charges for service, investment income, and in lieu of tax payments are considered to be susceptible to accrual. Revenue from grants, entitlements, and donations is recognized when all eligibility requirements have been satisfied and they are measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long term debt, compensated absences, landfill post closure monitoring costs (and other environmental liabilities) and claims and judgments, which are recognized as expenditures only to the extent that they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long term debt and acquisitions under capital leases are reported as other financing sources.

C. Implementation of New Accounting Principles

For the year ending June 30, 2013, the City implemented the following pronouncements issued by the GASB:

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

GASB Statement No. 63 identifies net position as the residual of all other elements presented in a statement of financial position, which amends the net asset reporting requirements of Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements, by renaming net assets to net position.

The implementation of GASB Statement No.’s 60, 61 and 62 had no reporting impact for the City.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

D. Assets, Liabilities and Equity

Cash and Cash Equivalents and Investments

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

Restricted Cash and Cash Equivalents and Investments

Permanent fund cash and cash equivalents and investments and cash and cash equivalents associated with certain development and water and sewer utility deposits are classified as restricted. Other assets are classified as restricted when their use is restricted by third-party covenants.

Receivables

All trade and property tax receivables are shown net of an allowance for doubtful collections. Outstanding personal property taxes, motor excise taxes and parking violations that are three or more years old have been classified as uncollectible for financial reporting purposes.

Based upon an analysis of water and sewer receivable activity over the past three years, 1.5% and 1.4% of outstanding water and sewer user charges receivable have been assigned to an allowance for doubtful collections. Real estate taxes receivable are secured by tax liens, and therefore are considered 100% collectible. Intergovernmental receivables are considered 100% collectible.

Property taxes: The City is responsible for assessment and collection of all property taxes. The Board of Assessors determine the estimated fair value of all real and personal property, subject to the property tax, each January 1. Taxes are then levied on each property based upon the budget that is adopted by the Mayor and Board of Aldermen net of the amount of state aid and other revenues. Property taxes are due in quarterly installments - August 1, November 1, February 1 and May 1, and subject to penalties and 14% interest if not paid by the due date. Taxes due on August 1 and November 1 are estimated based upon the prior year tax bill since the tax rate is generally not finalized until late November or December. The February 1 and May 1 tax bills are adjusted to reflect the actual tax levy. It is the City's policy to perfect tax liens on delinquent properties within one year of the date that the tax is levied.

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

Community preservation surcharges: Community preservation surcharges are levied annually and at a rate of 1% of residents' real estate tax bills with exemptions for the first \$100,000 of residential property and property owned by qualified persons with low income and seniors (60+) with low or moderate income as defined by DOR guidelines. The surcharge is due with the real estate tax on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Overdue surcharges are included on the tax liens processed on delinquent real estate taxes. Surcharges are recorded as receivables in the fiscal year of the levy.

Water and Sewer User Charges: User fees are billed quarterly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed in December of every year and are included as a lien on the property owner's tax bill. Water and sewer charges and related liens are recorded as receivables in the fiscal year of the levy. Unbilled amounts are estimated based upon actual billing amounts subsequent to year-end.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Intergovernmental: Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recognized as soon as all eligibility requirements have been met. For expenditure driven grants, receivables are recognized when the qualifying expenditures are incurred and all other eligibility requirements have been met.

Special assessments: Special assessments consist of street and sidewalk betterments and are recorded as receivables in the fiscal year accrued.

Inventories

The amount of inventories is not material to the government-wide and fund financial statements of the City and therefore is recorded as expenditures at the time of purchase.

Capital Assets

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

Capital assets are defined by the City as assets with an initial, individual cost of \$15,000 or more and an estimated useful life of more than a single year. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	7-20 years
Buildings and improvements	20-50 years
Machinery and equipment	3-20 years
Infrastructure	20-50 years

Inter-fund Transactions

Inter-fund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination in the government-wide statements. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers and are reported "gross" in the fund financial statements. Transfers between governmental funds are eliminated in the conversion to the government-wide financial statements, while transfers between governmental and proprietary funds are reported "net".

Deferred Revenue

Deferred revenue at the governmental fund financial statement level represents receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue, if appropriate, is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Net Position and Fund Balances

Government – wide financial statements and Proprietary Funds Financial Statements (Net Position) – Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Net position has been reported as restricted for the following purposes:

- Community preservation activities represent amounts restricted by state statute for open space; historic preservation, and affordable housing under the Community Preservation program.
- Education activities represent amounts received from the U.S. Department of Education, the Commonwealth of Massachusetts' Department of Education, and various private donors for public education services.
- Debt service represents amounts accumulated from Massachusetts School Building Authority (MSBA) for future payment of long-term debt service costs associated with school construction. This amount will be amortized over the next 26 fiscal years.
- Perpetual funds – expendable represents amounts held in trust for which the expenditures are restricted by various trust agreements.
- Perpetual funds – non-expendable represents amounts held in trust for which only investment earnings may be expended.
- Other specific purposes represent restrictions placed on assets by other outside parties.

Governmental Funds Financial Statements (Fund Balances)

The following fund balance classifications describe the relative strength of the spending constraints:

Nonspendable — represents amounts that cannot be spent either because they are in nonspendable form (i.e., prepaid amounts) or because they are legally or contractually required to be maintained intact (i.e., principal of permanent fund).

Restricted — represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — represents amounts that can be used only for specific purposes imposed by a formal action of the Board of Alderman, which is the highest level of decision-making authority for the City. Committed amounts may be established, modified, or rescinded only through actions approved by the Board of Alderman.

Assigned — represents amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Under the City's structure, only authorized assignments for non-contractual encumbrances can be made by individual department heads.

Unassigned — represents the residual fund balance for the General Fund and the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

Long term debt

Government-wide and Proprietary Funds Financial Statements – Long term debt is reported as a liability in the government wide and proprietary funds statements of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount.

Governmental Funds Financial Statements – The face amount of governmental funds long term debt is reported as other financing sources in the Governmental Fund Financial Statements. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds, are reported as General Government (financial administration) expenditures.

Investment Income

Excluding the permanent funds, investment income derived from major and non-major governmental funds is legally assigned to the General Fund, unless otherwise directed by legal or contractual provisions.

Investment income from enterprise operating funds is voluntarily assigned to the general fund. Investment income from internal service funds is retained in the funds.

Compensated Absences

Employees are granted vacation leave, special leave (sick, religious observance, personal leave), and enhanced longevity benefits based upon collective bargaining agreements and city ordinance. These benefit costs are accrued when earned in the government-wide and proprietary fund financial statements. A liability is reported in the governmental funds only if the benefit had been earned at June 30 as a result of a retirement, resignation, or termination, and the benefit is expected to be paid immediately after the start of the new fiscal year. Vacation pay is classified as a current liability, while special leave and school enhanced longevity benefits are classified as non-current liabilities.

Post Retirement Benefits

In addition to providing pension benefits and as more fully described in Note 12, the City provides health and life insurance coverage for current and future retirees and their spouses.

Use of Estimates

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

Total Column

Government-wide financial statements – The total column presented in the government-wide financial statements represents consolidated financial information.

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Note 2 - Stewardship, Compliance, and Accountability

A. Budget Information

The municipal finance laws of the Commonwealth of Massachusetts require that the Mayor and Board of Aldermen adopt a balanced budget each fiscal year. The City Charter requires that the Mayor submit a recommended budget to the Board of Aldermen and that the Board adopt the budget, with or without amendments, within forty-five days following the day the budget is received. The Board of Aldermen may approve, reduce or reject any budget recommendation of the Mayor by majority vote, but may not increase an appropriation without the concurrence of the Mayor. Annual appropriations are recommended and approved for the General Fund and Community Preservation Fund for personal services (salaries and wages), expenses (supplies and services), debt service and capital outlay/improvements, and fringe benefits. A single bottom-line appropriation budget is recommended and voted for the Newton Public Schools.

Amendments to the original budget; transfers between municipal departments; and transfers between departmental appropriation units require prior approval of the Mayor and Board of Aldermen, and in the case of a transfer from one department to another, the approval of the head of the department from which funds are being transferred is also required.

The Comptroller's Office has responsibility for making certain that the budget is executed in accordance with the plan approved by the Mayor and Board of Aldermen, and monthly appropriation status reports are provided to the Mayor and Board. Budgetary control is exercised on a line item basis for all municipal departments and transfers between line items within departmental appropriation units require advance approval of the Comptroller. Encumbrance accounting is used as an additional control measure. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities since goods and services have not been received.

Although unobligated annual appropriation balances generally lapse at year-end, it is the City's policy to continue certain appropriations into the following year under certain limited circumstances. These are limited to amounts voted as special (multi-year) appropriations (generally capital outlay and improvements), capital maintenance funds, property tax revaluation program appropriations and funds included in the annual budget for settlement of collective bargaining contracts that have not been settled at year-end.

An annual budget is adopted in conformity with the guidelines described above. The original fiscal year 2013 General Fund and Community Preservation Fund budgets authorized \$317,616,665 and \$5,336,009 (including prior year encumbrances and continuing appropriations), respectively, in appropriations and other amounts to be raised. During the fiscal year, the Mayor and Board of Aldermen authorized supplemental appropriations for the General Fund and Community Preservation Fund totaling \$7,446,875, and \$435,000, for total budgets of \$325,063,540 and \$5,771,009, respectively.

Total General Fund expenditures and transfers to other funds totaled \$317,322,274, and \$5,876,999 in appropriation balances were carried forward into fiscal year 2014 to support encumbrances and continuing appropriations.

Total Community Preservation Fund expenditures and transfers to other funds were \$2,389,578, and \$1,281,268 in appropriation balances were carried forward into fiscal year 2014 to support encumbrances and continuing appropriations.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

B. Budget to GAAP Reconciliation

Accounting principles followed for purposes of preparing the financial statements on a budgetary basis differ from those used to present financial statements in accordance with GAAP. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund and Community Preservation Fund for the fiscal year ended June 30, 2013 are presented below:

	General Fund		
	Revenues	Expenditures	Other Financing Sources (Uses)
Budgetary basis as reported on the statement of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 311,112,468	\$ 310,997,509	\$ 1,826,025
<u>Reclassifications</u>			
Activity of stabilization fund recorded in the general fund for GAAP purposes.....	38,772	-	2,172,911
<u>Adjustments</u>			
Net change in recording 60-day receipts.....	874,102	-	-
Net change in recording tax refunds payable.....	(244,062)	-	-
To record activity for landfill closure subsidy.....	71,131	71,131	-
To record activity of MTRS on-behalf payments.....	31,977,116	31,977,116	-
Net change in recording other expenditures.....	-	(21,309)	-
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ 343,829,527	\$ 343,024,447	\$ 3,998,936

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

	<u>Community Preservation Fund</u>
	<u>Revenues</u>
Budgetary basis as reported on the statement of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 3,179,256
<u>Adjustment</u>	
Net change in recording 60-day receipts.....	<u>1,098</u>
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	<u>\$ 3,180,354</u>

C. Fund Deficits

At June 30, 2013, a fund deficit of \$1,372,908 exists in the workers' compensation insurance internal service fund. The deficit will be funded in future fiscal years through employer contributions.

Note 3 - Deposits and Investments

A. Summary of Deposit and Investment Balances

City (Excluding the Pension Trust Fund)

The municipal finance laws of the Commonwealth authorize the City to invest temporarily idle cash in bank term deposits and certificates of deposits, and treasury and agency obligations of the United States government, with maturities of one year or less; U.S. treasury or agency repurchase agreements with maturities of not more than 90 days; money market accounts; and the state treasurer's investment pool – the Massachusetts Municipal Depository Trust (MMDT).

The MMDT meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee. The reported value of the pool is the same as the fair value of pool shares.

The municipal finance laws allow the City to invest private purpose trust funds in securities other than mortgages or collateral loans that are legal for the investment of funds of savings banks under the laws of the Commonwealth of Massachusetts.

Investments for the City are reported at fair value.

The City maintains a cash and short term investment pool that is available for use by all funds with unrestricted cash and investments. The deposits and investments of private purpose and pensions trust funds are held separately from other City funds.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be recovered. The City does not have a policy for custodial credit risk of deposits. As of June 30, 2013, \$98,041,664 of the City's bank balance of \$118,486,559 was uninsured and uncollateralized.

Investments Summary

The City's investments at June 30, 2013 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
<u>Debt Securities:</u>					
U.S. Treasuries.....	\$ 2,332,367	\$ 826,722	\$ 725,731	\$ -	\$ 779,915
U.S. Agencies.....	714,202	454,779	259,424	-	-
Corporate bonds.....	94,630	25,946	43,454	25,230	-
Money market mutual funds.....	699,967	699,967	-	-	-
Mutual bond funds.....	2,832,084	2,832,084	-	-	-
Certificates of Deposit.....	82,949	82,949	-	-	-
External investment pools.....	28,716,882	28,716,882	-	-	-
Total debt securities.....	<u>35,473,081</u>	<u>\$ 33,639,328</u>	<u>\$ 1,028,608</u>	<u>\$ 25,230</u>	<u>\$ 779,915</u>
<u>Other Investments:</u>					
Equity securities.....	11,154,106				
Equity mutual funds.....	165,196				
Real estate investments.....	<u>493,368</u>				
Total other investments.....	<u>11,812,670</u>				
Total investments.....	<u>\$ 47,285,751</u>				

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The City does not have a policy for interest rate risk of debt securities.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk of investments. As of June 30, 2013, \$7,915,067 of the City's investments of \$47,285,751 were uninsured, not registered in the name of the City and exposed to custodial credit risk as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Held by Counterparty</u>	<u>Held by Counterparty's Trust or Agent</u>
U.S. Treasuries.....	\$ 189,272	\$ -	\$ 189,272
U.S. Agencies.....	202,781	-	202,781
Corporate bonds.....	94,630	-	94,630
Money market mutual funds.....	512,639	512,639	-
Mutual bond funds.....	1,604,729	-	1,604,729
Equity securities.....	4,569,502	-	4,569,502
Equity mutual funds.....	165,196	-	165,196
Certificates of deposit.....	82,949	82,949	-
Real estate investments.....	493,368	-	493,368
Total.....	\$ 7,915,067	\$ 595,588	\$ 7,319,479

Investments - Credit Risk of Debt Securities

Credit risk for investments is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The City does not have a policy for credit risk of debt securities. As of June 30, 2013, the credit quality ratings of the City's investments in debt securities are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings *</u>			
		<u>A1</u>	<u>A2</u>	<u>BAA1</u>	<u>Unrated</u>
Corporate bonds.....	\$ 94,630	\$ 16,359	\$ 51,176	\$ 27,095	\$ -
Money market mutual funds....	699,967	-	-	-	699,967
Mutual bond funds.....	2,832,084	-	-	-	2,832,084
Certificates of deposit.....	82,949	-	-	-	82,949
External investment pools.....	28,716,882	-	-	-	28,716,882
Total.....	\$ 32,426,512	\$ 16,359	\$ 51,176	\$ 27,095	\$ 32,331,881

* Per the rating scale of Moody's and Standard and Poor's (national credit rating organizations)

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Pension Trust Fund (The System)

Pension trust fund investments (more fully described in note 18), include a combination of public and private real estate limited partnership investments, which represents 9.2% of the Pension Fund's total investments. The structure, risk profile, return potential and marketability of these investments differ from traditional equity and fixed income investments. Determination of the value of these investments involves subjective judgment because the actual market value can be determined only by negotiation between the parties to a sales transaction. The City has determined the value of these investments from investment advisors, based upon independent year end appraisals.

The Pension Reserve Investment Trust (PRIT) meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee and provides regulatory oversight. The reported value of the pool is the same as the fair value of the City's position in pool shares.

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the System's deposits may not be recovered. The System does not have a policy for custodial credit risk of deposits. As of December 31, 2012, the System is not exposed to custodial credit risk.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Investments Summary

The System's investments at December 31, 2012 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years) Less Than 1</u>
<u>Debt Securities:</u>		
Money market mutual funds (PRIT).....	\$ 200,028	\$ 200,028
Debt security mutual funds (PRIT).....	49,748,870	49,748,870
External investment pool (MMDT).....	16,502,386	16,502,386
	<u>66,451,284</u>	<u>\$ 66,451,284</u>
<u>Other Investments:</u>		
Equity mutual funds (PRIT).....	133,095,910	
Real estate investments (PRIT).....	22,210,159	
Real estate investments (non PRIT).....	1,157,254	
Alternative investments (PRIT).....	<u>30,721,696</u>	
	<u>187,185,019</u>	
	<u>\$ 253,636,303</u>	

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The System's policy is that at least 15%, but no more than 30% of the portfolio must be invested in fixed income securities.

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System does not have a policy for custodial credit risk of investments. The custodial arrangements are reflective of the fact that System assets are invested in pooled funds as opposed to individual securities. As of December 31, 2012, the System's investments were not exposed to custodial credit risk.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Investments - Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The System's policy is that bonds shall have a minimum quality rating of Baa or equivalent as rated by one or more recognized bond rating services, however, 5% of the total investment portfolio may be invested in bonds with a minimum quality rating of CCC as rated by Standard & Poor's Corporate and Municipal Rating Service. As of December 31, 2012, the credit quality ratings of the System's debt securities are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings *</u>
		<u>Unrated</u>
Money market mutual funds (PRIT).....	\$ 200,028	\$ 200,028
Debt security mutual funds (PRIT).....	49,748,870	49,748,870
External investment pool (MMD'I).....	<u>16,502,386</u>	<u>16,502,386</u>
Total.....	<u>\$ 66,451,284</u>	<u>\$ 66,451,284</u>

* Per the rating scale of Moody's and Standard and Poor's (national credit rating organizations)

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Note 4 - Receivables

At June 30, 2013, receivables for the individual major governmental funds and non-major governmental, internal service and fiduciary funds in the aggregate, including applicable allowances for amounts estimated to be uncollectible, are as follows:

	<u>Gross</u>	<u>Allowance</u>	<u>Net</u>
	<u>Amount</u>	<u>for</u>	<u>Amount</u>
		<u>Uncollectibles</u>	
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 3,854,263	\$ (357,309)	\$ 3,496,954
Real estate tax deferrals.....	3,213,602	-	3,213,602
Tax liens.....	8,885,430	-	8,885,430
Motor vehicle excise taxes.....	2,394,737	(1,256,504)	1,138,233
Community preservation surcharges.....	25,248	-	25,248
Charges for services.....	715,684	-	715,684
Special assessments.....	579,341	-	579,341
Departmental and other.....	8,048,061	(3,178,139)	4,869,922
Intergovernmental.....	7,356,095	-	7,356,095
Pension Trust Fund plan members.....	213,979	-	213,979
Loans.....	19,663	-	19,663
	<u>\$ 35,306,103</u>	<u>\$ (4,791,952)</u>	<u>\$ 30,514,151</u>

At June 30, 2013, receivables for the Enterprise Funds consist of the following:

	<u>Gross</u>	<u>Allowance</u>	<u>Net</u>
	<u>Amount</u>	<u>for</u>	<u>Amount</u>
		<u>Uncollectibles</u>	
<u>Receivables:</u>			
Charges for services.....	\$ 12,400,853	\$ (182,557)	\$ 12,218,296
Utility liens.....	250,411	-	250,411
Special assessments.....	47,781	-	47,781
Intergovernmental.....	1,838,196	-	1,838,196
	<u>\$ 14,537,241</u>	<u>\$ (182,557)</u>	<u>\$ 14,354,684</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2013, the various components of deferred revenue reported in the governmental funds were:

	General Fund	Community Preservation Fund (Major)	Nonmajor Governmental Funds	Total
<u>Receivable type:</u>				
Real estate and personal property taxes.....	\$ 2,690,309	\$ -	\$ -	\$ 2,690,309
Real estate tax deferrals.....	3,213,602	-	-	3,213,602
Tax liens.....	8,881,747	-	3,683	8,885,430
Motor vehicle excise taxes.....	97,550	-	-	97,550
Community preservation surcharges.....	-	20,244	-	20,244
Charges for services.....	35,384	-	257,784	293,168
Special assessments.....	579,341	-	-	579,341
Departmental and other.....	4,765,466	-	6,970	4,772,436
Intergovernmental (state school construction)....	-	-	4,926	4,926
Intergovernmental (other state and federal).....	518,111	1,305,486	91,404	1,915,001
 Total.....	 \$ 20,781,510	 \$ 1,325,730	 \$ 364,767	 \$ 22,472,007

Subsequent to year-end, the MSBA approved a grant not to exceed \$10,839,093 for the Angier Elementary School project. The grant amount represents 40.10% of total eligible project costs, not to exceed the approved amount. At June 30, 2013, a \$4,926 intergovernmental receivable and corresponding deferred revenue have been reported in the public building improvements nonmajor governmental fund's financial statements. The deferred revenue has been recognized as revenue in the conversion to the government-wide financial statements.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Note 5 – Capital Assets

Capital asset activity for governmental activities for the fiscal year ended June 30, 2013 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land.....	\$ 22,226,126	\$ -	\$ -	\$ 22,226,126
Construction in progress.....	3,293,056	13,081,371	(1,222,667)	15,151,760
Intangible assets.....	1,270,000	968,261	-	2,238,261
Sub-total	<u>26,789,182</u>	<u>14,049,632</u>	<u>(1,222,667)</u>	<u>39,616,147</u>
Capital assets being depreciated:				
Buildings and improvements.....	428,985,979	4,048,771	-	433,034,750
Equipment and machinery.....	61,421,673	7,176,936	(1,240,778)	67,357,831
Road network.....	68,000,817	3,053,953	-	71,054,770
Sub-total	<u>558,408,469</u>	<u>14,279,660</u>	<u>(1,240,778)</u>	<u>571,447,351</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(110,893,245)	(9,504,472)	-	(120,397,717)
Equipment and machinery.....	(42,843,696)	(3,777,054)	1,174,135	(45,446,615)
Road network.....	(23,936,735)	(1,445,663)	-	(25,382,398)
Sub-total	<u>(177,673,676)</u>	<u>(14,727,189)</u>	<u>1,174,135</u>	<u>(191,226,730)</u>
Total capital assets being depreciated, net.....	<u>380,734,793</u>	<u>(447,529)</u>	<u>(66,643)</u>	<u>380,220,621</u>
Governmental capital assets, net.....	\$ <u>407,523,975</u>	\$ <u>13,602,103</u>	\$ <u>(1,289,310)</u>	\$ <u>419,836,768</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Depreciation was charged to governmental fund programs in the Statement of Activities as follows:

Legislative & executive.....	\$ 3,585
Elections.....	25,861
Administrative support.....	50,307
Public building maintenance and operations.....	195,798
Police.....	543,037
Fire.....	734,767
Inspectional services.....	8,085
Education.....	9,830,308
Streets and sidewalks.....	2,038,353
Control of snow and ice.....	13,250
Solid waste.....	998
Public health.....	28,717
Senior services.....	24,109
Libraries.....	983,580
Parks and recreation.....	233,889
Newton history museum.....	12,545
Total depreciation expense - governmental activities.....	<u>\$ 14,727,189</u>

Capital asset activity for individual enterprise funds for the fiscal year ended June 30, 2013 is as follows:

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
<u>Water system:</u>				
Capital assets not being depreciated:				
Land.....	\$ 258,540	\$ -	\$ -	\$ 258,540
Construction in progress.....	4,345	28,100	-	32,445
Sub-total.....	<u>262,885</u>	<u>28,100</u>	<u>-</u>	<u>290,985</u>
Capital assets being depreciated:				
Buildings and improvements.....	2,203,492	-	-	2,203,492
Equipment and machinery.....	13,313,104	257,690	(190,096)	13,380,698
Water system.....	42,069,587	2,969,927	-	45,039,514
Sub-total.....	<u>57,586,183</u>	<u>3,227,617</u>	<u>(190,096)</u>	<u>60,623,704</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(1,081,195)	(33,162)	-	(1,114,357)
Equipment and machinery.....	(4,032,395)	(706,494)	155,296	(4,583,593)
Water system.....	(10,126,299)	(865,083)	-	(10,991,382)
Sub-total.....	<u>(15,239,889)</u>	<u>(1,604,739)</u>	<u>155,296</u>	<u>(16,689,332)</u>
Total capital assets being depreciated, net.....	<u>42,346,294</u>	<u>1,622,878</u>	<u>(34,800)</u>	<u>43,934,372</u>
Water system capital assets, net.....	\$ <u>42,609,179</u>	\$ <u>1,650,978</u>	\$ <u>(34,800)</u>	\$ <u>44,225,357</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Sewer system:				
Capital assets not being depreciated:				
Land.....	\$ 26,245	\$ -	\$ -	\$ 26,245
Capital assets being depreciated:				
Buildings and improvements.....	1,867,659	-	-	1,867,659
Equipment and machinery.....	2,544,405	224,918	-	2,769,323
Sanitary sewer system.....	48,386,910	1,685,867	-	50,072,777
Sub-total.....	<u>52,798,974</u>	<u>1,910,785</u>	<u>-</u>	<u>54,709,759</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(703,142)	(39,126)	-	(742,268)
Equipment and machinery.....	(1,352,487)	(147,099)	-	(1,499,586)
Sanitary sewer system.....	(17,062,449)	(929,113)	-	(17,991,562)
Sub-total.....	<u>(19,118,078)</u>	<u>(1,115,338)</u>	<u>-</u>	<u>(20,233,416)</u>
Total capital assets being depreciated, net.....	<u>33,680,896</u>	<u>795,447</u>	<u>-</u>	<u>34,476,343</u>
Sewer system capital assets, net.....	\$ <u>33,707,141</u>	\$ <u>795,447</u>	\$ <u>-</u>	\$ <u>34,502,588</u>

Capital asset activity for individual component units for the fiscal year ended June 30, 2013 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Newton Commonwealth Foundation (Golf course):				
Capital assets being depreciated:				
Land improvements.....	\$ 2,909,895	\$ 170,976	\$ -	\$ 3,080,871
Buildings and improvements.....	69,481	13,874	5,265	88,620
Equipment and machinery.....	62,840	5,112	(5,265)	62,687
Sub-total.....	<u>3,042,216</u>	<u>189,962</u>	<u>-</u>	<u>3,232,178</u>
Less: accumulated depreciation:				
Land improvements.....	(1,016,021)	(146,833)	-	(1,162,854)
Buildings and improvements.....	(51,087)	(2,648)	(2,126)	(55,861)
Equipment and machinery.....	(47,002)	(3,428)	2,126	(48,304)
Sub-total.....	<u>(1,114,110)</u>	<u>(152,909)</u>	<u>-</u>	<u>(1,267,019)</u>
Golf course, net.....	\$ <u>1,928,106</u>	\$ <u>37,053</u>	\$ <u>-</u>	\$ <u>1,965,159</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Note 6 – Net Investment in Capital Assets

Net investment in capital assets at June 30, 2013 is summarized as follows:

Governmental Activities

Capital assets, net of accumulated depreciation.....	\$	419,836,768
Less: total long-term debt outstanding.....		(189,297,824)
Add: long-term debt outstanding not related to asset acquisition.....		952,600
Add: unspent BAN/bond proceeds.....		<u>6,882,703</u>
 Net investment in capital assets.....	\$	<u><u>238,374,247</u></u>

Business-Type Activities

	<u>Water</u>	<u>Sewer</u>	<u>Total Enterprise Funds/ Business-Type Activities</u>
Capital assets, net of accumulated depreciation.....	\$ 44,225,357	\$ 34,502,588	\$ 78,727,945
Less: total long-term debt outstanding.....	(19,207,903)	(14,106,701)	(33,314,604)
Add: unspent BAN/bond proceeds.....	<u>5,131,643</u>	<u>5,726,366</u>	<u>10,858,009</u>
 Net investment in capital assets.....	<u><u>\$ 30,149,097</u></u>	<u><u>\$ 26,122,253</u></u>	<u><u>\$ 56,271,350</u></u>

Note 7 – Inter-fund Receivables, Payables and Transfers

Receivables and payables between funds at June 30, 2013, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Mass Works Roadway Grant Fund - non major governmental fund	\$ 2,200,444 {1}
General Fund	School State Grant Fund - non major governmental fund	391,759 {1}
General Fund	CH 90 Highway Improvement Fund - non major governmental fund	39,289 {1}
General Fund	Chaffin Education - private purpose trust fund	13,530 {2}
General Fund	Scovell Education Fund - private purpose trust fund	<u>1,467 {2}</u>
	Total	<u><u>\$ 2,646,489</u></u>

{1} Advance funding pending receipt of grant reimbursement.

{2} Advance funding pending receipt of reimbursement.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Inter-fund transfer activity for the fiscal year ended June 30, 2013 consisted of the following:

	General Fund	Community Preservation Fund	High School Improvement Fund	Nonmajor Governmental Funds	Water Enterprise Fund	Sewer Enterprise Fund	Total All Funds
Parking meter receipt financing for 2013 operating budget.....	\$ 1,681,650	\$ -	\$ -	\$ (1,681,650)	\$ -	\$ -	\$ -
Water fund financing for 2013 operating budget.....	855,911	-	-	-	(855,911)	-	-
Water fund financing for 2013 sewer fund operating budget.....	-	-	-	-	(689,753)	689,753	-
Sewer fund financing for 2013 operating budget.....	784,349	-	-	-	-	(784,349)	-
Stormwater fund financing for 2013 operating budget.....	16,401	-	-	(16,401)	-	-	-
Sale of Recyclable materials fund financing for 2013 operating budget.....	95,000	-	-	(95,000)	-	-	-
Automated trash collection fund financing for 2013 operating budget.....	108,350	-	-	(108,350)	-	-	-
CATV franchise fee fund financing for 2013 operating budget.....	198,000	-	-	(198,000)	-	-	-
BAA marathon fund financing for 2013 operating budget.....	55,000	-	-	(55,000)	-	-	-
BAA marathon fund financing for Memorial school play area improvements.....	12,500	-	-	(12,500)	-	-	-
BAA marathon fund financing for playground improvements.....	55,000	-	-	(55,000)	-	-	-
CH Square development mitigation funding for fire equipment.....	196,000	-	-	(196,000)	-	-	-
Mariott Hotel development mitigation funding for Normbega Park improvements.....	20,000	-	-	(20,000)	-	-	-
Hammond Pond Parkway signal improvements.....	250,000	-	-	(250,000)	-	-	-
Bicycle rack improvements - B Street Restaurant development mitigation.....	510	-	-	(510)	-	-	-
Bicycle rack improvements - MAPC federal transpiration grant.....	1,043	-	-	(1,043)	-	-	-
CH Shopping Center drainage improvements.....	80,383	-	-	(80,383)	-	-	-
Police asset forfeiture funding for police cruiser replacement.....	5,000	-	-	(5,000)	-	-	-
Snow & ice control funding from inclement weather reserve (FEMA/MEMA).....	300,000	-	-	(300,000)	-	-	-
E-rate technology funding.....	119,426	-	-	(119,426)	-	-	-
CPA fund engineering services reimbursement.....	2,802	(2,802)	-	-	-	-	-
School athletic revolving fund subsidy.....	(900,533)	-	-	900,533	-	-	-
School food services fund subsidy.....	(95,000)	-	-	95,000	-	-	-
Federal Assistance to Firefighters grant local match.....	(24,000)	-	-	24,000	-	-	-
School modular design - School budget to school improvement fund.....	(350,000)	-	-	350,000	-	-	-
Fire station #10 & wires division building renovation study.....	(82,988)	-	-	82,988	-	-	-
Fire station #10 & wires division building renovation study.....	(67,012)	-	-	67,012	-	-	-
Lincoln-Eliot elementary mechanical upgrade project supplemental funding - CSF.....	(104,000)	-	-	104,000	-	-	-
Cabot elementary energy conservation project - CPF funding.....	(100,000)	-	-	100,000	-	-	-
NNHS project supplemental funding - substitution for bond sale - CSF.....	(53,446)	-	53,446	-	-	-	-
Energy audit project budget - rescinded bond authorization - CSF.....	(2,331)	-	-	2,331	-	-	-
Eliot St Water building improvements - capital stabilization fund funding.....	(105,000)	-	-	105,000	-	-	-
Main Library energy conservation improvements - CSF.....	(132,000)	-	-	132,000	-	-	-
Close out Deer Park maintenance revolving fund to conservation permanent fund.....	-	-	-	(918)	-	-	(918)
Close out Deer Park maintenance revolving fund to conservation permanent fund.....	-	-	-	918	-	-	918
Federal FEMA storm reimbursements closed to Inclement weather reserve.....	-	-	-	(254,385)	-	-	(254,385)
Federal FEMA storm reimbursements closed to Inclement weather reserve.....	-	-	-	254,385	-	-	254,385
State MEMA storm reimbursements closed to Inclement weather reserve.....	-	-	-	(58,784)	-	-	(58,784)
State MEMA storm reimbursements closed to Inclement weather reserve.....	-	-	-	58,784	-	-	58,784
Close Education Center generator replacement project balance to CSF.....	47,986	-	-	(47,986)	-	-	-
Close Elementary school modular project balance to CSF.....	40,463	-	-	(40,463)	-	-	-
Close School roof project balances to CSF.....	77,980	-	-	(77,980)	-	-	-
Close H. Mann school improvement project balance to CSF.....	2,875	-	-	(2,875)	-	-	-
Close Lincoln-Eliot & Mason-Rice elementary boiler project balances to CSF.....	15,637	-	-	(15,637)	-	-	-
Close Burr, H. Mann, and Zervas elementary sprinkler project balances to CSF.....	284,025	-	-	(284,025)	-	-	-
Close Cabot energy conservation project balance to CSF.....	42,899	-	-	(42,899)	-	-	-
Close NNHS project balance to CSF.....	5,171	-	(5,171)	-	-	-	-
Close Fire station #7 improvement project balance to CSF.....	27,491	-	-	(27,491)	-	-	-
Close Manet Rd communications building project balance to CSF.....	25	-	-	(25)	-	-	-
Close energy conservation project balance to CSF.....	19,905	-	-	(19,905)	-	-	-
Transfers from other funds.....	\$ 5,401,781	\$ -	\$ 53,446	\$ 2,276,951	\$ -	\$ 689,753	\$ 8,421,932
Transfers to other funds.....	\$ (2,016,310)	\$ (2,802)	\$ (5,171)	\$ (4,067,636)	\$ (1,545,664)	\$ (784,349)	\$ (8,421,932)

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Note 8 - Short-Term Debt

Short term debt may be authorized and issued to fund current operating costs prior to the collection of revenues through the issuance of revenue (RAN's) or tax anticipation notes (TAN's), or to finance capital project expenditures prior to the issuance of permanent long-term debt, through the issuance of bond (BAN's) or grant anticipation notes (GAN's).

The City has no short term debt outstanding at June 30, 2013, and did not issue or retire any short term debt during the fiscal year.

Note 9 - Long-Term Obligations

The follow represents a summary of changes that occurred in long-term obligations during the fiscal year ended June 30, 2013:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion
Governmental Activities:					
Bonds and notes payable.....	\$ 188,320,433	\$ 15,573,558	\$ (14,596,167)	\$ 189,297,824	\$ 9,664,867
Landfill closure and other environmental....	744,000	-	(75,887)	668,113	110,887
Workers' compensation.....	6,489,195	5,551,582	(1,609,024)	10,431,753	1,541,706
Compensated absences.....	8,163,044	185,894	-	8,348,938	3,011,447
Net OPEB obligation.....	<u>144,333,034</u>	<u>45,022,096</u>	<u>(16,058,558)</u>	<u>173,296,572</u>	<u>-</u>
Total.....	\$ <u>348,049,706</u>	\$ <u>66,333,130</u>	\$ <u>(32,339,636)</u>	\$ <u>382,043,200</u>	\$ <u>14,328,907</u>
Business-type Activities:					
Bonds and notes payable.....	\$ 29,326,017	\$ 8,446,642	\$ (4,458,055)	\$ 33,314,604	\$ 4,682,975
Compensated absences.....	275,978	-	9,031	285,009	28,501
Net OPEB obligation.....	<u>3,545,394</u>	<u>1,084,876</u>	<u>(386,956)</u>	<u>4,243,314</u>	<u>-</u>
Total.....	\$ <u>33,147,389</u>	\$ <u>9,531,518</u>	\$ <u>(4,835,980)</u>	\$ <u>37,842,927</u>	\$ <u>4,711,476</u>

Internal service funds predominantly serve the governmental funds. Accordingly, the internal service fund's long-term liabilities are included as part of the governmental activities totals above. At fiscal year-end, \$10,431,753 of the internal service funds accrued liabilities (workers' compensation claims) is included above.

The outstanding long-term debt related to land acquisition (Kessler Woods, Angino Farm and Rogers Street) will be funded from the community preservation fund (major fund).

Except for the amounts related to the internal service funds and community preservation fund, the governmental activities long term liabilities are generally liquidated by the general fund.

Note 10 - Long-Term Debt

The City's long term debt at June 30, 2013, along with future year debt service requirements, is as follows:

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Bonds Payable – Governmental Funds

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2012	Issued	Redeemed	Outstanding June 30, 2013
MWPAT landfill closure.....	02/15/1998	4.60	\$ 1,028,100	\$ -	\$ (75,500)	\$ 952,600
School renovations.....	08/15/2003	3.06	1,140,000	-	(570,000)	570,000
Land acquisition (CPA).....	12/15/2003	2.0-3.4	1,000,000	-	(500,000)	500,000
School renovations.....	02/15/2005	3.0-4.0	6,500,000	-	(5,500,000)	1,000,000
School renovations.....	02/15/2006	3.0-4.3	7,875,000	-	(610,000)	7,265,000
Road improvements.....	02/15/2006	3.0-4.3	200,000	-	(50,000)	150,000
Public works equipment.....	02/15/2006	3.0-4.3	490,000	-	(60,000)	430,000
Fire equipment.....	02/15/2006	3.0-4.3	495,000	-	(55,000)	440,000
School renovations.....	02/01/2007	4.0-5.0	6,310,000	-	(500,000)	5,810,000
Fire station improvements.....	02/01/2007	4.0-5.0	215,000	-	(25,000)	190,000
Public works equipment.....	02/01/2007	4.0-5.0	450,000	-	(50,000)	400,000
Land acquisition (CPA).....	11/01/2007	3.98	1,275,000	-	(255,000)	1,020,000
Fire station improvements.....	11/01/2007	3.98	380,000	-	(30,000)	350,000
School renovations.....	11/01/2007	3.98	160,000	-	(10,000)	150,000
School new construction.....	11/01/2007	3.98	15,150,000	-	(955,000)	14,195,000
School new construction.....	06/15/2008	4.37	21,735,000	-	(475,000)	21,260,000
School renovations.....	06/15/2008	3.80	1,760,000	-	(110,000)	1,650,000
Fire equipment.....	06/15/2008	3.80	330,000	-	(30,000)	300,000
Public works equipment.....	06/15/2008	3.80	440,000	-	(40,000)	400,000
School new construction.....	04/01/2009	2.0-5.0	70,835,000	-	(1,445,000)	69,390,000
School renovations.....	04/01/2009	2.0-5.0	1,715,000	-	(105,000)	1,610,000
School renovations.....	04/01/2009	2.0-5.0	180,000	-	(15,000)	165,000
School renovations.....	04/01/2009	2.0-5.0	655,000	-	(40,000)	615,000
South high school athletic fields.....	04/01/2009	2.0-5.0	2,570,000	-	(215,000)	2,355,000
Fire station renovations.....	04/01/2009	2.0-5.0	1,975,000	-	(170,000)	1,805,000
Fire station design.....	04/01/2009	2.0-5.0	135,000	-	(70,000)	65,000
City hall boiler replacement.....	04/01/2009	2.0-5.0	180,000	-	(15,000)	165,000
Bencliffe circle construction.....	04/01/2009	2.0-5.0	125,000	-	(20,000)	105,000
Fire equipment.....	04/01/2009	2.0-5.0	635,000	-	(55,000)	580,000
Parks equipment.....	04/01/2009	2.0-5.0	80,000	-	(10,000)	70,000
DPW equipment.....	04/01/2009	2.0-5.0	480,000	-	(40,000)	440,000
School new construction.....	05/01/2010	3.0-4.0	10,870,000	-	(390,000)	10,480,000
Fire station renovations.....	05/01/2010	2.0-4.0	4,065,000	-	(230,000)	3,835,000
Underground fuel tanks.....	05/01/2010	2.0-4.0	360,000	-	(45,000)	315,000
Modular classrooms.....	05/01/2010	2.0-4.0	1,210,000	-	(95,000)	1,115,000
School renovations.....	05/01/2010	2.0-4.0	1,195,000	-	(115,000)	1,080,000
Energy conservation.....	05/01/2010	2.0-4.0	3,180,000	-	(245,000)	2,935,000
Fire equipment.....	05/01/2010	2.0-4.0	400,000	-	(50,000)	350,000
Public works equipment.....	05/01/2010	2.0-4.0	1,520,000	-	(190,000)	1,330,000
School new construction.....	03/30/2011	2.0	10,633,333	-	(366,667)	10,266,666
School renovations.....	04/14/2011	3.0-4.5	2,165,000	-	(135,000)	2,030,000
City hall windows.....	04/14/2011	3.0-4.5	120,000	-	(20,000)	100,000
Public works equipment.....	04/14/2011	3.0-4.5	370,000	-	(75,000)	295,000
School renovations/upgrades.....	04/03/2012	2.0-3.0	4,494,000	-	(419,000)	4,075,000
Fire engine replacement.....	04/03/2012	2.0-3.0	600,000	-	(60,000)	540,000
Gath pool repairs.....	04/03/2012	2.0-3.0	100,000	-	(10,000)	90,000
Playground improvements.....	04/03/2012	2.0-3.0	150,000	-	(10,000)	140,000
Public works equipment.....	04/03/2012	2.0-3.0	390,000	-	(40,000)	350,000
School advance refunding.....	04/12/2013	2.0-4.0	-	4,761,000	-	4,761,000
School renovations.....	04/12/2013	2.0-4.0	-	8,230,558	-	8,230,558
Public works equipment.....	04/12/2013	2.0-4.0	-	172,000	-	172,000
Gath Pool improvements.....	04/12/2013	2.0-4.0	-	150,000	-	150,000
City Hall improvements.....	04/12/2013	2.0-4.0	-	600,000	-	600,000
Crafts St DPW garage improvements.....	04/12/2013	2.0-4.0	-	260,000	-	260,000
Energy conservation.....	04/12/2013	2.0-4.0	-	400,000	-	400,000
Fire equipment.....	04/12/2013	2.0-4.0	-	1,000,000	-	1,000,000
Total.....			\$ 188,320,433	\$ 15,573,558	\$ (14,596,167)	\$ 189,297,824

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

During fiscal year 2013, the City issued \$10,812,558 in new general obligation bonds; \$8,230,558 for school renovations; \$1,000,000 for fire equipment; \$600,000 for City Hall improvements; \$400,000 for energy conservation projects; \$260,000 for Crafts Street DPW garage improvements; \$172,000 for public works equipment; and \$150,000 for Gath pool improvements.

During 1998, the City entered into a twenty-year loan agreement with the Massachusetts Water Pollution Abatement Trust (MWPAT) to provide \$2,675,000 in funding for the closure of the City's remaining sanitary landfill. The loan agreement provides for both principal and interest subsidies over the term of the loan. At June 30, 2013, a balance of \$952,600 was outstanding on this loan. An interest subsidy of \$71,131 has been recorded in the general fund.

Advanced Refunding – April 2013

The City issued \$4,761,000 of general obligation refunding bonds (with a premium of \$597,034) to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$5,000,000 of previously issued general obligation bonds related to school construction. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$597,034. This amount was expensed in the current fiscal year. This advance refunding was undertaken to reduce total debt service payments over the next 12 years by approximately \$417,000 and resulted in an economic gain of approximately \$359,000.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Debt service requirements for principal and interest for Governmental bonds payable for future years is as follows:

Fiscal Year Ending	Principal	Interest	Total
2014	\$ 9,664,867	\$ 7,410,782	\$ 17,075,649
2015	9,270,925	7,183,702	16,454,627
2016	9,232,967	6,873,104	16,106,071
2017	9,192,667	6,575,676	15,768,343
2018	8,872,467	6,259,516	15,131,983
2019	8,932,267	5,910,815	14,843,082
2020	8,551,667	5,567,960	14,119,627
2021	8,286,667	5,219,778	13,506,445
2022	8,156,667	4,881,116	13,037,783
2023	8,096,667	4,567,045	12,663,712
2024	8,176,667	4,254,999	12,431,666
2025	7,791,667	3,939,854	11,731,521
2026	6,921,667	3,647,188	10,568,855
2027	6,481,667	3,380,044	9,861,711
2028	6,136,667	3,125,161	9,261,828
2029	5,376,667	2,896,652	8,273,319
2030	5,331,667	2,680,556	8,012,223
2031	5,276,667	2,457,685	7,734,352
2032	5,386,667	2,236,296	7,622,963
2033	5,601,667	1,993,358	7,595,025
2034	5,841,667	1,739,417	7,581,084
2035	6,056,667	1,474,196	7,530,863
2036	6,326,667	1,196,770	7,523,437
2037	6,601,667	906,074	7,507,741
2038	6,891,667	602,115	7,493,782
2039	5,721,667	283,975	6,005,642
2040	751,667	31,030	782,697
2041	366,657	7,333	373,990
Total	\$ 189,297,824	\$ 97,302,197	\$ 286,600,021

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Bonds Payable – Water Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2012	Issued	Redeemed	Outstanding June 30, 2013
MWRA Water	08/15/2002	0.00	\$ 258,602	\$ -	\$ (258,602)	\$ -
MWRA Water	02/26/2004	0.00	517,204	-	(258,602)	258,602
MWRA Water	11/18/2004	0.00	775,806	-	(258,602)	517,204
MWRA Water	05/18/2006	0.00	1,034,407	-	(258,602)	775,805
MWRA Water	05/31/2007	0.00	1,293,009	-	(258,602)	1,034,407
Water meter replacement.....	04/01/2009	2.0-5.0	4,200,000	-	(600,000)	3,600,000
MWRA Water	05/21/2009	0.00	2,520,000	-	(360,000)	2,160,000
MWRA Water	05/20/2010	0.00	1,779,520	-	(222,440)	1,557,080
MWRA Water	02/15/2011	0.00	1,740,291	-	(193,366)	1,546,925
Water meter replacement.....	04/14/2011	3.0-4.5	2,700,000	-	(300,000)	2,400,000
MWRA Water	05/14/2012	0.00	1,360,200	-	(136,020)	1,224,180
MWRA Water	08/20/2012	0.00	-	1,360,200	-	1,360,200
Water Mains.....	04/12/2013	2.0-4.0	-	2,700,000	-	2,700,000
Water/Sewer Garage.....	04/12/2013	2.0-4.0	-	73,500	-	73,500
Total.....			\$ 18,179,039	\$ 4,133,700	\$ (3,104,836)	\$ 19,207,903

The Massachusetts Water Resources Authority (MWRA) offers water system rehabilitation and sanitary sewer infiltration and inflow reduction financial assistance programs to member communities in order to assist with the on-going maintenance of water and sewer system infrastructure. During the fiscal year ended June 30, 2013, the City was the recipient of a \$1,360,200 ten-year interest free water system rehabilitation loan.

At June 30, 2013, the City had \$10,434,403 in MWRA water rehabilitation loans outstanding. Interest subsidies on these loans for the year ended June 30, 2013 totaled \$315,437.

During fiscal year 2013, the City issued \$2,773,500 in new water general obligation bonds; \$2,700,000 for water mains and \$73,500 for water garage repairs.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Debt service requirements for future year principal and interest for water enterprise fund debt is as follows:

Fiscal Year	Ending	Principal	Interest	Total
2014	\$	3,123,254	\$ 274,328	\$ 3,397,582
2015		2,863,652	264,894	3,128,546
2016		2,605,049	235,193	2,840,242
2017		2,346,447	200,993	2,547,440
2018		2,087,846	166,794	2,254,640
2019		2,087,845	129,693	2,217,538
2020		1,127,845	91,094	1,218,939
2021		905,405	71,993	977,398
2022		412,040	52,894	464,934
2023		276,020	47,293	323,313
2024		140,000	41,694	181,694
2025		140,000	36,093	176,093
2026		140,000	32,944	172,944
2027		140,000	28,744	168,744
2028		137,500	24,544	162,044
2029		135,000	20,419	155,419
2030		135,000	16,369	151,369
2031		135,000	12,319	147,319
2032		135,000	8,269	143,269
2033		135,000	4,219	139,219
Total	\$	19,207,903	\$ 1,760,783	\$ 20,968,686

Bonds Payable – Sewer Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2012	Issued	Redeemed	Outstanding June 30, 2013
MWPAT Sewer.....	10/06/1999	5.16	\$ 3,040,000	\$ -	\$ (340,000)	\$ 2,700,000
MWPAT Sewer.....	11/10/2000	5.20	4,004,000	-	(391,000)	3,613,000
MWPAT Sewer.....	07/03/2002	0.00	75,657	-	(5,657)	70,000
MWRA Sewer.....	08/23/2007	0.00	10,560	-	(10,560)	-
MWRA Sewer.....	11/29/2007	0.00	30,723	-	(30,723)	-
MWRA Sewer.....	09/09/2008	0.00	224,048	-	(112,024)	112,024
MWRA Sewer.....	02/19/2009	0.00	317,790	-	(158,895)	158,895
MWRA Sewer.....	03/01/2010	0.00	141,900	-	(47,300)	94,600
Sewer system improvements.....	05/01/2010	2.0-4.0	450,000	-	(25,000)	425,000
MWRA Sewer.....	08/25/2010	0.00	575,300	-	(115,060)	460,240
Sewer system improvements.....	04/03/2012	2.0-3.0	2,277,000	-	(117,000)	2,160,000
Sewer I& I removal.....	04/12/2013	2.0-4.0	-	4,239,442	-	4,239,442
Water/Sewer Garage.....	04/12/2013	2.0-4.0	-	73,500	-	73,500
Total			\$ 11,146,978	\$ 4,312,942	\$ (1,353,219)	\$ 14,106,701

The MWRA’s sanitary sewer infiltration/inflow reduction financial assistance program provides financial assistance for eligible projects in the form of a combination of grants and five-year interest-free loans. At June 30, 2013, the City had \$825,759 in MWRA sewer infiltration/inflow reduction loans outstanding.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

The City has also entered into (3) ten-year subsidized loan agreements with the MWPAT for additional sanitary sewer system infiltration and inflow reduction projects. At June 30, 2013 the City had \$6,383,000 in loans outstanding under this project. Interest and principal subsidies on these loans for the year ended June 30, 2013 were \$275,149 and \$226,963, respectively.

During fiscal year 2013, the City issued \$4,312,942 in new sewer general obligation bonds; \$4,239,442 for sewer improvements and \$73,500 for water garage repairs.

Debt service requirements for future year principal and interest for sewer enterprise fund debt is as follows:

Fiscal Year Ending	Principal	Interest	Total
2014	\$ 1,559,721	\$ 500,667	\$ 2,060,388
2015	1,303,360	471,762	1,775,122
2016	1,281,060	418,587	1,699,647
2017	1,306,060	365,043	1,671,103
2018	1,226,000	307,642	1,533,642
2019	1,256,000	253,123	1,509,123
2020	1,276,000	198,544	1,474,544
2021	861,000	149,808	1,010,808
2022	365,000	124,051	489,051
2023	365,000	111,075	476,075
2024	355,000	98,926	453,926
2025	355,000	86,448	441,448
2026	355,000	77,737	432,737
2027	355,000	67,412	422,412
2028	347,500	57,087	404,587
2029	345,000	46,687	391,687
2030	345,000	36,362	381,362
2031	320,000	25,762	345,762
2032	320,000	16,162	336,162
2033	210,000	6,562	216,562
Total	\$ <u>14,106,701</u>	\$ <u>3,419,447</u>	\$ <u>17,526,148</u>

Water and sewer debt is expected to be funded from water and sewer enterprise fund revenue.

Subsequent Events

On August 12, 2013, the City received non-interest bearing notes from MWRA totaling \$1,360,200. The proceeds of the notes will be used for water system improvements.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

At June 30, 2013 the City had a total of \$29,939,446 in authorized and unissued debt, which is summarized as follows:

	Authorized and Unissued Debt			End of Year
	Beginning of Year	Increases	Decreases	
High school improvements.....	\$ 6,329,692	\$ -	\$ (6,329,692)	\$ -
School improvements.....	7,535,000	15,324,676	(8,230,558)	14,629,118
Energy conservation audits.....	18,919	400,000	(418,919)	-
Public works equipment.....	-	704,000	(172,000)	532,000
Sewer system improvements.....	536,655	-	-	536,655
Sewer I&I removal-MWPAT.....	2,995,073	-	-	2,995,073
Sewer system I&I removal - PH I USISIP.....	4,239,878	-	(4,239,878)	-
Water main rehabilitation - MWRA.....	12,241,800	-	(1,360,200)	10,881,600
Water meter replacement.....	2,528,000	-	(2,528,000)	-
Water main cleaning.....	-	2,700,000	(2,700,000)	-
Newton city hall improvements.....	300,000	300,000	(600,000)	-
Fire engine and station repairs.....	90,000	1,000,000	(1,000,000)	90,000
Lower Falls community center.....	-	275,000	-	275,000
Gath pool repairs.....	-	150,000	(150,000)	-
Water and Sewer building masonry repairs.....	-	147,000	(147,000)	-
Garage masonry repairs and roof design services.....	-	260,000	(260,000)	-
Total.....	\$ 36,815,017	\$ 21,260,676	\$ (28,136,247)	\$ 29,939,446

Note 11 – Landfill Closure and Post-closure Care Costs

State and federal laws and regulations mandated that the City close its old landfill site when it ceases accepting waste and to perform certain maintenance and monitoring activities at the site after closure. On June 28, 1996 the City signed a consent agreement with the Commonwealth of Massachusetts’ Department of Environmental Protection that established a schedule for closure of the Rumford Avenue landfill. This landfill ceased operations in 1976 and was capped during 1998, which was in compliance with the consent agreement. The City has recorded a liability of \$533,000 at June 30, 2013 for future year landfill site monitoring and maintenance. Estimated costs per year total \$35,000. The current estimate is based upon current costs and may require modification in future years due to price inflation, changes in technology or changes in state/federal law and regulations.

Note 12 – Other Post Employment Benefits

Plan Description – The City provides health and life insurance coverage for its retirees and their survivors (hereinafter referred to as the “Plan”) as a single-employer defined benefit Other Post Employment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process. The Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

The number of participants as of June 30, 2013, the latest actuarial valuation, is as follows:

Active employees.....	2,317
Retired employees and beneficiaries.....	<u>3,397</u>
 Total.....	 <u><u>5,714</u></u>

Funding Policy - The contribution requirements of Plan members and the City are established and may be amended by the City. The required health insurance contribution rates of Plan members and the City are 25%/30% and 75%/70%, respectively. In addition, the City reimburses 80% of the Medicare Part B premiums paid by retirees. The Plan members and City each contribute 50% towards a \$5,000 term life insurance premium. The City currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the City.

Annual OPEB Cost and Net OPEB Obligation - The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with the parameters set forth in GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the actual amount contributed to the plan, and changes in the total net OPEB obligation:

	Amount <u>(in thousands)</u>
Annual required contribution.....	\$ 49,079
Interest on net OPEB obligation.....	2,958
Adjustment to annual required contribution.....	<u>(5,930)</u>
 Annual OPEB cost.....	 46,107
Contributions made.....	<u>(16,446)</u>
 Increase in net OPEB obligation.....	 29,661
Net OPEB obligation at beginning of year.....	<u>147,879</u>
 Net OPEB obligation at end of year.....	 <u><u>\$ 177,540</u></u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Trend information regarding annual pension cost, the percentage of the annual pension cost contributed and the net pension obligation is as follows:

Fiscal Year Ending	Dollar Amounts in Thousands		
	Annual OPEB Cost (AOPEBC)	Percentage of AOPEBC Contributed	Net OPEB Obligation
June 30, 2011.....	\$ 49,898	32.6%	\$ 118,063
June 30, 2012.....	46,419	35.3%	147,879
June 30, 2013.....	46,107	35.0%	177,540

Funded Status and Funding Progress – The funded status of the Plan at June 30, 2013, the most recent actuarial valuation, was as follows:

Actuarial Valuation Date	Dollar Amounts in Thousands					
	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
06/30/13	\$ 538	\$ 602,309	\$ 601,771	0.1%	\$ 182,513	330%

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

The significant methods and assumptions as of the latest actuarial valuation are as follows:

Valuation date:	June 30, 2013
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level dollar
Remaining amortization period:	25 years (closed)
Interest discount rate:	2.00%
Healthcare/Medical cost trend rate:	1.57% for 2013; 2.67% for 2014; 3.76% for 2015; 4.86% for 2016; 5.96% for 2017; 5.93% for 2018; 5.91% for 2019; 5.89% for 2020; 5.78% for 2025; 5.81% for 2030; 5.19% for 2040; 5.00% for 2050; 4.83% for 2060; 4.35% starting in 2070 to an ultimate level of 4.35% per year

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Allocation of AOPEBC – AOPEBC costs were allocated to the City’s functions as follows:

Governmental Activities:	
Legislative & Executive.....	\$ 451,767
Elections.....	96,579
Financial administration.....	584,289
Administrative support.....	553,240
Planning & development.....	274,139
Public building maintenance & operation.....	597,330
Police.....	4,146,348
Fire.....	4,355,414
Inspectional services.....	255,541
Education.....	28,685,266
Streets & sidewalks.....	1,163,323
Collection & disposal of solid waste.....	426,438
Equipment maintenance.....	410,736
Engineering.....	234,675
Administration & support.....	309,913
Public health.....	637,357
Senior services.....	104,304
Veteran services.....	51,639
Libraries.....	945,953
Parks & recreation.....	702,270
Newton history museum.....	<u>35,575</u>
 Total AOPEBC - governmental activities.....	 <u>45,022,096</u>
 Business-Type Activities:	
Water.....	594,459
Sewer.....	<u>490,417</u>
 Total AOPEBC - business-type activities.....	 <u>1,084,876</u>
 Total AOPEBC.....	 <u>\$ 46,106,972</u>

Note 13 – Risk Financing

The City is exposed to various risks of loss related to general liability, property and casualty, workers’ compensation, unemployment, and employee health insurance claims. The City is self-insured for general liability risks, however, Chapter 258 of the Massachusetts General Laws limits the liability to a maximum of \$100,000 per claim in all matters except actions relating to federal civil rights, eminent domain, and breach of contract. The City is also self-insured for workers’ compensation and unemployment claims.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

The City has medical plans with Tufts and Harvard-Pilgrim, under which it makes actual claims payments. The medical plan providers act as claims processors and a transfer of risk does not occur. City employees currently contribute between 20% and 30% of the cost of health care, and retirees contribute between 25% and 30% of their health care costs, and the remainder is funded by the City. The City purchased stop loss insurance for individual claims in excess of \$250,000 per year, which are incurred during the fiscal year and paid within eighteen months after June 30.

During the fiscal year ended June 30, 2012 the City implemented several changes in health care plan design for active employees and their dependents through the collective bargaining process. The changes include introduction of annual deductibles; increased co-payments, and an increase in health premium contributions for new employees from 20% to either 25% or 30%, depending upon bargaining unit.

At June 30, 2013, the City's health claims liability totaled \$3,996,304 and is based on approximately one month claims paid average. Changes in the reported liability since July 1, 2011 are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-end
Fiscal year 2012.....	\$ 4,022,849	45,184,335	(45,532,797)	3,674,387
Fiscal year 2013.....	3,674,387	43,804,672	(43,482,755)	3,996,304

Workers' compensation claims are administered by the City's Personnel Department. The City contracts for an annual actuarial valuation of the program, and based on this study, has recorded a liability of \$10,431,753 at June 30, 2013, of which \$1,541,706 has been recorded as a current liability based upon the City's expectation that this amount will be paid within the fiscal year ending June 30, 2014. The liability includes an estimate of the IBNR claims.

The June 30, 2013 plan valuation is based upon the use of a combination of the paid loss development method and the Bornhuetter-Ferguson Paid Loss method. US Life Tables 2001 Vital Statistics for Males and Females have been used to determine annuity values for long term claims, using a 5.0% annual rate of interest.

Changes in the reported liability since July 1, 2011 are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-end
Fiscal year 2012.....	\$ 7,016,910	\$ 1,334,587	\$ (1,862,302)	\$ 6,489,195
Fiscal year 2013.....	6,489,195	5,551,582	(1,609,024)	10,431,753

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Note 14 – Fund Balances

The constraints on fund balances as listed in aggregate in the Governmental Funds Balance Sheet are detailed as follows:

	<u>General</u>	<u>Community Preservation</u>	<u>High School Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 447,206	\$ 447,206
Restricted:					
Debt service.....	2,896,430	-	-	-	2,896,430
General government.....	-	-	-	1,632,433	1,632,433
Public safety.....	-	-	-	331,414	331,414
Education.....	-	-	-	2,043,750	2,043,750
School construction.....	-	-	8,565	4,205,799	4,214,364
Freeman Foundation exchange program.....	-	-	-	362,918	362,918
Pre-school program.....	-	-	-	214,866	214,866
Summer school.....	-	-	-	199,999	199,999
Continuing education.....	-	-	-	189,408	189,408
Public works.....	-	-	-	1,365,841	1,365,841
Health and human services.....	-	-	-	396,437	396,437
Culture and recreation.....	-	-	-	1,504,575	1,504,575
Recreation activities/classes.....	-	-	-	811,128	811,128
Camp programs.....	-	-	-	743,051	743,051
Community preservation.....	-	6,195,410	-	-	6,195,410
CPA- community housing.....	-	1,009,515	-	-	1,009,515
CPA- historic resources.....	-	1,299,997	-	-	1,299,997
CPA- open space.....	-	349,235	-	-	349,235
CPA- community recreation.....	-	572,688	-	-	572,688
Capital.....	268,186	-	-	-	268,186
School lunch.....	-	-	-	14,610	14,610
Insurance proceeds.....	-	-	-	11,453	11,453
Receipts reserved.....	-	-	-	3,406,573	3,406,573
Sub-total - Restricted.....	<u>3,164,616</u>	<u>9,426,845</u>	<u>8,565</u>	<u>17,434,255</u>	<u>30,034,281</u>
Committed:					
Subsequent year's expenditures.....	300,000	-	-	-	300,000
Capital.....	2,149,216	-	-	-	2,149,216
Continuing appropriations.....	2,899,584	-	-	-	2,899,584
Receipts reserved.....	-	-	-	1,718,332	1,718,332
Sub-total - Committed.....	<u>5,348,800</u>	<u>-</u>	<u>-</u>	<u>1,718,332</u>	<u>7,067,132</u>
Assigned:					
Encumbrances.....	2,977,415	-	-	-	2,977,415
Capital.....	133,106	-	-	-	133,106
Sub-total - Assigned.....	<u>3,110,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,110,521</u>
Unassigned.....	<u>21,091,447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,091,447</u>
	\$ <u>32,715,384</u>	\$ <u>9,426,845</u>	\$ <u>8,565</u>	\$ <u>19,599,793</u>	\$ <u>61,750,587</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Note 15 – Stabilization Funds

The City maintains capital and rainy day stabilization funds. Appropriations in and out of the stabilization funds require approval of the Mayor and Board of Aldermen. Investment income is retained by the funds.

The balance of the capital and rainy day stabilization funds at June 30, 2013 total \$2,550,508 and \$11,024,489, respectively, and are reported in the general fund as restricted (\$268,186), committed (\$2,149,216), assigned (\$133,106) and unassigned (\$11,024,489).

Note 16 - Donor Restricted Endowments

Permanent Fund and Private Purpose Trust Fund donors have placed restrictions on the expenditure of certain Permanent Fund and Private Purpose Trust Fund endowments. Local policy prohibits the expenditure of unrealized gains and, as a result, only realized gains and investment income on all such funds is available for expenditure. Furthermore, the expenditure of investment income is restricted by individual donor trust agreements.

Amounts available for expenditure related to Permanent Funds are reported as expendable perpetual funds in the Statement of Net position and restricted fund balance in the Governmental Funds Balance Sheet. Amounts available for expenditure related to Private Purpose Trust Funds are reported as held in trust for other purposes in the Fiduciary Funds Statement of Fiduciary Net Position.

Note 17 – Prior Period Reclassifications and Adjustments

The beginning net position/fund balance of the governmental activities, general fund and OPEB Trust Fund have been restated from \$161,243,967, \$28,224,341 and \$0 to \$160,930,994, \$27,911,368 and \$312,973 to reflect the reclassification of the other postemployment benefits (OPEB) fund from an employer asset reported in the general fund to a fiduciary fund reported as an OPEB trust. This reclassification is the result of the City establishing an irrevocable trust during fiscal year 2013.

The beginning net position of the discretely component units has been restated from \$7,421,547 to \$7,043,034, to reflect the exclusion of the Newton Community Farm, Inc. (NCF) being presented as a discretely presented component unit in the City's basic financial statements. This restatement is the result of the City considering the NCF's activities to be immaterial to the basic financial statements.

Note 18 – Pension Plan

A – Plan Description and Membership

The City contributes to the System, a cost-sharing multiple-employer defined benefit pension plan administered by the Newton Contributory Retirement Board (NCRB). Substantially all employees of the City are members of the System, except for public school teachers and certain school administrative personnel who are members of the MTRS.

The System provides retirement, disability and death benefits to plan members and beneficiaries, pursuant to Massachusetts General Law Chapter 32, up to a maximum of 80% of the average of a member's three highest consecutive years' regular compensation. In addition to regular compensation, benefits are based upon a member's age, length of creditable service and group classification. Members become vested after ten years of creditable service. A normal retirement allowance may be received after the completion of 20 years of service or upon reaching age 55, with 10 years of service. Normal retirement for

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

most employees occurs at age 65, except for certain hazardous duty and public safety employees who attain normal retirement at age 55. Benefits and member contribution rates are determined by Chapter 32 of the Massachusetts General Laws.

A retirement allowance consists of two parts, an annuity and a pension. A member's accumulated total retirement deductions, plus interest, constitutes the annuity. The difference between the total retirement benefit and the annuity is the pension.

At December 31, 2012, the System's membership consisted of the following:

Active members.....	1,616
Inactive members.....	547
Disabled members.....	172
Retirees and beneficiaries currently receiving benefits.....	<u>1,163</u>
Total.....	<u><u>3,498</u></u>

B – Basis of Accounting

The System's financial statements are prepared using the full accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable.

Investments of the System are stated at fair value.

C - Funding Policy

In 1984 the City began funding the System on an actuarial reserve basis. This funding includes both current year service and the amortization of past service liability. It is the policy of the NCRB to contract for an annual actuarial valuation of the System to determine whether the contributions are sufficient to meet accruing liabilities and to demonstrate what adjustments, if any, are necessary on the basis of actual experience. Active member contribution rates are based upon date of hire: Prior to January 1, 1975 - 5% of regular compensation; January 1, 1975-December 31, 1984 - 7% of regular compensation; January 1, 1985-June 30, 1996 - 8% of regular compensation and July 1, 1996 to date - 9% of regular compensation.

Members hired on or after January 1, 1979 contribute an additional 2% of annual regular compensation in excess of \$30,000. Cost of living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth during this time period are funded by annual contributions from the Commonwealth. Cost of living adjustments granted after 1997 must be approved annually by the NCRB and the costs are borne entirely by the System. These adjustments may not exceed 3% on the first \$12,000 in benefits.

D – Investment Policy

The NCRB is responsible for the adoption of a formal asset allocation policy, the selection of professional investment managers to execute the investment policies, and the appointment of an investment consultant to assist with the evaluation of investment manager performance. All investment activities of the NCRB are subject to oversight by the Commonwealth of Massachusetts' Public Employee Retirement Administration Commission (PERAC).

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013

Effective July 1, 2007, the Newton Contributory Retirement Board transferred investment management responsibility for all assets, except those currently invested in real estate limited partnerships, with early withdrawal penalties, to the Commonwealth of Massachusetts' Pension Reserve Investment Trust.

E – Annual Pension Cost

The City's contributions to the System for the fiscal years ended June 30, 2013, 2012, and 2011 were \$16,165,564; \$16,077,924; and \$14,829,525; respectively, and equaled the actuarially required contribution for each fiscal year. At June 30, 2013 the City did not have a net pension obligation. The required contribution was determined as part of the January 1, 2011 actuarial valuation using the individual entry age normal cost method. The actuarial assumptions included a 7.75% rate of return on investments (net of administrative expenses); an inflationary rate of 3% and projected salary increases of 2% for 2012, 2.5% for 2013, 3.0% for 2014 and starting in 2015 the increase will be 3.5% annually thereafter. The actuarial value of the System's assets was determined using the five-year smoothing of investment returns greater/(less) than expected. The valuation must be within 20% of market value. The System's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll.

Funded Status and Funding Progress - The funded status of the plan at January 1, 2013, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Dollar Amounts In Thousands					
	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
January 1, 2013	\$ 268,087	\$ 512,377	\$ 244,289	52.3%	\$ 82,970	294.4%

The schedules of funding progress, presented as required supplementary information (RSI) following notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AAL for benefits.

The significant methods and assumptions as of the latest actuarial valuation are as follows:

Valuation date:	January 1, 2013
Actuarial cost method:	Entry age normal
Amortization method:	Increasing payments 3.75% per year
Remaining amortization period:	24 years (closed)
Asset valuation method:	Actuarial assets equal preliminary asset value plus 25% of the difference between market value and preliminary asset value. Preliminary asset value is the previous years' actuarial asset amount increased by net cash flow and expected investment income. The result must be within 20% of market value.
Investment rate of return:	7.75%

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Projected salary increases: 2.5% per year in 2013; 3.0% per year in 2014; starting in 2015 the annual increases will be 3.5%

Cost of living adjustments: 3.0% on the first \$12,000 in benefits

Legally Required Reserve Accounts – The balance in the System’s legally required reserves as of December 31, 2012 are as follows:

Description	Amount	Purpose
Annuity Savings Fund..... \$	79,778,188	Active members' contribution balance
Annuity Reserve Fund....	30,387,494	Retired members' contribution account
Military Service Fund.....	56,941	Military leave of absence contribution balance
Pension Fund.....	<u>143,959,693</u>	Remaining net assets
Total..... \$	<u><u>254,182,316</u></u>	

F - Non Contributory Retirement Allowances

City employees with World War II military veteran status, at least 30 years of service to the City, and who began work prior to July 1, 1939, are entitled to a non-contributory pension benefit equal to 72% of their highest annual rate of regular compensation. Retirement benefits for these individuals are funded on a pay-as-you-go basis by the City, and there is no estimate of the actuarial liability for these benefits because the City deems the amount to be immaterial to the financial statements. Expenditures for non-contributory retirement benefits for the fiscal years ended June 30, 2013, 2012, and 2011 were \$283,143, \$298,065 and \$347,374, respectively. Non contributory retirees are eligible for an annual cost of living adjustment of not more than 3% on the first \$12,000 of their annual retirement benefit.

Note 19 – Massachusetts Teachers Retirement System

Public school teachers and certain administrators are members of the Massachusetts Teachers Retirement System, to which the City does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled \$31,977,116 for the fiscal year ended June 30, 2013, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

Note 20 – Commitments and Contingencies

Significant commitments include the continuing appropriations and encumbrances outstanding for the general fund and CPA fund, for which outstanding balances at June 30, 2013, totaled \$5,876,999 and \$1,281,268, respectively.

The City participates in a number of state and federal award programs. Although the federal grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2013, these programs, as well as certain state grant programs, are still subject to separate financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although it is expected such amounts, if any, will be immaterial.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2013

Various additional legal actions and claims are pending. Litigation is subject to many uncertainties and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any at June 30, 2013 cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the City at June 30, 2013.

Note 21 – Future Implementation of GASB Pronouncements

The GASB has issued the following statements:

- Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will significantly impact the basic financial statements.
- Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*, which is required to be implemented during fiscal year 2014. The implementation of this Statement will require expanded note disclosures and required supplementary information.
- Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which is required to be implemented during fiscal year 2015. The implementation of this Statement will represent a significant change in the accounting and reporting of pension expense and the related liability. For the first time, the City will be required to recognize its long-term obligation for pension benefits as a liability and to more comprehensively measure the annual costs of pension benefits. The implementation of this Statement also expands pension related note disclosures and required supplementary information.
- Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented during fiscal year 2015. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will impact the basic financial statements.

These pronouncements will be implemented by their respective implementation dates.

Required Supplementary Information

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2013

PENSION PLAN SCHEDULES

The following schedules provide information related to the System as a whole, for which the City is one participating employer:

SCHEDULES OF FUNDING PROGRESS (SYSTEM)

Actuarial Valuation Date	Dollar Amounts in Thousands					UAAL as a Percentage of Covered Payroll ((B-A)/C)
	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	
January 1, 2013	\$ 268,087	\$ 512,377	\$ 244,289	52.3%	\$ 82,970	294.4%
January 1, 2012	262,109	493,224	231,115	53.1%	80,337	287.7%
January 1, 2011	260,156	473,083	212,927	55.0%	81,378	261.7%
January 1, 2010	254,035	462,104	208,069	55.0%	83,844	248.2%
January 1, 2009	252,117	443,010	190,893	56.9%	82,014	232.8%
January 1, 2008	281,115	419,001	137,886	67.1%	79,206	174.1%

SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)

Year Ended December 31	Annually Required Contributions (ARC)	Percentage of ARC Contributed (%)
2007	\$ 11,747,762	100
2008	12,843,635	100
2009	13,547,778	100
2010	15,029,827	100
2011	16,252,351	100
2012	16,343,094	100

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2013

The following schedule provides information related to the City's portion of the System's ARC:

CITY SHARE OF SYSTEM ARC

<u>Fiscal Year Ended</u>	<u>ARC</u>	<u>Percentage of ARC Contributed (%)</u>	<u>City ARC as a Percentage of System ARC (%)</u>
2008	\$ 11,594,554	100	98.7%
2009	12,682,312	100	98.7%
2010	13,364,434	100	98.6%
2011	14,829,525	100	98.7%
2012	16,077,924	100	98.9%
2013	16,165,564	100	98.9%

OTHER POSTEMPLOYMENT BENEFITS SCHEDULE

The following schedule provides information related to the City's other postemployment benefits plan:

SCHEDULES OF FUNDING PROGRESS

Dollar Amounts in Thousands

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Liability (AAL) Projected Unit Credit (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
06/30/13	\$ 538	\$ 602,309	\$ 601,771	0.1%	\$ 182,513	330%
06/30/12	-	601,300	601,300	-	176,525	341%
06/30/11	-	639,110	639,110	-	176,191	363%
06/30/10	-	531,675	531,675	-	175,729	303%
06/30/09	-	595,672	595,672	-	174,021	342%

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Special Revenue Funds

School Lunch Fund:

This fund is used to account for the operations of the Newton Public School Department's student lunch program. Revenues are generated from the sale of lunches, state and federal reimbursement grants, and investment income. A formal budget is not adopted for this fund; however, expenditures can not exceed revenues plus the beginning fund balance. Any difference between fund revenues and expenditures is financed with a transfer from the School Department's general fund operating budget. It is the policy of the Newton Public school department to subsidize all fund employee benefit costs.

Revolving Fund

The Revolving Fund is used to account for a variety of municipal functions that are expected to be self-supporting, such as departmental private duty details. All revolving funds, except for damage recoveries of less than \$20,000; private duty details and assignments; wetlands protection and development review activities; and police asset forfeitures are authorized annually by vote of the Board of Aldermen under Massachusetts General Law Chapter 44, Section 53E ½. Fund expenditures are limited to the lesser of actual available resources or the annual spending limit authorized by the Board of Aldermen.

Receipts Reserved Fund

This fund is used to account for a variety of local revenues whose use is either legally restricted by state law, or has been restricted by vote of the City's Board of Aldermen, for specific purposes and can only be spent with the prior appropriation of the Board of Aldermen. The fund is used to account for proceeds from the sale of surplus real estate, parking meter receipts, development mitigation funds, and revenues generated from cable television license agreements and the sale of recyclable materials. No expenditures can be made directly from the fund; rather, resources are appropriated and transferred to the City's general fund for expenditure.

Federal ARRA Fund

This fund is used to account for American Recovery and Reinvestment Act (ARRA) grant funds.

Community Development Block Grant Fund

This fund is used to account for activities undertaken with federal Community Development Block Grant funds. The Mayor and Board of Aldermen approve each year's grant budget. This is a reimbursement grant.

Municipal Federal Grant Fund

This fund is used to account for a variety of categorical municipal federal grants. The Board of Aldermen approve annual grant budgets and grant budget obligations are generally limited to the lesser of actual available resources or the annual spending limit authorized by the Board.

Municipal State Grant Fund

This fund is used to account for a variety of categorical municipal state grants other than ARRA grants. The Board of Aldermen approve annual grant budgets and grant budget obligations are limited to the lesser of actual available resources or the annual spending limit authorized by the Board.

School State Grant Fund

This fund is used to account for all categorical public education state grants. The School Committee approves annual grant budgets and grant budgets are recorded upon receipt of approved grant agreements.

School Federal Grant Fund

This fund is used to account for all categorical public education federal grants other than ARRA grants. The School Committee approves annual grant budgets and grant budgets are recorded upon receipt of approved grant agreements.

Gift Fund

This fund is used to account for private gifts and donations that are unrelated to any other fund. Expenditures are limited to the lesser of actual available resources or the annual spending limit authorized by the Board of Aldermen and School Committee.

Stormwater Management Fund

This fund is used to account for operation and maintenance of the City's stormwater drainage activities. Effective July 1, 2006 the Mayor and Board of Aldermen voted to establish the Stormwater Management special revenue fund. These activities were previously accounted for within the Public Works department's General Fund appropriation. A flat rate stormwater management fee was imposed by ordinance effective July 1, 2006 and is intended to fund maintenance and operations. The City has no stormwater management debt at this time.

Capital Projects Funds

Public Building Improvements Fund

This fund is used to account for the acquisition, construction, reconstruction, and/or major renovation of buildings (and related fields and facilities). Financing is generally derived from the issuance of bonds or notes. Board of Aldermen appropriations are for the term of the project. The Public Building Commissioner is responsible for all projects accounted for in this fund. A separate sub-fund is maintained within the fund for each major capital project.

Street Improvements Fund

This fund is used to account for the revenues and expenditures of the Commonwealth of Massachusetts Chapter 90 highway construction grant funds and state construction grant for certain road and intersection improvements. Grant budgets are recorded based upon annual grant awards from the Commonwealth, Board of Aldermen authorization of annual spending authority, and approval of specific construction projects by the Massachusetts Highway Department. Chapter 90 highway construction grants are paid to the City on a reimbursement basis. The City finances grant expenditures internally until reimbursements are received from the Commonwealth. Grant revenue is recognized when approved expenditures are incurred and submitted to the Commonwealth for reimbursement.

Municipal Equipment Replacement Fund

This fund is used to account for the acquisition of public safety and public works motor equipment, financed with the issuance of debt.

Permanent Funds

Municipal Fund

This fund is used to account for a variety of municipal purposes. A detailed report may be obtained from the Comptroller's Office.

Library Common Fund

This fund is used to account for the purchase of library supplies and materials and the enhancement of public library services in Newton. The Newton Library Board of Trustees maintains custody of fund assets.

CITY OF NEWTON, MASSACHUSETTS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2013

Special Revenue Funds

ASSETS	School Lunch	Revolving	Receipts Reserved	Federal ARRA Fund	Community Development Block Grant
Cash and cash equivalents.....	\$ -	\$ -	\$ 1,718,332	\$ -	\$ -
Restricted cash and cash equivalents.....	310,417	5,628,752	3,406,573	-	176,309
Restricted investments.....	-	-	-	-	-
Interest and dividends.....	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:					
Tax liens.....	-	-	-	-	-
Charges for services.....	-	558,300	-	-	-
Departmental and other.....	6,969	-	-	-	-
Intergovernmental.....	131,949	-	-	-	-
Other assets.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 449,335	\$ 6,187,052	\$ 5,124,905	\$ -	\$ 176,309
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 1,716	\$ 308,197	\$ -	\$ -	\$ 39,073
Accrued liabilities.....	315,139	15,121	-	-	465
Accrued payroll.....	721	241,639	-	-	7,053
Other liabilities.....	110,180	1,146,211	-	-	-
Deferred revenue.....	6,969	249,789	-	-	-
Due to other funds.....	-	-	-	-	-
TOTAL LIABILITIES.....	434,725	1,960,957	-	-	46,591
FUND BALANCES:					
Nonspendable.....	-	-	-	-	-
Restricted.....	14,610	4,226,095	3,406,573	-	129,718
Committed.....	-	-	1,718,332	-	-
TOTAL FUND BALANCES.....	14,610	4,226,095	5,124,905	-	129,718
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 449,335	\$ 6,187,052	\$ 5,124,905	\$ -	\$ 176,309

Special Revenue Funds

	Municipal Federal Grant	Municipal State Grant	School State Grant	School Federal Grant	Gift	Stormwater Management	Sub-total
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,718,332
	209,893	353,963	-	176,414	1,239,936	730,642	12,232,899
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	3,683	3,683
	-	-	-	-	-	121,999	680,299
	-	-	-	-	40	-	7,009
	246,970	86,033	1,427,328	164,099	-	-	2,056,379
	-	-	-	-	-	-	-
\$	<u>456,863</u>	<u>439,996</u>	<u>1,427,328</u>	<u>340,513</u>	<u>1,239,976</u>	<u>856,324</u>	<u>16,698,601</u>
\$	291,064	\$ 48,665	\$ 14,532	\$ 95,541	\$ 12,504	\$ 155,446	\$ 966,738
	48,104	-	67	644	-	21,890	401,430
	2,148	18,310	130,603	179,767	9,206	3,724	593,171
	-	-	-	-	-	-	1,256,391
	-	16,468	-	-	-	11,679	284,905
	-	-	391,759	-	-	-	391,759
	<u>341,316</u>	<u>83,443</u>	<u>536,961</u>	<u>275,952</u>	<u>21,710</u>	<u>192,739</u>	<u>3,894,394</u>
	-	-	-	-	-	-	-
	115,547	356,553	890,367	64,561	1,218,266	663,585	11,085,875
	-	-	-	-	-	-	1,718,332
	<u>115,547</u>	<u>356,553</u>	<u>890,367</u>	<u>64,561</u>	<u>1,218,266</u>	<u>663,585</u>	<u>12,804,207</u>
\$	<u>456,863</u>	<u>439,996</u>	<u>1,427,328</u>	<u>340,513</u>	<u>1,239,976</u>	<u>856,324</u>	<u>16,698,601</u>

(Continued)

CITY OF NEWTON, MASSACHUSETTS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2013

Capital Projects Funds

ASSETS	Public Building Improvements	Street Improvements	Municipal Equipment Replacement	Sub-total
Cash and cash equivalents.....	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents.....	7,134,828	-	244,824	7,379,652
Restricted investments.....	-	-	-	-
Interest and dividends.....	-	-	-	-
Receivables, net of allowance for uncollectible amounts:				
Tax liens.....	-	-	-	-
Charges for services.....	-	-	-	-
Departmental and other.....	-	-	-	-
Intergovernmental.....	4,926	2,663,634	-	2,668,560
Other assets.....	-	-	-	-
TOTAL ASSETS.....	\$ 7,139,754	\$ 2,663,634	\$ 244,824	\$ 10,048,212
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Warrants payable.....	\$ 1,438,713	\$ 55,787	\$ -	\$ 1,494,500
Accrued liabilities.....	521,228	160,570	-	681,798
Accrued payroll.....	-	-	-	-
Other liabilities.....	-	-	-	-
Deferred revenue.....	4,926	74,936	-	79,862
Due to other funds.....	-	2,239,733	-	2,239,733
TOTAL LIABILITIES.....	1,964,867	2,531,026	-	4,495,893
FUND BALANCES:				
Nonspendable.....	-	-	-	-
Restricted.....	5,174,887	132,608	244,824	5,552,319
Committed.....	-	-	-	-
TOTAL FUND BALANCES.....	5,174,887	132,608	244,824	5,552,319
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 7,139,754	\$ 2,663,634	\$ 244,824	\$ 10,048,212

Permanent Funds

Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 1,718,332
440,051	176,877	616,928	20,229,479
35,651	559,596	595,247	595,247
524	1,323	1,847	1,847
-	-	-	3,683
-	-	-	680,299
-	-	-	7,009
-	-	-	4,724,939
30,000	-	30,000	30,000
<u>\$ 506,226</u>	<u>\$ 737,796</u>	<u>\$ 1,244,022</u>	<u>\$ 27,990,835</u>
\$ 191	\$ -	\$ 191	\$ 2,461,429
466	-	466	1,083,694
98	-	98	593,269
-	-	-	1,256,391
-	-	-	364,767
-	-	-	2,631,492
<u>755</u>	<u>-</u>	<u>755</u>	<u>8,391,042</u>
447,206	-	447,206	447,206
58,265	737,796	796,061	17,434,255
-	-	-	1,718,332
<u>505,471</u>	<u>737,796</u>	<u>1,243,267</u>	<u>19,599,793</u>
<u>\$ 506,226</u>	<u>\$ 737,796</u>	<u>\$ 1,244,022</u>	<u>\$ 27,990,835</u>

(Concluded)

**CITY OF NEWTON, MASSACHUSETTS
NONMAJOR GOVERNMENTAL FUNDS**
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Special Revenue Funds

	School Lunch	Revolving	Receipts Reserved	Federal ARRA Fund	Community Development Block Grant
REVENUES					
Penalties and interest on taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits.....			1,091,091		
Intergovernmental.....	638,005	50,018		77,078	1,945,609
Charges for services.....	2,381,894	10,903,704	1,857,011		
Fines and forfeitures.....		82,988	7,750		
Investment income.....	1,184	1,488	382		
Contributions and donations.....		143,413	97,000		
Miscellaneous.....		65,426	152,915		
Special assessments.....		157,751			
TOTAL REVENUES.....	3,021,083	11,404,788	3,206,149	77,078	1,945,609
EXPENDITURES					
Current:					
General government:					
Elections.....					
Planning & development.....		148,776		1,878	1,815,891
Public building maintenance & operations.....		833			
Public safety:					
Police.....		3,155,170			
Fire.....		237,697			
Inspectional services.....		6,918			
Education.....	3,120,345	6,189,778			
Public works:					
Streets & sidewalks.....		130,307		75,200	
Sanitation.....		3,058			
Vehicle maintenance.....		7,656			
Engineering.....		55,551			
Health and human services:					
Health & human services.....		536			
Senior services.....		63,908			
Culture and recreation:					
Libraries.....		21,211			
Parks & recreation.....		2,144,696			
Newton History museum.....		1,972			
TOTAL EXPENDITURES.....	3,120,345	12,168,067	-	77,078	1,815,891
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(99,262)	(763,279)	3,206,149	-	129,718
OTHER FINANCING SOURCES (USES)					
Transfers in.....	95,000	900,533	313,169		
Issuance of general obligation bonds.....					
Sale of assets.....		32,600			
Transfers out.....		(5,918)	(3,171,819)		
TOTAL OTHER FINANCING SOURCES (USES).....	95,000	927,215	(2,858,650)	-	-
NET CHANGE IN FUND BALANCES.....	(4,262)	163,936	347,499	-	129,718
FUND BALANCES AT BEGINNING OF YEAR.....	18,872	4,062,159	4,777,406	-	-
FUND BALANCES AT END OF YEAR.....	\$ 14,610	\$ 4,226,095	\$ 5,124,905	\$ -	\$ 129,718

Special Revenue Funds

<u>Municipal Federal Grant</u>	<u>Municipal State Grant</u>	<u>School State Grant</u>	<u>School Federal Grant</u>	<u>Gift</u>	<u>Stormwater Management</u>	<u>Sub-total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,290	\$ 27,290
1,143,545	955,591	7,407,544	5,420,554	11,000	-	1,091,091
-	-	-	-	-	724,921	17,648,944
-	10	-	-	1,625	-	15,867,530
-	-	-	-	316,318	-	90,738
-	-	-	-	-	-	4,689
-	-	-	-	-	-	556,731
-	-	-	-	-	-	218,341
-	-	-	-	-	-	157,751
<u>1,143,545</u>	<u>955,601</u>	<u>7,407,544</u>	<u>5,420,554</u>	<u>328,943</u>	<u>752,211</u>	<u>35,663,105</u>
-	28,924	-	-	-	-	28,924
868,354	42,949	-	-	370	-	2,878,218
-	79,576	-	-	-	-	80,409
196,503	282,248	-	-	3,172	-	3,637,093
23,830	45,904	-	-	-	-	307,431
-	-	-	-	-	-	6,918
-	-	7,963,741	5,628,557	350,963	-	23,253,384
-	-	-	-	-	1,022,426	1,227,933
-	-	-	-	-	-	3,058
-	-	-	-	-	-	7,656
-	-	-	-	-	-	55,551
71,665	164,309	-	-	3,571	-	240,081
-	175,481	-	-	3,525	-	242,914
-	41,307	-	-	6,006	-	68,524
-	12,780	-	-	87,533	-	2,245,009
1,306	-	-	-	-	-	3,278
<u>1,161,658</u>	<u>873,478</u>	<u>7,963,741</u>	<u>5,628,557</u>	<u>455,140</u>	<u>1,022,426</u>	<u>34,286,381</u>
<u>(18,113)</u>	<u>82,123</u>	<u>(556,197)</u>	<u>(208,003)</u>	<u>(126,197)</u>	<u>(270,215)</u>	<u>1,376,724</u>
24,000	-	-	-	-	-	1,332,702
-	-	-	-	-	-	32,600
<u>(255,428)</u>	<u>(58,784)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,401)</u>	<u>(3,508,350)</u>
<u>(231,428)</u>	<u>(58,784)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,401)</u>	<u>(2,143,048)</u>
(249,541)	23,339	(556,197)	(208,003)	(126,197)	(286,616)	(766,324)
365,088	333,214	1,446,564	272,564	1,344,463	950,201	13,570,531
<u>\$ 115,547</u>	<u>\$ 356,553</u>	<u>\$ 890,367</u>	<u>\$ 64,561</u>	<u>\$ 1,218,266</u>	<u>\$ 663,585</u>	<u>\$ 12,804,207</u>

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Capital Projects Funds

	Public Building Improvements	Street Improvements	Municipal Equipment Replacement	Sub-total
REVENUES				
Penalties and interest on taxes.....	\$ -	\$ -	\$ -	\$ -
Licenses and permits.....				
Intergovernmental.....	80,998	5,894,882	-	5,975,880
Charges for services.....				
Fines and forfeitures.....				
Investment income.....				
Contributions and donations.....				
Miscellaneous.....				
Special assessments.....				
TOTAL REVENUES.....	80,998	5,894,882	-	5,975,880
EXPENDITURES				
Current:				
General government:				
Elections.....				
Planning & development.....				
Public building maintenance & operations.....	1,376,985			1,376,985
Public safety:				
Police.....				
Fire.....			860,430	860,430
Inspectional services.....				
Education.....	10,041,436			10,041,436
Public works:				
Streets & sidewalks.....		5,894,732	536,400	6,431,132
Sanitation.....				
Vehicle maintenance.....				
Engineering.....				
Health and human services:				
Health & human services.....				
Senior services.....				
Culture and recreation:				
Libraries.....				
Parks & recreation.....	235,024			235,024
Newton History museum.....				
TOTAL EXPENDITURES.....	11,653,445	5,894,732	1,396,830	18,945,007
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(11,572,447)	150	(1,396,830)	(12,969,127)
OTHER FINANCING SOURCES (USES)				
Transfers in.....	943,331			943,331
Issuance of general obligation bonds.....	9,640,558		1,172,000	10,812,558
Sale of assets.....				
Transfers out.....	(559,286)			(559,286)
TOTAL OTHER FINANCING SOURCES (USES).....	10,024,603		1,172,000	11,196,603
NET CHANGE IN FUND BALANCES.....	(1,547,844)	150	(224,830)	(1,772,524)
FUND BALANCES AT BEGINNING OF YEAR.....	6,722,731	132,458	469,654	7,324,843
FUND BALANCES AT END OF YEAR.....	\$ 5,174,887	\$ 132,608	\$ 244,824	\$ 5,552,319

Permanent Funds

Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 27,290
-	-	-	1,091,091
-	-	-	23,624,824
12,000	-	12,000	15,879,530
-	-	-	90,738
445	44,609	45,054	49,743
-	277,157	277,157	833,888
-	-	-	218,341
-	-	-	157,751
<u>12,445</u>	<u>321,766</u>	<u>334,211</u>	<u>41,973,196</u>
-	-	-	28,924
-	-	-	2,878,218
12,110	-	12,110	1,469,504
-	-	-	3,637,093
-	-	-	1,167,861
-	-	-	6,918
-	-	-	33,294,820
-	-	-	7,659,065
-	-	-	3,058
-	-	-	7,656
-	-	-	55,551
-	-	-	240,081
-	-	-	242,914
-	269,281	269,281	337,805
-	-	-	2,480,033
-	-	-	3,278
<u>12,110</u>	<u>269,281</u>	<u>281,391</u>	<u>53,512,779</u>
<u>335</u>	<u>52,485</u>	<u>52,820</u>	<u>(11,539,583)</u>
918	-	918	2,276,951
-	-	-	10,812,558
-	-	-	32,600
-	-	-	(4,067,636)
<u>918</u>	<u>-</u>	<u>918</u>	<u>9,054,473</u>
1,253	52,485	53,738	(2,485,110)
<u>504,218</u>	<u>685,311</u>	<u>1,189,529</u>	<u>22,084,903</u>
<u>\$ 505,471</u>	<u>\$ 737,796</u>	<u>\$ 1,243,267</u>	<u>\$ 19,599,793</u>

(Concluded)

Internal Service Funds

Health Insurance Fund

This fund is used to account for group health benefits for active and retired employees of the City. The City funds 70%/75% of group health benefits, and employees contribute 25%/30% of the cost through payroll deductions. The City maintains separate sub-funds for plans administered by Tufts Associated Health Plan and Harvard-Pilgrim Health.

Workers' Compensation Insurance Fund

This fund is used to account for workers' compensation benefits, replacement wages and medical benefits for qualified employees. The fund is also used to account for the cost of providing medical benefits to public safety employees who are injured in the line of duty. Replacement wages for public safety employees are accounted for in the General Fund operating budgets of the police and fire departments.

Building Insurance Fund

This fund is used to generate annual income, which is used to finance the City's annual property insurance premiums. Funds are transferred to the General Fund, based upon an annual authorization vote of the Board of Aldermen.

Liability Insurance Fund

This fund is used to accumulate resources to pay liability claims in excess of \$50,000. Liability claims of \$15,000 or more are financed from a judgment and settlement appropriation in the City's Solicitor's General Fund annual appropriation. Claims greater than \$5,000, but less than \$50,000 are financed with a transfer from the Reserve Fund annual appropriation in the General Fund.

CITY OF NEWTON, MASSACHUSETTS
INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF FUND NET POSITION

JUNE 30, 2013

ASSETS	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
Current assets:					
Restricted cash and cash equivalents.....	\$ 20,207,928	\$ 297,244	\$ 484,026	\$ 223,073	\$ 21,212,271
Restricted investments.....	-	8,789,284	-	-	8,789,284
Interest and dividends.....	-	30,126	-	-	30,126
Receivables, net of allowance for uncollectible amounts:					
Departmental and other.....	35,190	-	-	-	35,190
Working capital deposit.....	448,073	-	-	-	448,073
Total assets.....	<u>20,691,191</u>	<u>9,116,654</u>	<u>484,026</u>	<u>223,073</u>	<u>30,514,944</u>
LIABILITIES					
Current liabilities:					
Warrants payable.....	184,739	45,897	-	-	230,636
Accrued liabilities.....	1,237,563	214	-	-	1,237,777
Accrued payroll.....	-	11,698	-	-	11,698
Other liabilities.....	1,206,474	-	-	-	1,206,474
Accrued health claims payable.....	3,996,304	-	-	-	3,996,304
Workers' compensation claims.....	-	1,541,706	-	-	1,541,706
Total current liabilities.....	<u>6,625,080</u>	<u>1,599,515</u>	<u>-</u>	<u>-</u>	<u>8,224,595</u>
Noncurrent liabilities:					
Workers' compensation claims.....	-	8,890,047	-	-	8,890,047
Total liabilities.....	<u>6,625,080</u>	<u>10,489,562</u>	<u>-</u>	<u>-</u>	<u>17,114,642</u>
FUND NET POSITION					
Unrestricted.....	\$ 14,066,111	\$ (1,372,908)	\$ 484,026	\$ 223,073	\$ 13,400,302

CITY OF NEWTON, MASSACHUSETTS
INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
OPERATING REVENUES					
Employer contributions.....	\$ 38,385,582	\$ 1,674,874	\$ -	\$ -	\$ 40,060,456
Plan member contributions.....	9,990,921	-	-	-	9,990,921
TOTAL OPERATING REVENUES.....	48,376,503	1,674,874	-	-	50,051,377
OPERATING EXPENSES					
Change in incurred but not reported liability.....	(84,063)	3,942,558	-	-	3,858,495
Self insurance claims.....	43,951,707	1,609,024	-	-	45,560,731
Insurance premiums.....	554,771	-	-	-	554,771
Administrative expenses.....	2,688,181	46,692	-	-	2,734,873
TOTAL OPERATING EXPENSES.....	47,110,596	5,598,274	-	-	52,708,870
OPERATING INCOME (LOSS).....	1,265,907	(3,923,400)	-	-	(2,657,493)
NONOPERATING REVENUES (EXPENSES)					
Investment income.....	40,929	819,075	49,726	470	910,200
CHANGE IN FUND NET POSITION.....	1,306,836	(3,104,325)	49,726	470	(1,747,293)
FUND NET POSITION AT BEGINNING OF YEAR.....	12,759,275	1,731,417	434,300	222,603	15,147,595
FUND NET POSITION AT END OF YEAR.....	\$ 14,066,111	\$ (1,372,908)	\$ 484,026	223,073	\$ 13,400,302

**CITY OF NEWTON, MASSACHUSETTS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users.....	\$ 9,990,921	\$ -	\$ -	\$ -	\$ 9,990,921
Receipts from interfund services provided.....	38,408,858	1,671,308	2,065	-	40,082,231
Payments to vendors/providers.....	(46,959,761)	(1,648,452)	-	-	(48,608,213)
NET CASH FROM OPERATING ACTIVITIES.....	1,440,018	22,856	2,065	-	1,464,939
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase and sales of investments, net.....	-	(697,224)	409,137	-	(288,087)
Investment income.....	40,929	819,075	49,726	470	910,200
NET CASH FROM INVESTING ACTIVITIES.....	40,929	121,851	458,863	470	622,113
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	1,480,947	144,707	460,928	470	2,087,052
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	18,726,981	152,537	23,098	222,603	19,125,219
CASH AND CASH EQUIVALENTS AT END OF YEAR (reported as restricted).....	\$ 20,207,928	\$ 297,244	\$ 484,026	\$ 223,073	\$ 21,212,271
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (loss).....	\$ 1,265,907	\$ (3,923,400)	\$ -	\$ -	\$ (2,657,493)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Changes in assets and liabilities:					
Interest and dividends.....	-	(3,566)	2,065	-	(1,501)
Departmental and other.....	5,037	-	-	-	5,037
Intergovernmental.....	18,239	-	-	-	18,239
Working capital deposit.....	(70,641)	-	-	-	(70,641)
Warrants payable.....	(62,970)	6,572	-	-	(56,398)
Accrued payroll.....	-	478	-	-	478
Other liabilities.....	(243,144)	-	-	-	(243,144)
Accrued liabilities.....	205,673	214	-	-	205,887
Accrued health claims payable.....	321,917	-	-	-	321,917
Workers' compensation.....	-	3,942,558	-	-	3,942,558
Total adjustments.....	174,111	3,946,256	2,065	-	4,122,432
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,440,018	\$ 22,856	\$ 2,065	\$ -	\$ 1,464,939

Private Purpose Trust Funds

Chaffin Education Fund

This fund is used to account for higher education loans and grants issued to Newton high school graduates who are unable to afford the cost of college education. Revenues consist primarily of investment income on fund cash and investments.

Scovell Education Fund

This fund is used to account for prizes and awards to students for distinguished scholarships awarded at Newton high schools. The prizes are subject to approval of the School Committee. Revenues consist primarily of investment income on fund cash and investments.

Gorin Education Fund

This fund is used to account for loans to Newton high school graduates for attending institutions of higher education. Revenues consist primarily of investment income on fund cash and investments.

Cousens Welfare Fund

This fund is used to account for loans and or grants to Newton residents who qualify as poor. At least 90% of the annual income of the fund is to be distributed to the deserving poor and not more than 20% of this sum may be loaned to individuals who are temporarily in financial need. Revenues consist primarily of investment income on fund cash and investments.

School Scholarship Fund

This fund is used to account for a variety of public school scholarship funds. Detailed fund information is available from the City Comptroller's Office.

Kendrick Welfare Fund

This fund is used to account for distributions to needy industrious poor of Newton, especially widows and orphans.

Read Charity Fund

This fund is used to account for the perpetual maintenance of the donor's grave site, an annual sleigh ride or picnic for the children of the Newton Corner section of Newton, free lectures on scientific subjects in Newton Corner, library book purchases, and assistance to poor widows of the City. Revenues consist primarily of investment income on fund cash and investments.

Spear Infirmary Fund

The terms of the gift of this fund calls for the income to be used to "...provide cheer for the inmates of the City farm." The fund has been inactive for a number of years.

Mabel Riley Senior Fund

The terms of the gift of this fund calls for the income to be used for "...special treats for residents of nursing homes and homes for the elderly on holidays and for comforts for the sick throughout the year."

Elderly Tax Relief Fund

The City has accepted Massachusetts General Law Chapter 60, Section 3D, which authorizes the implementation of a voluntary tax check-off program for purposes of defraying real estate taxes for elderly and disabled Newton taxpayers with low incomes. This fund is used to account for the receipt of voluntary donations and awards voted by the Taxation Aid Committee.

Arnold Daniels Fund

Pursuant to the terms of the Arnold S. Daniels, Jr. Revocable Trust, dated July 20, 2000, this fund is used to assist needy residents of Newton by providing them with monetary distributions to provide food, shelter, and clothing.



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CITY OF NEWTON, MASSACHUSETTS
PRIVATE PURPOSE TRUST FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2013

	Chaffin Education	Scovell Education	Gorin Education	Cousens Welfare
ASSETS				
Cash and cash equivalents.....	\$ 236,976	\$ 34,468	\$ 6,500	\$ 1,040,626
Investments.....	-	-	-	-
Fixed Income.....	356,420	361,428	-	25,230
Equities.....	3,584,235	603,313	-	686,813
Mutual bond funds.....	677,152	134,457	-	-
Real estate.....	168,784	-	-	324,584
Interest and dividends.....	9,202	3,835	-	894
Receivables, net of allowance for uncollectibles:				
Loans.....	-	-	19,663	-
Total assets.....	5,032,769	1,137,501	26,163	2,078,147
LIABILITIES				
Warrants payable.....	-	-	-	-
Due to the general fund.....	13,530	1,467	-	-
Total liabilities.....	13,530	1,467	-	-
NET POSITION				
Assets held in trust for other purposes.....	\$ 5,019,239	\$ 1,136,034	\$ 26,163	\$ 2,078,147

School Scholarship	Kendrick Welfare	Read Charity	Spear Infirmary	Mabel Riley Senior	Elderly Tax Relief	Arnold Daniels Fund	Total
\$ 663,777	\$ 3,117	\$ 43,252	\$ 4,671	\$ 38,097	\$ 1,585	\$ 48,275	\$ 2,121,344
-	-	-	-	-	-	-	-
157,848	-	-	-	-	-	-	900,926
316,767	-	-	-	-	-	-	5,191,128
103,378	-	-	-	-	-	-	914,987
-	-	-	-	-	-	-	493,368
2,255	-	-	-	-	-	-	16,186
-	-	-	-	-	-	-	19,663
<u>1,244,025</u>	<u>3,117</u>	<u>43,252</u>	<u>4,671</u>	<u>38,097</u>	<u>1,585</u>	<u>48,275</u>	<u>9,657,602</u>
1,500	-	-	-	-	-	-	1,500
-	-	-	-	-	-	-	14,997
<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,497</u>
<u>\$ 1,242,525</u>	<u>\$ 3,117</u>	<u>\$ 43,252</u>	<u>\$ 4,671</u>	<u>\$ 38,097</u>	<u>\$ 1,585</u>	<u>\$ 48,275</u>	<u>\$ 9,641,105</u>

CITY OF NEWTON, MASSACHUSETTS
PRIVATE PURPOSE TRUST FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Chaffin Education	Scovell Education	Gorin Education	Cousens Welfare
ADDITIONS				
Contributions:				
Private donations.....	\$ 720	\$ -	\$ -	\$ 4,063
Net investment income:				
Interest.....	521,343	80,643	-	172,301
TOTAL ADDITIONS.....	<u>522,063</u>	<u>80,643</u>	<u>-</u>	<u>176,364</u>
DEDUCTIONS				
Administration expense.....	852	-	-	30,305
Educational scholarships & awards.....	160,250	25,500	-	33,260
TOTAL DEDUCTIONS.....	<u>161,102</u>	<u>25,500</u>	<u>-</u>	<u>63,565</u>
CHANGE IN NET POSITION.....	360,961	55,143	-	112,799
NET POSITION AT BEGINNING OF YEAR.....	<u>4,658,278</u>	<u>1,080,891</u>	<u>26,163</u>	<u>1,965,348</u>
NET POSITION AT END OF YEAR.....	<u>\$ 5,019,239</u>	<u>\$ 1,136,034</u>	<u>\$ 26,163</u>	<u>\$ 2,078,147</u>

<u>School Scholarship</u>	<u>Kendrick Welfare</u>	<u>Read Charity</u>	<u>Spear Infirmary</u>	<u>Mabel Riley Senior</u>	<u>Elderly Tax Relief</u>	<u>Arnold Daniels Fund</u>	<u>Total</u>
\$ 79,297	\$ -	\$ -	\$ -	\$ -	\$ 3,440	\$ -	\$ 87,520
46,653	7	91	10	80	6	103	821,237
125,950	7	91	10	80	3,446	103	908,757
-	-	-	-	-	-	-	31,157
114,949	-	-	-	-	3,000	1,200	338,159
114,949	-	-	-	-	3,000	1,200	369,316
11,001	7	91	10	80	446	(1,097)	539,441
1,231,524	3,110	43,161	4,661	38,017	1,139	49,372	9,101,664
\$ <u>1,242,525</u>	\$ <u>3,117</u>	\$ <u>43,252</u>	\$ <u>4,671</u>	\$ <u>38,097</u>	\$ <u>1,585</u>	\$ <u>48,275</u>	\$ <u>9,641,105</u>

Agency Fund

This fund is used to account for monies held on behalf of parties other than the City, such as state and federal agencies; independent not-for-profit organizations for which the City collects private donations; the Metro Fire District; and public school student activities.

CITY OF NEWTON, MASSACHUSETTS
AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
ASSETS				
Cash and cash equivalents.....	\$ 1,959,284	81,614,525	(81,508,873)	\$ 2,064,936
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	<u>18,452</u>	<u>-</u>	<u>(18,452)</u>	<u>-</u>
Total assets.....	<u>\$ 1,977,736</u>	<u>\$ 81,614,525</u>	<u>\$ (81,527,325)</u>	<u>\$ 2,064,936</u>
LIABILITIES				
Warrants payable.....	\$ 1,054	\$ 75,153,366	\$ (75,154,420)	\$ -
Payroll withholdings.....	819,485	79,887,408	(79,735,884)	971,009
Other liabilities.....	<u>1,157,197</u>	<u>1,727,117</u>	<u>(1,790,387)</u>	<u>1,093,927</u>
Total liabilities.....	<u>\$ 1,977,736</u>	<u>\$ 156,767,891</u>	<u>\$ (156,680,691)</u>	<u>\$ 2,064,936</u>



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General Fund

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

**CITY OF NEWTON, MASSACHUSETTS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET TO ACTUAL - LEGAL LEVEL OF CONTROL**

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Encumbrances/ Continued Appropriations	FY 2013 Original Budget	FY 2013 Budget Revisions
City Clerk/Clerk of the Board			
Personal Services	\$ -	\$ 842,651	\$ 11,760
Expenses	5,058	70,739	-
Fringe Benefits	-	222,516	(13,461)
Total City Clerk/Clerk of the Board	<u>5,058</u>	<u>1,135,906</u>	<u>(1,701)</u>
Mayor's Office			
Personal Services	-	683,026	(40,000)
Expenses	-	38,719	40,410
Fringe Benefits	-	78,807	(7,220)
Total Mayor's Office	<u>-</u>	<u>800,552</u>	<u>(6,810)</u>
Comptroller's Office/Property Insurance			
Personal Services	-	423,511	(7,817)
Expenses	30,285	502,545	-
Fringe Benefits	-	71,052	(4,587)
Total Comptroller's Office/Property Insurance	<u>30,285</u>	<u>997,108</u>	<u>(12,404)</u>
Purchasing/General Services			
Personal Services	-	310,557	(20,000)
Expenses	2,538	63,806	-
Capital Outlay	-	-	17,817
Fringe Benefits	-	47,196	(10,530)
Total Purchasing/General Services	<u>2,538</u>	<u>421,559</u>	<u>(12,713)</u>
Assessing Department			
Personal Services	-	983,118	(25,000)
Expenses	-	38,934	-
Fringe Benefits	-	135,168	(12,910)
Total Assessing Department	<u>-</u>	<u>1,157,220</u>	<u>(37,910)</u>
Treasury & Collection Department			
Personal Services	-	576,763	-
Expenses	6,253	401,566	74,876
Fringe Benefits	-	88,048	(7,763)
Total Treasury & Collection Department	<u>6,253</u>	<u>1,066,377</u>	<u>67,113</u>
City Solicitor/Judgments & Settlements			
Personal Services	-	922,865	-
Expenses	41,916	201,970	-
Fringe Benefits	-	114,308	(11,250)
Total City Solicitor's Office/Settlements	<u>41,916</u>	<u>1,239,143</u>	<u>(11,250)</u>

FY 2013 Budget As Amended	Total Revised FY 2013 Budget	Expenditures and Transfers	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ 854,411	\$ 854,411	\$ 831,755	\$ -	\$ 22,656
70,739	75,797	62,823	4,818	8,156
209,055	209,055	209,055	-	-
<u>1,134,205</u>	<u>1,139,263</u>	<u>1,103,633</u>	<u>4,818</u>	<u>30,812</u>
643,026	643,026	634,610	-	8,416
79,129	79,129	38,124	40,410	595
71,587	71,587	71,586	-	1
<u>793,742</u>	<u>793,742</u>	<u>744,320</u>	<u>40,410</u>	<u>9,012</u>
415,694	415,694	397,060	-	18,634
502,545	532,830	502,735	30,051	44
66,465	66,465	66,465	-	-
<u>984,704</u>	<u>1,014,989</u>	<u>966,260</u>	<u>30,051</u>	<u>18,678</u>
290,557	290,557	287,049	-	3,508
63,806	66,344	58,510	-	7,834
17,817	17,817	17,817	-	-
36,666	36,666	35,946	-	720
<u>408,846</u>	<u>411,384</u>	<u>399,322</u>	<u>-</u>	<u>12,062</u>
958,118	958,118	953,817	-	4,301
38,934	38,934	38,550	-	384
122,258	122,258	122,258	-	-
<u>1,119,310</u>	<u>1,119,310</u>	<u>1,114,625</u>	<u>-</u>	<u>4,685</u>
576,763	576,763	564,797	-	11,966
476,442	482,695	435,085	3,936	43,674
80,285	80,285	80,285	-	-
<u>1,133,490</u>	<u>1,139,743</u>	<u>1,080,167</u>	<u>3,936</u>	<u>55,640</u>
922,865	922,865	922,645	-	220
201,970	243,886	242,286	1,403	197
103,058	103,058	103,058	-	-
<u>1,227,893</u>	<u>1,269,809</u>	<u>1,267,989</u>	<u>1,403</u>	<u>417</u>

(Continued)

**CITY OF NEWTON, MASSACHUSETTS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET TO ACTUAL - LEGAL LEVEL OF CONTROL (CONTINUED)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Encumbrances/ Continued Appropriations	FY 2013 Original Budget	FY 2013 Budget Revisions
Human Resources Department			
Personal Services	-	459,821	-
Expenses	9,404	170,472	-
Capital Outlay	-	16,800	-
Fringe Benefits	-	223,653	(87,018)
Total Human Resources Department	<u>9,404</u>	<u>870,746</u>	<u>(87,018)</u>
Information Technology Department			
Personal Services	-	651,924	(78,000)
Expenses	-	161,853	-
Capital Outlay	37,903	105,000	-
Fringe Benefits	-	90,024	(6,277)
Total Information Technology Department	<u>37,903</u>	<u>1,008,801</u>	<u>(84,277)</u>
Election Commission			
Personal Services	-	342,491	-
Expenses	-	47,925	11,000
Fringe Benefits	-	57,278	(25,601)
Total Election Commission	<u>-</u>	<u>447,694</u>	<u>(14,601)</u>
Financial Information Systems			
Personal Services	-	188,041	(62,272)
Expenses	-	174,875	-
Fringe Benefits	-	5,907	-
Total Financial Information Systems	<u>-</u>	<u>368,823</u>	<u>(62,272)</u>
Planning & Development Department			
Personal Services	-	869,858	45,000
Expenses	20,249	126,715	-
Fringe Benefits	-	121,933	(4,145)
Total Planning & Development Department	<u>20,249</u>	<u>1,118,506</u>	<u>40,855</u>
Public Building Department			
Personal Services	-	2,010,343	(141,779)
Expenses	46,118	1,334,228	-
Capital Outlay	957	13,000	-
Fringe Benefits	-	369,207	(20,308)
Total Public Building Department	<u>47,075</u>	<u>3,726,778</u>	<u>(162,087)</u>
GENERAL GOVERNMENT TOTAL			
	<u>200,681</u>	<u>14,359,213</u>	<u>(385,075)</u>
Police Department			
Personal Services	-	14,485,631	180,000
Expenses	61	925,542	(5,554)
Capital Outlay	-	375,000	21,635
Fringe Benefits	-	2,134,117	(143,252)
Total Police Department	<u>61</u>	<u>17,920,290</u>	<u>52,829</u>

<u>FY 2013 Budget As Amended</u>	<u>Total Revised FY 2013 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
459,821	459,821	453,229	-	6,592
170,472	179,876	179,876	-	-
16,800	16,800	1,358	15,000	442
136,635	136,635	136,230	-	405
<u>783,728</u>	<u>793,132</u>	<u>770,693</u>	<u>15,000</u>	<u>7,439</u>
573,924	573,924	564,970	-	8,954
161,853	161,853	151,972	6,228	3,653
105,000	142,903	132,262	10,641	-
83,747	83,747	83,746	-	1
<u>924,524</u>	<u>962,427</u>	<u>932,950</u>	<u>16,869</u>	<u>12,608</u>
342,491	342,491	330,163	-	12,328
58,925	58,925	46,602	8,757	3,566
31,677	31,677	31,676	-	1
<u>433,093</u>	<u>433,093</u>	<u>408,441</u>	<u>8,757</u>	<u>15,895</u>
125,769	125,769	122,275	-	3,494
174,875	174,875	167,532	-	7,343
5,907	5,907	5,613	-	294
<u>306,551</u>	<u>306,551</u>	<u>295,420</u>	<u>-</u>	<u>11,131</u>
914,858	914,858	866,037	-	48,821
126,715	146,964	71,365	74,863	736
117,788	117,788	115,949	-	1,839
<u>1,159,361</u>	<u>1,179,610</u>	<u>1,053,351</u>	<u>74,863</u>	<u>51,396</u>
1,868,564	1,868,564	1,868,498	-	66
1,334,228	1,380,346	1,307,207	70,268	2,871
13,000	13,957	13,224	712	21
348,899	348,899	347,259	-	1,640
<u>3,564,691</u>	<u>3,611,766</u>	<u>3,536,188</u>	<u>70,980</u>	<u>4,598</u>
<u>13,974,138</u>	<u>14,174,819</u>	<u>13,673,359</u>	<u>267,087</u>	<u>234,373</u>
14,665,631	14,665,631	14,527,767	-	137,864
919,988	920,049	900,329	-	19,720
396,635	396,635	396,435	-	200
1,990,865	1,990,865	1,990,865	-	-
<u>17,973,119</u>	<u>17,973,180</u>	<u>17,815,396</u>	<u>-</u>	<u>157,784</u>

(Continued)

CITY OF NEWTON, MASSACHUSETTS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET TO ACTUAL - LEGAL LEVEL OF CONTROL (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Encumbrances/ Continued Appropriations	FY 2013 Original Budget	FY 2013 Budget Revisions
Fire Department			
Personal Services	-	14,003,671	(264,100)
Expenses	34,387	787,460	40,100
Capital Outlay	36,789	158,000	-
Fringe Benefits	-	2,224,769	(188,907)
Total Fire Department	<u>71,176</u>	<u>17,173,900</u>	<u>(412,907)</u>
Inspectional Services Department			
Personal Services	-	913,601	22,500
Expenses	1,375	47,769	2,500
Fringe Benefits	-	142,843	(9,174)
Total Inspectional Services Department	<u>1,375</u>	<u>1,104,213</u>	<u>15,826</u>
PUBLIC SAFETY TOTAL	<u>72,612</u>	<u>36,198,403</u>	<u>(344,252)</u>
NEWTON PUBLIC SCHOOLS	<u>1,429,711</u>	<u>178,781,245</u>	<u>(1,845,533)</u>
Public Works Department			
Personal Services	-	7,625,556	7,317
Expenses	83,889	9,694,888	2,325,000
Capital Outlay	301,385	178,000	-
Fringe Benefits	-	1,497,793	(198,929)
Total Public Works Department	<u>385,274</u>	<u>18,996,237</u>	<u>2,133,388</u>
PUBLIC WORKS TOTAL	<u>385,274</u>	<u>18,996,237</u>	<u>2,133,388</u>

FY 2013 Budget As Amended	Total Revised FY 2013 Budget	Expenditures and Transfers	Encumbrances/ Continued Appropriations	Closed to Fund Balance
13,739,571	13,739,571	13,470,416	-	269,155
827,560	861,947	764,376	31,963	65,608
158,000	194,789	94,820	99,347	622
<u>2,035,862</u>	<u>2,035,862</u>	<u>2,035,860</u>	<u>-</u>	<u>2</u>
<u>16,760,993</u>	<u>16,832,169</u>	<u>16,365,472</u>	<u>131,310</u>	<u>335,387</u>
936,101	936,101	893,343	-	42,758
50,269	51,644	51,004	635	5
133,669	133,669	132,641	-	1,028
<u>1,120,039</u>	<u>1,121,414</u>	<u>1,076,988</u>	<u>635</u>	<u>43,791</u>
<u>35,854,151</u>	<u>35,926,763</u>	<u>35,257,856</u>	<u>131,945</u>	<u>536,962</u>
<u>176,935,712</u>	<u>178,365,423</u>	<u>176,122,988</u>	<u>2,241,283</u>	<u>1,152</u>
7,632,873	7,632,873	7,625,865	-	7,008
12,019,888	12,103,777	11,793,208	164,448	146,121
178,000	479,385	449,414	21,706	8,265
1,298,864	1,298,864	1,298,864	-	-
<u>21,129,625</u>	<u>21,514,899</u>	<u>21,167,351</u>	<u>186,154</u>	<u>161,394</u>
<u>21,129,625</u>	<u>21,514,899</u>	<u>21,167,351</u>	<u>186,154</u>	<u>161,394</u>

(Continued)

**CITY OF NEWTON, MASSACHUSETTS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET TO ACTUAL - LEGAL LEVEL OF CONTROL (CONTINUED)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Encumbrances/ Continued Appropriations	FY 2013 Original Budget	FY 2013 Budget Revisions
Health & Human Services Department			
Personal Services	-	2,425,882	(80,000)
Expenses	2,772	339,429	-
Fringe Benefits	-	434,036	(57,038)
Total Public Health Department	<u>2,772</u>	<u>3,199,347</u>	<u>(137,038)</u>
Senior Services Department			
Personal Services	-	261,672	-
Expenses	-	278,409	-
Fringe Benefits	-	51,353	(3,413)
Total Human Services Department	<u>-</u>	<u>591,434</u>	<u>(3,413)</u>
Veteran Services Department			
Personal Services	-	85,016	1,000
Expenses	-	166,499	125,000
Fringe Benefits	-	17,018	(952)
Total Veteran Services Department	<u>-</u>	<u>268,533</u>	<u>125,048</u>
<hr/>			
HEALTH & HUMAN SERVICES TOTAL	<u>2,772</u>	<u>4,059,314</u>	<u>(15,403)</u>
<hr/>			
Newton Public Library			
Personal Services	-	3,487,665	(37,500)
Expenses	10,339	1,065,958	-
Capital Outlay	-	5,500	37,500
Fringe Benefits	-	561,965	(21,466)
Total Newton Public Library	<u>10,339</u>	<u>5,121,088</u>	<u>(21,466)</u>
Parks & Recreation Department			
Personal Services	-	2,278,587	(40,000)
Expenses	-	1,148,760	602,000
Fringe Benefits	-	316,984	(7,822)
Total Parks & Recreation Department	<u>-</u>	<u>3,744,331</u>	<u>554,178</u>
Newton History Museum			
Personal Services	-	192,000	-
Expenses	-	19,629	-
Fringe Benefits	-	24,127	(777)
Total Newton History Museum	<u>-</u>	<u>235,756</u>	<u>(777)</u>
<hr/>			
CULTURE & RECREATION TOTAL	<u>10,339</u>	<u>9,101,175</u>	<u>531,935</u>

FY 2013 Budget As Amended	Total Revised FY 2013 Budget	Expenditures and Transfers	Encumbrances/ Continued Appropriations	Closed to Fund Balance
2,345,882	2,345,882	2,265,939	-	79,943
339,429	342,201	312,851	-	29,350
376,998	376,998	376,998	-	-
<u>3,062,309</u>	<u>3,065,081</u>	<u>2,955,788</u>	<u>-</u>	<u>109,293</u>
261,672	261,672	248,391	-	13,281
278,409	278,409	263,256	-	15,153
47,940	47,940	47,679	-	261
<u>588,021</u>	<u>588,021</u>	<u>559,326</u>	<u>-</u>	<u>28,695</u>
86,016	86,016	85,857	-	159
291,499	291,499	258,964	-	32,535
16,066	16,066	16,066	-	-
<u>393,581</u>	<u>393,581</u>	<u>360,887</u>	<u>-</u>	<u>32,694</u>
<u>4,043,911</u>	<u>4,046,683</u>	<u>3,876,001</u>	<u>-</u>	<u>170,682</u>
3,450,165	3,450,165	3,413,423	-	36,742
1,065,958	1,076,297	1,057,737	18,510	50
43,000	43,000	42,612	-	388
540,499	540,499	540,498	-	1
<u>5,099,622</u>	<u>5,109,961</u>	<u>5,054,270</u>	<u>18,510</u>	<u>37,181</u>
2,238,587	2,238,587	2,181,327	-	57,260
1,750,760	1,750,760	1,698,478	-	52,282
309,162	309,162	309,162	-	-
<u>4,298,509</u>	<u>4,298,509</u>	<u>4,188,967</u>	<u>-</u>	<u>109,542</u>
192,000	192,000	185,930	-	6,070
19,629	19,629	18,794	-	835
23,350	23,350	23,350	-	-
<u>234,979</u>	<u>234,979</u>	<u>228,074</u>	<u>-</u>	<u>6,905</u>
<u>9,633,110</u>	<u>9,643,449</u>	<u>9,471,311</u>	<u>18,510</u>	<u>153,628</u>

(Continued)

**CITY OF NEWTON, MASSACHUSETTS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET TO ACTUAL - LEGAL LEVEL OF CONTROL (CONTINUED)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Encumbrances/ Continued Appropriations	FY 2013 Original Budget	FY 2013 Budget Revisions
OTHER			
Interest on property tax refunds	-	-	672,858
DEBT SERVICE (PRINCIPAL & INTEREST)			
Debt Service	-	16,264,618	-
RETIREMENT			
Personal Services	-	187,493	-
Expenses	-	73,550	-
Fringe Benefits	-	26,132,359	(557,200)
Total Retirement	-	26,393,402	(557,200)
APPROPRIATED RESERVES			
Wage & Salary Reserve	-	36,227	(36,000)
Reserve Fund (Budget Reserve)	-	500,000	(500,000)
Reserve Fund (Snow & Ice)	-	1,500,000	(1,500,000)
Total Budgetary Reserves	-	2,036,227	(2,036,000)
STATE & COUNTY ASSESSMENTS	-	5,845,130	(34,131)
SPECIAL APPROPRIATIONS	2,535,312	-	2,645,880
TOTAL EXPENDITURES	4,636,701	312,034,964	766,467
TRANSFERS TO OTHER FUNDS:			
Workers Comp Self Insurance Fund - Municipal	-	945,000	105,643
Workers Comp Self Insurance Fund - School	-	-	250,000
School Athletic Revolving Fund - School	-	-	900,533
School Lunch Fund - School	-	-	95,000
Federal Grant Fund	-	-	24,000
School Building Improvement Fund	-	-	350,000
Municipal Building Improvement Fund	-	-	82,988
Capital Stabilization Fund - Municipal	-	-	22,244
Rainy Day Stabilization Fund	-	-	4,850,000
Total Transfers to Other Funds	-	945,000	6,680,408
TOTAL EXPENDITURES AND TRANSFERS	\$ 4,636,701	\$ 312,979,964	\$ 7,446,875

<u>FY 2013 Budget As Amended</u>	<u>Total Revised FY 2013 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
672,858	672,858	179,139	-	493,719
16,264,618	16,264,618	16,262,237	-	2,381
187,493	187,493	187,490	-	3
73,550	73,550	73,550	-	-
25,575,159	25,575,159	25,574,910	-	249
25,836,202	25,836,202	25,835,950	-	252
227	227	-	-	227
-	-	-	-	-
-	-	-	-	-
227	227	-	-	227
5,810,999	5,810,999	5,722,550	-	88,449
2,645,880	5,181,192	2,128,124	3,032,020	21,048
312,801,431	317,438,132	309,696,866	5,876,999	1,864,267
1,050,643	1,050,643	1,050,643	-	-
250,000	250,000	250,000	-	-
900,533	900,533	900,533	-	-
95,000	95,000	95,000	-	-
24,000	24,000	24,000	-	-
350,000	350,000	350,000	-	-
82,988	82,988	82,988	-	-
22,244	22,244	22,244	-	-
4,850,000	4,850,000	4,850,000	-	-
7,625,408	7,625,408	7,625,408	-	-
<u>320,426,839</u>	<u>325,063,540</u>	<u>317,322,274</u>	<u>5,876,999</u>	<u>1,864,267</u>

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Community Preservation Fund

This fund accounts for the 1% local property tax surcharge that the voters of the City approved in November of 2001 for open space, historic resource and affordable housing purposes. The Commonwealth of Massachusetts currently matches local surcharge revenue on a dollar for dollar basis.

The Board of Aldermen has appropriation authority over all community preservation funds; however, all appropriation recommendations must originate with the nine member community preservation committee.

**CITY OF NEWTON, MASSACHUSETTS
COMMUNITY PRESERVATION FUND**
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET TO ACTUAL - LEGAL LEVEL OF CONTROL

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Encumbrances/ Continued Appropriations	Current Year Appropriations	Original Budget
Administration & operations	\$ 6,000	142,316	\$ 148,316
2012 CPA appropriation reserve	-	1,458,171	1,458,171
Open space:			
Recreation Open Space Plan	345	-	345
Kessler Woods debt service	-	525,125	525,125
Total - Open space projects	345	525,125	525,470
Historic resources:			
Historic preservation reserve	-	303,952	303,952
Historic building assessment (1830-1840)	37,500	-	37,500
Civil war monument repairs	134,000	-	134,000
Historical burial grounds restoration	13,076	-	13,076
Historical burial grounds restoration Phase II	55,788	-	55,788
Durant Kenrick Homestead preservation restriction	1,024,393	-	1,024,393
Newton History Museum Archives Project	30,848	-	30,848
Archives Preservation	1,222	-	1,222
Angino farm barn rehabilitation	71,974	-	71,974
Total - Historic preservation	1,368,801	303,952	1,672,753
Community housing:			
Community housing reserve	-	303,952	303,952
61 Pearl Street housing	156,105	-	156,105
54 Eddy Street housing	-	-	-
Newton Homebuyer Assistance Program II	321,031	-	321,031
Total - community housing	477,136	303,952	781,088
Community recreation:			
20 Rogers Street land acquisition debt service	-	306,000	306,000
Angino farm barn rehabilitation	444,211	-	444,211
Total - community recreation	444,211	306,000	750,211
TOTAL CPA FUND	\$ 2,296,493	\$ 3,039,516	\$ 5,336,009

Budget Revisions	Final Budget	Expended	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ -	\$ 148,316	\$ 112,766	\$ 3,529	\$ 32,021
-	1,458,171	-	-	1,458,171
-	345	-	-	345
-	525,125	525,125	-	-
-	525,470	525,125	-	345
1,222	305,174	-	-	305,174
-	37,500	18,600	18,900	-
-	134,000	8,302	125,698	-
-	13,076	-	13,076	-
-	55,788	2,270	53,518	-
-	1,024,393	968,261	56,132	-
-	30,848	-	30,848	-
(1,222)	-	-	-	-
27,000	98,974	3,795	95,179	-
27,000	1,699,753	1,001,228	393,351	305,174
500	304,452	-	-	304,452
(500)	155,605	155,605	-	-
255,000	255,000	21,285	233,715	-
-	321,031	243,046	77,985	-
255,000	1,036,088	419,936	311,700	304,452
-	306,000	306,000	-	-
153,000	597,211	24,523	572,688	-
153,000	903,211	330,523	572,688	-
\$ 435,000	\$ 5,771,009	\$ 2,389,578	\$ 1,281,268	\$ 2,100,163



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Additional Information

CITY OF NEWTON, MASSACHUSETTS
CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET TO ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Continued Appropriations	FY 2013 Appropriations	Transfers
School Building Improvement Fund:			
Newton South High Athletic Field Improvements - 2009	\$ 455,453	\$ -	\$ -
Energy Conservation Improvements: Cabot School - 2013	-	78,857	57,101
Education Center Emergency Generator Replacement - 2010	101,099	-	(47,986)
Burr/H. Mann/Zervas Modular Classrooms - 2012	45,801	-	(40,463)
Elementary Modularity Design - 2013	-	-	350,000
Elementary Modularity - 2013	-	2,400,000	-
Mason-Rice Sprinkler System - 2013	-	480,000	-
School Roof Repairs - 2011	570,876	-	(77,980)
School Masonry Repairs - 2011	318,032	-	-
Horace Mann School Window/Door Replacement - 2011	473,189	-	-
F.A Day Renovations/Addition - 2012	6,750,000	-	-
F.A Day Renovations - 2012	313,995	-	-
School Accessibility Improvements - 2012	259,436	-	(2,875)
Lincoln-Eliot Mechanical Upgrades - 2012	250,000	-	104,000
Bowen Masonry Repairs - 2012	60,000	-	-
Burr Mechanical Upgrades - 2012	250,000	-	-
Carr Elementary Evaluation/Design - 2012	300,000	695,558	-
Carr Elementary Renovations - 2013	-	11,749,118	-
Burr/H. Mann/Zervas Sprinkler Systems - 2012	1,469,951	-	(284,025)
School Electrical Upgrades - 2012	192,198	-	-
School Emergency Generators - 2012	161,031	-	-
School Boiler Replacement - 2012	435,312	-	(15,637)
School Masonry Repairs - 2012	483,137	-	-
Total School Building Improvement Fund	<u>12,889,510</u>	<u>15,403,533</u>	<u>42,135</u>
High School Renovation Fund:			
Newton North High School Renovations	<u>6,141,745</u>	<u>(6,053,475)</u>	<u>48,275</u>
Angier School Improvement Fund			
Angier Elementary School Feasibility Study	<u>750,000</u>	<u>-</u>	<u>-</u>
Municipal Building Improvement Fund:			
Energy Audits - Various Buildings - 2010	16,589	(18,919)	2,330
City Hall Veteran Memorial Wing Improvements - 2013	-	300,000	-
Utility Building Masonry Repairs - 2013	-	147,000	105,000
Energy Conservation Improvements: Main Library - 2013	-	321,143	(19,905)
Main Library HVAC Repairs - 2013	-	-	132,000
Crafts St Garage Masonry & Roof Design Svs - 2013	-	260,000	-
Fire Station #4 Window Repairs - 2012	90,000	-	-
Fire Station #7 Renovations - 2010	100,722	-	(27,490)
Fire Station #10 Improvements - 2011	44,965	-	150,000
Police Station HQ Lobby Safety Improvements - 2011	157,976	-	-
Manet Rd Communications Building Replacement - 2012	25	-	(25)
City Hall Window Replacement/Repairs - 2011	125,000	-	-
City Hall Electrical & Boiler Improvements - 2012	192,959	-	-
Lower Falls Community Center ADA Compliance - 2012	20,500	-	-
Lower Falls Community Center Improvements - 2012	149,450	-	-
Total Municipal Building Improvement Fund	<u>898,186</u>	<u>1,009,224</u>	<u>341,910</u>

	Expended	Encumbered	Balance
\$	377,596	\$ 5,667	\$ 72,190
	135,958	-	-
	53,113	-	-
	5,338	-	-
	177,897	-	172,103
	-	2,189,900	210,100
	-	-	480,000
	492,896	-	-
	290,412	-	27,620
	6,050	376,000	91,139
	4,573,858	1,740,182	435,960
	246,906	51,289	15,800
	254,681	-	1,880
	30,880	302,857	20,263
	-	-	60,000
	67,260	162,500	20,240
	843,343	138,157	14,058
	-	-	11,749,118
	1,185,926	-	-
	9,482	138,097	44,619
	61,731	96,589	2,711
	419,675	-	-
	267,259	-	215,878
	<u>9,500,261</u>	<u>5,201,238</u>	<u>13,633,679</u>
	<u>127,980</u>	<u>-</u>	<u>8,565</u>
	<u>541,174</u>	<u>175,384</u>	<u>33,442</u>
	-	-	-
	297,647	-	2,353
	28,100	-	223,900
	301,238	-	-
	101,006	-	30,994
	15,250	-	244,750
	-	-	90,000
	73,232	-	-
	90,177	103,456	1,332
	130,949	-	27,027
	-	-	-
	2,990	-	122,010
	174,690	-	18,269
	12,256	450	7,794
	149,450	-	-
	<u>1,376,985</u>	<u>103,906</u>	<u>768,429</u>

(Continued)

CITY OF NEWTON, MASSACHUSETTS
CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET TO ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Continued Appropriations	FY 2013 Appropriations	Transfers
CH 90 Highway Improvement Fund:			
Unallocated	67,764	2,356,150	(2,025,624)
Commonwealth Avenue - Engineering	3,147	-	-
Wales Street Bridge	57,850	-	17,000
2010 Resurfacing - Various Streets	22,685	-	(22,685)
2011 Cold Planning - Various Streets	103,631	-	(87,622)
Crafts St/Linwood Ave Pedestrian Beacon	96,900	-	-
Parker St Pedestrian Beacon	75,000	-	-
Nahanton St Bridge Design	5,510	-	-
Walnut & Centre Street Design	13,444	-	11,697
Pavement Management Plan	19,524	-	-
Nahanton St Bridge Repairs	155,805	-	(155,805)
Nahanton St Bridge Construction Inspection	6,802	-	-
Woodland Street Reconstruction	130,100	46,087	(176,187)
Curb/Sidewalk/Road Prep for Paving - Various Streets	289,817	-	(289,817)
Police Details - 2011 Roadway Program	2,429	-	(2,429)
Traffic Signals/Markings - 2011 Program	6,652	-	(6,652)
2012 Roadway Overlay - Citywide	800,000	-	(133,638)
2012 Cold Planning - Citywide	338,725	-	(79,245)
2012 Traffic Signals & Markings	66,800	-	-
2012 Crack Sealing - Various Roads	50,000	-	778
2012 Roadway Program - Police Details	59,712	-	(33,016)
2013 Old Farms Rd Reconstruction	-	-	267,624
2013 Roadway Improvements - Labor & Materials	-	-	299,761
2013 Bicycle Lane Striping & Signage	-	-	33,960
2013 Eliot St Bridge Evaluation	-	-	32,700
2013 Cold Planning - Various Roads	-	-	329,000
2013 Overlay - Various Roads	-	-	792,000
2013 DPW Labor & Materials	-	-	723,200
2013 Police Details	-	-	80,000
2013 Wales St Bridge Repairs	-	-	400,000
2013 Traffic Signals & Markings - Concord & Washington	-	-	25,000
Total CH 90 Highway Improvement Fund	<u>2,372,297</u>	<u>2,402,237</u>	<u>-</u>
Massworks Road Improvement Fund:			
2012 Grant Award	1,800,103	-	-
2013 Grant Award	4,000,000	-	-
Total Massworks Road Improvement Fund	<u>5,800,103</u>	<u>-</u>	<u>-</u>
Municipal Equipment Replacement Fund:			
DPW Sweeper Replacement - 2013	-	172,000	-
DPW Equipment Replacement - 2012	300,000	-	-
DPW Equipment Replacement - 2012	90,000	-	-
DPW Equipment Replacement - 2013	-	282,000	-
DPW Snow Melting Equipment - 2013	-	250,000	-
Fire Ladder Replacement - 2013	-	1,000,000	-
Fire Engine Replacement - 2012	79,654	-	-
Total Municipal Equipment Replacement Fund	<u>469,654</u>	<u>1,704,000</u>	<u>-</u>
Park Improvement Fund			
Gath Pool Repairs - 2012	80,975	-	-
Gath Pool Repairs - 2013	-	150,000	-
Lower Falls Community Ctr Accessibility - 2013	-	275,000	-
Braceland Playground Improvements - 2012	47,979	-	-
Total Park Improvement Fund	<u>128,954</u>	<u>425,000</u>	<u>-</u>

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
-	-	398,290
1,485	1,662	-
-	-	74,850
-	-	-
16,009	-	-
96,094	-	806
56,192	-	18,808
-	-	5,510
18,082	7,059	-
-	-	19,524
-	-	-
2,745	-	4,057
-	-	-
-	-	-
-	-	-
666,362	-	-
259,480	-	-
-	-	66,800
50,778	-	-
26,696	-	-
267,624	-	-
299,761	-	-
12,549	-	21,411
32,700	-	-
-	100,000	229,000
-	200,000	592,000
187,552	80	535,568
3,118	-	76,882
-	-	400,000
-	-	25,000
<u>1,997,227</u>	<u>308,801</u>	<u>2,468,506</u>
1,134,771	665,332	-
<u>2,762,734</u>	<u>1,234,266</u>	<u>3,000</u>
<u>3,897,505</u>	<u>1,899,598</u>	<u>3,000</u>
168,385	-	3,615
278,014	-	21,986
90,000	-	-
-	-	282,000
-	-	250,000
853,089	-	146,911
7,342	-	72,312
<u>1,396,830</u>	<u>-</u>	<u>776,824</u>
44,218	35,759	998
146,297	-	3,703
-	-	275,000
44,509	-	3,470
<u>235,024</u>	<u>35,759</u>	<u>283,171</u>

(Continued)

CITY OF NEWTON, MASSACHUSETTS
CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET TO ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Continued Appropriations	FY 2013 Appropriations	Transfers
Water System Improvement Fund:			
MWRA - Water System - Accumulated Interest Income	38,328	7,621	-
MWRA - Water System Improvements - Loan of 2005	17,479	-	-
MWRA - Water System Improvements - Loan of 2009	16,209	-	-
MWRA - Water System Improvements - III Transfer	59,761	-	-
MWRA - Water System Improvements - Loan of 2010	43,550	-	-
MWRA - Water System Improvements - Loan of 2011	1,402,436	-	-
MWRA - Water System Improvements - Loan of 2012	1,360,200	-	-
MWRA - Water System Improvements - Loan of 2013	-	1,360,200	-
Water Meter Replacement - 2009	2,639,967	(2,528,000)	128,009
Water Main Cleaning & Relining - 2013	-	2,700,000	-
Waban Hill Reservoir Improvements - 2001/2003	250,467	-	-
Total Water System Improvement Fund	<u>5,828,397</u>	<u>1,539,821</u>	<u>128,009</u>
Sanitary Sewer Improvement Fund:			
Sewer Emergency Repairs (City of Newton)	10,000	-	-
Cochituate Sewer Repair (Town of Wellesley Contb)	135,478	-	-
Oakdale Rd Sewer Improvements - 2010	26,083	-	-
Farina Rd Sewer Improvements - 2010	50,500	-	-
Irving St Sewer Improvements - 2010	60,518	-	-
Old Farm Rd Sewer Improvements - 2010	26,511	-	-
Woodland/Studio Rd Sewer Improvements - 2010	12,017	-	-
Old Farm Rd Sewer Improvements - 2011	39,031	-	-
Aspen Ave /Hawthorne Ave/Studio Ed Ext - 2011	731,000	-	-
Quinobequin Rd Sewer Repairs - 2011	200,000	-	-
Grodon Rd Sewer Repairs - 2011	39,659	-	-
Newtonville Ave Sewer Repairs - 2011	160,000	-	-
Wood End Rd Sewer Repairs - 2011	160,000	-	-
Phase I Underground Infrastructure Impv Plan - 2012	4,239,878	(436)	-
MWRA - Sewer I&I - Accumulated Interest Income	22,565	2,188	-
MWRA - Infiltration/Inflow - 2007	10,350	-	-
MWRA - Infiltration/Inflow - 2007	72,712	-	-
MWRA - Infiltration/Inflow - 2008	7	-	-
MWRA - Infiltration/Inflow - 2009	5	-	-
MWRA - Infiltration/Inflow - 2009	4,004	-	-
MWRA - Infiltration/Inflow - 2010	232,768	-	-
MWRA - Infiltration/Inflow - 2011	796,402	-	-
Total Sanitary Sewer Improvement Fund	<u>7,029,488</u>	<u>1,752</u>	<u>-</u>
Capital Stabilization Fund:			
Reserved for Debt Funded Projects	7,729	-	260,457
Reserved for Water/Sewer Appropriations	105,000	-	(105,000)
Designated for North High School Debt Service	4,801,557	-	(2,753,446)
Designated for Fire Station Renovations	8,659	5,509	(12,880)
Designated for Energy Conservation Projects	247,553	17,080	(39,527)
Designated for Ordinary Capital Appropriations	34,509	-	(26,692)
Total Capital Stabilization Fund	<u>5,205,007</u>	<u>22,589</u>	<u>(2,677,088)</u>
Total Capital Projects Funds	<u>\$ 47,513,341</u>	<u>\$ 16,454,681</u>	<u>\$ (2,116,759)</u>

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
-	-	45,949
12,203	-	5,276
-	-	16,209
34,670	-	25,091
28,945	-	14,605
1,304,673	64,931	32,832
1,360,169	31	-
202,248	1,043,750	114,202
57,766	-	182,210
-	-	2,700,000
-	2,180	248,287
<u>3,000,674</u>	<u>1,110,892</u>	<u>3,384,661</u>
-	-	10,000
-	-	135,478
-	-	26,083
-	-	50,500
-	-	60,518
273	-	26,238
8,239	-	3,778
38,521	-	510
-	2,450	728,550
155,842	8,680	35,478
14,175	-	25,484
96,180	-	63,820
-	-	160,000
736,381	663,172	2,839,889
-	-	24,753
-	-	10,350
-	-	72,712
-	-	7
-	-	5
-	-	4,004
-	-	232,768
414,394	23,257	358,751
<u>1,464,005</u>	<u>697,559</u>	<u>4,869,676</u>
-	-	268,186
-	-	-
-	2,048,111	-
-	-	1,288
-	92,000	133,106
-	-	7,817
<u>-</u>	<u>2,140,111</u>	<u>410,397</u>
<u>\$ 23,537,665</u>	<u>\$ 11,673,248</u>	<u>\$ 26,640,350</u>

(Concluded)

CITY OF NEWTON, MASSACHUSETTS
SEWER ENTERPRISE FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET TO ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Continued <u>Appropriations</u>	FY 2013 <u>Original Budget</u>	FY 2013 <u>Budget Revisions</u>
Sewer Maintenance & Operation			
Personal Services	\$ -	\$ 2,049,243	\$ (17,342)
Expenses	451,683	1,096,370	(10,000)
Capital Outlay	1,322,081	568,500	-
Fringe Benefits	-	438,693	-
Total	<u>1,773,764</u>	<u>4,152,806</u>	<u>(27,342)</u>
MWRA Sewer Assessment			
Intergovernmental	-	20,151,919	-
Debt Maturities & Interest	-	1,298,503	10,000
Retirement	-	375,287	-
Transfer - Workers Compensation Fund	-	183,309	17,342
Transfer - General Fund	-	945,069	-
Total Sewer Enterprise Fund	\$ <u>1,773,764</u>	\$ <u>27,106,893</u>	\$ <u>-</u>

<u>FY 2013 Budget As Amended</u>	<u>Total Revised FY 2013 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 2,031,901	\$ 2,031,901	\$ 1,703,775	\$ -	\$ 328,126
1,538,053	1,538,053	805,329	537,871	194,853
1,890,581	1,890,581	568,944	1,236,867	84,770
438,693	438,693	354,378	-	84,315
<u>5,899,228</u>	<u>5,899,228</u>	<u>3,432,426</u>	<u>1,774,738</u>	<u>692,064</u>
<u>20,151,919</u>	<u>20,151,919</u>	<u>19,917,866</u>	<u>-</u>	<u>234,053</u>
<u>1,308,503</u>	<u>1,308,503</u>	<u>1,308,500</u>	<u>-</u>	<u>3</u>
<u>375,287</u>	<u>375,287</u>	<u>375,287</u>	<u>-</u>	<u>-</u>
<u>200,651</u>	<u>200,651</u>	<u>200,651</u>	<u>-</u>	<u>-</u>
<u>945,069</u>	<u>945,069</u>	<u>784,349</u>	<u>-</u>	<u>160,720</u>
<u>\$ 28,880,657</u>	<u>\$ 28,880,657</u>	<u>\$ 26,019,079</u>	<u>\$ 1,774,738</u>	<u>\$ 1,086,840</u>

CITY OF NEWTON, MASSACHUSETTS
WATER ENTERPRISE FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET TO ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Continued Appropriations	FY 2013 Original Budget	FY 2013 Budget Revisions
Water Maintenance & Operation			
Personal Services	\$ -	\$ 2,188,197	\$ (148,421)
Expenses	286,719	960,499	-
Capital Outlay	531,256	200,000	(22,000)
Fringe Benefits	-	432,392	-
Total	<u>817,975</u>	<u>3,781,088</u>	<u>(170,421)</u>
Debt Maturities & Interest	<u>-</u>	<u>3,326,836</u>	<u>-</u>
Retirement	<u>-</u>	<u>507,181</u>	<u>-</u>
MWRA/DEP Assessments & Charges	<u>-</u>	<u>9,739,358</u>	<u>22,000</u>
Transfer - Sewer Fund	<u>-</u>	<u>689,753</u>	<u>-</u>
Transfer - General Fund	<u>-</u>	<u>855,911</u>	<u>-</u>
Transfer - Water Capital Project Fund	<u>-</u>	<u>-</u>	<u>128,009</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>153,167</u>	<u>20,412</u>
Total Water Enterprise Fund	<u>\$ 817,975</u>	<u>\$ 19,053,294</u>	<u>\$ -</u>

<u>FY 2013 Budget As Amended</u>	<u>Total Revised FY 2013 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 2,039,776	\$ 2,039,776	\$ 1,741,312	\$ -	\$ 298,464
1,247,218	1,247,218	829,434	301,239	116,545
709,256	709,256	244,936	454,910	9,410
432,392	432,392	344,147	-	88,245
<u>4,428,642</u>	<u>4,428,642</u>	<u>3,159,829</u>	<u>756,149</u>	<u>512,664</u>
<u>3,326,836</u>	<u>3,326,836</u>	<u>3,326,835</u>	<u>-</u>	<u>1</u>
<u>507,181</u>	<u>507,181</u>	<u>490,840</u>	<u>-</u>	<u>16,341</u>
<u>9,761,358</u>	<u>9,761,358</u>	<u>9,758,688</u>	<u>-</u>	<u>2,670</u>
<u>689,753</u>	<u>689,753</u>	<u>689,753</u>	<u>-</u>	<u>-</u>
<u>855,911</u>	<u>855,911</u>	<u>855,911</u>	<u>-</u>	<u>-</u>
<u>128,009</u>	<u>128,009</u>	<u>128,009</u>	<u>-</u>	<u>-</u>
<u>173,579</u>	<u>173,579</u>	<u>173,579</u>	<u>-</u>	<u>-</u>
<u>\$ 19,871,269</u>	<u>\$ 19,871,269</u>	<u>\$ 18,583,444</u>	<u>\$ 756,149</u>	<u>\$ 531,676</u>



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STATISTICAL SECTION

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

Financial Trends (pages 126 - 137)

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

Revenue Capacity (pages 138 - 141)

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

Debt Capacity (pages 142 - 145)

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

Demographic and Economic Information (page 146)

This schedule offers demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information (pages 147 - 148)

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

NET POSITION BY COMPONENT
(ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities					
Net investment in capital assets.....	\$ 123,155,756	\$ 153,522,317	\$ 153,034,916	\$ 167,543,474	\$ 174,706,210
Restricted.....	14,029,054	21,270,042	15,267,985	13,842,544	35,459,940
Unrestricted.....	<u>34,366,681</u>	<u>35,865,065</u>	<u>48,962,078</u>	<u>67,671,362</u>	<u>39,781,710</u>
Total governmental activities net position.....	<u>\$ 171,551,491</u>	<u>\$ 210,657,424</u>	<u>\$ 217,264,979</u>	<u>\$ 249,057,380</u>	<u>\$ 249,947,860</u>
Business-Type Activities					
Net investment in capital assets.....	\$ 36,249,603	\$ 38,212,839	\$ 40,093,169	\$ 43,120,013	\$ 52,946,101
Unrestricted.....	<u>11,844,840</u>	<u>11,936,815</u>	<u>13,583,611</u>	<u>13,295,771</u>	<u>9,359,270</u>
Total business-type activities net position.....	<u>\$ 48,094,443</u>	<u>\$ 50,149,654</u>	<u>\$ 53,676,780</u>	<u>\$ 56,415,784</u>	<u>\$ 62,305,371</u>
Primary Government					
Net investment in capital assets.....	\$ 159,405,359	\$ 191,735,156	\$ 193,128,085	\$ 210,663,487	\$ 227,652,311
Restricted.....	14,029,054	21,270,042	15,267,985	13,842,544	35,459,940
Unrestricted.....	<u>46,211,521</u>	<u>47,801,880</u>	<u>62,545,689</u>	<u>80,967,133</u>	<u>49,140,980</u>
Total primary government net position.....	<u>\$ 219,645,934</u>	<u>\$ 260,807,078</u>	<u>\$ 270,941,759</u>	<u>\$ 305,473,164</u>	<u>\$ 312,253,231</u>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	150,650,131	\$ 194,301,691	\$ 211,763,420	\$ 227,091,798	\$ 238,374,247
	104,838,430	52,363,403	34,096,760	27,700,568	27,981,384
	<u>(2,265,544)</u>	<u>(27,083,933)</u>	<u>(65,309,262)</u>	<u>(93,548,399)</u>	<u>(122,355,108)</u>
\$	<u>253,223,017</u>	<u>219,581,161</u>	<u>180,550,918</u>	<u>161,243,967</u>	<u>144,000,523</u>
\$	48,352,902	\$ 52,125,768	\$ 54,124,183	\$ 55,890,406	\$ 56,271,350
	<u>12,871,360</u>	<u>9,980,661</u>	<u>15,055,372</u>	<u>21,130,465</u>	<u>26,098,363</u>
\$	<u>61,224,262</u>	<u>62,106,429</u>	<u>69,179,554</u>	<u>77,020,871</u>	<u>82,369,713</u>
\$	183,345,085	\$ 232,929,470	\$ 258,565,946	\$ 269,287,104	\$ 294,645,597
	120,496,378	65,861,392	41,418,417	41,395,668	27,981,384
	<u>10,605,816</u>	<u>(17,103,272)</u>	<u>(50,253,891)</u>	<u>(72,417,934)</u>	<u>(96,256,745)</u>
\$	<u>314,447,279</u>	<u>281,687,590</u>	<u>249,730,472</u>	<u>238,264,838</u>	<u>226,370,236</u>

GOVERNMENTAL ACTIVITIES
CHANGES IN NET POSITION (ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008
Expenses					
General government.....	\$ 20,594,439	\$ 19,275,760	\$ 24,609,259	\$ 20,617,999	\$ 25,791,496
Public safety.....	40,102,814	41,690,193	43,062,252	44,207,931	48,896,370
Education.....	162,268,826	175,722,669	181,638,581	188,026,627	218,716,994
Public works.....	19,755,181	23,440,299	21,666,417	21,643,562	25,208,763
Health and human services.....	8,470,667	8,864,530	8,979,409	9,273,626	9,980,301
Culture and recreation.....	12,252,669	14,253,032	13,802,334	13,471,254	15,864,538
Debt service - interest.....	2,121,882	2,570,332	2,350,756	2,237,287	2,494,422
Total expenses.....	<u>265,566,478</u>	<u>285,816,815</u>	<u>296,109,008</u>	<u>299,478,286</u>	<u>346,976,964</u>
Program Revenues					
Charges for services.....	19,253,150	20,056,263	21,298,907	22,854,391	21,185,123
Operating grants and contributions.....	43,365,401	48,562,260	50,529,662	54,150,398	60,500,259
Capital grants and contributions.....	1,810,615	36,589,529	642,315	11,118,572	21,684,895
Total program revenues.....	<u>64,429,166</u>	<u>105,208,052</u>	<u>72,470,884</u>	<u>88,123,361</u>	<u>103,370,277</u>
Net (expense)/revenue.....	<u>(201,137,312)</u>	<u>(180,608,763)</u>	<u>(223,638,124)</u>	<u>(211,354,925)</u>	<u>(243,606,687)</u>
General Revenues and Other Changes in Net Position					
Real estate and personal property taxes.....	187,446,868	192,457,450	200,966,839	209,105,186	211,886,334
Motor vehicle and other excise taxes.....	10,537,142	11,202,714	10,803,654	10,396,428	10,859,789
Hotel/motel taxes.....	851,157	979,194	1,060,052	1,138,921	1,103,549
Meal taxes.....	-	-	-	-	-
Penalties and interest on taxes.....	957,072	1,166,429	830,030	1,049,712	1,055,344
Payments in lieu of taxes.....	340,010	529,600	553,920	2,851,122	767,439
Community preservation surcharges.....	1,829,757	1,893,219	1,963,982	2,032,942	2,114,805
Grants and contributions not restricted to specific programs.....	7,572,440	7,988,751	8,353,727	9,289,181	8,705,545
Unrestricted investment income.....	949,028	1,687,125	3,290,981	4,757,698	4,306,424
Gain (Loss) on sale of capital assets.....	(48,600)	36,000	10,702	-	-
Other.....	1,065,172	554,259	1,133,664	1,302,478	2,522,970
Transfers, net.....	1,305,717	1,219,955	1,278,128	1,223,658	1,264,968
Total general revenues and other changes in net position.....	<u>212,805,763</u>	<u>219,714,696</u>	<u>230,245,679</u>	<u>243,147,326</u>	<u>244,587,167</u>
Change in net position.....	<u>\$ 11,668,451</u>	<u>\$ 39,105,933</u>	<u>\$ 6,607,555</u>	<u>\$ 31,792,401</u>	<u>\$ 980,480</u>

	2009	2010	2011	2012	2013
\$	22,581,716	\$ 24,623,302	\$ 26,974,952	\$ 21,992,988	\$ 22,997,802
	52,614,816	52,168,801	55,800,259	56,061,495	56,962,698
	236,024,500	245,946,308	252,413,006	252,922,994	264,655,220
	27,229,098	26,138,843	28,410,758	24,221,365	28,194,390
	10,463,388	10,672,057	10,757,372	10,684,932	11,323,484
	16,806,140	16,245,112	15,092,035	16,216,945	16,177,118
	4,375,013	7,234,167	7,670,746	7,559,469	7,989,634
	<u>370,094,671</u>	<u>383,028,590</u>	<u>397,119,128</u>	<u>389,660,188</u>	<u>408,300,346</u>
	21,413,394	20,969,889	21,915,225	25,732,684	28,970,340
	66,344,326	65,706,164	66,976,636	65,780,261	69,319,711
	30,179,116	1,960,084	1,764,258	2,519,356	5,975,327
	<u>117,936,836</u>	<u>88,636,137</u>	<u>90,656,119</u>	<u>94,032,301</u>	<u>104,265,378</u>
	<u>(252,157,835)</u>	<u>(294,392,453)</u>	<u>(306,463,009)</u>	<u>(295,627,887)</u>	<u>(304,034,968)</u>
	226,800,860	232,774,689	239,761,554	249,340,011	258,590,398
	10,479,922	9,860,220	10,541,624	10,514,832	11,404,708
	1,108,199	1,168,095	1,588,882	1,814,792	2,051,414
	-	382,934	1,308,191	1,403,261	1,407,803
	1,223,300	1,026,507	1,038,225	1,146,496	1,011,590
	273,359	3,270,902	515,471	529,294	524,906
	2,193,701	2,288,314	2,352,389	2,431,863	2,501,875
	7,435,280	5,891,287	5,596,391	5,263,525	6,276,114
	2,610,098	934,313	454,365	278,106	202,473
	-	24,347	32,280	-	-
	1,761,048	1,752,802	3,002,856	2,169,238	1,492,956
	1,457,225	1,376,187	1,240,538	1,429,518	1,640,260
	<u>255,342,992</u>	<u>260,750,597</u>	<u>267,432,766</u>	<u>276,320,936</u>	<u>287,104,497</u>
\$	<u>3,185,157</u>	<u>\$ (33,641,856)</u>	<u>\$ (39,030,243)</u>	<u>\$ (19,306,951)</u>	<u>\$ (16,930,471)</u>

BUSINESS-TYPE ACTIVITIES
CHANGES IN NET POSITION (ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008
Expenses					
Sewer.....	\$ 18,167,283	\$ 17,891,749	\$ 18,404,780	\$ 20,033,778	\$ 21,208,637
Water.....	9,465,285	10,045,997	10,939,117	11,467,754	12,212,234
Total expenses.....	<u>27,632,568</u>	<u>27,937,746</u>	<u>29,343,897</u>	<u>31,501,532</u>	<u>33,420,871</u>
Program Revenues					
Charges for services.....	27,032,083	29,763,876	32,981,905	33,084,089	39,034,143
Operating grants and contributions.....	758,501	1,289,586	838,241	835,397	814,428
Capital grants and contributions.....	51,994	159,450	329,005	1,544,708	726,855
Total program revenues.....	<u>27,842,578</u>	<u>31,212,912</u>	<u>34,149,151</u>	<u>35,464,194</u>	<u>40,575,426</u>
Net (expense)/revenue.....	<u>210,010</u>	<u>3,275,166</u>	<u>4,805,254</u>	<u>3,962,662</u>	<u>7,154,555</u>
General Revenues and Transfers					
Gain on sale of capital asset.....	-	-	-	-	-
Transfers, net.....	<u>(1,255,717)</u>	<u>(1,219,955)</u>	<u>(1,278,128)</u>	<u>(1,223,658)</u>	<u>(1,264,968)</u>
Change in net position.....	<u>\$ (1,045,707)</u>	<u>\$ 2,055,211</u>	<u>\$ 3,527,126</u>	<u>\$ 2,739,004</u>	<u>\$ 5,889,587</u>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	21,879,634	\$ 23,347,392	\$ 23,468,371	\$ 24,953,457	\$ 25,359,689
	<u>13,623,595</u>	<u>13,780,687</u>	<u>14,260,631</u>	<u>15,185,784</u>	<u>15,896,034</u>
	<u>35,503,229</u>	<u>37,128,079</u>	<u>37,729,002</u>	<u>40,139,241</u>	<u>41,255,723</u>
	33,761,633	38,405,378	45,171,479	48,273,768	47,175,932
	857,561	732,948	847,004	646,975	1,059,085
	<u>1,260,151</u>	<u>245,331</u>	<u>24,182</u>	<u>489,333</u>	<u>9,808</u>
	<u>35,879,345</u>	<u>39,383,657</u>	<u>46,042,665</u>	<u>49,410,076</u>	<u>48,244,825</u>
	<u>376,116</u>	<u>2,255,578</u>	<u>8,313,663</u>	<u>9,270,835</u>	<u>6,989,102</u>
	-	2,776	-	-	-
	<u>(1,457,225)</u>	<u>(1,376,187)</u>	<u>(1,240,538)</u>	<u>(1,429,518)</u>	<u>(1,640,260)</u>
\$	<u>(1,081,109)</u>	<u>882,167</u>	<u>7,073,125</u>	<u>7,841,317</u>	<u>5,348,842</u>

PRIMARY GOVERNMENT
CHANGES IN NET POSITION (ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Total expenses.....	\$ 293,199,046	\$ 313,754,561	\$ 325,918,453	\$ 330,979,818	\$ 380,397,835
Total program revenues.....	<u>92,271,744</u>	<u>136,420,964</u>	<u>107,200,814</u>	<u>123,587,555</u>	<u>143,945,703</u>
Net (expense)/revenue.....	(200,927,302)	(177,333,597)	(218,717,639)	(207,392,263)	(236,452,132)
Total general revenues, transfers and other changes in net position.....	<u>211,550,046</u>	<u>218,494,741</u>	<u>228,967,551</u>	<u>241,923,668</u>	<u>243,322,199</u>
Change in net position.....	\$ <u><u>10,622,744</u></u>	\$ <u><u>41,161,144</u></u>	\$ <u><u>10,249,912</u></u>	\$ <u><u>34,531,405</u></u>	\$ <u><u>6,870,067</u></u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 405,597,900	\$ 420,156,669	\$ 434,848,130	429,799,429	\$ 449,556,069
<u>153,816,181</u>	<u>128,019,794</u>	<u>136,698,784</u>	<u>143,442,377</u>	<u>152,510,203</u>
(251,781,719)	(292,136,875)	(298,149,346)	(286,357,052)	(297,045,866)
<u>253,885,767</u>	<u>259,377,186</u>	<u>266,192,228</u>	<u>274,891,418</u>	<u>285,464,237</u>
<u>\$ 2,104,048</u>	<u>\$ (32,759,689)</u>	<u>\$ (31,957,118)</u>	<u>(11,465,634)</u>	<u>\$ (11,581,629)</u>

GOVERNMENTAL FUNDS
FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund					
Reserved.....	\$ 5,125,252	\$ 3,696,513	\$ 4,177,720	\$ 3,884,714	\$ 3,091,164
Unreserved.....	12,161,196	10,125,954	16,117,152	19,724,693	16,342,052
Restricted.....	-	-	-	-	-
Committed.....	-	-	-	-	-
Assigned.....	-	-	-	-	-
Unassigned.....	-	-	-	-	-
Total general fund.....	<u>\$ 17,286,448</u>	<u>\$ 13,822,467</u>	<u>\$ 20,294,872</u>	<u>\$ 23,609,407</u>	<u>\$ 19,433,216</u>
All Other Governmental Funds					
Reserved.....	\$ 4,675,240	\$ 7,188,858	\$ 7,333,993	\$ 6,181,855	\$ 7,904,778
Unreserved, reported in:					
Special revenue funds.....	8,108,905	7,651,781	6,828,092	7,213,248	10,478,029
Capital projects funds.....	(39,972,245)	(9,421,471)	1,450,147	17,319,824	38,560,162
Permanent funds.....	868,171	1,012,798	874,461	925,527	817,614
Nonspendable.....	-	-	-	-	-
Restricted.....	-	-	-	-	-
Committed.....	-	-	-	-	-
Unassigned.....	-	-	-	-	-
Total all other governmental funds.....	<u>\$ (26,319,929)</u>	<u>\$ 6,431,966</u>	<u>\$ 16,486,693</u>	<u>\$ 31,640,454</u>	<u>\$ 57,760,583</u>

(1) Starting in fiscal year 2011 governmental fund balances are being reported in accordance with Governmental Accounting Standards Board Statement #54, Fund Balance Reporting and Governmental Fund Type Definitions.

	<u>2009</u>	<u>2010</u>	<u>2011 (1)</u>	<u>2012</u>	<u>2013</u>
\$	4,595,043	\$ 5,746,263	\$ -	\$ -	\$ -
	15,574,235	13,566,282	-	-	-
	-	-	928,722	938,274	3,164,616
	-	-	14,877,088	9,816,666	5,348,800
	-	-	844,441	2,583,061	3,110,521
	-	-	14,123,323	14,886,340	21,091,447
\$	<u>20,169,278</u>	<u>19,312,545</u>	<u>30,773,574</u>	<u>28,224,341</u>	<u>32,715,384</u>
\$	8,153,969	\$ 25,926,689	\$ -	\$ -	\$ -
	13,253,604	10,704,933	-	-	-
	93,303,737	28,167,213	-	-	-
	736,678	740,024	-	-	-
	-	-	445,570	446,818	447,206
	-	-	28,989,163	28,617,216	26,869,665
	-	-	886,894	1,745,209	1,718,332
	-	-	(354,498)	-	-
\$	<u>115,447,988</u>	<u>65,538,859</u>	<u>29,967,129</u>	<u>30,809,243</u>	<u>29,035,203</u>

GOVERNMENTAL FUNDS
CHANGES IN FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008
REVENUES					
Real estate and personal property taxes.....	\$ 187,056,486	\$ 192,554,388	\$ 200,165,525	\$ 207,245,638	\$ 211,435,422
Motor vehicle and other excise taxes.....	10,258,795	11,467,867	11,298,282	10,197,596	11,131,712
Hotel/motel tax.....	851,157	979,194	1,060,052	1,138,921	1,103,549
Meals tax.....	-	-	-	-	-
Payments in lieu of taxes.....	340,010	394,563	418,202	411,841	358,957
Community preservation surcharges.....	1,830,144	1,878,091	1,978,999	2,027,379	2,107,392
Charges for services.....	11,847,663	11,765,228	11,895,186	14,110,021	14,088,742
Intergovernmental.....	55,057,266	85,837,606	60,266,994	75,564,011	78,760,492
Special assessments.....	-	-	-	215,216	157,281
Penalties and interest on taxes.....	957,072	1,225,224	830,030	1,049,712	1,055,344
Licenses and permits.....	4,896,721	4,991,489	7,172,004	5,764,582	4,928,179
Fines and forfeitures.....	1,916,239	1,987,816	2,002,406	1,850,503	1,899,661
Contributions.....	645,007	1,462,588	1,187,036	796,807	1,395,023
Investment income.....	1,031,017	1,985,227	3,362,563	4,960,859	4,435,423
Miscellaneous/other.....	678,394	588,220	1,326,054	947,985	1,813,990
TOTAL REVENUES.....	277,365,971	317,117,501	302,963,333	326,281,071	334,671,167
EXPENDITURES					
Current:					
General government.....	24,829,089	20,272,046	21,671,422	18,456,441	22,190,508
Public safety.....	33,442,336	33,467,775	33,207,890	36,540,065	36,960,093
Education.....	158,699,064	156,983,456	157,219,646	166,363,295	202,577,476
Public works.....	20,323,463	23,574,662	20,074,536	23,001,792	24,844,231
Health and human services.....	3,215,469	3,565,435	3,594,966	4,054,211	3,989,849
Culture and recreation.....	11,044,089	12,376,821	12,156,563	14,441,900	12,837,823
Retirement benefits.....	32,609,146	36,643,546	39,366,562	42,079,659	44,134,609
Property and liability insurance.....	1,638,348	1,596,923	1,621,121	1,666,576	1,690,977
Claims and judgments.....	290,227	176,472	214,058	143,335	97,254
Health insurance subsidy.....	-	-	-	173,495	-
Other.....	-	-	-	-	24,080
State and county charges.....	5,086,760	5,045,783	5,209,013	5,375,365	5,512,027
Debt service:					
Principal.....	4,281,100	5,118,200	5,595,500	8,472,050	6,146,900
Interest.....	2,744,328	2,483,216	2,215,170	2,129,315	2,378,302
TOTAL EXPENDITURES.....	298,203,419	301,304,335	302,146,447	322,897,499	363,384,129
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(20,837,448)	15,813,166	816,886	3,383,572	(28,712,962)
OTHER FINANCING SOURCES (USES)					
Transfers in.....	9,279,721	7,768,303	8,195,281	9,793,750	12,584,287
Proceeds of bonds and notes.....	5,000,000	11,500,000	13,835,000	10,600,000	48,792,000
Premium from issuance of bonds and notes.....	375,267	406,462	293,090	92,732	262,441
Sale of capital assets.....	-	36,000	26,446	40,752	49,909
Transfers out.....	(7,697,615)	(6,236,017)	(6,639,571)	(8,292,510)	(11,031,737)
TOTAL OTHER FINANCING SOURCES (USES)...	6,957,373	13,474,748	15,710,246	12,234,724	50,656,900
EXTRAORDINARY ITEM					
Proceeds of structured settlement contract.....	-	-	-	2,850,000	-
NET CHANGE IN FUND BALANCES.....	\$ (13,880,075)	\$ 29,287,914	\$ 16,527,132	\$ 18,468,296	\$ 21,943,938
DEBT SERVICE EXPENDITURES AS A PERCENTAGE OF NONCAPITAL EXPENDITURES.....					
	2.4%	2.5%	2.6%	3.3%	2.3%

	2009	2010	2011	2012	2013
\$	224,437,442	\$ 233,726,177	\$ 240,732,647	\$ 248,503,570	\$ 257,225,856
	10,098,579	10,222,534	10,463,796	10,567,479	11,351,368
	1,108,199	1,168,095	1,588,882	1,814,792	2,051,414
	-	382,934	1,308,191	1,403,261	1,407,803
	489,108	3,095,059	439,721	479,617	521,643
	2,207,442	2,296,523	2,365,422	2,427,905	2,508,969
	14,209,678	14,821,694	14,674,078	17,340,467	17,702,424
	122,879,420	75,443,469	73,856,678	73,036,706	81,971,057
	218,438	158,481	254,638	350,639	224,503
	1,223,300	1,026,507	1,038,224	1,146,496	1,011,591
	4,575,496	4,564,508	5,523,613	6,081,388	9,291,263
	2,022,175	2,101,518	1,907,471	2,017,085	2,029,860
	1,320,527	1,185,340	1,382,243	1,299,748	833,888
	2,642,189	1,016,818	554,473	271,250	257,726
	1,686,507	667,540	1,676,863	1,222,231	593,712
	<u>389,118,500</u>	<u>351,877,197</u>	<u>357,766,940</u>	<u>367,962,634</u>	<u>388,983,077</u>
	21,756,050	22,007,737	27,495,142	21,216,365	18,961,966
	37,438,138	37,999,263	37,725,281	39,687,309	40,232,455
	252,917,406	254,430,394	214,802,244	196,486,485	210,372,992
	24,944,049	26,357,440	24,730,797	21,918,256	28,939,827
	4,080,313	4,305,785	4,177,515	4,123,498	4,358,995
	12,438,606	12,637,414	11,232,808	13,839,046	13,634,682
	47,480,693	49,940,948	53,157,157	56,055,483	57,813,067
	1,891,488	1,676,169	1,445,803	1,559,274	1,722,006
	250,509	100,453	160,733	58,504	128,950
	-	-	-	-	-
	-	-	-	-	-
	5,453,169	5,619,317	5,472,487	5,503,956	5,722,550
	7,652,100	8,548,500	9,460,500	9,408,367	9,596,167
	<u>3,694,574</u>	<u>7,079,256</u>	<u>7,509,703</u>	<u>7,574,440</u>	<u>7,568,326</u>
	<u>419,997,095</u>	<u>430,702,676</u>	<u>397,370,170</u>	<u>377,430,983</u>	<u>399,051,983</u>
	<u>(30,878,595)</u>	<u>(78,825,479)</u>	<u>(39,603,230)</u>	<u>(9,468,349)</u>	<u>(10,068,906)</u>
	15,539,377	8,860,150	6,386,643	8,413,437	7,732,178
	86,010,000	25,548,000	13,770,000	5,734,000	10,812,558
	1,557,255	815,357	168,147	131,379	590,740
	-	42,491	36,262	67,610	55,325
	<u>(13,804,570)</u>	<u>(7,206,381)</u>	<u>(4,868,523)</u>	<u>(6,585,196)</u>	<u>(6,091,919)</u>
	<u>89,302,062</u>	<u>28,059,617</u>	<u>15,492,529</u>	<u>7,761,230</u>	<u>13,098,882</u>
	-	-	-	-	-
\$	<u>58,423,467</u>	<u>(50,765,862)</u>	<u>(24,110,701)</u>	<u>(1,707,119)</u>	<u>3,029,976</u>
	2.7%	3.6%	4.3%	4.5%	4.3%

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY(1)

LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value (2)			Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value (3)	Assessed Value as a Percentage of Actual Value
	Residential Real Property	Commercial and Industrial Real Property	Personal Property				
2004	\$ 15,105,379,601	\$ 1,504,901,799	\$ 214,760,200	\$ 16,825,041,600	\$ 10.98	\$ 19,131,654,600	87.94%
2005	17,046,470,917	1,614,228,983	194,282,500	18,854,982,400	10.16	19,131,654,600	98.55%
2006	18,038,525,657	1,630,652,443	197,645,600	19,866,823,700	9.99	21,590,027,600	92.02%
2007	18,780,465,279	1,691,031,121	195,725,500	20,667,221,900	9.95	21,590,027,600	95.73%
2008	18,478,928,698	1,767,239,702	211,461,100	20,457,629,500	10.44	22,207,139,600	92.12%
2009	18,659,283,807	1,788,640,793	266,624,600	20,714,549,200	10.72	22,207,139,600	93.28%
2010	18,384,685,100	1,819,972,600	283,174,000	20,487,831,700	11.25	22,506,213,100	91.03%
2011	18,113,668,363	1,830,045,937	289,095,700	20,232,810,000	11.80	22,506,213,100	89.90%
2012	18,276,909,150	1,851,072,350	336,017,900	20,463,999,400	12.10	21,744,090,700	94.11%
2013	18,445,998,977	1,847,689,523	351,617,700	20,645,306,200	12.43	21,744,090,700	94.95%

Source: City of Newton Annual Tax Recap Sheet

(1) Does not include valuation affected by residential exemption

(2) As of January 1st

(3) Estimated actual value is based on equalized valuations determined biennially by the Commissioner of Revenue

DIRECT PROPERTY TAX RATES (1) (2)

LAST TEN FISCAL YEARS

Fiscal Year	Residential Real Property	Commercial and Industrial Real Property	Personal Property	Total Direct (3)
2004	\$ 10.20	\$ 19.37	\$ 19.37	\$ 10.98
2005	9.48	18.02	18.02	10.16
2006	9.36	17.72	17.72	9.99
2007	9.33	17.64	17.64	9.95
2008	9.70	18.46	18.46	10.44
2009	9.96	19.00	19.00	10.72
2010	10.41	19.93	19.93	11.25
2011	10.90	20.89	20.89	11.80
2012	11.17	21.32	21.32	12.10
2013	11.49	21.93	21.93	12.43

Source: City of Newton Tax Recap Sheets

(1) Rates are applicable to each \$1,000 of assessed value

(2) Per the initiatives of Proposition 2 1/2 adopted by the Commonwealth of Massachusetts, the City cannot levy more than 2.5 percent of the total full and fair cash value of all taxable real and personal property. The City's levy is also limited in that it cannot increase more than 2.5 percent from the prior year, with certain exceptions for new growth or through overrides and exclusions adopted by City voters.

(3) Calculated by dividing the net tax levy by total assessed value divided by 1,000

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2013			2004		
	Amount of Tax	Rank	Percentage of Total Tax Levy	Amount of Tax	Rank	Percentage of Total Tax Levy
NSTAR Electric - Electric Utility	\$ 1,399,704	1	0.55%	\$ 946,159	3	-
Riverside Project, LLC - Office	1,034,483	2	0.40%	1,801,504	1	0.97%
CHSP Newton, LLC - Hotel	719,352	3	0.28%	880,367	4	0.48%
Julian Cohen & Daniel Rothenberg Trust - Retail	701,470	4	0.27%	816,027	5	0.44%
National Grid - Natural Gas Utility	653,167	5	0.25%	-		0.00%
Atrium Wellness Center, LLC - Office	572,940	6	0.22%	1,271,641	2	-
CHS Commercial - New England Development	531,585	7	0.21%	-		-
Verizon, New England Inc.	516,301	8	0.20%	646,762	8	0.35%
Thomas White - Gateway Realty - Office	491,033	9	0.19%	676,358	7	0.37%
Daniel Rothenberg & Julian Cohen Trust - Retail	486,164	10	0.19%	434,292	10	-
Schroder Newton Limited Partnership	-		-	692,332	6	0.37%
Wells Avenue Senior Holding LLC	-		-	597,168	9	0.32%
Total	\$ 7,106,199		2.77%	\$ 8,762,610		3.30%

Source: City of Newton Board of Assessors.

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Net Tax Levy	Collected within the Fiscal Year of the Levy		Actual Subsequent Collections	Total Collections to Date	
		Current Tax Collections	Percent of Net Levy Collected		Total Tax Collections	Total Collections as a % of Net Levy (1)
2004	\$ 184,772,348	\$ 184,463,684	99.83%	\$ 2,193,032	\$ 186,656,716	101.02%
2005	191,516,639	189,884,213	99.15%	2,341,150	192,225,363	100.37%
2006	198,431,418	197,604,301	99.58%	1,845,616	199,449,917	100.51%
2007	205,603,998	204,425,747	99.43%	2,445,083	206,870,830	100.62%
2008	213,670,594	211,782,357	99.12%	2,220,075	214,002,432	100.16%
2009	222,124,895	221,179,256	99.57%	1,757,081	222,936,337	100.37%
2010	230,471,466	228,861,998	99.30%	1,768,005	230,630,003	100.07%
2011	238,752,520	237,347,484	99.41%	1,899,940	239,247,424	100.21%
2012	247,532,017	246,717,069	99.67%	1,641,081	248,358,150	100.33%
2013	256,559,763	255,584,775	99.62%	-	255,584,775	99.62%

Source: Annual Tax Recap Sheet and General Ledger records

(1) Total collections can exceed 100% due to the City's conservative statutory reserve for abatements, which reduces the net tax levy.

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Per Capita (1)
	General Obligation Bonds	State Pension Loan	General Obligation Bonds	MWRA/MWPAT Loans		
2004	\$ 30,333,550	\$ 2,600,000	\$ 491,250	\$ 21,908,488	\$ 55,333,288	\$ 696
2005	36,715,350	2,600,000	266,250	22,627,199	62,208,799	778
2006	44,954,850	2,600,000	176,250	23,158,874	70,889,974	844
2007	49,682,800	-	80,000	24,790,065	74,552,865	903
2008	92,327,900	-	40,000	22,117,941	114,485,841	1,415
2009	170,685,800	-	6,000,000	24,259,834	200,945,634	2,418
2010	187,685,300	-	5,900,000	23,261,750	216,847,050	2,597
2011	191,994,800	-	8,275,000	21,449,014	221,718,814	2,639
2012	188,320,433	-	9,627,000	19,699,017	217,646,450	2,556
2013	189,297,824	-	15,671,442	17,643,162	222,612,428	2,579

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the "Demographic and Economic Statistics" schedule located in the Statistical Section for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	Net General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (1)	Percentage of Estimated Personal Income (2)
	General Obligation Bonds	Less: Resources Restricted for Debt Principal	Total Net General Bonded Debt		
2004	30,824,800	-	30,824,800	0.16%	0.85%
2005	36,981,600	-	36,981,600	0.19%	1.01%
2006	45,131,100	-	45,131,100	0.21%	0.96%
2007	49,762,800	-	49,762,800	0.23%	1.08%
2008	92,367,900	-	92,367,900	0.42%	2.04%
2009	170,685,800	(881,707)	169,804,093	0.76%	3.66%
2010	187,685,300	(749,640)	186,935,660	0.83%	4.01%
2011	191,994,800	(683,320)	191,311,480	0.85%	4.07%
2012	188,320,433	(2,946,430)	185,374,003	0.85%	3.90%
2013	189,297,824	(2,896,430)	186,401,394	0.86%	3.86%

(1) See the "Assessed Value and Estimated Actual Value of Taxable Property" schedule located in the Statistical Section for property value data.

(2) See the "Demographic and Economic Statistics" schedule located in the Statistical Section for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

DIRECT AND OVERLAPPING DEBT

JUNE 30, 2013

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Massachusetts Water Resources Authority.....	\$ 6,150,683,000	4.68%	\$ <u>287,939,003</u>
City direct debt.....			<u>222,612,428</u>
Total direct and overlapping debt.....			<u>\$ 510,551,431</u>

Sources: MWRA, City of Newton Treasurer's Office

LEGAL DEBT MARGIN INFORMATION

LAST FIVE FISCAL YEARS

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Equalized valuation.....	\$ 21,744,090,700	\$ 21,744,090,700	\$ 22,506,213,100	\$ 22,506,213,100	\$ 22,207,139,600
Normal debt limit (5% of equalized valuation).....	1,087,204,535	1,087,204,535	1,125,310,655	1,125,310,655	1,110,356,980
Debt applicable to limit:					
Total bonded debt.....	222,612,428	217,646,450	221,718,814	216,847,050	200,945,634
Less: General obligation bonds exempted by authority of state legislature.....	<u>(17,643,162)</u>	<u>(19,699,017)</u>	<u>(29,724,014)</u>	<u>(29,161,750)</u>	<u>(30,259,834)</u>
Total net debt applicable to limit.....	<u>204,969,266</u>	<u>197,947,433</u>	<u>191,994,800</u>	<u>187,685,300</u>	<u>170,685,800</u>
Legal debt margin.....	<u>\$ 882,235,269</u>	<u>\$ 889,257,102</u>	<u>\$ 933,315,855</u>	<u>\$ 937,625,355</u>	<u>\$ 939,671,180</u>
Total net debt applicable to the limit as a percentage of normal debt limit.....	<u>18.9%</u>	<u>18.2%</u>	<u>17.1%</u>	<u>16.7%</u>	<u>15.4%</u>

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS

Year	Population	Median Age	Per Capita Income	Estimated Personal Income	Median Family Income	Public School Enrollment	Unemployment Rate (%)
2003	79,515	38.7	45,708	3,634,471,620	105,289	11,267	4.1%
2004	79,980	38.7	45,708	3,655,725,840	105,289	11,268	3.5%
2005	84,031	38.7	55,891	4,696,576,621	124,893	11,415	3.3%
2006	82,578	38.7	55,891	4,615,366,998	124,893	11,501	3.7%
2007	80,917	38.7	55,891	4,522,532,047	124,893	11,570	3.9%
2008	83,112	38.7	55,891	4,645,212,792	124,893	11,570	6.3%
2009	83,501	38.7	55,891	4,666,954,391	124,893	11,607	6.5%
2010	84,024	38.7	55,891	4,696,185,384	124,893	11,775	5.0%
2011	85,146	38.7	55,891	4,758,895,086	124,893	12,172	4.1%
2012	86,307	38.7	55,891	4,823,784,537	124,893	12,170	5.5%

Sources: Population from City census

Per capita income, median age, and median family income is from U.S Census for 2000 and 2005

Unemployment rates from Massachusetts Division of Unemployment Assistance for September of each year.

School enrollment represents October 1 total enrollment per Newton Public Schools.

EMPLOYEES BY FUNCTION/PROGRAM

LAST FIVE FISCAL YEARS

<u>Employees as of June 30</u>					
<u>Function/Program</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General government.....	128	131	133	125	129
Public safety.....	364	371	373	379	362
Education.....	1,334	1,285	1,195	1,268	1,283
Public works.....	131	126	131	139	143
Health and human services.....	45	45	48	48	48
Culture and recreation.....	80	79	82	93	100
Water.....	28	29	31	27	27
Sewer.....	28	27	32	36	36
Total.....	<u>2,138</u>	<u>2,093</u>	<u>2,025</u>	<u>2,115</u>	<u>2,128</u>

Source: City of Newton payroll

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST FIVE FISCAL YEARS

Function/Program	Fiscal Year				
	2013	2012	2011	2010	2009
Public safety					
Police					
Stations.....	1	1	1	1	1
Vehicles.....	69	69	69	69	69
Fire					
Stations.....	6	6	6	6	6
Firefighting Vehicles.....	9	9	9	9	9
Education					
Public school buildings.....	21	21	21	21	21
Public works					
Streets (miles).....	310	310	310	310	310
Streetlights.....	8,595	8,595	8,595	8,595	8,595
Traffic signals.....	98	98	98	98	98
Parking meters.....	1,671	1,671	1,671	1,671	1,671
Culture and recreation					
Public libraries					
Main library.....	1	1	1	1	1
Park & playground Acreage.....	590	590	590	590	590
Outdoor swimming facilities.....	2	2	2	2	2
Indoor swimming facilities.....	1	1	1	1	1
Public street trees	30,000	30,000	30,000	30,000	30,000
Water					
Water mains (miles).....	300	300	300	300	300
Fire hydrants.....	2,400	2,400	2,400	2,400	2,400
Storage capacity (thousands of gallons).....	26,000,000	26,000,000	26,000,000	26,000,000	26,000,000
Sewer					
Sanitary sewers (miles).....	300	300	300	300	300
Sewer pump stations.....	10	10	10	10	10
Stormdrains (miles).....	324	324	324	324	324

Sources: Various departments of the City of Newton

