

City of Newton, Massachusetts

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2014



City of Newton, Massachusetts

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2014



Prepared by the Comptroller's Office

CITY OF NEWTON, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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INTRODUCTORY SECTION



CITY OF NEWTON, MASSACHUSETTS

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NEWTON CENTRE, MA 02459-1449
TELEPHONE (617) 796-1305
FAX (617) 796-1196
dwilkinson@newtonma.gov

DAVID C. WILKINSON
COMPTROLLER

December 12, 2014

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, 2014. 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 CliftonLarsonAllen, LLP (CLA), a firm of licensed certified public accountants, who have been hired by and report to the City's Board of Aldermen. The Board of Aldermen selected CLA to provide independent financial audit services to the City for the five year period beginning with the fiscal year ended June 30, 2014 after a competitive search that was undertaken early in calendar year 2014. The independent auditors' unqualified ("clean") opinion on the City's financial statements for the year ended June 30, 2014 is presented as the first component of the financial section of this report on pages 1 - 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 an estimated total population of 86,307 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; a multi-year financial forecast; 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 Mayor's Chief of Staff/Chief Financial Officer; 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. Monthly 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.

Financial Planning

The three primary financial management challenges facing the City for the past several years have been the need to fund general purpose budget reserves; the need to more aggressively fund the City's defined benefit pension plan; and the need to formalize a plan for actuarially funding the City's OPEB liability.

The City's Rainy Day Stabilization Fund ended fiscal year 2014 with a fund balance of \$14,045,905 - \$3 million or 27.3% more than the balance as of the start of the year. Subsequent to fiscal year end, the City has contributed another \$3,241,412 to the fund, bringing the balance to \$17,287,317, which represents 5% of the original 2015 General Fund budget and is the target level of funding in the City's financial management policies. Water and Sewer Utility Funds ended fiscal year 2014 with fund balances available for appropriation totaling \$4.3 million and \$9 million.

In an effort to more aggressively fund the City's defined benefit pension obligations, the City formally adopted a new funding schedule during 2014 which anticipates full actuarial funding by the fiscal year ending June 30, 2029, 8 years earlier than the prior funding schedule provided for. This plan assumes an 8.5% annual increase in the City's contribution to the pension plan; average annual investment returns of 7.65%; and average annual salary and wage increases of not more than 3.5% per year.

During the past fiscal year the trustees of the City's OPEB fund voted to begin investing all OPEB assets with the Commonwealth of Massachusetts's Health Care Security Trust. The OPEB trust ended fiscal year 2014 with assets of \$1,119,811, all of which were transferred to the Commonwealth subsequent to year end and invested in the same manner as the City's defined benefit pension assets. Pending adoption of a formal actuarial funding plan, the City contributes 3% of compensation for employees hired after June 30, 2012.

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 98 - 120 of this report.

The City's books on fiscal year 2014 were closed within 60 days of year end and on September 24, 2014 the Massachusetts Department of Revenue certified the City's July 1, 2014 free cash (General Fund fund balance available for appropriation) at \$6,720,809. As of this date, a total of \$279,737 of this sum has been appropriated by vote of the Board of Aldermen and another \$341,500 in appropriation recommendations are currently before the Board of Aldermen, leaving unobligated free cash balance of \$6,099,572. 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 \$202.6 million increase in expenses in the government-wide financial statements and a corresponding decline in unrestricted net assets. This represents 36.5% of the total OPEB unfunded actuarial accrued liability.

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 was increased to 3% in 2014. Please refer to note 12 (pages 61-64) and OPEB Required Supplementary Information (page 74) for more detailed information on the City's health benefit obligations.

Collective Bargaining Agreements

All municipal and Newton Public School collective bargaining agreements expired with the close of fiscal year 2014. Subsequent to fiscal year end, new three year contracts have been agreed to with three small municipal bargaining units. All other are open as of this date.

Audit Committee

In order to strengthen the City's internal controls and financial reporting, the Board of Aldermen created a permanent audit committee, consisting of both representatives of the Board of Aldermen and Newton residents with financial management and audit education and experience. The Committee held a number of meetings with management and the City's independent auditors in 2014. 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, 2014, the City maintained an 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 Santos; 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 CliftonLarsonAllen, LLP 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.

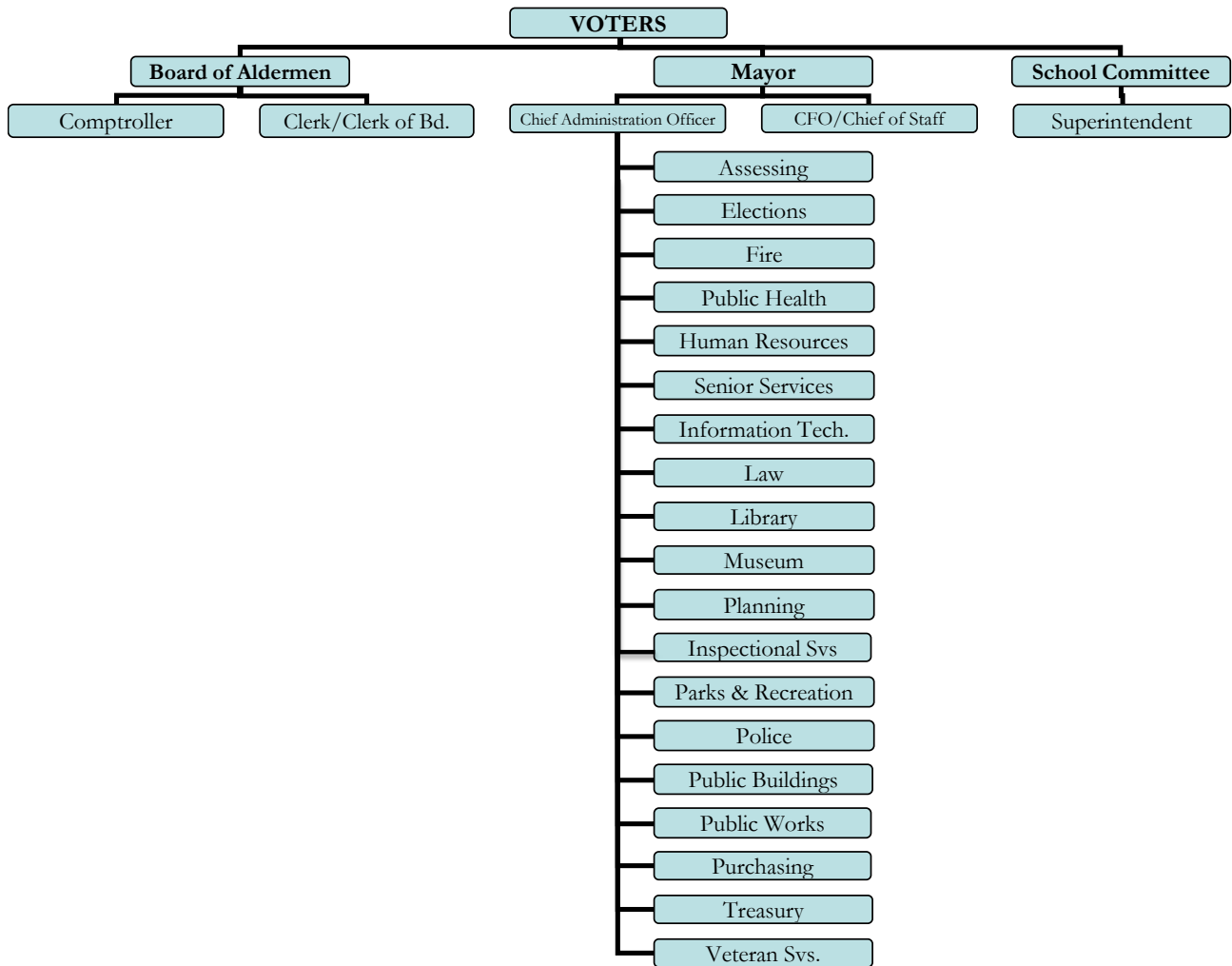
Respectfully,

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
James R. Cote
Deborah Crossley
Victoria Danberg
Ruthanne Fuller, Finance Committee
Leonard Gentile, Finance Committee Chair
John Harney
Alison M. Leary
Richard A. Lipof
Ted Hess-Mahan
Marcia Johnson
David Kalis
Marc Laredo
Emily Norton, Finance Committee
John Rice, Finance Committee
Amy Mah Sangiolo
Gregory Swartz
Brian Yates

SCHOOL COMMITTEE

Matt Hills, Chair
Margie Ross Decker, Vice Chair
Margaret Albright
Ruth Goldman
Ellen Gibson
Diana Fisher Gomberg
Steven Siegel
Angela Pitter-Wright
David Fleishman, Superintendent of Schools
Sandra Guryan, Deputy Superintendent/CAO

EXECUTIVE

Mayor Setti D. Warren
Maureen Lemieux, Chief of Staff & Chief Financial Officer
Dori Zaleznik, Chief Administrative 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: Linda Walsh, Interim Commissioner
Human Resources, Wesley Layne 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, Commissioner
Public Works: David Turocy, Commissioner
Purchasing: Nick Read, Chief Procurement Officer
Senior Services, Jayne Colino, Director
Treasury: James Reardon, Treasurer & Collector

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

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, 2014 (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, 2013), 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 36.0%, 35.5%, and 54.6%, 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, 2014 (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, 2013), 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.

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 73 and 74) 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

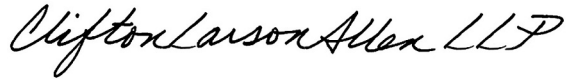
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newton, Massachusetts' basic financial statements. The introductory section, combining and individual fund financial statements and schedules, additional information and statistical 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 December 12, 2014, 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 cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Boston, MA

December 12, 2014



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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, 2014.

Financial Highlights:

- Total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$229.9 million (*net position*). The City has a negative unrestricted net position totaling (\$138.7 million) in the City's governmental activities and \$23.1 million positive unrestricted net position in its business type activities (water & sewer utilities).
- The City's total net position increased by \$3.5 million or 1.6% in fiscal year 2014. Net position of governmental activities decreased by \$4.1 million, a 2.8% decline from fiscal year 2013, while net position of business-type activities increased by \$7.6 million, or 9.3%, from the prior fiscal year.
- Unrestricted governmental net position decreased by \$16.3 million to (\$138.7) million at June 30, 2014. 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, \$24.5 million in new OPEB liabilities were recognized, bringing the total governmental OPEB liability that has been recognized since the implementation of Governmental Accounting Standards Board Statement 45 to \$197.8 million (35.7% of the total unfunded actuarial accrued liability as of June 30, 2014).
- The total cost of all City services for fiscal year 2014 was \$462.1 million, \$419.9 million (90.9%) of which was for governmental services, and \$42.2 million (9.1%) of which was for business type services. The total cost of City services increased by \$12.6 million or 2.8% from the total cost of services in the previous fiscal year, principally as a result of growth in education (\$7.8 million) and public safety (\$4.3 million) spending.
- A total of \$107.7 million or 25.6% of governmental services were financed from program revenue, leaving 74.4% 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, 2014, the City's governmental funds reported a combined fund balance of \$69.1 million. The combined governmental funds fund balance increased by \$7.3 million (11.9%) from the prior year's ending fund balance.
- The City's general fund reported total fund balance of \$36.7 million at the end of fiscal year 2014, a \$4 million (12.1%) increase from the total fund balance at June 30 of the prior fiscal year. The unassigned portion of the fund balance increased by \$5.2 million to \$26.3 million or 7.1% of total general fund revenues and other financing sources. The unassigned fund balance includes \$14 million that the City has set aside over the course of the four most recent fiscal years as a "Rainy Day" Stabilization fund and \$6.7 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 \$7.2 million or 3.3% to \$229.9 million during the year. Newton North High School project debt accounted for \$125.7 million or 54.7% 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, liabilities and deferred inflows/outflows of resources, with the difference 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 122-129 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 18 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 15 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 75 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 130 through 133 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 86 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 90 of this report. The fiduciary funds financial statements can be found on pages 31 and 32 of this report.

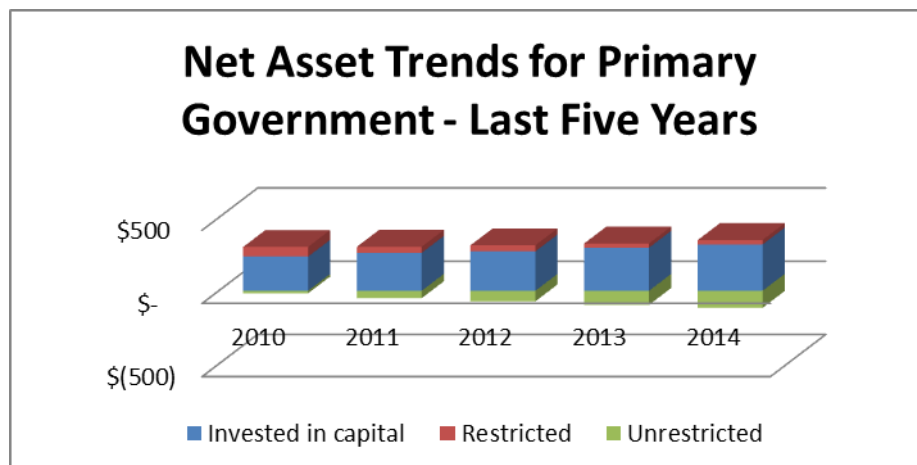
Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-72 of this report. A brief description of fund balance terminology required by Governmental Accounting Standards Board Statement 54 for governmental funds is presented on pages 41 and 42 along with a detailed analysis of the major components of each fund balance account on page 66.

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 73 and 74 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$229.9 million at June 30, 2014. This represents an increase of \$3.5 million or 1.6% from total net position at June 30 of the prior year, and a decline of \$82.4 million or 26.4% since fiscal year 2008, after which the City 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>	
	2014	2013	2014	2013	2014	2013
Assets						
Current assets.....	\$ 151,940,115	\$ 138,337,209	\$ 42,853,659	\$ 41,468,864	\$ 194,793,774	\$ 179,806,073
Noncurrent assets (excluding capital assets).....	8,043,265	8,183,644	1,409,014	1,655,994	9,452,279	9,839,638
Capital assets (net).....	<u>439,458,990</u>	<u>419,836,768</u>	<u>84,431,153</u>	<u>78,727,945</u>	<u>523,890,143</u>	<u>498,564,713</u>
Total assets.....	<u>599,442,370</u>	<u>566,357,621</u>	<u>128,693,826</u>	<u>121,852,803</u>	<u>728,136,196</u>	<u>688,210,424</u>
Liabilities						
Current liabilities (excluding debt).....	49,315,307	44,977,938	3,599,704	1,668,664	52,915,011	46,646,602
Noncurrent liabilities (excluding debt).....	210,359,515	188,081,336	5,108,483	4,499,822	215,467,998	192,581,158
Current debt.....	9,824,367	9,664,867	4,303,032	4,682,975	14,127,399	14,347,842
Noncurrent debt.....	<u>190,042,032</u>	<u>179,632,957</u>	<u>25,688,798</u>	<u>28,631,629</u>	<u>215,730,830</u>	<u>208,264,586</u>
Total liabilities.....	<u>459,541,221</u>	<u>422,357,098</u>	<u>38,700,017</u>	<u>39,483,090</u>	<u>498,241,238</u>	<u>461,840,188</u>
Net Position						
Net investment in capital assets.....	248,739,230	238,374,247	66,943,719	56,271,350	315,682,949	294,645,597
Restricted.....	29,816,361	27,981,384	-	-	29,816,361	27,981,384
Unrestricted.....	<u>(138,654,442)</u>	<u>(122,355,108)</u>	<u>23,050,090</u>	<u>26,098,363</u>	<u>(115,604,352)</u>	<u>(96,256,745)</u>
Total net position.....	<u>\$ 139,901,149</u>	<u>\$ 144,000,523</u>	<u>\$ 89,993,809</u>	<u>\$ 82,369,713</u>	<u>\$ 229,894,958</u>	<u>\$ 226,370,236</u>

The largest portion of the City's total net position, \$315.7 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 53) for a detailed calculation of the City's net investment in capital assets.

An additional portion of the City's net position, \$29.8 million, represents resources that are subject to restrictions placed on how they may be used by parties external to the City, of which \$12.1 million (40.6%) 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, 2014, total unrestricted net position declined by \$19.3 million as a direct result of the recognition of \$25.1 million new post-retirement health benefit liabilities (\$24.5 million in governmental activities and \$0.6 million in business type activities). All governmental activities unrestricted net position has been consumed since 2008 with the recognition of liabilities required by Governmental Accounting Standards Board Statement 45. Pages 61 through 64 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.

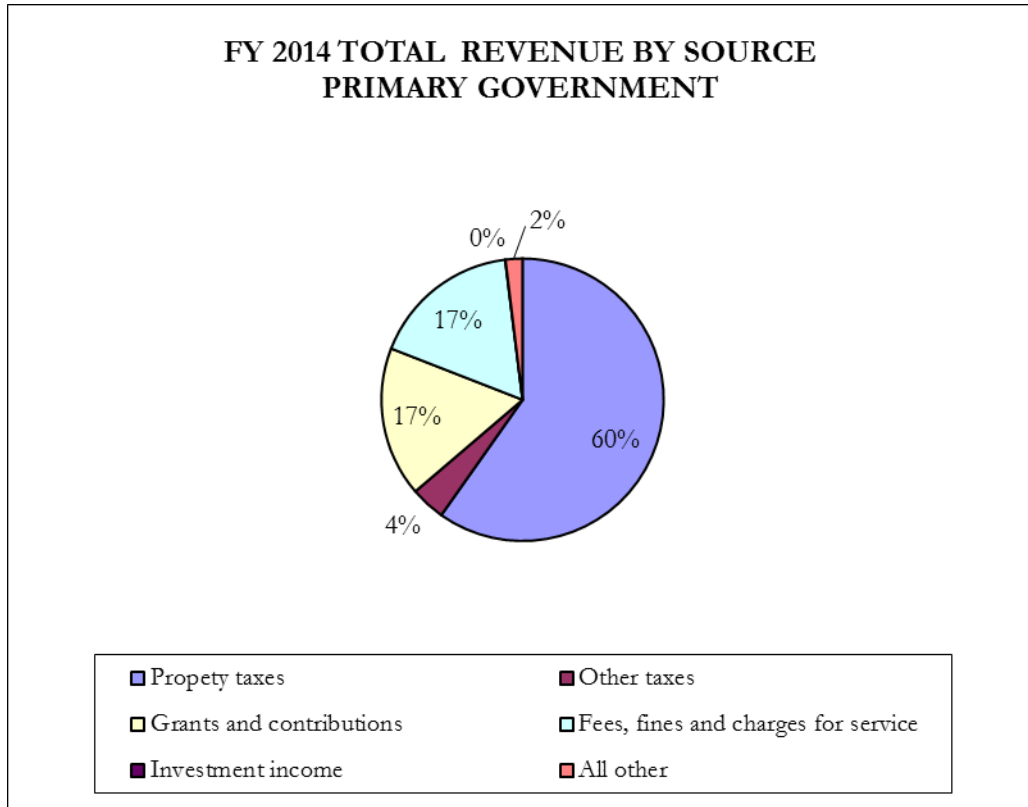
Changes in net position:

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>	
	2014	2013	2014	2013	2014	2013
Revenues						
<i>Program Revenues:</i>						
Fees, fines and charges for services.....	\$ 28,321,486	\$ 28,970,340	\$ 51,347,815	\$ 47,175,932	\$ 79,669,301	\$ 76,146,272
Operating grants and contributions.....	74,285,730	69,319,711	514,894	1,059,085	74,800,624	70,378,796
Capital grants and contributions.....	5,053,677	5,975,327	5,480	9,808	5,059,157	5,985,135
<i>General Revenues:</i>						
Real estate and personal property taxes.....	278,426,655	258,590,398	-	-	278,426,655	258,590,398
Motor vehicle and other excise taxes.....	11,953,727	11,404,708	-	-	11,953,727	11,404,708
Hotel room occupancy taxes.....	2,218,759	2,051,414	-	-	2,218,759	2,051,414
Meals taxes.....	1,557,737	1,407,803	-	-	1,557,737	1,407,803
Penalties and interest on taxes.....	1,160,092	1,011,590	-	-	1,160,092	1,011,590
Payments in lieu of taxes.....	557,065	524,906	-	-	557,065	524,906
Community preservation surcharges.....	2,697,187	2,501,875	-	-	2,697,187	2,501,875
Grants and contributions not restricted to specific programs.....	5,716,482	6,276,114	-	-	5,716,482	6,276,114
Unrestricted investment income.....	230,699	202,473	-	-	230,699	202,473
Other.....	1,622,541	1,492,956	-	-	1,622,541	1,492,956
Total revenues.....	<u>413,801,837</u>	<u>389,729,615</u>	<u>51,868,189</u>	<u>48,244,825</u>	<u>465,670,026</u>	<u>437,974,440</u>
Expenses						
General government.....	22,716,559	22,997,802	-	-	22,716,559	22,997,802
Public safety.....	61,290,201	56,962,698	-	-	61,290,201	56,962,698
Education.....	272,447,586	264,655,220	-	-	272,447,586	264,655,220
Public works.....	29,223,056	28,194,390	-	-	29,223,056	28,194,390
Health and human services.....	11,328,446	11,323,484	-	-	11,328,446	11,323,484
Culture and recreation.....	15,164,811	16,177,118	-	-	15,164,811	16,177,118
Debt service - interest.....	7,714,546	7,989,634	-	-	7,714,546	7,989,634
Water.....	-	-	16,702,263	15,896,034	16,702,263	15,896,034
Sewer.....	-	-	25,557,836	25,359,689	25,557,836	25,359,689
Total expenses.....	<u>419,885,205</u>	<u>408,300,346</u>	<u>42,260,099</u>	<u>41,255,723</u>	<u>462,145,304</u>	<u>449,556,069</u>
Change in net position before transfers.....	(6,083,368)	(18,570,731)	9,608,090	6,989,102	3,524,722	(11,581,629)
Transfers, net.....	<u>1,983,994</u>	<u>1,640,260</u>	<u>(1,983,994)</u>	<u>(1,640,260)</u>	-	-
Change in net position.....	(4,099,374)	(16,930,471)	7,624,096	5,348,842	3,524,722	(11,581,629)
Net position - beginning of year.....	<u>144,000,523</u>	<u>160,930,994</u>	<u>82,369,713</u>	<u>77,020,871</u>	<u>226,370,236</u>	<u>237,951,865</u>
Net position - end of year.....	<u>\$ 139,901,149</u>	<u>\$ 144,000,523</u>	<u>\$ 89,993,809</u>	<u>\$ 82,369,713</u>	<u>\$ 229,894,958</u>	<u>\$ 226,370,236</u>

The City's total revenues for the year ended June 30, 2014 increased by \$27.7 million (6.3%) from the prior year. Property taxes, water and sewer user charges, and grants/contributions were responsible for the increase. The 7.7% increase in property taxes represents a combination of a 2 1/2% increase allowed in the tax levy; new growth; and an \$8.4 million operating override authorized by Newton voters in a March 2013 special election. The 6.3% increase in operating grants and contributions is primarily a function of increased federal HOME grant funding; Chapter 70 and special education circuit-breaker funding for the City's schools, additional state CH 90 road improvement funding; and additional state community preservation matching funding.

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

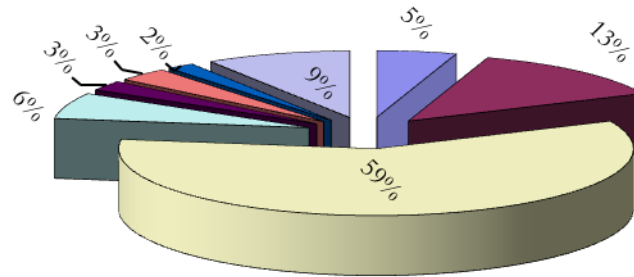


Total expenses increased by \$12.6 million or 2.8% during the year. Education and public safety spending accounted for \$12.1 million or 96% of the total year over year growth in total spending.

Public education continues to be the function receiving the largest commitment of City resources. For the year ended June 30, 2014, total spending for education purposes was \$272.4 million or 59% of total spending, and 64.9% 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, 2014.

**FY 2014 TOTAL EXPENSES BY FUNCTION
PRIMARY GOVERNMENT**



■ General government	■ Public safety	■ Education
■ Public works	■ Health and human services	■ Culture and recreation
■ Interest on debt	■ Water and sewer	

Governmental activities – Governmental activities decreased the City’s net position by \$4.1 million or 2.8% during fiscal 2014, principally due to the recognition of \$24.5 million in new OPEB liabilities during the year. 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 2014. Inspectional service department program revenues exceeded total program expenses by \$4.2 million for the year. In the fiscal year ending June 30, 2013, Inspectional services department program revenue exceeded program expenses by \$5.3 million.

Business-type activities – Business-type activities increased the City’s net position by \$7.6 million or 9.3% during fiscal year 2014. This resulted from increased user charge revenue from a rate increase that was put in place effective July 1, 2013 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, 2014, the City’s governmental funds reported a combined fund balance totaling \$69.1 million, a \$7.3 million or 11.9% increase from the prior year reported financial position.

The City's General Fund; Community Preservation Fund; and Non major governmental funds reported improved financial positions during the year. The North High School Improvement Fund was closed out during the year with the residual balance transferred to the Capital Stabilization Fund.

The general fund is the primary operating fund of the City and at June 30, 2014 reported a total fund balance of \$36.7 million, \$4 million or 12.1% greater than the total fund balance for the previous fiscal year. The unassigned portion of fund balance continued to improve, increasing from \$21.1 million or approximately 6% of total fund revenues and other financing sources at June 30, 2013 to \$26.3 million or 7.1% of fund revenues and other financing sources at June 30, 2014. During the past fiscal year, the City added a total of \$3 million to the Rainy Day Stabilization Fund, which at June 30, 2014 accounted for \$14 million of the \$26.3 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 \$17.3 million. Subsequent to fiscal year end, the City achieved this goal with two supplemental appropriations from General Fund resources. Note 14, on page 66 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 2014 and (5) previous fiscal years

	2014	2013	2012	2011 (1)	2010	2009
Total fund balance	\$ 36,675,777	\$ 32,715,384	\$ 28,224,341	\$ 30,773,574	\$ 19,312,545	\$ 20,169,278
Less: Fund balance restrictions for:						
Debt service.....	2,835,755	2,896,430	617,572	683,320	749,640	881,707
Capital.....	13,752	268,186	7,729	108,107	-	-
Other postemployment benefits (2).....	-	-	312,973	137,295	-	-
Less: Fund balance committed for:						
Subsequent year's expenditures.....	1,595,130	300,000	2,565,748	2,066,320	2,675,133	5,051,017
Capital.....	714,835	2,149,216	5,049,725	9,714,755	-	-
Continued appropriations.....	2,579,251	2,899,584	2,201,193	3,096,013	3,192,017	2,335,964
Less: Fund balance assigned for:						
Encumbrances.....	2,556,214	2,977,415	2,435,508	727,814	1,804,606	1,377,372
Capital.....	121,776	133,106	147,553	116,627	-	-
Unassigned fund balance.....	26,259,064	21,091,447	14,886,340	14,123,323	10,891,149	10,523,218
Total revenues & other financing sources.....	\$ 370,804,386	\$ 349,844,773	\$ 329,962,477	\$ 321,055,179	\$ 318,872,777	\$ 310,562,043
Total fund balance as % total revenues and ofs.....	9.9%	9.4%	8.6%	9.6%	6.1%	6.5%
Unassigned fund balance as % total revenues and ofs.....	7.1%	6.0%	4.5%	4.4%	3.4%	3.4%

(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 2014 general fund revenues and other financing sources increased by \$21 million or 6%, to \$370.8 million.

Source	Amount	% of Total	Increase/ (Decrease)	% Change
Real estate and personal property taxes.....	\$ 277,636,527	74.9%	\$ 20,410,671	7.9%
Motor vehicle excise taxes.....	12,057,191	3.3%	705,823	6.2%
Hotel room occupancy taxes.....	2,218,759	0.6%	167,345	8.2%
Meals taxes.....	1,557,737	0.4%	149,934	10.7%
Penalties and interest on taxes.....	1,135,819	0.3%	151,518	15.4%
Licenses and permits.....	6,899,536	1.9%	(1,300,636)	-15.9%
Intergovernmental.....	56,964,530	15.4%	(729,409)	-1.3%
Charges for services.....	1,734,699	0.5%	(88,195)	-4.8%
Fines and forfeitures.....	1,840,649	0.5%	(98,473)	-5.1%
Investment income.....	216,610	0.1%	27,718	14.7%
Payments in lieu of taxes.....	475,741	0.1%	(45,902)	-8.8%
Special assessments.....	51,512	0.0%	(15,240)	-22.8%
Miscellaneous.....	493,668	0.1%	118,297	31.5%
Total revenues.....	363,282,978	98.0%	19,453,451	5.7%
Premium from issuance of bonds/notes.....	749,963	0.2%	159,223	27.0%
Sale of capital assets.....	14,173	0.0%	(8,552)	-37.6%
Transfers from other funds.....	6,757,272	1.8%	1,355,491	25.1%
Total revenues and other financing sources.....	\$ 370,804,386	100.0%	\$ 20,959,613	6.0%

Property tax growth of \$20.4 million accounted for 97.1% of all revenue growth for the year. The 7.9% increase in property tax revenue resulted from a combination of the normal increase authorized by Proposition 2 1/2; \$8.4 million in new property taxes authorized by a March 2013 Proposition 2 1/2 override vote of the Newton electorate; \$2.6 million in prior year tax collections; and a 99.87% current year tax collection rate.

Over the course of the fiscal year, the City's Board of Assessors granted tax abatements, exemptions; and senior work credits totaling \$548,107 or 0.2% of the tax levy for the year. A tax refund payable liability of \$6.7 million has been recorded at fiscal year-end for abatement applications that, in the opinion of the Board of Assessors, are likely to result in tax refunds.

Intergovernmental revenue including \$32.6 million in Commonwealth of Massachusetts on-behalf payments for Newton participants in the Massachusetts Teachers Retirement System, declined by \$0.7 million or 1.3% during the year. The reported decline is entirely a function of the fact that 2013 intergovernmental revenue included a one-time \$2.3 final reimbursement on the new Newton North High School project.

The \$1.3 million decrease in license and permit revenue consists entirely of inspectional services permit revenue. Total fiscal year 2014 inspectional service permit revenue amounted to \$5.7 million. The median annual revenue realized from this source over the trailing five year period is \$4.5 million.

A detailed schedule of inter-fund transfer activity is presented in note 7, on page 54 of this report.

Total general fund expenditures and transfers to other funds totaled \$366.8 million, an increase of \$21.8 million or 6.3% over the previous fiscal year.

	Amount	%	Increase/ (Decrease)	%
		of Total		Change
General government.....	\$ 15,368,786	4.2%	1,368,587	9.8%
Public safety.....	37,525,186	10.2%	2,104,603	5.9%
Education.....	187,922,902	51.2%	10,972,710	6.2%
Public works.....	23,918,809	6.5%	2,704,312	12.7%
Health and human services.....	4,024,472	1.1%	148,472	3.8%
Culture and recreation.....	9,239,984	2.5%	(603,051)	-6.1%
Retirement benefits.....	60,134,090	16.5%	2,321,023	4.0%
Workers' compensation insurance.....	1,334,721	0.4%	34,078	2.6%
Property and liability insurance.....	443,898	0.1%	22,535	5.3%
Claims and judgements.....	171,221	0.0%	42,271	32.8%
State assessments and charges.....	5,783,939	1.6%	61,389	1.1%
Debt service				
Principal.....	9,612,425	2.6%	771,258	8.7%
Interest.....	7,364,974	2.0%	(127,227)	-1.7%
 Total expenditures.....	 362,845,407	 98.9%	 19,820,960	 5.8%
 Transfers to other funds.....	 3,998,586	 1.1%	 1,982,276	 98.3%
 Total expenditures and transfers.....	 \$ 366,843,993	 100.0%	 \$ 21,803,236	 6.3%

The functions reporting the largest growth in spending (in dollar terms) were Education; Public Works; Retirement Benefits; and Public Safety.

The \$8.4 million Proposition 2 ½ override vote approved by the voters in March of 2013 provided for the following additional spending:

Description	Amount
Education.....	\$ 3,500,000
Public safety - Police.....	500,000
Public works - Streets & sidewalks.....	1,000,000
General government - public building maintenance.....	345,020
Debt service - school projects.....	654,980
Transfer to Capital Stabilization Fund.....	2,400,000
 Total.....	 \$ 8,400,000

The \$3.5 million in education funding was expended in full during the year, and the \$2.4 million Capital Stabilization Fund contribution was made in full. Of the \$2.4 million in capital funding, \$1 million was appropriated for a feasibility study for improvements to the Zervas Elementary School and \$691,000 was appropriated for fire station improvements.

A total of \$0.7 million of the \$1 million that was appropriated for street and sidewalk improvements was expended during fiscal year 2014 and the balance carried forward into fiscal year 2015 for expenditure during the summer 2014 construction season.

A total of \$0.2 million of the additional funding for police capital outlay was expended in full during the year. All but \$129,596 of the \$0.3 million that was appropriated for police salaries and benefits was expended during the year.

A total of \$623,342 of the \$654,980 that was appropriated for debt service was expended during fiscal year 2014.

Expenditures for retirement benefits (including pay-as-you-go retiree health and life benefits and the Commonwealth's on behalf contribution to the Massachusetts Teachers Retirement System for Newton educators) increased by \$2.3 million or 4% for the year. The \$2.3 million increase in retirement spending consisted of \$1.6 million in additional contributions to the Newton Contributory Retirement System; \$0.7 million in additional funding for the Massachusetts Teachers 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, 2014, the City realized \$4 million in CPA fund revenue, \$2.7 million (67.5%) of which came from the local property tax surcharge. State matching funds amounted to \$1.3 million. Fund expenditures totaled \$1.9 million for the year, \$0.8 million of which was for community recreation purposes; \$0.5 million of which was for open space acquisition; \$0.3 million of which was for historic preservation purposes; and \$0.2 million for community housing.

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 have been completed and the fund was closed during fiscal year 2014.

The overall financial position of all non-major governmental funds increased by \$1.3 million (6.6%) during the year, as a result of unexpended capital project fund balances in the street improvement and public building improvement funds.

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 \$4.4 million to \$48.3 million at June 30, 2014. This resulted from the fact that fund revenues continue to exceed fund expenses, which resulted from a combination of the more accurate and timely billings from the City's new installed water meter system and the accumulation of resources for future capital improvements. A total of \$32.4 million or 67.1% of the fund's net position represent its net investment in capital assets. Unrestricted fund net position amounted to \$15.9 million at June 30, 2014, the equivalent of 7.6 months of operating expenditures.

The financial position of the City's water fund also improved during the last fiscal year from \$38.5 million at June 30, 2013 to \$41.7 million at June 30, 2014. The \$3.2 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 and planned accumulation of resources for future capital improvements and maintenance.

A total of \$34.6 million or 83% of the total fund net position represents the City's net investment in capital assets. Unrestricted fund net position were \$7.1 million, also approximately 5.3 months of operating expenditures.

The financial position of the City's Internal Service Funds increased by \$3.6 million, or 27.2% during the year ended June 30, 2014. 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 City buildings and contents. Detailed information on the self-insurance funds is presented on pages 86-89.

The financial position of the City's workers compensation self-insurance fund increased by \$3.5 million during the year and accounted for all of the improvement in the financial position of the internal service funds. A \$2.3 million decrease in the City's estimate of incurred but unreported workers compensation benefit claims along with \$1.5 million in investment income contributed to the improved financial position. The reduction in the accrued liability resulted from a favorable lump sum settlement of a long term workers compensation claim and the death of long term recipients.

Although total paid claims increased by 6.1% to \$46.6 million during fiscal year 2014, the City's group health self-insurance fund's financial position improved by \$0.7 million to \$14.8 million. The \$14.8 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 \$36,026. All of this sum has been designated to fund fiscal year 2015 property insurance premiums.

Fiduciary funds – The net position of the City’s contributory retirement system increased by \$26.2 million (10.3%) to \$280.4 million during the system’s fiscal year that ended December 31, 2013, entirely as a result of positive investment performance. According to the Commonwealth of Massachusetts Public Employee Retirement Administration Commission’s 2013 Annual Report, the Newton Contributory Retirement System’s investment portfolio returned 14.62% for the year (compared to a long term return assumption of 7.65%). The plan’s ten year average annual return is 6.43%.

The funded status of the defined benefit retirement plan at January 1, 2014 was 50.8%. Based upon a new funding schedule that was formally adopted by the City during fiscal year 2014, the plan is expected to be fully funded in the fiscal year ending June 30, 2029. The new 15 year funding schedule assumes an 8.5% annual increase in City appropriations to the defined benefit trust; average annual investment returns of 7.65%; and projected annual salary increases of no greater than 3.5% per year. 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 67-70 of this report.

The net position of the City’s OPEB fund increased from \$0.5 million to \$1.1 million during fiscal year 2014 as a result of employer contributions.

General Fund Budgetary Highlights:

The difference between the original General Fund budget of \$337 million (including prior year encumbrances and continuing appropriations) and the final amended budget of \$343.6 million amounts to 2.0% and can be summarized as follows:

Description	Amount
Rainy Day Stabilization fund.....	\$ 2,500,000
Snow and ice control.....	2,000,000
Fiber network.....	1,100,000
Newton Public Schools.....	536,749
Police overtime.....	200,000
Capital outlay and improvements.....	188,876
Legal claim.....	75,000
Police gasoline.....	41,210
State assessments.....	<u>(13,239)</u>
 Total supplemental appropriations.....	 <u>\$ 6,628,596</u>

There were no deficits incurred in the appropriations of the various departments of the City. All but \$1.9 million (0.5%) of total appropriations were expended, encumbered, or continued into fiscal year 2015 for completion of the appropriated purposes at June 30, 2014. Please refer to pages 98–107 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 \$248 million, as of June 30, 2014, amounts to \$523.9 million. The investment in capital assets includes land and land improvements, intangible assets, buildings and improvements, machinery and equipment, infrastructure and construction in progress.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land and improvements.....	\$ 22,226,126	\$ 22,226,126	\$ 284,785	\$ 284,785	\$ 22,510,911	\$ 22,510,911
Intangible assets.....	2,238,261	2,238,261	-	-	2,238,261	2,238,261
Buildings and improvements.....	329,274,167	312,637,033	2,381,638	2,214,526	331,655,805	314,851,559
Machinery and equipment.....	24,931,294	21,911,216	9,568,984	10,066,842	34,500,278	31,978,058
Infrastructure.....	55,030,739	45,672,372	72,191,401	66,129,347	127,222,140	111,801,719
Construction in progress.....	5,758,403	15,151,760	4,345	32,445	5,762,748	15,184,205
Total capital assets.....	<u>\$ 439,458,990</u>	<u>\$ 419,836,768</u>	<u>\$ 84,431,153</u>	<u>\$ 78,727,945</u>	<u>\$ 523,890,143</u>	<u>\$ 498,564,713</u>

Total capital assets, net of accumulated depreciation, increased by \$25.3 million or 5.1%. Major capital asset events during 2014 included the following:

- Business-type activity net capital assets increased by \$5.7 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 \$19.6 million, principally as a result of a variety of school improvement projects and roadway improvements that are being funded with a combination of state capital construction grants and additional property taxes from the March 2013 Proposition 2 ½ override vote.

Additional information on the City's capital assets may be found on pages 50-52 of this report.

Debt outstanding – At June 30, 2014, the City had total long term debt outstanding of \$229.9 million, \$199.9 million for governmental activities and \$30 million for business-type activities. There were no bond anticipation notes outstanding at June 30, 2014. 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**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Education buildings.....	\$ 180,183,999	\$ 168,213,224	\$ -	\$ -	\$ 180,183,999	\$ 168,213,224
Municipal buildings.....	11,145,000	10,945,000	-	-	11,145,000	10,945,000
Departmental equipment.....	6,782,000	7,412,000	-	-	6,782,000	7,412,000
Landfill closure.....	805,400	952,600	-	-	805,400	952,600
Street reconstruction.....	185,000	255,000	-	-	185,000	255,000
Land acquisition.....	765,000	1,520,000	-	-	765,000	1,520,000
Water system.....	-	-	17,444,849	19,207,903	17,444,849	19,207,903
Sanitary sewer system.....	-	-	12,546,980	14,106,701	12,546,980	14,106,701
Total bonds and notes.....	<u>\$ 199,866,399</u>	<u>\$ 189,297,824</u>	<u>\$ 29,991,829</u>	<u>\$ 33,314,604</u>	<u>\$ 229,858,228</u>	<u>\$ 222,612,428</u>

During the year just ended, the City added \$22.3 million in new bonds and retired \$15.1 million in existing bonds. General fund interest and principal payments amounted to \$16.9 million or 4.6% of fund revenues and other financing sources. Community Preservation Fund interest and principal payments amounted to \$0.8 million, or 19.9%, of fund revenues.

A total of \$118.8 million or 51.7% of existing bonded debt will be retired within ten years; \$189.9 million or 82.6% will be retired within twenty years; and all existing debt will be extinguished by June 30, 2044. Of the \$40.1 million in existing debt that matures in greater than 20 years, \$30.9 million represents new Newton North High School debt and the balance consists of debt issued in fiscal years 2013 and 2014 for Carr Elementary school improvements and construction of the new Angier Elementary school.

At June 30, 2014 the City's authorized and unissued long term debt amounted to \$53.3 million, an increase of \$23.4 million (78.3%) from June 30, 2013. Funding authorized for the construction of a new Angier Elementary school is responsible for the growth in authorized unissued debt. 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 2013.

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 55-60 of this report. In addition, debt trend information is available on pages 138-141 of this report.

Economic Factors and Next Year's Budget and Rates

- According to the U.S. Census Bureau, the median household income for the City was \$114,416. This compares favorably with the Massachusetts median household income of \$66,658, and the U.S. median household income of \$53,046. The City's per capita income was \$61,530 compared with \$35,485 for the Commonwealth of Massachusetts, and \$28,051 for the nation as a whole.
- According to Homefacts.com, the unemployment rate for the City for June of 2014 was 4.1%, which compared favorably with the statewide unemployment rate of 5.6% and the national unemployment rate of 6.1%.
- According to the City's Board of Assessors, the 2014 median value of a single family home in Newton was \$693,900; the median value of a commercial property was \$758,600; and the median value of industrial property was \$854,950.

The City of Newton's fiscal year 2015 general fund operating budget, as amended through the date of this report, amounts to \$354.4 million, \$5.1 million of which represents encumbrances and continuing appropriations from fiscal year 2014. This represents an increase of \$10.8 million, or 3.1%, from the final fiscal year 2014 budget total.

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, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents.....	\$ 60,980,409	\$ 16,982,335	\$ 77,962,744	\$ 695,745
Restricted cash and cash equivalents.....	58,682,140	12,504,396	71,186,536	3,522
Restricted investments.....	10,612,781	-	10,612,781	-
Interest and dividends.....	21,099	-	21,099	477,026
Receivables, net of allowance for uncollectibles:				
Real estate and personal property taxes.....	4,190,261	-	4,190,261	-
Tax and utility liens.....	9,674,989	208,524	9,883,513	-
Motor vehicle excise.....	735,956	-	735,956	-
Community preservation surcharges.....	34,293	-	34,293	-
Charges for service.....	871,867	12,928,191	13,800,058	-
Departmental and other.....	670,030	-	670,030	4,000
Intergovernmental.....	4,987,592	230,209	5,217,801	-
Special assessments.....	61	4	65	-
Loans.....	-	-	-	62,436
Other assets.....	57,675	-	57,675	-
Due from fiduciary funds.....	27,049	-	27,049	-
Working capital deposit.....	393,913	-	393,913	-
Total current assets.....	<u>151,940,115</u>	<u>42,853,659</u>	<u>194,793,774</u>	<u>1,253,879</u>
Noncurrent assets:				
Receivables, net of allowance for uncollectibles:				
Real estate tax deferrals.....	3,186,380	-	3,186,380	-
Departmental and other.....	4,231,253	-	4,231,253	-
Intergovernmental.....	168,399	1,378,150	1,546,549	-
Special assessments.....	457,233	30,864	488,097	-
Loans.....	-	-	-	4,035,365
Capital assets:				
Nondepreciable.....	30,222,790	289,130	30,511,920	-
Depreciable, net of accumulated depreciation.....	409,236,200	84,142,023	493,378,223	1,859,821
Total noncurrent assets.....	<u>447,502,255</u>	<u>85,840,167</u>	<u>533,342,422</u>	<u>5,895,186</u>
Total assets.....	<u>599,442,370</u>	<u>128,693,826</u>	<u>728,136,196</u>	<u>7,149,065</u>
LIABILITIES				
Current liabilities:				
Warrants payable.....	7,377,978	2,385,119	9,763,097	54,495
Accrued liabilities.....	5,666,997	329,294	5,996,291	3,522
Accrued payroll.....	14,877,634	59,961	14,937,595	-
Revenue refunds payable.....	6,708,473	-	6,708,473	-
Health claims payable.....	3,333,157	-	3,333,157	-
Other liabilities.....	3,409,097	8,001	3,417,098	-
Accrued interest.....	2,150,517	238,567	2,389,084	-
Abandoned property.....	883,085	-	883,085	-
Liabilities payable from restricted assets.....	264,511	546,092	810,603	-
Bonds payable.....	9,824,367	4,303,032	14,127,399	-
Landfill closure and other environmental liabilities.....	45,000	-	45,000	-
Compensated absences.....	3,017,508	32,670	3,050,178	-
Workers' compensation benefits.....	1,581,350	-	1,581,350	-
Total current liabilities.....	<u>59,139,674</u>	<u>7,902,736</u>	<u>67,042,410</u>	<u>58,017</u>

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

JUNE 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Noncurrent liabilities:				
Bonds payable.....	190,042,032	25,688,798	215,730,830	-
Landfill closure and other environmental liabilities.....	486,000	-	486,000	-
Compensated absences.....	5,578,468	294,022	5,872,490	-
Net OPEB obligation.....	197,776,642	4,814,461	202,591,103	-
Workers' compensation benefits.....	6,518,405	-	6,518,405	-
Total noncurrent liabilities.....	400,401,547	30,797,281	431,198,828	-
Total liabilities.....	459,541,221	38,700,017	498,241,238	58,017
NET POSITION				
Net investment in capital assets.....	248,739,230	66,943,719	315,682,949	1,859,821
Restricted for:				
Community preservation activities.....	12,150,228	-	12,150,228	-
Education activities.....	2,665,866	-	2,665,866	-
Debt service.....	2,835,755	-	2,835,755	-
Receipts reserved.....	2,520,712	-	2,520,712	-
Community development block grant.....	417,499	-	417,499	-
Municipal federal grants.....	1,091,206	-	1,091,206	-
Municipal state grants.....	582,454	-	582,454	-
Stormwater management.....	762,394	-	762,394	-
Perpetual funds:				
Expendable.....	985,046	-	985,046	-
Nonexpendable.....	397,250	-	397,250	-
Other specific purposes.....	5,407,951	-	5,407,951	-
Unrestricted.....	(138,654,442)	23,050,090	(115,604,352)	5,231,227
Total net position.....	\$ 139,901,149	\$ 89,993,809	\$ 229,894,958	\$ 7,091,048

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government					
Legislative & executive.....	\$ 3,183,958	\$ 352,288	\$ 4,830	\$ 4,547	\$ (2,822,293)
Financial administration.....	4,556,855	186,785	96,734	-	(4,273,336)
Administrative support.....	4,124,312	501,275	5	-	(3,623,032)
Planning & development.....	6,211,228	661,442	3,754,046	-	(1,795,740)
Public building maintenance & operation.....	4,640,206	8,670	62,647	-	(4,568,889)
Public safety					
Police.....	31,297,625	5,343,828	504,861	-	(25,448,936)
Fire.....	28,361,816	1,031,901	1,091,467	-	(26,238,448)
Inspectional services.....	1,630,760	5,781,807	-	-	4,151,047
Education.....	272,447,586	8,799,925	66,448,471	-	(197,199,190)
Public works					
Streets & sidewalks.....	12,972,656	2,811,938	9,822	5,049,130	(5,101,766)
Control of snow & ice.....	5,271,904	-	-	-	(5,271,904)
Sanitation.....	9,378,942	-	26,823	-	(9,352,119)
Engineering.....	1,599,717	90,326	-	-	(1,509,391)
Health & human services					
Public health & human services.....	9,950,081	129,140	285,714	-	(9,535,227)
Senior services.....	959,592	11,811	277,424	-	(670,357)
Veteran services.....	418,773	-	191,319	-	(227,454)
Culture and recreation					
Libraries.....	7,131,899	138,958	510,898	-	(6,482,043)
Parks & recreation.....	7,704,599	2,471,392	258,043	-	(4,975,164)
Newton History museum.....	328,313	-	2,462	-	(325,851)
Debt service - interest.....	7,714,546	-	760,164	-	(6,954,382)
Total governmental activities.....	<u>419,885,205</u>	<u>28,321,486</u>	<u>74,285,730</u>	<u>5,053,677</u>	<u>(312,224,312)</u>
Business-type activities:					
Water.....	16,702,263	21,234,953	288,201	4,253	4,825,144
Sewer.....	25,557,836	30,112,862	226,693	1,227	4,782,946
Total business-type activities.....	<u>42,260,099</u>	<u>51,347,815</u>	<u>514,894</u>	<u>5,480</u>	<u>9,608,090</u>
Total Primary Government.....	<u>\$ 462,145,304</u>	<u>\$ 79,669,301</u>	<u>\$ 74,800,624</u>	<u>\$ 5,059,157</u>	<u>\$ (302,616,222)</u>
Component units:					
Newton Commonwealth Foundation, Inc.....	\$ 229,845	\$ 297,715	\$ 1,600	\$ -	\$ 69,470
Newton Community Development Authority.....	425,930	927	370,756	-	(54,247)
Total Component Units.....	<u>\$ 655,775</u>	<u>\$ 298,642</u>	<u>\$ 372,356</u>	<u>\$ -</u>	<u>\$ 15,223</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Changes in net position:				
Net (expense)/revenue (from previous page).....	\$ (312,224,312)	\$ 9,608,090	\$ (302,616,222)	\$ 15,223
<i>General revenues:</i>				
Real estate and personal property taxes, levied for general purposes.....	278,426,655	-	278,426,655	-
Real estate and personal property taxes, levied for community preservation purposes.....	2,697,187	-	2,697,187	-
Motor vehicle and other excise taxes.....	11,953,727	-	11,953,727	-
Hotel room occupancy taxes.....	2,218,759	-	2,218,759	-
Meals taxes.....	1,557,737	-	1,557,737	-
Penalties and interest on taxes.....	1,160,092	-	1,160,092	-
Payments in lieu of taxes.....	557,065	-	557,065	-
Grants and contributions not restricted to specific programs.....	5,716,482	-	5,716,482	-
Unrestricted investment income.....	230,699	-	230,699	-
Other.....	1,622,541	-	1,622,541	-
<i>Transfers, net</i>	1,983,994	(1,983,994)	-	-
Total general revenues and transfers.....	308,124,938	(1,983,994)	306,140,944	-
Change in net position.....	(4,099,374)	7,624,096	3,524,722	15,223
Net position - beginning of year.....	144,000,523	82,369,713	226,370,236	7,075,825
Net position - end of year.....	\$ 139,901,149	\$ 89,993,809	\$ 229,894,958	\$ 7,091,048

See notes to basic financial statements.

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

JUNE 30, 2014

	General	Community Preservation	High School Improvements	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 59,244,160	\$ -	\$ -	\$ 1,736,249	\$ 60,980,409
Interest and dividends.....	-	-	-	1,003	1,003
Receivables, net of allowance for uncollectibles:					
Real estate and personal property taxes.....	4,190,261	-	-	-	4,190,261
Real estate tax deferrals.....	3,186,380	-	-	-	3,186,380
Tax liens.....	9,672,147	-	-	2,842	9,674,989
Motor vehicle excise.....	735,956	-	-	-	735,956
Community preservation surcharges.....	-	34,293	-	-	34,293
Charges for services.....	37,103	-	-	834,764	871,867
Departmental and other.....	4,775,685	-	-	16,071	4,791,756
Intergovernmental.....	755,058	622,706	-	3,778,228	5,155,992
Special assessments.....	306,102	-	-	151,192	457,294
Due from other funds.....	772,007	-	-	-	772,007
Due from fiduciary funds.....	27,049	-	-	-	27,049
Other assets.....	27,675	-	-	30,000	57,675
Restricted assets:					
Cash and cash equivalents.....	2,849,507	11,577,773	-	23,027,972	37,455,252
Investments.....	-	-	-	622,955	622,955
TOTAL ASSETS.....	\$ 86,579,090	\$ 12,234,772	\$ -	\$ 30,201,276	\$ 129,015,138
LIABILITIES					
Warrants payable.....	\$ 3,105,199	\$ 54,121	\$ -	\$ 3,832,543	\$ 6,991,863
Accrued liabilities.....	3,472,552	28,968	-	1,149,715	4,651,235
Accrued payroll.....	14,200,813	1,455	-	645,242	14,847,510
Revenue refunds payable.....	6,708,473	-	-	-	6,708,473
Other liabilities.....	-	-	-	1,576,886	1,576,886
Abandoned property.....	883,085	-	-	-	883,085
Liabilities due depositors.....	262,481	-	-	2,030	264,511
Due to other funds.....	-	-	-	772,007	772,007
TOTAL LIABILITIES.....	28,632,603	84,544	-	7,978,423	36,695,570
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	21,270,710	644,987	-	1,304,660	23,220,357
FUND BALANCES					
Nonspendable.....	-	-	-	397,250	397,250
Restricted.....	2,849,507	11,505,241	-	18,784,694	33,139,442
Committed.....	4,889,216	-	-	1,736,249	6,625,465
Assigned.....	2,677,990	-	-	-	2,677,990
Unassigned.....	26,259,064	-	-	-	26,259,064
TOTAL FUND BALANCES.....	36,675,777	11,505,241	-	20,918,193	69,099,211
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 86,579,090	\$ 12,234,772	\$ -	\$ 30,201,276	\$ 129,015,138

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, 2014

Total governmental fund balances (page 22).....	\$	69,099,211
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		439,458,990
Other assets are not available to pay for current period expenditures and, therefore, are deferred inflows in the governmental funds.....		23,220,357
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.....		(2,150,517)
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.....		(199,866,399)
Landfill closure and other environmental liabilities.....		(531,000)
Compensated absences.....		(8,595,976)
Net OPEB obligation.....		(197,776,642)
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.....		17,043,125
Net position of governmental activities (page 19).....	\$	139,901,149

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, 2014

	General	Community Preservation	High School Improvements	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Real estate and personal property taxes.....	\$ 277,636,527	\$ -	\$ -	\$ -	\$ 277,636,527
Motor vehicle excise taxes.....	12,057,191	-	-	-	12,057,191
Hotel room occupancy taxes.....	2,218,759	-	-	-	2,218,759
Meals taxes.....	1,557,737	-	-	-	1,557,737
Community preservation surcharges.....	-	2,689,198	-	-	2,689,198
Penalties and interest on taxes.....	1,135,819	-	-	24,272	1,160,091
Licenses and permits.....	6,899,536	-	-	638,748	7,538,284
Intergovernmental.....	56,964,530	1,311,139	-	25,354,077	83,629,746
Charges for services.....	1,734,699	-	-	17,355,434	19,090,133
Fines and forfeitures.....	1,840,649	-	-	49,286	1,889,935
Investment income.....	216,610	18,636	-	92,769	328,015
Contributions and donations.....	-	-	-	1,112,823	1,112,823
Payments in lieu of taxes.....	475,741	-	-	-	475,741
Miscellaneous.....	493,668	5,952	-	238,089	737,709
Special assessments.....	51,512	-	-	138,035	189,547
TOTAL REVENUES.....	363,282,978	4,024,925	-	45,003,533	412,311,436
EXPENDITURES					
Current:					
General government:					
Legislative & executive.....	2,456,088	-	-	5,074	2,461,162
Financial administration.....	3,600,152	-	-	250	3,600,402
Administrative support.....	4,143,257	-	-	-	4,143,257
Planning & development.....	1,113,182	455,995	-	4,442,976	6,012,153
Public building maintenance & operations.....	4,056,107	637,872	-	1,873,703	6,567,682
Public safety:					
Police.....	18,816,481	-	-	3,819,460	22,635,941
Fire.....	17,509,749	-	-	817,020	18,326,769
Inspectional services.....	1,198,956	-	-	15,730	1,214,686
Education.....	187,922,902	-	3,520	42,465,318	230,391,740
Public works:					
Streets & sidewalks.....	6,568,467	-	-	7,086,664	13,655,131
Control of snow & ice.....	4,941,099	-	-	-	4,941,099
Sanitation.....	8,244,008	-	-	-	8,244,008
Vehicle maintenance.....	2,127,266	-	-	4,542	2,131,808
Engineering.....	1,031,832	-	-	72,382	1,104,214
Administration & support.....	1,006,137	-	-	-	1,006,137
Health and human services:					
Health & human services.....	3,109,422	-	-	326,598	3,436,020
Senior services.....	576,061	-	-	305,567	881,628
Veteran services.....	338,989	-	-	-	338,989
Culture and recreation:					
Libraries.....	5,124,667	-	-	333,735	5,458,402
Parks & recreation.....	3,863,993	-	-	2,817,467	6,681,460
Newton History museum.....	251,324	50,912	-	1,246	303,482
Retirement benefits.....	60,134,090	-	-	-	60,134,090
Workers' compensation insurance.....	1,334,721	-	-	-	1,334,721
Property and liability insurance.....	443,898	-	-	-	443,898
Claims and judgments.....	171,221	-	-	-	171,221
State assessments & charges.....	5,783,939	-	-	-	5,783,939
Debt service:					
Principal.....	9,612,425	755,000	-	-	10,367,425
Interest.....	7,364,974	46,750	-	-	7,411,724
TOTAL EXPENDITURES.....	362,845,407	1,946,529	3,520	64,387,732	429,183,188
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	437,571	2,078,396	(3,520)	(19,384,199)	(16,871,752)
OTHER FINANCING SOURCES (USES)					
Transfers in.....	6,757,272	-	-	4,045,270	10,802,542
Issuance of general obligation bonds.....	-	-	-	20,936,000	20,936,000
Premium from issuance of bonds and notes.....	749,963	-	-	-	749,963
Sale of assets.....	14,173	-	-	13,246	27,419
Transfers out.....	(3,998,586)	-	(5,045)	(4,291,917)	(8,295,548)
TOTAL OTHER FINANCING SOURCES (USES).....	3,522,822	-	(5,045)	20,702,599	24,220,376
NET CHANGE IN FUND BALANCES.....	3,960,393	2,078,396	(8,565)	1,318,400	7,348,624
FUND BALANCES AT BEGINNING OF YEAR.....	32,715,384	9,426,845	8,565	19,599,793	61,750,587
FUND BALANCES AT END OF YEAR.....	\$ 36,675,777	\$ 11,505,241	\$ -	\$ 20,918,193	\$ 69,099,211

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, 2014

Net change in fund balances - total governmental funds (page 24).....	\$	7,348,624
<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.....		36,979,475
Depreciation.....		(17,357,253)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues 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 unavailable revenue.....</p>		
		748,350
<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.....		(20,936,000)
Bond maturities.....		10,367,425
<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>		
		(302,823)
<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.....		137,113
Compensated absences.....		(247,038)
Net OPEB obligation.....		(24,480,070)
<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>		
		3,642,823
Changes in net position of governmental activities (page 21).....	\$	(4,099,374)

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, 2014

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
REVENUES				
Real estate and personal property taxes.....	\$ 274,744,479	275,166,240	\$ 278,939,309	\$ 3,773,069
Motor vehicle excise taxes.....	10,700,000	10,832,200	12,196,691	1,364,491
Hotel room occupancy taxes.....	2,100,000	2,082,800	2,218,759	135,959
Meals tax.....	1,425,000	1,375,000	1,557,737	182,737
Penalties and interest on taxes.....	1,020,000	984,000	1,135,819	151,819
Licenses and permits.....	5,509,400	4,695,950	6,899,536	2,203,586
Intergovernmental.....	24,193,788	24,560,238	24,108,556	(451,682)
Charges for services.....	1,625,958	1,625,958	1,734,699	108,741
Fines and forfeitures.....	1,861,500	1,861,500	1,840,649	(20,851)
Investment income.....	175,000	167,000	190,647	23,647
Payments in lieu of taxes.....	409,000	409,000	475,741	66,741
Miscellaneous.....	189,467	124,958	404,557	279,599
Special assessments.....	75,000	66,000	51,512	(14,488)
TOTAL REVENUES.....	324,028,592	323,950,844	331,754,212	7,803,368
EXPENDITURES				
Current:				
General government:				
Legislative & executive.....	2,653,491	2,652,835	2,456,088	196,747
Financial administration.....	3,892,434	3,995,609	3,600,152	395,457
Administrative support.....	3,907,165	5,001,522	4,143,257	858,265
Planning & development.....	1,441,481	1,456,481	1,113,182	343,299
Public building maintenance & operations.....	4,282,195	4,243,770	4,056,107	187,663
Interest on property tax refunds.....	435,510	435,510	-	435,510
Public safety:				
Police.....	18,965,918	19,201,524	18,843,953	357,571
Fire.....	18,229,508	18,177,948	17,509,749	668,199
Inspectional services.....	1,237,794	1,287,794	1,198,956	88,838
Education.....	190,044,186	189,469,661	187,922,902	1,546,759
Public works:				
Streets & sidewalks.....	7,396,240	7,068,554	6,568,467	500,087
Control of snow & ice.....	1,000,117	5,025,117	4,941,099	84,018
Sanitation.....	8,447,535	8,346,631	8,244,008	102,623
Vehicle maintenance.....	2,319,832	2,292,081	2,127,266	164,815
Engineering.....	1,062,286	1,086,806	1,031,832	54,974
Administration & support.....	966,938	1,001,576	1,006,137	(4,561)
Health and human services:				
Health & human services.....	3,179,144	3,282,220	3,109,422	172,798
Senior services.....	578,802	580,127	576,061	4,066
Veteran services.....	322,584	348,645	338,989	9,656
Culture and recreation:				
Libraries.....	5,218,195	5,228,253	5,124,667	103,586
Parks & recreation.....	4,483,660	4,471,848	3,863,993	607,855
Newton History museum.....	259,198	263,708	251,324	12,384
Retirement benefits.....	27,842,189	27,501,763	27,501,760	3
Workers' compensation insurance.....	700,000	1,334,721	1,334,721	-
Property and liability insurance.....	484,707	484,707	443,898	40,809
Claims and judgments.....	101,403	101,403	171,221	(69,818)
Reserve fund.....	2,250,000	-	-	-
State assessments & charges.....	5,790,193	5,776,954	5,783,939	(6,985)
Debt service:				
Principal.....	9,596,925	9,601,925	9,572,381	29,544
Interest.....	7,460,566	7,455,566	7,338,150	117,416
TOTAL EXPENDITURES.....	334,550,196	337,175,259	330,173,681	7,001,578
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(10,521,604)	(13,224,415)	1,580,531	14,804,946
OTHER FINANCING SOURCES (USES)				
Transfers in.....	6,744,605	8,108,481	8,112,799	4,318
Premium from issuance of bonds and notes.....	-	-	749,963	749,963
Sale of assets.....	-	-	14,173	14,173
Transfers out.....	(2,400,000)	(6,403,533)	(6,403,533)	-
TOTAL OTHER FINANCING SOURCES (USES).....	4,344,605	1,704,948	2,473,402	768,454
NET CHANGE IN FUND BALANCE.....	(6,176,999)	(11,519,467)	4,053,933	15,573,400
FUND BALANCE AT BEGINNING OF YEAR.....	23,676,808	23,676,808	23,676,808	-
FUND BALANCE AT END OF YEAR.....	\$ 17,499,809	\$ 12,157,341	\$ 27,730,741	\$ 15,573,400

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, 2014

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
REVENUES				
Community preservation surcharges.....	\$ 2,534,441	2,534,441	\$ 2,682,190	147,749
Intergovernmental	642,882	642,882	1,311,139	668,257
Investment income.....	-	-	18,636	18,636
Miscellaneous.....	-	-	5,952	5,952
TOTAL REVENUES.....	3,177,323	3,177,323	4,017,917	840,594
EXPENDITURES				
Current:				
General government:				
Planning & development.....	596,486	2,170,237	455,995	1,714,242
Public building maintenance & operations.....	667,867	667,867	637,872	29,995
Culture and recreation:				
Newton History museum.....	153,574	794,574	50,911	743,663
Reserve fund.....	2,232,664	1,926,360	-	1,926,360
Debt service:				
Principal.....	698,843	698,843	755,000	(56,157)
Interest.....	102,907	102,907	46,750	56,157
TOTAL EXPENDITURES.....	4,452,341	6,360,788	1,946,528	4,414,260
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,275,018)	(3,183,465)	2,071,389	5,254,854
OTHER FINANCING SOURCES (USES)				
Transfers out.....	(6,250)	(6,250)	-	6,250
NET CHANGE IN FUND BALANCE.....	(1,281,268)	(3,189,715)	2,071,389	5,261,104
FUND BALANCE AT BEGINNING OF YEAR.....	9,421,842	9,421,842	9,421,842	-
FUND BALANCE AT END OF YEAR.....	\$ 8,140,574	\$ 6,232,127	\$ 11,493,231	\$ 5,261,104

See notes to basic financial statements.

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

JUNE 30, 2014

	<u>Business-Type Activities - Enterprise Fund</u>			Governmental
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>	Activities - Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents.....	\$ 11,269,729	\$ 5,712,606	\$ 16,982,335	\$ -
Restricted cash and cash equivalents.....	6,602,388	5,902,008	12,504,396	21,226,890
Restricted investments.....	-	-	-	9,989,826
Interest and dividends.....	-	-	-	20,096
Receivables, net of allowance for uncollectibles:				
Charges for service.....	7,659,989	5,268,203	12,928,192	-
Utility liens.....	120,003	88,522	208,525	-
Special assessments.....	4	-	4	-
Departmental and other.....	-	-	-	109,527
Intergovernmental.....	230,209	-	230,209	-
Working capital deposit.....	-	-	-	393,913
Total current assets.....	<u>25,882,322</u>	<u>16,971,339</u>	<u>42,853,661</u>	<u>31,740,252</u>
Noncurrent assets:				
Receivables, net of allowance for uncollectible amounts:				
Special assessments.....	30,864	-	30,864	-
Intergovernmental.....	1,378,150	-	1,378,150	-
Capital assets:				
Nondepreciable.....	26,245	262,885	289,130	-
Depreciable, net of accumulated depreciation.....	<u>38,303,270</u>	<u>45,838,753</u>	<u>84,142,023</u>	<u>-</u>
Total noncurrent assets.....	<u>39,738,529</u>	<u>46,101,638</u>	<u>85,840,167</u>	<u>-</u>
Total assets.....	<u>65,620,851</u>	<u>63,072,977</u>	<u>128,693,828</u>	<u>31,740,252</u>
LIABILITIES				
Current liabilities:				
Warrants payable.....	1,869,380	515,741	2,385,121	386,117
Accrued liabilities.....	193,834	135,460	329,294	1,035,229
Accrued payroll.....	29,127	30,835	59,962	30,124
Other liabilities.....	8,000	-	8,000	1,812,745
Liabilities payable from restricted assets.....	162,274	383,819	546,093	-
Accrued interest.....	112,802	125,765	238,567	-
Accrued health claims payable.....	-	-	-	3,333,157
Workers' compensation claims.....	-	-	-	1,581,350
Compensated absences.....	16,102	16,568	32,670	-
Long-term bonds and notes payable.....	<u>1,303,360</u>	<u>2,999,672</u>	<u>4,303,032</u>	<u>-</u>
Total current liabilities.....	<u>3,694,879</u>	<u>4,207,860</u>	<u>7,902,739</u>	<u>8,178,722</u>
Noncurrent liabilities:				
Workers' compensation claims.....	-	-	-	6,518,405
Compensated absences.....	144,915	149,107	294,022	-
Net OPEB obligation.....	2,218,769	2,595,692	4,814,461	-
Long-term bonds and notes payable.....	<u>11,243,620</u>	<u>14,445,177</u>	<u>25,688,797</u>	<u>-</u>
Total noncurrent liabilities.....	<u>13,607,304</u>	<u>17,189,976</u>	<u>30,797,280</u>	<u>6,518,405</u>
Total liabilities.....	<u>17,302,183</u>	<u>21,397,836</u>	<u>38,700,019</u>	<u>14,697,127</u>
FUND NET POSITION				
Net investment in capital assets.....	32,384,923	34,558,796	66,943,719	-
Unrestricted.....	<u>15,933,745</u>	<u>7,116,345</u>	<u>23,050,090</u>	<u>17,043,125</u>
Total net position.....	<u>\$ 48,318,668</u>	<u>\$ 41,675,141</u>	<u>\$ 89,993,809</u>	<u>\$ 17,043,125</u>

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, 2014

	Business-Type Activities - Enterprise Fund			Governmental Activities - Internal Service Funds
	Sewer	Water	Total	
OPERATING REVENUES				
Charges for services.....	\$ 30,112,862	\$ 21,234,953	\$ 51,347,815	\$ -
Employer contributions.....	-	-	-	42,153,680
Plan member contributions.....	-	-	-	10,580,661
TOTAL OPERATING REVENUES.....	30,112,862	21,234,953	51,347,815	52,734,341
OPERATING EXPENSES				
Salaries, wages and employee benefits.....	2,609,807	2,995,987	5,605,794	-
Other operating expenses.....	864,884	764,743	1,629,627	3,647,479
MWRA assessment.....	20,152,363	10,333,024	30,485,387	-
Workers' compensation.....	247,660	286,464	534,124	-
Self insurance claims.....	-	-	-	46,409,561
Depreciation.....	1,182,245	1,683,314	2,865,559	-
TOTAL OPERATING EXPENSES.....	25,056,959	16,063,532	41,120,491	50,057,040
OPERATING INCOME (LOSS).....	5,055,903	5,171,421	10,227,324	2,677,301
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental.....	226,693	288,201	514,894	-
Investment income.....	1,227	4,253	5,480	1,488,522
Interest expense.....	(500,877)	(638,731)	(1,139,608)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(272,957)	(346,277)	(619,234)	1,488,522
INCOME (LOSS) BEFORE TRANSFERS.....	4,782,946	4,825,144	9,608,090	4,165,823
TRANSFERS				
Transfers in.....	577,827	-	577,827	-
Transfers out.....	(960,852)	(1,600,969)	(2,561,821)	(523,000)
TOTAL TRANSFERS.....	(383,025)	(1,600,969)	(1,983,994)	(523,000)
CHANGE IN FUND NET POSITION.....	4,399,921	3,224,175	7,624,096	3,642,823
FUND NET POSITION AT BEGINNING OF YEAR.....	43,918,747	38,450,966	82,369,713	13,400,302
FUND NET POSITION AT END OF YEAR.....	\$ 48,318,668	\$ 41,675,141	\$ 89,993,809	\$ 17,043,125

See notes to basic financial statements.

**CITY OF NEWTON, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Business-Type Business - Enterprise Fund			Governmental Activities - Internal Service Funds
	Sewer	Water	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users.....	\$ 29,767,306	\$ 20,929,412	\$ 50,696,718	\$ 10,580,661
Receipts from interfund services provided.....	-	-	-	42,089,373
Payments to vendors/ providers.....	(20,170,975)	(12,603,722)	(32,774,697)	(52,420,395)
Payments to employees.....	(1,530,733)	(1,475,303)	(3,006,036)	-
NET CASH FROM OPERATING ACTIVITIES.....	<u>8,065,598</u>	<u>6,850,387</u>	<u>14,915,985</u>	<u>249,639</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in.....	577,827	-	577,827	-
Transfers out.....	(960,852)	(1,600,969)	(2,561,821)	(523,000)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	<u>(383,025)</u>	<u>(1,600,969)</u>	<u>(1,983,994)</u>	<u>(523,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the issuance of bonds and notes.....	-	1,360,200	1,360,200	-
Acquisition and construction of capital assets.....	(5,009,173)	(3,564,808)	(8,573,981)	-
Principal payments on bonds and notes.....	(1,329,884)	(3,123,253)	(4,453,137)	-
Interest expense.....	(284,883)	(269,113)	(553,996)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>(6,623,940)</u>	<u>(5,596,974)</u>	<u>(12,220,914)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase and sales of investments, net.....	-	-	-	(1,200,542)
Investment income.....	1,227	4,253	5,480	1,488,522
NET CASH FROM INVESTING ACTIVITIES.....	<u>1,227</u>	<u>4,253</u>	<u>5,480</u>	<u>287,980</u>
NET CHANGE IN CASH AND SHORT-TERM INVESTMENTS.....	1,059,860	(343,303)	716,557	14,619
CASH AND CASH EQUIVALENTS AT BEGINNING 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).....	16,812,257	11,957,917	28,770,174	21,212,271
CASH AND CASH EQUIVALENTS AT END OF YEAR				
(Includes \$6,602,388, \$5,902,008 and \$21,226,890 reported as restricted in the sewer, water enterprise funds and internal service funds respectively).....	<u>\$ 17,872,117</u>	<u>\$ 11,614,614</u>	<u>\$ 29,486,731</u>	<u>\$ 21,226,890</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss).....	\$ 5,055,903	\$ 5,171,421	\$ 10,227,324	\$ 2,677,301
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Changes in assets and liabilities not requiring current cash flows:				
Depreciation.....	1,182,245	1,683,314	2,865,559	-
Changes in assets and liabilities requiring current cash flows:				
Utility liens.....	23,821	18,065	41,886	-
Water fees.....	-	(323,606)	(323,606)	-
Sewer fees.....	(386,290)	-	(386,290)	-
Special assessments.....	16,913	-	16,913	-
Interest and dividends.....	-	-	-	10,030
Departmental and other.....	-	-	-	(74,337)
Working capital deposit.....	-	-	-	54,160
Warrants payable.....	1,814,535	135,911	1,950,446	155,481
Accrued liabilities.....	76,482	(277,948)	(201,466)	(202,548)
Accrued payroll.....	8,298	5,598	13,896	18,426
Other liabilities.....	7,167	(1,088)	6,079	606,271
Liabilities payable from restricted assets.....	(3,601)	96,015	92,414	-
Accrued health claims payable.....	-	-	-	(663,147)
Workers' compensation.....	-	-	-	(2,331,998)
Accrued compensated absences.....	13,242	28,441	41,683	-
Net OPEB obligation.....	256,883	314,264	571,147	-
Total adjustments.....	<u>3,009,695</u>	<u>1,678,966</u>	<u>4,688,661</u>	<u>(2,427,662)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 8,065,598</u>	<u>\$ 6,850,387</u>	<u>\$ 14,915,985</u>	<u>\$ 249,639</u>
NONCASH INVESTING, CAPITAL FINANCING ACTIVITIES				
Intergovernmental debt subsidies (MWPAT and MWRA).....	<u>\$ 456,531</u>	<u>\$ 288,201</u>	<u>\$ 744,732</u>	<u>\$ -</u>

See notes to basic financial statements.

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

JUNE 30, 2014

ASSETS	Pension Trust Fund (As of 12/31/13)	OPEB Trust Fund	Private Purpose Trust Funds	Agency Funds
Cash and cash equivalents.....	\$ 8,700,834	\$ 1,119,811	\$ 2,236,433	\$ 1,973,030
Investments:				
Fixed Income.....	57,248,254	-	2,253,408	-
Equities.....	126,704,056	-	6,025,142	-
Real estate.....	22,793,695	-	-	-
Other alternative.....	64,340,000	-	-	-
Interest and dividends.....	-	-	10,450	-
Receivables, net of allowance for uncollectibles:				
Intergovernmental.....	559,795	-	-	-
Employer.....	68,073	-	-	-
Loans.....	-	-	19,663	-
Prepaid expenses.....	6,706	-	-	-
	<u>280,421,413</u>	<u>1,119,811</u>	<u>10,545,096</u>	<u>1,973,030</u>
LIABILITIES				
Warrants payable.....	7,530	-	1,750	-
Payroll withholdings.....	-	-	-	423,475
Other liabilities.....	-	-	-	1,549,555
Due to the general fund.....	-	-	27,049	-
	<u>7,530</u>	<u>-</u>	<u>28,799</u>	<u>1,973,030</u>
NET POSITION				
Assets held in trust for pension/other post employment benefits and other purposes.....	\$ <u>280,413,883</u>	\$ <u>1,119,811</u>	\$ <u>10,516,297</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, 2014

	Pension Trust Fund (As of 12/31/13)	OPEB Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Employer.....	\$ 18,363,516	\$ 579,953	\$ -
Plan members.....	8,035,716	-	-
Private donations.....	-	-	84,417
Other.....	278,168	-	-
Total contributions.....	<u>26,677,400</u>	<u>579,953</u>	<u>84,417</u>
Net investment income:			
Net appreciation/(depreciation) in fair value of investments.....	28,959,542	-	-
Interest and dividends.....	<u>7,465,801</u>	<u>1,321</u>	<u>1,180,834</u>
Total investment income (loss).....	36,425,343	1,321	1,180,834
Less investment expense.....	<u>(1,421,647)</u>	<u>-</u>	<u>-</u>
Net investment income (loss).....	<u>35,003,696</u>	<u>1,321</u>	<u>1,180,834</u>
Intergovernmental.....	<u>649,195</u>	<u>-</u>	<u>-</u>
Transfers from other systems.....	<u>1,080,758</u>	<u>-</u>	<u>-</u>
TOTAL ADDITIONS.....	<u>63,411,049</u>	<u>581,274</u>	<u>1,265,251</u>
DEDUCTIONS			
Retirement benefits.....	34,486,791	-	-
Refunds of contributions and transfers to other systems.....	2,407,652	-	-
Administration expense.....	285,039	-	28,923
Educational scholarships and awards.....	-	-	361,136
TOTAL DEDUCTIONS.....	<u>37,179,482</u>	<u>-</u>	<u>390,059</u>
CHANGE IN NET POSITION.....	26,231,567	581,274	875,192
NET POSITION AT BEGINNING OF YEAR.....	<u>254,182,316</u>	<u>538,537</u>	<u>9,641,105</u>
NET POSITION AT END OF YEAR.....	<u>\$ 280,413,883</u>	<u>\$ 1,119,811</u>	<u>\$ 10,516,297</u>

See notes to basic financial statements.

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

JUNE 30, 2014

	Component Units		
	Newton Commonwealth Foundation, Inc. (As of 12/31/13)	Newton Community Development Authority	Total
ASSETS			
Current assets:			
Cash and cash equivalents.....	\$ 695,745	\$ -	\$ 695,745
Restricted cash and cash equivalents.....	-	3,522	3,522
Interest and dividends.....	-	477,026	477,026
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	4,000	-	4,000
Loans.....	-	62,436	62,436
Prepaid expenses.....	11,150	-	11,150
Total current assets.....	<u>710,895</u>	<u>542,984</u>	<u>1,253,879</u>
Noncurrent assets:			
Receivables, net of allowance for uncollectible amounts:			
Loans.....	-	4,035,365	4,035,365
Capital assets:			
Depreciable, net of accumulated depreciation.....	1,859,821	-	1,859,821
Total noncurrent assets.....	<u>1,859,821</u>	<u>4,035,365</u>	<u>5,895,186</u>
Total assets.....	<u>2,570,716</u>	<u>4,578,349</u>	<u>7,149,065</u>
LIABILITIES			
Current liabilities:			
Warrants payable.....	54,495	-	54,495
Accrued liabilities.....	-	3,522	3,522
Total current liabilities.....	<u>54,495</u>	<u>3,522</u>	<u>58,017</u>
FUND NET POSITION			
Net investment in capital assets.....	1,859,821	-	1,859,821
Unrestricted.....	656,400	4,574,827	5,231,227
Total fund net position.....	<u>\$ 2,516,221</u>	<u>\$ 4,574,827</u>	<u>\$ 7,091,048</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, 2014

	Component Units		
	Newton Commonwealth Foundation, Inc. (As of 12/31/13)	Newton Community Development Authority	Total
OPERATING REVENUES			
Charges for services.....	\$ 297,715	\$ -	\$ 297,715
Intergovernmental.....	-	246,308	246,308
Other.....	-	927	927
TOTAL OPERATING REVENUES.....	297,715	247,235	544,950
OPERATING EXPENSES			
Salaries, wages and employee benefits.....	22,894	-	22,894
Grant expense.....	-	425,930	425,930
Other operating expenses.....	50,000	-	50,000
Depreciation.....	156,951	-	156,951
TOTAL OPERATING EXPENSES.....	229,845	425,930	655,775
OPERATING INCOME (LOSS).....	67,870	(178,695)	(110,825)
NONOPERATING REVENUES (EXPENSES)			
Investment/interest income.....	1,600	124,448	126,048
CHANGE IN FUND NET POSITION.....	69,470	(54,247)	15,223
FUND NET POSITION AT BEGINNING OF YEAR.....	2,446,751	4,629,074	7,075,825
FUND NET POSITION AT END OF YEAR.....	\$ 2,516,221	\$ 4,574,827	\$ 7,091,048

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

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, 2014

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 aggregate discretely presented 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, 2014

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, 2014

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, 2014, the City implemented the following pronouncements issued by the GASB:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*
- GASB Statement No. 66, *Technical Corrections – 2012 – an Amendment of GASB Statement No. 25*
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

The implementation of GASB Statement No. 65 introduced the reporting of deferred inflows of resources, which represents the acquisition of net position/fund balances that apply to a future period(s) and so will not be recognized as an inflow of resources until that time.

The implementation of GASB Statement No. 66 and 70 had no reporting impact for the City.

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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

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 Massachusetts Department of Revenue (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.

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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

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 Inflows of Resources

The statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The government has one item that qualifies for reporting in this category. It is as follows:

- Unavailable revenue is reported in the governmental funds balance sheet. Unavailable revenue represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

Net Position and Fund Balances

Government – wide 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 for future payment of long-term debt service costs associated with school construction. This amount will be amortized over the next 25 fiscal years.
- Receipts reserved represent amounts for a variety of local revenues whose use is legally restricted by state law
- Community development block grant represents amounts restricted for federal community development block grant funds
- Municipal federal grants represent amounts restricted for federal grant funds other than school-related funds
- Municipal state grants represent amounts restricted for state grant funds other than school-related funds
- Stormwater management represents amounts restricted for the operation and maintenance of the City's stormwater drainage activities
- 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.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding borrowings attributable to those assets.

Unrestricted net position is the difference between total net position and net investment in capital assets and restricted net position.

Governmental Funds 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).

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

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.

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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

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.

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 2014 General Fund and Community Preservation Fund budgets authorized \$336,950,196 and \$4,458,591 (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 \$6,628,596, and \$1,908,447, for total budgets of \$343,578,792 and \$6,367,038, respectively.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

Total General Fund expenditures and transfers to other funds totaled \$336,577,214, and \$5,135,465 in appropriation balances were carried forward into fiscal year 2015 to support encumbrances and continuing appropriations.

Total Community Preservation Fund expenditures and transfers to other funds were \$1,946,528, and \$2,448,087 in appropriation balances were carried forward into fiscal year 2014 to support encumbrances and continuing appropriations.

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, 2014 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.....	\$ 331,754,212	\$ 330,173,681	\$ 2,473,402
 <u>Reclassifications</u>			
Activity of stabilization fund recorded in the general fund for GAAP purposes.....	271,850	-	1,049,420
 <u>Adjustments</u>			
Net change in recording 60-day receipts.....	(43,048)	-	-
Net change in recording tax refunds payable.....	(1,399,234)	-	-
To record activity for landfill closure subsidy.....	66,868	66,868	-
To record activity of MTRS on-behalf payments.....	32,632,330	32,632,330	-
Net change in recording other expenditures.....	-	(27,472)	-
	<u>\$ 363,282,978</u>	<u>\$ 362,845,407</u>	<u>\$ 3,522,822</u>
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ 363,282,978	\$ 362,845,407	\$ 3,522,822

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

	Community Preservation Fund
	Revenues
Budgetary basis as reported on the statement of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 4,017,917
<u>Adjustment</u>	
Net change in recording 60-day receipts.....	7,008
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ 4,024,925

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.

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, 2014, \$97,245,491 of the City’s bank balance of \$132,491,229 was uninsured and uncollateralized.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

Investments Summary

The City's investments at June 30, 2014 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.....	\$ 1,333,822	\$ 408,020	\$ 144,878	\$ -	\$ 780,924
U.S. Agencies.....	256,812	-	256,812	-	-
Corporate bonds.....	69,660	-	43,506	26,154	-
Money market mutual funds....	1,156,484	1,156,484	-	-	-
Mutual bond funds.....	4,623,031	4,623,031	-	-	-
External investment pools.....	25,582,941	25,582,941	-	-	-
Total debt securities.....	<u>33,022,750</u>	<u>\$ 31,770,476</u>	<u>\$ 445,196</u>	<u>\$ 26,154</u>	<u>\$ 780,924</u>
<u>Other Investments:</u>					
Equity securities.....	6,062,228				
Equity mutual funds.....	<u>7,344,731</u>				
Total other investments.....	<u>13,406,959</u>				
Total investments.....	<u>\$ 46,429,709</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, 2014

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, 2014, \$8,700,930 of the City's investments of \$46,429,709 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>
Corporate bonds.....	\$ 69,660	\$ -	\$ 69,660
Money market mutual funds.....	737,734	737,734	-
Mutual bond funds.....	2,364,851	-	2,364,851
Equity securities.....	1,057,664	-	1,057,664
Equity mutual funds.....	4,471,022	-	4,471,022
Total.....	<u>\$ 8,700,930</u>	<u>\$ 737,734</u>	<u>\$ 7,963,196</u>

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, 2014, 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>BAA2</u>	<u>Unrated</u>
Corporate bonds.....	\$ 69,660	\$ 15,992	\$ 26,154	\$ 27,514	\$ -
Money market mutual funds....	1,156,484	-	-	-	1,156,484
Mutual bond funds.....	4,623,031	-	-	-	4,623,031
External investment pools.....	25,582,941	-	-	-	25,582,941
Total.....	<u>\$ 31,688,929</u>	<u>\$ 15,992</u>	<u>\$ 26,154</u>	<u>\$ 27,514</u>	<u>\$ 31,362,456</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, 2014

Pension Trust Fund (The System)

Pension trust fund investments (more fully described in note 17), include a combination of public and private real estate limited partnership investments, which represents 8.1% 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, 2013, the System is not exposed to custodial credit risk.

Investments Summary

The System’s investments at December 31, 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
<u>External Investment Pools:</u>		
Pension Reserve Investment Trust.....	\$ 270,877,342	\$ 270,877,342
Massachusetts Municipal Depository Trust....	8,500,817	8,500,817
Total external investment pools.....	279,378,159	\$ 279,378,159
<u>Other Investments:</u>		
Real estate investments.....	408,680	
Total investments.....	\$ 279,786,839	

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

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, 2013, the System's investments were not exposed to custodial credit risk.

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 for underlying investments in external investment pools, 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, 2013, the System's debt security investments were in external investment pools unrated by national credit rating organizations.

Note 4 - Receivables

At June 30, 2014, 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:

	Gross	Allowance	Net
	Amount	for	Amount
	<u>Amount</u>	<u>Uncollectibles</u>	<u>Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 4,574,116	\$ (383,855)	\$ 4,190,261
Real estate tax deferrals.....	3,186,380	-	3,186,380
Tax liens.....	9,674,989	-	9,674,989
Motor vehicle excise taxes.....	2,018,188	(1,282,232)	735,956
Community preservation surcharges.....	34,293	-	34,293
Charges for services.....	871,867	-	871,867
Special assessments.....	457,294	-	457,294
Departmental and other.....	8,275,003	(3,373,720)	4,901,283
Intergovernmental.....	5,715,787	-	5,715,787
Pension Trust Fund employer.....	68,073	-	68,073
Loans.....	19,663	-	19,663
	<u>\$ 34,895,653</u>	<u>\$ (5,039,807)</u>	<u>\$ 29,855,846</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

At June 30, 2014, 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.....	\$ 13,050,260	\$ (122,068)	\$ 12,928,192
Utility liens.....	208,525	-	208,525
Special assessments.....	30,868	-	30,868
Intergovernmental.....	<u>1,608,359</u>	<u>-</u>	<u>1,608,359</u>
	<u>\$ 14,898,012</u>	<u>\$ (122,068)</u>	<u>\$ 14,775,944</u>

Note 5 – Capital Assets

Capital asset activity for governmental activities for the fiscal year ended June 30, 2014 was as follows:

	<u>Beginning</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending</u>
	<u>Balances</u>						<u>Balances</u>
<u>Governmental activities:</u>							
Capital assets not being depreciated:							
Land.....	\$ 22,226,126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,226,126
Construction in progress.....	15,151,760	4,372,959	(13,766,316)				5,758,403
Intangible assets.....	<u>2,238,261</u>	<u>-</u>	<u>-</u>				<u>2,238,261</u>
Sub-total	<u>39,616,147</u>	<u>4,372,959</u>	<u>(13,766,316)</u>				<u>30,222,790</u>
Capital assets being depreciated:							
Buildings and improvements.....	433,034,750	27,287,766	-				460,322,516
Equipment and machinery.....	67,357,831	7,672,365	(342,404)				74,687,792
Road network.....	<u>71,054,770</u>	<u>11,412,701</u>	<u>-</u>				<u>82,467,471</u>
Sub-total	<u>571,447,351</u>	<u>46,372,832</u>	<u>(342,404)</u>				<u>617,477,779</u>
Less: accumulated depreciation:							
Buildings and improvements.....	(120,397,717)	(10,650,632)	-				(131,048,349)
Equipment and machinery.....	(45,446,615)	(4,652,287)	342,404				(49,756,498)
Road network.....	<u>(25,382,398)</u>	<u>(2,054,334)</u>	<u>-</u>				<u>(27,436,732)</u>
Sub-total	<u>(191,226,730)</u>	<u>(17,357,253)</u>	<u>342,404</u>				<u>(208,241,579)</u>
Total capital assets being depreciated, net.....	<u>380,220,621</u>	<u>29,015,579</u>	<u>-</u>				<u>409,236,200</u>
Governmental capital assets, net.....	\$ <u>419,836,768</u>	\$ <u>33,388,538</u>	\$ <u>(13,766,316)</u>				\$ <u>439,458,990</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

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

Legislative & executive.....	\$	3,585
Administrative support.....		79,609
Public building maintenance and operations.....		193,059
Police.....		568,910
Fire.....		834,159
Inspectional services.....		4,085
Education.....		11,689,735
Streets and sidewalks.....		2,669,603
Control of snow and ice.....		38,245
Solid waste.....		998
Public health.....		2,822
Senior services.....		50,004
Libraries.....		985,879
Parks and recreation.....		224,015
Newton history museum.....		12,545
Total depreciation expense - governmental activities.....	\$	<u>17,357,253</u>

Capital asset activity for individual enterprise funds for the fiscal year ended June 30, 2014 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<u>Water system:</u>				
Capital assets not being depreciated:				
Land.....	\$ 258,540	\$ -	\$ -	\$ 258,540
Construction in progress.....	32,445	-	(28,100)	4,345
Sub-total	<u>290,985</u>	<u>-</u>	<u>(28,100)</u>	<u>262,885</u>
Capital assets being depreciated:				
Buildings and improvements.....	2,203,492	252,000	-	2,455,492
Equipment and machinery.....	13,380,698	175,265	(57,033)	13,498,930
Water system.....	45,039,514	3,165,644	-	48,205,158
Sub-total.....	<u>60,623,704</u>	<u>3,592,909</u>	<u>(57,033)</u>	<u>64,159,580</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(1,114,357)	(45,762)	-	(1,160,119)
Equipment and machinery.....	(4,583,593)	(709,156)	51,819	(5,240,930)
Water system.....	<u>(10,991,382)</u>	<u>(928,396)</u>	<u>-</u>	<u>(11,919,778)</u>
Sub-total.....	<u>(16,689,332)</u>	<u>(1,683,314)</u>	<u>51,819</u>	<u>(18,320,827)</u>
Total capital assets being depreciated, net.....	<u>43,934,372</u>	<u>1,909,595</u>	<u>(5,214)</u>	<u>45,838,753</u>
Water system capital assets, net.....	\$ <u>44,225,357</u>	\$ <u>1,909,595</u>	\$ <u>(33,314)</u>	\$ <u>46,101,638</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

	<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.....	2,769,323	195,608	-	2,964,931
Sanitary sewer system.....	50,072,777	4,813,564	-	54,886,341
Sub-total.....	<u>54,709,759</u>	<u>5,009,172</u>	<u>-</u>	<u>59,718,931</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(742,268)	(39,126)	-	(781,394)
Equipment and machinery.....	(1,499,586)	(154,361)	-	(1,653,947)
Sanitary sewer system.....	(17,991,562)	(988,758)	-	(18,980,320)
Sub-total.....	<u>(20,233,416)</u>	<u>(1,182,245)</u>	<u>-</u>	<u>(21,415,661)</u>
Total capital assets being depreciated, net.....	<u>34,476,343</u>	<u>3,826,927</u>	<u>-</u>	<u>38,303,270</u>
Sewer system capital assets, net.....	\$ <u>34,502,588</u>	\$ <u>3,826,927</u>	\$ <u>-</u>	\$ <u>38,329,515</u>

Capital asset activity for the Newton Commonwealth Foundation component unit for the fiscal year ended June 30, 2014 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.....	\$ 3,080,871	\$ 41,462	\$ -	\$ 3,122,333
Buildings and improvements.....	88,620	5,800	-	94,420
Equipment and machinery.....	62,687	4,351	-	67,038
Sub-total.....	<u>3,232,178</u>	<u>51,613</u>	<u>-</u>	<u>3,283,791</u>
Less: accumulated depreciation:				
Land improvements.....	(1,162,854)	(150,125)	-	(1,312,979)
Buildings and improvements.....	(55,861)	(2,729)	-	(58,590)
Equipment and machinery.....	(48,304)	(4,097)	-	(52,401)
Sub-total.....	<u>(1,267,019)</u>	<u>(156,951)</u>	<u>-</u>	<u>(1,423,970)</u>
Golf course, net.....	\$ <u>1,965,159</u>	\$ <u>(105,338)</u>	\$ <u>-</u>	\$ <u>1,859,821</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

Note 6 – Net Investment in Capital Assets

Net investment in capital assets at June 30, 2014 is summarized as follows:

Governmental Activities

Capital assets, net of accumulated depreciation.....	\$ 439,458,990
Less: total long-term debt outstanding.....	(199,866,399)
Add: long-term debt outstanding not related to asset acquisition.....	805,400
Add: unspent BAN/bond proceeds.....	<u>8,341,239</u>
 Net investment in capital assets.....	 <u><u>\$ 248,739,230</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.....	\$ 46,101,638	\$ 38,329,515	\$ 84,431,153
Less: total long-term debt outstanding.....	(17,444,849)	(12,546,980)	(29,991,829)
Add: unspent BAN/bond proceeds.....	<u>5,902,007</u>	<u>6,602,388</u>	<u>12,504,395</u>
 Net investment in capital assets.....	 <u><u>\$ 34,558,796</u></u>	 <u><u>\$ 32,384,923</u></u>	 <u><u>\$ 66,943,719</u></u>

Note 7 – Inter-fund Receivables, Payables and Transfers

Receivables and payables between funds at June 30, 2014, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Street Improvements Fund - non major governmental fund	\$ 243,907 {1}
General Fund	School State Grant Fund - non major governmental fund	528,100 {1}
General Fund	Chaffin Education - private purpose trust fund	82 {2}
General Fund	Scovell Education Fund - private purpose trust fund	<u>26,967 {2}</u>
	Total	<u><u>\$ 799,056</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, 2014

Inter-fund transfer activity for the fiscal year ended June 30, 2014 consisted of the following:

	General Fund	High School Improvement Fund	Nonmajor Governmental Funds	Water Enterprise Fund	Sewer Enterprise Fund	Internal Service Funds	Total All Funds
Solid Waste Program receipts reserved - FY 2014 operating budget	\$ 130,700	\$ -	\$ (130,700)	\$ -	\$ -	\$ -	\$ -
Parking Meter receipts reserved - FY 2014 operating budget	1,709,300	-	(1,709,300)	-	-	-	-
BAA Marathon receipts reserved - FY 2014 operating budget	67,500	-	(67,500)	-	-	-	-
Sale of Recycling Materials receipts reserved - FY 2014 operating budget	35,000	-	(35,000)	-	-	-	-
CATV licensing fees receipts reserved - FY 2014 operating budget	205,000	-	(205,000)	-	-	-	-
NCGF golf day receipts reserved - FY 2014 operating budget	25,000	-	(25,000)	-	-	-	-
Sewer fund indirect cost reimbursement - FY 2014 operating budget	960,852	-	-	-	(960,852)	-	-
Water fund indirect cost reimbursement - FY 2014 operating budget	1,023,142	-	-	(1,023,142)	-	-	-
Building Insurance Fund - FY 2014 operating budget	448,000	-	-	-	-	(448,000)	-
Water fund indirect cost reimbursement to Sewer fund - FY 2014 operating budget	-	-	-	(577,827)	577,827	-	-
Assistance to Firefighters federal grant local match	(33,000)	-	33,000	-	-	-	-
Common Backyard Park state grant local match	(50,000)	-	50,000	-	-	-	-
Manet Rd Communications building replacement design	(40,000)	-	40,000	-	-	-	-
Zervas School feasibility study funding - Capital Stabilization fund	(1,000,000)	-	1,000,000	-	-	-	-
CATV licensing fees receipts reserved - Fiber network	1,100,000	-	(1,100,000)	-	-	-	-
E-rate receipts reserved - school technology	119,259	-	(119,259)	-	-	-	-
Development mitigation receipts reserved - Hammond Pond stormwater improvements	69,617	-	(69,617)	-	-	-	-
Liability self-insurance Fund - property damage claim	75,000	-	-	-	-	(75,000)	-
Sale of Surplus Property receipts reserved - LED Street Lighting project	-	-	46,684	-	-	-	46,684
Sale of Surplus Property receipts reserved - LED Street Lighting project	-	-	(46,684)	-	-	-	(46,684)
Capital Stabilization Fund - LED Street Lighting project	(1,254,054)	-	1,254,054	-	-	-	-
Capital Stabilization fund - Fire Station #3 & HQ design	(275,000)	-	-	-	-	-	-
Capital Stabilization fund - Fire Station #4 window repairs	(50,000)	-	50,000	-	-	-	-
Capital Stabilization fund - Fire Station #10	(416,000)	-	416,000	-	-	-	-
NPS Athletic Revolving Fund subsidy	(880,532)	-	880,532	-	-	-	-
Municipal Federal grant fund - close out excess BAA Marathon reimbursement	4,318	-	(4,318)	-	-	-	-
School Building Improvement Fund project close outs to Capital Stabilization fund	535,269	-	(535,269)	-	-	-	-
High School Improvement Fund project close outs to Capital Stabilization fund	5,045	(5,045)	-	-	-	-	-
Park Improvement fund project close outs to Capital Stabilization fund	4,337	-	(4,337)	-	-	-	-
Public Building Improvement Fund project close outs to Capital Stabilization Fund	239,933	-	(239,933)	-	-	-	-
Transfers from other funds.....	\$ 6,757,272	\$ -	\$ 4,045,270	\$ -	\$ 577,827	\$ -	\$ 11,380,369
Transfers to other funds.....	\$ (3,998,586)	\$ (5,045)	\$ (4,291,917)	\$ (1,600,969)	\$ (960,852)	\$ (523,000)	\$ (11,380,369)

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, 2014, and did not issue or retire any short term debt during the fiscal year.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

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, 2014:

	Balance June 30, 2013		Increases		Decreases		Balance June 30, 2014		Current Portion
Governmental Activities:									
Bonds and notes payable.....	\$ 189,297,824	\$	20,936,000	\$	(10,367,425)	\$	199,866,399	\$	9,824,367
Landfill closure and other environmental....	668,113		-		(137,113)		531,000		45,000
Workers' compensation.....	10,431,753		(287,247)		(2,044,751)		8,099,755		1,581,350
Compensated absences.....	8,348,938		247,038		-		8,595,976		3,017,508
Net OPEB obligation.....	<u>173,296,572</u>		<u>41,173,973</u>		<u>(16,693,903)</u>		<u>197,776,642</u>		<u>-</u>
Total.....	\$ <u>382,043,200</u>	\$	\$ <u>62,069,764</u>	\$	\$ <u>(29,243,192)</u>	\$	\$ <u>414,869,772</u>	\$	\$ <u>14,468,225</u>
Business-type Activities:									
Bonds and notes payable.....	\$ 33,314,604	\$	1,360,200	\$	(4,682,975)	\$	29,991,829	\$	4,303,032
Compensated absences.....	285,009		41,683		-		326,692		32,670
Net OPEB obligation.....	<u>4,243,314</u>		<u>960,632</u>		<u>(389,485)</u>		<u>4,814,461</u>		<u>-</u>
Total.....	\$ <u>37,842,927</u>	\$	\$ <u>2,362,515</u>	\$	\$ <u>(5,072,460)</u>	\$	\$ <u>35,132,982</u>	\$	\$ <u>4,335,702</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, \$8,099,755 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, 2014, 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, 2014

Bonds Payable – Governmental Funds

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2013	Issued	Redeemed	Outstanding June 30, 2014
MWPAT landfill closure.....	02/15/1998	4.60	\$ 952,600	\$ -	\$ (147,200)	\$ 805,400
School renovations.....	08/15/2003	3.06	570,000	-	(570,000)	-
Land acquisition (CPA).....	12/15/2003	2.0-3.4	500,000	-	(500,000)	-
School renovations.....	02/15/2005	3.0-4.0	1,000,000	-	(500,000)	500,000
School renovations.....	02/15/2006	3.0-4.3	7,265,000	-	(600,000)	6,665,000
Road improvements.....	02/15/2006	3.0-4.3	150,000	-	(50,000)	100,000
Public works equipment.....	02/15/2006	3.0-4.3	430,000	-	(60,000)	370,000
Fire equipment.....	02/15/2006	3.0-4.3	440,000	-	(55,000)	385,000
School renovations.....	02/01/2007	4.0-5.0	5,810,000	-	(475,000)	5,335,000
Fire station improvements.....	02/01/2007	4.0-5.0	190,000	-	(25,000)	165,000
Public works equipment.....	02/01/2007	4.0-5.0	400,000	-	(50,000)	350,000
Land acquisition (CPA).....	11/01/2007	3.98	1,020,000	-	(255,000)	765,000
Fire station improvements.....	11/01/2007	3.98	350,000	-	(35,000)	315,000
School renovations.....	11/01/2007	3.98	150,000	-	(10,000)	140,000
School new construction.....	11/01/2007	3.98	14,195,000	-	(950,000)	13,245,000
School new construction.....	06/15/2008	4.37	21,260,000	-	(490,000)	20,770,000
School renovations.....	06/15/2008	3.80	1,650,000	-	(110,000)	1,540,000
Fire equipment.....	06/15/2008	3.80	300,000	-	(30,000)	270,000
Public works equipment.....	06/15/2008	3.80	400,000	-	(40,000)	360,000
School new construction.....	04/01/2009	2.0-5.0	69,390,000	-	(1,480,000)	67,910,000
School renovations.....	04/01/2009	2.0-5.0	1,610,000	-	(105,000)	1,505,000
School renovations.....	04/01/2009	2.0-5.0	165,000	-	(15,000)	150,000
School renovations.....	04/01/2009	2.0-5.0	615,000	-	(40,000)	575,000
South high school athletic fields.....	04/01/2009	2.0-5.0	2,355,000	-	(215,000)	2,140,000
Fire station renovations.....	04/01/2009	2.0-5.0	1,805,000	-	(170,000)	1,635,000
Fire station design.....	04/01/2009	2.0-5.0	65,000	-	(65,000)	-
City hall boiler replacement.....	04/01/2009	2.0-5.0	165,000	-	(15,000)	150,000
Bencliffe circle construction.....	04/01/2009	2.0-5.0	105,000	-	(20,000)	85,000
Fire equipment.....	04/01/2009	2.0-5.0	580,000	-	(55,000)	525,000
Parks equipment.....	04/01/2009	2.0-5.0	70,000	-	(10,000)	60,000
DPW equipment.....	04/01/2009	2.0-5.0	440,000	-	(40,000)	400,000
School new construction.....	05/01/2010	3.0-4.0	10,480,000	-	(390,000)	10,090,000
Fire station renovations.....	05/01/2010	2.0-4.0	3,835,000	-	(230,000)	3,605,000
Underground fuel tanks.....	05/01/2010	2.0-4.0	315,000	-	(45,000)	270,000
Modular classrooms.....	05/01/2010	2.0-4.0	1,115,000	-	(95,000)	1,020,000
School renovations.....	05/01/2010	2.0-4.0	1,080,000	-	(115,000)	965,000
Energy conservation.....	05/01/2010	2.0-4.0	2,935,000	-	(245,000)	2,690,000
Fire equipment.....	05/01/2010	2.0-4.0	350,000	-	(50,000)	300,000
Public works equipment.....	05/01/2010	2.0-4.0	1,330,000	-	(190,000)	1,140,000
School new construction.....	03/30/2011	2.0	10,266,666	-	(366,667)	9,899,999
School renovations.....	04/14/2011	3.0-4.5	2,030,000	-	(130,000)	1,900,000
City hall windows.....	04/14/2011	3.0-4.5	100,000	-	(15,000)	85,000
Public works equipment.....	04/14/2011	3.0-4.5	295,000	-	(75,000)	220,000
School renovations/upgrades.....	04/03/2012	2.0-3.0	4,075,000	-	(405,000)	3,670,000
Fire engine replacement.....	04/03/2012	2.0-3.0	540,000	-	(60,000)	480,000
Gath pool repairs.....	04/03/2012	2.0-3.0	90,000	-	(10,000)	80,000
Playground improvements.....	04/03/2012	2.0-3.0	140,000	-	(10,000)	130,000
Public works equipment.....	04/03/2012	2.0-3.0	350,000	-	(40,000)	310,000
School advance refunding.....	04/12/2013	2.0-4.0	4,761,000	-	(11,000)	4,750,000
School renovations.....	04/12/2013	2.0-4.0	8,230,558	-	(445,558)	7,785,000
Public works equipment.....	04/12/2013	2.0-4.0	172,000	-	(22,000)	150,000
Gath Pool improvements.....	04/12/2013	2.0-4.0	150,000	-	(15,000)	135,000
City Hall improvements.....	04/12/2013	2.0-4.0	600,000	-	(35,000)	565,000
Crafts St DPW garage improvements.....	04/12/2013	2.0-4.0	260,000	-	(35,000)	225,000
Energy conservation.....	04/12/2013	2.0-4.0	400,000	-	(80,000)	320,000
Fire equipment.....	04/12/2013	2.0-4.0	1,000,000	-	(70,000)	930,000
Elementary modular classrooms.....	03/06/2014	2.75-5.0	-	2,400,000	-	2,400,000
Mason Rice School sprinklers.....	03/06/2014	2.75-5.0	-	480,000	-	480,000
Carr School renovatons.....	03/06/2014	2.75-5.0	-	11,749,000	-	11,749,000
Angier demoliton & construction.....	03/06/2014	2.75-5.0	-	5,000,000	-	5,000,000
Community Ctr renovations.....	03/06/2014	2.75-5.0	-	275,000	-	275,000
DPW equipment.....	03/06/2014	2.75-5.0	-	282,000	-	282,000
Snow melting equipment.....	03/06/2014	2.75-5.0	-	250,000	-	250,000
Salt shed & garage.....	03/06/2014	2.75-5.0	-	500,000	-	500,000
Total.....			\$ 189,297,824	\$ 20,936,000	\$ (10,367,425)	\$ 199,866,399

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

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

Fiscal Year Ending	Principal	Interest	Total
2015	\$ 9,824,367	\$ 8,009,058	\$ 17,833,425
2016	9,837,967	7,680,285	17,518,252
2017	9,807,667	7,352,857	17,160,524
2018	9,492,467	7,018,247	16,510,714
2019	9,302,267	6,638,047	15,940,314
2020	9,221,667	6,262,942	15,484,609
2021	8,961,667	5,881,760	14,843,427
2022	8,856,667	5,509,598	14,366,265
2023	8,816,667	5,161,027	13,977,694
2024	8,871,667	4,813,481	13,685,148
2025	8,501,667	4,461,586	12,963,253
2026	7,641,667	4,149,669	11,791,336
2027	7,221,667	3,861,075	11,082,742
2028	6,881,667	3,584,292	10,465,959
2029	6,056,667	3,333,583	9,390,250
2030	5,906,667	3,093,894	9,000,561
2031	5,866,667	2,852,660	8,719,327
2032	5,996,667	2,611,527	8,608,194
2033	6,236,667	2,347,414	8,584,081
2034	6,461,667	2,071,598	8,533,265
2035	6,711,667	1,782,996	8,494,663
2036	7,006,667	1,479,970	8,486,637
2037	7,311,667	1,162,474	8,474,141
2038	7,626,667	830,515	8,457,182
2039	6,086,667	483,575	6,570,242
2040	1,536,667	200,630	1,737,297
2041	1,181,657	145,533	1,327,190
2042	845,000	105,600	950,600
2043	880,000	71,800	951,800
2044	915,000	36,600	951,600
Total	<u>\$ 199,866,399</u>	<u>\$ 102,994,293</u>	<u>\$ 302,860,692</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

Bonds Payable – Water Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2013	Issued	Redeemed	Outstanding June 30, 2014
MWRA Water	02/26/2004	0.00	\$ 258,602	\$ -	\$ (258,602)	\$ -
MWRA Water	11/18/2004	0.00	517,204	-	(258,602)	258,602
MWRA Water	05/18/2006	0.00	775,805	-	(258,602)	517,203
MWRA Water	05/31/2007	0.00	1,034,407	-	(258,602)	775,805
Water meter replacement.....	04/01/2009	2.0-5.0	3,600,000	-	(600,000)	3,000,000
MWRA Water	05/21/2009	0.00	2,160,000	-	(360,000)	1,800,000
MWRA Water	05/20/2010	0.00	1,557,080	-	(222,440)	1,334,640
MWRA Water	02/15/2011	0.00	1,546,925	-	(193,366)	1,353,559
Water meter replacement.....	04/14/2011	3.0-4.5	2,400,000	-	(300,000)	2,100,000
MWRA Water	05/14/2012	0.00	1,224,180	-	(136,020)	1,088,160
MWRA Water	08/20/2012	0.00	1,360,200	-	(136,020)	1,224,180
Water Mains.....	04/12/2013	2.0-4.0	2,700,000	-	(135,000)	2,565,000
Water/Sewer Garage.....	04/12/2013	2.0-4.0	73,500	-	(6,000)	67,500
MWRA Water.....	8/15/2013	0.00	-	1,360,200	-	1,360,200
Total.....			<u>\$ 19,207,903</u>	<u>\$ 1,360,200</u>	<u>\$ (3,123,254)</u>	<u>\$ 17,444,849</u>

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, 2014, the City was the recipient of a \$1,360,200 ten-year interest free water system rehabilitation loan.

At June 30, 2014, the City had \$9,712,349 in MWRA water rehabilitation loans outstanding. Interest subsidies on these loans for the year ended June 30, 2014 totaled \$288,201.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

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

Ending	Principal	Interest	Total
2015	2,999,672	264,894	3,264,566
2016	2,741,069	235,193	2,976,262
2017	2,482,467	200,993	2,683,460
2018	2,223,866	166,794	2,390,660
2019	2,223,865	129,693	2,353,558
2020	1,263,865	91,094	1,354,959
2021	1,041,425	71,993	1,113,418
2022	548,060	52,894	600,954
2023	412,040	47,293	459,333
2024	276,020	41,694	317,714
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	\$ 17,444,849	\$ 1,486,455	\$ 18,931,304

Bonds Payable – Sewer Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2013	Issued	Redeemed	Outstanding June 30, 2014
MWPAT Sewer.....	10/06/1999	5.16	\$ 2,700,000	\$ -	\$ (350,000)	\$ 2,350,000
MWPAT Sewer.....	11/10/2000	5.20	3,613,000	-	(406,000)	3,207,000
MWPAT Sewer.....	07/03/2002	0.00	70,000	-	(5,000)	65,000
MWRA Sewer.....	09/09/2008	0.00	112,024	-	(112,024)	-
MWRA Sewer.....	02/19/2009	0.00	158,895	-	(158,895)	-
MWRA Sewer.....	03/01/2010	0.00	94,600	-	(47,300)	47,300
Sewer system improvements.....	05/01/2010	2.0-4.0	425,000	-	(25,000)	400,000
MWRA Sewer.....	08/25/2010	0.00	460,240	-	(115,060)	345,180
Sewer system improvements.....	04/03/2012	2.0-3.0	2,160,000	-	(115,000)	2,045,000
Sewer I& I removal.....	04/12/2013	2.0-4.0	4,239,442	-	(219,442)	4,020,000
Water/Sewer Garage.....	04/12/2013	2.0-4.0	73,500	-	(6,000)	67,500
Total			\$ 14,106,701	\$ -	\$ (1,559,721)	\$ 12,546,980

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, 2014, the City had \$392,480 in MWRA sewer infiltration/inflow reduction loans outstanding.

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, 2014 the City had \$5,622,000 in loans outstanding under this project. Interest and principal subsidies on these loans for the year ended June 30, 2014 were \$226,693 and \$229,837, respectively.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

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

Ending	Principal	Interest	Total
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	\$ 12,546,980	\$ 2,918,780	\$ 15,465,760

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

Subsequent Events

On August 18, 2014, the City received non-interest bearing notes from MWRA totaling \$1,262,800. The proceeds of the notes will be used for sewer system rehabilitation.

Authorized and Unissued Debt

At June 30, 2014 the City had a total of \$53,258,151 in authorized (by the Board of Aldermen) and unissued debt, which is summarized as follows:

	Authorized and Unissued Debt			
	Beginning of Year	Increases	Decreases	End of Year
School improvements.....	\$ 14,629,118	\$ 38,215,000	\$ (19,629,118)	\$ 33,215,000
Public works equipment.....	532,000	1,262,800	(532,000)	1,262,800
Sewer system improvements	536,655	-	-	536,655
Sewer I&I removal-MWPAT.....	2,995,073	-	(2,995,073)	-
Water main rehabilitation - MWRA.....	10,881,600	-	(1,360,200)	9,521,400
Fire engine and station repairs.....	90,000	6,112,296	(90,000)	6,112,296
Lower Falls community center.....	275,000	-	(275,000)	-
Public works sheds and garage.....	-	500,000	(500,000)	-
Public building energy conservation.....	-	2,610,000	-	2,610,000
Total.....	\$ 29,939,446	\$ 48,700,096	\$ (25,381,391)	\$ 53,258,151

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

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 \$511,000 at June 30, 2014 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.

The number of participants as of June 30, 2014, the latest actuarial valuation, is as follows:

Active employees.....	2,375
Retired employees and beneficiaries.....	<u>2,528</u>
Total.....	<u><u>4,903</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 retirees and their spouses \$925 each per year for Medicare Part B premiums. 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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

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:

	<u>Amount</u> <u>(in thousands)</u>	
Annual required contribution.....	\$	47,757
Interest on net OPEB obligation.....		3,624
Adjustment to annual required contribution.....		<u>(9,247)</u>
Annual OPEB cost.....		42,134
Contributions made.....		<u>(17,083)</u>
Increase in net OPEB obligation.....		25,051
Net OPEB obligation at beginning of year.....		<u>177,540</u>
Net OPEB obligation at end of year.....	\$	<u><u>202,591</u></u>

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

	<u>Dollar Amounts in Thousands</u>		
<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>OPEB Cost</u> <u>(AOPEBC)</u>	<u>Percentage</u> <u>of AOPEBC</u> <u>Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
June 30, 2012.....	46,419	35.3%	147,879
June 30, 2013.....	46,107	35.0%	177,540
June 30, 2014.....	42,134	40.5%	202,591

Funded Status and Funding Progress – The funded status of the Plan at June 30, 2014, the most recent actuarial valuation, was as follows:

	<u>Dollar Amounts in Thousands</u>					
<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(A)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)</u> <u>Projected Unit</u> <u>Credit</u> <u>(B)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(B-A)</u>	<u>Funded</u> <u>Ratio</u> <u>(A/B)</u>	<u>Covered</u> <u>Payroll</u> <u>(C)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((B-A)/C)</u>
06/30/14	\$ 1,120	\$ 555,377	\$ 554,257	0.2%	\$ 191,423	290%

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

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.

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

Valuation date:	June 30, 2014
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level dollar
Remaining amortization period:	24 years (closed)
Interest discount rate:	2.04%
Healthcare/Medical cost trend rate:	3.34% for 2015; 4.65% 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, 2014

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

Governmental Activities:

Legislative & Executive.....	\$ 474,316
Financial administration.....	527,358
Administrative support.....	494,558
Planning & development.....	232,508
Public building maintenance & operation.....	512,294
Police.....	4,016,015
Fire.....	4,306,821
Inspectional services.....	245,256
Education.....	25,705,421
Streets & sidewalks.....	1,163,942
Collection & disposal of solid waste.....	406,832
Equipment maintenance.....	359,608
Engineering.....	222,651
Administration & support.....	168,877
Public health.....	603,334
Senior services.....	47,027
Veteran services.....	38,398
Libraries.....	828,952
Parks & recreation.....	791,936
Newton history museum.....	<u>27,870</u>
Total AOPEBC - governmental activities.....	<u>41,173,973</u>
Business-Type Activities:	
Water.....	528,571
Sewer.....	<u>432,061</u>
Total AOPEBC - business-type activities.....	<u>960,632</u>
Total AOPEBC.....	<u>\$ 42,134,606</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, 2014

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, 2014, the City's health claims liability totaled \$3,333,157 and is based on approximately one month claims paid average. Changes in the reported liability since July 1, 2012 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 2013.....	\$ 3,674,387	43,804,672	(43,482,755)	3,996,304
Fiscal year 2014.....	3,996,304	46,784,350	(47,447,497)	3,333,157

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 \$8,099,755 at June 30, 2014, of which \$1,581,350 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, 2014 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, 2012 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 2013.....	\$ 6,489,195	\$ 5,551,582	\$ (1,609,024)	\$ 10,431,753
Fiscal year 2014.....	10,431,753	(287,247)	(2,044,751)	8,099,755

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

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>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 397,250	\$ 397,250
Restricted:				
Debt service.....	2,835,755	-	-	2,835,755
General government.....	-	-	1,410,723	1,410,723
Public safety.....	-	-	112,445	112,445
Education.....	-	-	1,679,940	1,679,940
School construction.....	-	-	6,376,825	6,376,825
Freeman Foundation exchange program.....	-	-	205,403	205,403
Pre-school program.....	-	-	226,521	226,521
Summer school.....	-	-	249,474	249,474
Continuing education.....	-	-	262,005	262,005
Public works.....	-	-	2,171,068	2,171,068
Health and human services.....	-	-	310,457	310,457
Culture and recreation.....	-	-	1,690,123	1,690,123
Recreation activities/classes.....	-	-	783,782	783,782
Camp programs.....	-	-	703,310	703,310
Community preservation.....	-	8,313,717	-	8,313,717
CPA- community housing.....	-	1,457,935	-	1,457,935
CPA- historic resources.....	-	1,133,058	-	1,133,058
CPA- open space.....	-	349,235	-	349,235
CPA- community recreation.....	-	251,296	-	251,296
Capital.....	13,752	-	-	13,752
School lunch.....	-	-	77,682	77,682
Insurance proceeds.....	-	-	4,224	4,224
Receipts reserved.....	-	-	2,520,712	2,520,712
Sub-total - Restricted.....	<u>2,849,507</u>	<u>11,505,241</u>	<u>18,784,694</u>	<u>33,139,442</u>
Committed:				
Subsequent year's expenditures.....	1,595,130	-	-	1,595,130
Capital.....	714,835	-	-	714,835
Continuing appropriations.....	2,579,251	-	-	2,579,251
Receipts reserved.....	-	-	1,736,249	1,736,249
Sub-total - Committed.....	<u>4,889,216</u>	<u>-</u>	<u>1,736,249</u>	<u>6,625,465</u>
Assigned:				
Encumbrances.....	2,556,214	-	-	2,556,214
Capital.....	121,776	-	-	121,776
Sub-total - Assigned.....	<u>2,677,990</u>	<u>-</u>	<u>-</u>	<u>2,677,990</u>
Unassigned.....	<u>26,259,064</u>	<u>-</u>	<u>-</u>	<u>26,259,064</u>
Total.....	<u>\$ 36,675,777</u>	<u>\$ 11,505,241</u>	<u>\$ 20,918,193</u>	<u>\$ 69,099,211</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

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, 2014 total \$850,363 and \$14,045,905, respectively, and are reported in the general fund as restricted (\$13,752), committed (\$714,835), assigned (\$121,776) and unassigned (\$14,045,905).

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 – 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 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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

At December 31, 2013, the System’s membership consisted of the following:

Active members.....	1,666
Inactive - vested members.....	28
Inactive - non-vested members.....	514
Retirees and beneficiaries currently receiving benefits.....	<u>1,327</u>
Total.....	<u><u>3,535</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).

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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

E – Annual Pension Cost

The City’s contributions to the System for the fiscal years ended June 30, 2014, 2013, and 2012 were \$18,182,464; \$16,165,564; and \$16,077,924; respectively, and equaled the actuarially required contribution for each fiscal year. At June 30, 2014 the City did not have a net pension obligation. The required contribution was determined as part of the January 1, 2013 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 2% and projected salary increases of 2.5% for 2013, 3.0% for 2014, and 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 was amortized as a level percentage of projected payroll.

Funded Status and Funding Progress - The funded status of the plan at January 1, 2014, the most recent actuarial valuation date, is as follows:

Dollar Amounts In Thousands						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
January 1, 2014	\$ 279,853	\$ 551,136	\$ 271,283	50.8%	\$ 86,808	312.5%

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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

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

Valuation date:	January 1, 2014
Actuarial cost method:	Entry age normal
Amortization method:	Increasing payments 8.50% per year
Remaining amortization period:	15 years (closed)
Asset valuation method:	Sum of actuarial value at beginning of year, contributions and investment earnings based on actuarial interest assumption less benefit payments plus 25% of the market value at the end of the year in excess of that sum, plus additional adjustment toward market value as necessary so that final actuarial value is within 20% of market value
Investment rate of return:	7.65%
Inflation rate:	2.0% for 2014 and 2.5% thereafter
Projected salary increases:	3.0% per year in 2014 and 3.5% thereafter
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, 2013 are as follows:

<u>Description</u>	<u>Amount</u>	<u>Purpose</u>
Annuity Savings Fund.....	\$ 82,687,241	Active members' contribution balance
Annuity Reserve Fund....	29,822,742	Retired members' contribution account
Military Service Fund.....	56,998	Military leave of absence contribution balance
Pension Fund.....	<u>167,846,902</u>	Remaining net assets
Total.....	<u>\$ 280,413,883</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, 2014, 2013, and 2012 were \$275,682, \$283,143 and \$298,065, 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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

Note 18 – 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 \$32,632,330 for the fiscal year ended June 30, 2014, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

Note 19 – 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, 2014, totaled \$5,135,465 and \$2,448,087, respectively.

The City participates in a number of state and federal award programs. These 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.

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, 2014 cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the City at June 30, 2014.

Note 20 – Subsequent Events

Subsequent to fiscal year end the City entered into an Infrastructure Development Assistance Agreement (IDAA) with the Commonwealth of Massachusetts and the developers of the Chestnut Hill Square commercial development along State Route 9, in the southeast section of the City. Under the terms of the agreement the Commonwealth issued debt to reimburse the developers for \$10 million in public infrastructure improvements that were necessary to accommodate the Chestnut Hill Square development. All funding for the 30 years of debt service associated with the infrastructure improvement reimbursement is expected to be derived from incremental state sales and income tax revenue generated from the commercial development project, however, in the event of a short-fall, the City is responsible for reimbursing the Commonwealth for the difference between the annual debt service on the project debt and the actual incremental state sales and income tax revenues generated from the project. According to Article 4(a) of the agreement, “Local Infrastructure Development Assistance shall constitute a general obligation of the City to which its full faith and credit shall be pledged.” In order to minimize the City’s financial exposure for such an event, the IDAA authorizes the City to levy and collect an Infrastructure Assessment against development real estate for any short fall and further requires that the developer fund a Municipal Liquidity Reserve equal to two years of annual debt service requirements (\$1,163,000), to be held by the City in a restricted cash account in the City’s Agency Fund. The developer and any successors or assigns are obligated to replenish the Municipal Liquidity Reserve if any draw occurs. Prior to finalization of the agreement, the Massachusetts Commissioner of Revenue certified that projected net new state sales and income taxes generated from the project will range from \$655.9 million in 2015 to \$1.4 billion in 2044. Maximum annual debt service over the 30 year term of the project debt is \$581,500.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2014

Note 21 – Future Implementation of GASB Pronouncements

The GASB has issued the following 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 2015. 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. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which is required to be implemented during fiscal year 2015. The implementation of this Statement will require the City, in the transition year of Statement No. 68, to recognize contributions to defined benefit pension plans between the measurement date of the reported net pension liability and the end of the government’s reporting period as a deferred outflow of resources.

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, 2014

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)

Dollar Amounts in Thousands

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, 2014	\$ 279,853	\$ 551,136	\$ 271,283	50.8%	\$ 86,808	312.5%
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%

SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)

Year Ended December 31	Annually Required Contributions (ARC)	Percentage of ARC Contributed (%)
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
2013	18,363,516	100

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2014

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>
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%
2014	18,149,124	100	98.8%

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>
06/30/14	\$ 1,120	\$ 555,377	\$ 554,257	0.2%	\$ 191,423	290%
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 1/2. 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, 2014

Special Revenue Funds

ASSETS	School Lunch	Revolving	Receipts Reserved	Community Development Block Grant	Municipal Federal Grant
Cash and cash equivalents.....	\$ -	\$ -	\$ 1,736,249	\$ -	\$ -
Restricted cash and cash equivalents.....	805,769	5,643,357	2,500,440	482,217	650,833
Restricted investments.....	-	-	-	-	-
Interest and dividends.....	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:					
Tax liens.....	-	-	-	-	-
Charges for services.....	-	709,596	10,700	-	-
Special assessments.....	-	151,192	-	-	-
Departmental and other.....	6,499	-	9,572	-	-
Intergovernmental.....	44,949	-	-	-	975,508
Other assets.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 857,217	\$ 6,504,145	\$ 4,256,961	\$ 482,217	\$ 1,626,341
LIABILITIES					
Warrants payable.....	\$ 327,303	\$ 378,294	\$ -	\$ 57,585	\$ 528,635
Accrued liabilities.....	238,580	10,335	-	-	6,500
Accrued payroll.....	357	273,691	-	6,841	-
Other liabilities.....	206,796	1,369,798	-	292	-
Liabilities due depositors.....	-	2,030	-	-	-
Due to other funds.....	-	-	-	-	-
TOTAL LIABILITIES.....	773,036	2,034,148	-	64,718	535,135
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	6,499	343,180	-	-	945,045
FUND BALANCES					
Nonspendable.....	-	-	-	-	-
Restricted.....	77,682	4,126,817	2,520,712	417,499	146,161
Committed.....	-	-	1,736,249	-	-
TOTAL FUND BALANCES.....	77,682	4,126,817	4,256,961	417,499	146,161
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 857,217	\$ 6,504,145	\$ 4,256,961	\$ 482,217	\$ 1,626,341

Special Revenue Funds

	Municipal State Grant	School State Grant	School Federal Grant	Gift	Stormwater Management	Sub-total
\$	-	\$ -	\$ -	\$ -	\$ -	1,736,249
	494,256	-	101,135	1,287,768	691,746	12,657,521
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	2,842	2,842
	-	-	-	-	114,468	834,764
	-	-	-	-	-	151,192
	-	-	-	-	-	16,071
	82,465	1,307,909	212,360	-	-	2,623,191
	-	-	-	-	-	-
\$	<u>576,721</u>	<u>\$ 1,307,909</u>	<u>\$ 313,495</u>	<u>\$ 1,287,768</u>	<u>\$ 809,056</u>	<u>\$ 18,021,830</u>
\$	66,502	\$ 86,637	\$ 43,897	\$ 12,338	\$ 42,801	\$ 1,543,992
	-	1,087	1,482	19,651	-	277,635
	31,462	109,631	218,350	911	3,861	645,104
	-	-	-	-	-	1,576,886
	-	-	-	-	-	2,030
	-	528,100	-	-	-	528,100
	<u>97,964</u>	<u>725,455</u>	<u>263,729</u>	<u>32,900</u>	<u>46,662</u>	<u>4,573,747</u>
	-	-	-	-	9,936	1,304,660
	-	-	-	-	-	-
	478,757	582,454	49,766	1,254,868	752,458	10,407,174
	-	-	-	-	-	1,736,249
	<u>478,757</u>	<u>582,454</u>	<u>49,766</u>	<u>1,254,868</u>	<u>752,458</u>	<u>12,143,423</u>
\$	<u>576,721</u>	<u>\$ 1,307,909</u>	<u>\$ 313,495</u>	<u>\$ 1,287,768</u>	<u>\$ 809,056</u>	<u>\$ 18,021,830</u>

(Continued)

CITY OF NEWTON, MASSACHUSETTS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2014

Capital Projects Funds

ASSETS	Public Building Improvements	Street Improvements	Municipal Equipment Replacement	Sub-total
Cash and cash equivalents.....	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents.....	8,240,053	1,300,736	101,186	9,641,975
Restricted investments.....	-	-	-	-
Interest and dividends.....	-	-	-	-
Receivables, net of allowance for uncollectible amounts:				
Tax liens.....	-	-	-	-
Charges for services.....	-	-	-	-
Special assessments.....	-	-	-	-
Departmental and other.....	-	-	-	-
Intergovernmental.....	76,873	1,078,164	-	1,155,037
Other assets.....	-	-	-	-
TOTAL ASSETS.....	\$ 8,316,926	\$ 2,378,900	\$ 101,186	\$ 10,797,012
LIABILITIES				
Warrants payable.....	\$ 1,426,375	\$ 862,176	\$ -	\$ 2,288,551
Accrued liabilities.....	697,506	174,574	-	872,080
Accrued payroll.....	-	-	-	-
Other liabilities.....	-	-	-	-
Liabilities due depositors.....	-	-	-	-
Due to other funds.....	-	243,907	-	243,907
TOTAL LIABILITIES.....	2,123,881	1,280,657	-	3,404,538
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue.....	-	-	-	-
FUND BALANCES:				
Nonspendable.....	-	-	-	-
Restricted.....	6,193,045	1,098,243	101,186	7,392,474
Committed.....	-	-	-	-
TOTAL FUND BALANCES.....	6,193,045	1,098,243	101,186	7,392,474
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 8,316,926	\$ 2,378,900	\$ 101,186	\$ 10,797,012

Permanent Funds

	Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$	-	\$ -	\$ -	1,736,249
	424,192	304,284	728,476	23,027,972
	-	622,955	622,955	622,955
	-	1,003	1,003	1,003
	-	-	-	2,842
	-	-	-	834,764
	-	-	-	151,192
	-	-	-	16,071
	-	-	-	3,778,228
	30,000	-	30,000	30,000
\$	<u>454,192</u>	<u>\$ 928,242</u>	<u>\$ 1,382,434</u>	<u>\$ 30,201,276</u>
\$	-	\$ -	\$ -	3,832,543
	-	-	-	1,149,715
	138	-	138	645,242
	-	-	-	1,576,886
	-	-	-	2,030
	-	-	-	772,007
	138	-	138	7,978,423
	-	-	-	1,304,660
	397,250	-	397,250	397,250
	56,804	928,242	985,046	18,784,694
	-	-	-	1,736,249
	454,054	928,242	1,382,296	20,918,193
\$	<u>454,192</u>	<u>\$ 928,242</u>	<u>\$ 1,382,434</u>	<u>\$ 30,201,276</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, 2014

Special Revenue Funds

	School Lunch	Revolving	Receipts Reserved	Community Development Block Grant	Municipal Federal Grant
REVENUES					
Penalties and interest on taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits.....	-	-	638,748	-	-
Intergovernmental	670,343	15,770	-	2,241,319	2,712,643
Charges for services.....	2,358,583	12,540,958	1,694,678	-	-
Fines and forfeitures.....	-	40,186	9,100	-	-
Investment income (loss).....	1,336	(2,349)	315	-	88
Contributions and donations.....	-	178,438	139,000	-	-
Miscellaneous.....	-	79,814	158,275	-	-
Special assessments.....	-	138,035	-	-	-
TOTAL REVENUES.....	3,030,262	12,990,852	2,640,116	2,241,319	2,712,731
EXPENDITURES					
Current:					
General government:					
Legislative & executive.....	-	5,074	-	-	-
Financial administration.....	-	-	-	-	-
Planning & development.....	-	77,661	-	1,953,538	2,392,281
Public building maintenance & operations.....	-	967	-	-	-
Public safety:					
Police.....	-	3,330,239	-	-	29,277
Fire.....	-	486,525	-	-	170,032
Inspectional services.....	-	15,730	-	-	-
Education.....	2,967,191	6,862,843	-	-	-
Public works:					
Streets & sidewalks.....	-	538,728	-	-	-
Vehicle maintenance.....	-	4,542	-	-	-
Engineering.....	-	72,382	-	-	-
Health and human services:					
Health & human services.....	-	894	-	-	119,209
Senior services.....	-	79,269	-	-	-
Culture and recreation:					
Libraries.....	-	92,377	-	-	-
Parks & recreation.....	-	2,415,432	-	-	-
Newton History museum.....	-	1,246	-	-	-
TOTAL EXPENDITURES.....	2,967,191	13,983,909	-	1,953,538	2,710,799
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	63,071	(993,057)	2,640,116	287,781	1,932
OTHER FINANCING SOURCES (USES)					
Transfers in.....	1	880,533	-	-	33,000
Issuance of general obligation bonds.....	-	-	-	-	-
Sale of assets.....	-	13,246	-	-	-
Transfers out.....	-	-	(3,508,060)	-	(4,318)
TOTAL OTHER FINANCING SOURCES (USES).....	1	893,779	(3,508,060)	-	28,682
NET CHANGE IN FUND BALANCES.....	63,072	(99,278)	(867,944)	287,781	30,614
FUND BALANCES AT BEGINNING OF YEAR.....	14,610	4,226,095	5,124,905	129,718	115,547
FUND BALANCES AT END OF YEAR.....	\$ 77,682	\$ 4,126,817	\$ 4,256,961	\$ 417,499	\$ 146,161

Special Revenue Funds

Municipal State Grant	School State Grant	School Federal Grant	Gift	Stormwater Management	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ 24,272	\$ 24,272
-	-	-	-	-	638,748
1,046,497	7,848,913	5,191,867	-	-	19,727,352
-	-	-	-	752,545	17,346,764
-	-	-	-	-	49,286
14	-	-	1,068	-	472
-	-	-	489,405	-	806,843
-	-	-	-	-	238,089
-	-	-	-	-	138,035
<u>1,046,511</u>	<u>7,848,913</u>	<u>5,191,867</u>	<u>490,473</u>	<u>776,817</u>	<u>38,969,861</u>
-	-	-	-	-	5,074
-	-	-	250	-	250
18,426	-	-	965	-	4,442,871
29,254	-	-	-	-	30,221
459,604	-	-	340	-	3,819,460
42,426	-	-	-	-	698,983
-	-	-	-	-	15,730
-	8,156,826	5,206,662	310,037	-	23,503,559
-	-	-	-	687,944	1,226,672
-	-	-	-	-	4,542
-	-	-	-	-	72,382
187,751	-	-	18,744	-	326,598
193,088	-	-	33,210	-	305,567
33,781	-	-	-	-	126,158
9,977	-	-	90,325	-	2,515,734
-	-	-	-	-	1,246
<u>974,307</u>	<u>8,156,826</u>	<u>5,206,662</u>	<u>453,871</u>	<u>687,944</u>	<u>37,095,047</u>
<u>72,204</u>	<u>(307,913)</u>	<u>(14,795)</u>	<u>36,602</u>	<u>88,873</u>	<u>1,874,814</u>
50,000	-	-	-	-	963,534
-	-	-	-	-	-
-	-	-	-	-	13,246
-	-	-	-	-	(3,512,378)
<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,535,598)</u>
122,204	(307,913)	(14,795)	36,602	88,873	(660,784)
<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>\$ 478,757</u>	<u>\$ 582,454</u>	<u>\$ 49,766</u>	<u>\$ 1,254,868</u>	<u>\$ 752,458</u>	<u>\$ 12,143,423</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, 2014

<i>Capital Projects Funds</i>				
	Public Building Improvements	Street Improvements	Municipal Equipment Replacement	Sub-total
REVENUES				
Penalties and interest on taxes.....	\$ -	\$ -	\$ -	\$ -
Licenses and permits.....	-	-	-	-
Intergovernmental	659,435	4,967,290	-	5,626,725
Charges for services.....	-	-	-	-
Fines and forfeitures.....	-	-	-	-
Investment income.....	-	-	-	-
Contributions and donations.....	-	-	-	-
Miscellaneous.....	-	-	-	-
Special assessments.....	-	-	-	-
TOTAL REVENUES.....	659,435	4,967,290	-	5,626,725
EXPENDITURES				
Current:				
General government:				
Legislative & executive.....	-	-	-	-
Financial administration.....	-	-	-	-
Planning & development.....	-	-	-	-
Public building maintenance & operations.....	1,783,246	-	-	1,783,246
Public safety:				
Police.....	-	-	-	-
Fire.....	-	-	118,037	118,037
Inspectional services.....	-	-	-	-
Education.....	18,961,759	-	-	18,961,759
Public works:				
Streets & sidewalks.....	-	5,302,391	557,601	5,859,992
Vehicle maintenance.....	-	-	-	-
Engineering.....	-	-	-	-
Health and human services:				
Health & human services.....	-	-	-	-
Senior services.....	-	-	-	-
Culture and recreation:				
Libraries.....	-	-	-	-
Parks & recreation.....	301,733	-	-	301,733
Newton History museum.....	-	-	-	-
TOTAL EXPENDITURES.....	21,046,738	5,302,391	675,638	27,024,767
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(20,387,303)	(335,101)	(675,638)	(21,398,042)
OTHER FINANCING SOURCES (USES)				
Transfers in.....	1,781,000	1,300,736	-	3,081,736
Issuance of general obligation bonds.....	20,404,000	-	532,000	20,936,000
Sale of assets.....	-	-	-	-
Transfers out.....	(779,539)	-	-	(779,539)
TOTAL OTHER FINANCING SOURCES (USES).....	21,405,461	1,300,736	532,000	23,238,197
NET CHANGE IN FUND BALANCES.....	1,018,158	965,635	(143,638)	1,840,155
FUND BALANCES AT BEGINNING OF YEAR.....	5,174,887	132,608	244,824	5,552,319
FUND BALANCES AT END OF YEAR.....	\$ 6,193,045	\$ 1,098,243	\$ 101,186	\$ 7,392,474

Permanent Funds

Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 24,272
-	-	-	638,748
-	-	-	25,354,077
8,670	-	8,670	17,355,434
-	-	-	49,286
254	92,043	92,297	92,769
-	305,980	305,980	1,112,823
-	-	-	238,089
-	-	-	138,035
<u>8,924</u>	<u>398,023</u>	<u>406,947</u>	<u>45,003,533</u>
-	-	-	5,074
-	-	-	250
105	-	105	4,442,976
60,236	-	60,236	1,873,703
-	-	-	3,819,460
-	-	-	817,020
-	-	-	15,730
-	-	-	42,465,318
-	-	-	7,086,664
-	-	-	4,542
-	-	-	72,382
-	-	-	326,598
-	-	-	305,567
-	207,577	207,577	333,735
-	-	-	2,817,467
-	-	-	1,246
<u>60,341</u>	<u>207,577</u>	<u>267,918</u>	<u>64,387,732</u>
<u>(51,417)</u>	<u>190,446</u>	<u>139,029</u>	<u>(19,384,199)</u>
-	-	-	4,045,270
-	-	-	20,936,000
-	-	-	13,246
-	-	-	(4,291,917)
-	-	-	20,702,599
(51,417)	190,446	139,029	1,318,400
<u>505,471</u>	<u>737,796</u>	<u>1,243,267</u>	<u>19,599,793</u>
<u>\$ 454,054</u>	<u>\$ 928,242</u>	<u>\$ 1,382,296</u>	<u>\$ 20,918,193</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, 2014

ASSETS	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
Current assets:					
Restricted cash and cash equivalents.....	\$ 20,678,504	\$ 363,942	\$ 36,026	\$ 148,418	\$ 21,226,890
Restricted investments.....	-	9,989,826	-	-	9,989,826
Interest and dividends.....	-	20,096	-	-	20,096
Receivables, net of allowance for uncollectible amounts:					
Departmental and other.....	109,527	-	-	-	109,527
Working capital deposit.....	393,913	-	-	-	393,913
Total assets.....	<u>21,181,944</u>	<u>10,373,864</u>	<u>36,026</u>	<u>148,418</u>	<u>31,740,252</u>
LIABILITIES					
Current liabilities:					
Warrants payable.....	332,371	53,746	-	-	386,117
Accrued liabilities.....	947,857	87,372	-	-	1,035,229
Accrued payroll.....	-	30,124	-	-	30,124
Other liabilities.....	1,812,745	-	-	-	1,812,745
Accrued health claims payable.....	3,333,157	-	-	-	3,333,157
Workers' compensation claims.....	-	1,581,350	-	-	1,581,350
Total current liabilities.....	<u>6,426,130</u>	<u>1,752,592</u>	<u>-</u>	<u>-</u>	<u>8,178,722</u>
Noncurrent liabilities:					
Workers' compensation claims.....	-	6,518,405	-	-	6,518,405
Total liabilities.....	<u>6,426,130</u>	<u>8,270,997</u>	<u>-</u>	<u>-</u>	<u>14,697,127</u>
FUND NET POSITION					
Unrestricted.....	<u>\$ 14,755,814</u>	<u>\$ 2,102,867</u>	<u>\$ 36,026</u>	<u>\$ 148,418</u>	<u>\$ 17,043,125</u>

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, 2014

	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
OPERATING REVENUES					
Employer contributions.....	\$ 40,284,835	\$ 1,868,845	\$ -	\$ -	\$ 42,153,680
Plan member contributions.....	10,580,661	-	-	-	10,580,661
TOTAL OPERATING REVENUES.....	50,865,496	1,868,845	-	-	52,734,341
OPERATING EXPENSES					
Change in incurred but not reported liability.....	-	(2,271,908)	-	-	(2,271,908)
Self insurance claims.....	46,636,717	2,044,752	-	-	48,681,469
Insurance premiums.....	533,958	-	-	-	533,958
Administrative expenses.....	3,038,023	75,498	-	-	3,113,521
TOTAL OPERATING EXPENSES.....	50,208,698	(151,658)	-	-	50,057,040
OPERATING INCOME (LOSS).....	656,798	2,020,503	-	-	2,677,301
NONOPERATING REVENUES (EXPENSES)					
Investment income.....	32,905	1,455,272	-	345	1,488,522
INCOME (LOSS) BEFORE TRANSFERS.....	689,703	3,475,775	-	345	4,165,823
TRANSFERS					
Transfers out.....	-	-	(448,000)	(75,000)	(523,000)
CHANGE IN FUND NET POSITION.....	689,703	3,475,775	(448,000)	(74,655)	3,642,823
FUND NET POSITION AT BEGINNING OF YEAR.....	14,066,111	(1,372,908)	484,026	223,073	13,400,302
FUND NET POSITION AT END OF YEAR.....	\$ 14,755,814	\$ 2,102,867	\$ 36,026	148,418	\$ 17,043,125

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users.....	\$ 10,580,661	\$ -	\$ -	\$ -	\$ 10,580,661
Receipts from interfund services provided.....	40,210,498	1,878,875	-	-	42,089,373
Payments to vendors/providers.....	<u>(50,353,488)</u>	<u>(2,066,907)</u>	-	-	<u>(52,420,395)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>437,671</u>	<u>(188,032)</u>	-	-	<u>249,639</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out.....	-	-	<u>(448,000)</u>	<u>(75,000)</u>	<u>(523,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase and sales of investments, net.....	-	(1,200,542)	-	-	(1,200,542)
Investment income.....	<u>32,905</u>	<u>1,455,272</u>	-	<u>345</u>	<u>1,488,522</u>
NET CASH FROM INVESTING ACTIVITIES.....	<u>32,905</u>	<u>254,730</u>	-	<u>345</u>	<u>287,980</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	470,576	66,698	(448,000)	(74,655)	14,619
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (restricted).....	<u>20,207,928</u>	<u>297,244</u>	<u>484,026</u>	<u>223,073</u>	<u>21,212,271</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (restricted).....	<u>\$ 20,678,504</u>	<u>\$ 363,942</u>	<u>\$ 36,026</u>	<u>\$ 148,418</u>	<u>\$ 21,226,890</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (loss).....	\$ 656,798	\$ 2,020,503	\$ -	\$ -	\$ 2,677,301
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Changes in assets and liabilities:					
Interest and dividends.....	-	10,030	-	-	10,030
Departmental and other.....	(74,337)	-	-	-	(74,337)
Working capital deposit.....	54,160	-	-	-	54,160
Warrants payable.....	147,632	7,849	-	-	155,481
Accrued payroll.....	-	18,426	-	-	18,426
Other liabilities.....	606,271	-	-	-	606,271
Accrued liabilities.....	(289,706)	87,158	-	-	(202,548)
Accrued health claims payable.....	(663,147)	-	-	-	(663,147)
Workers' compensation.....	-	(2,331,998)	-	-	(2,331,998)
Total adjustments.....	<u>(219,127)</u>	<u>(2,208,535)</u>	-	-	<u>(2,427,662)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 437,671</u>	<u>\$ (188,032)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,639</u>



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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.

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

JUNE 30, 2014

	Chaffin Education	Scovell Education	Gorin Education	Cousens Welfare
ASSETS				
Cash and cash equivalents.....	\$ 298,084	\$ 21,930	\$ 6,500	\$ 1,173,865
Investments:				
Fixed Income.....	1,377,801	555,745	-	26,154
Equities.....	3,891,572	709,093	-	1,057,664
Interest and dividends.....	4,818	3,445	-	471
Receivables, net of allowance for uncollectibles:				
Loans.....	-	-	19,663	-
Total assets.....	5,572,275	1,290,213	26,163	2,258,154
LIABILITIES				
Warrants payable.....	1,000	-	-	-
Due to the general fund.....	82	26,967	-	-
Total liabilities.....	1,082	26,967	-	-
NET POSITION				
Assets held in trust for other purposes.....	\$ 5,571,193	\$ 1,263,246	\$ 26,163	\$ 2,258,154

School Scholarship	Kendrick Welfare	Read Charity	Spear Infirmary	Mabel Riley Senior	Elderly Tax Relief	Arnold Daniels Fund	Total
\$ 617,995	\$ 3,122	\$ 43,327	\$ 4,679	\$ 38,164	\$ 458	\$ 28,309	\$ 2,236,433
293,708	-	-	-	-	-	-	2,253,408
366,813	-	-	-	-	-	-	6,025,142
1,716	-	-	-	-	-	-	10,450
-	-	-	-	-	-	-	19,663
<u>1,280,232</u>	<u>3,122</u>	<u>43,327</u>	<u>4,679</u>	<u>38,164</u>	<u>458</u>	<u>28,309</u>	<u>10,545,096</u>
-	-	-	-	-	-	750	1,750
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,049</u>
-	-	-	-	-	-	750	28,799
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>750</u>	<u>28,799</u>
<u>\$ 1,280,232</u>	<u>\$ 3,122</u>	<u>\$ 43,327</u>	<u>\$ 4,679</u>	<u>\$ 38,164</u>	<u>\$ 458</u>	<u>\$ 27,559</u>	<u>\$ 10,516,297</u>

CITY OF NEWTON, MASSACHUSETTS
PRIVATE PURPOSE TRUST FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Chaffin Education	Scovell Education	Gorin Education	Cousens Welfare
ADDITIONS				
Contributions:				
Private donations.....	\$ -	\$ -	\$ -	\$ 11,815
Net investment income:				
Dividends and interest.....	717,051	152,712	-	229,649
TOTAL ADDITIONS.....	<u>717,051</u>	<u>152,712</u>	<u>-</u>	<u>241,464</u>
DEDUCTIONS				
Administration expense.....	1,097	-	-	27,826
Educational scholarships & awards.....	164,000	25,500	-	33,631
TOTAL DEDUCTIONS.....	<u>165,097</u>	<u>25,500</u>	<u>-</u>	<u>61,457</u>
CHANGE IN NET POSITION.....	551,954	127,212	-	180,007
NET POSITION AT BEGINNING OF YEAR.....	<u>5,019,239</u>	<u>1,136,034</u>	<u>26,163</u>	<u>2,078,147</u>
NET POSITION AT END OF YEAR.....	<u>\$ 5,571,193</u>	<u>\$ 1,263,246</u>	<u>\$ 26,163</u>	<u>\$ 2,258,154</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>
\$ 70,832	\$ -	\$ -	\$ -	\$ -	\$ 1,770	\$ -	\$ 84,417
81,197	5	75	8	67	3	67	1,180,834
152,029	5	75	8	67	1,773	67	1,265,251
-	-	-	-	-	-	-	28,923
114,322	-	-	-	-	2,900	20,783	361,136
114,322	-	-	-	-	2,900	20,783	390,059
37,707	5	75	8	67	(1,127)	(20,716)	875,192
1,242,525	3,117	43,252	4,671	38,097	1,585	48,275	9,641,105
\$ <u>1,280,232</u>	\$ <u>3,122</u>	\$ <u>43,327</u>	\$ <u>4,679</u>	\$ <u>38,164</u>	\$ <u>458</u>	\$ <u>27,559</u>	\$ <u>10,516,297</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, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
ASSETS				
Cash and cash equivalents.....	\$ 2,064,936	137,274,837	(137,366,743)	\$ 1,973,030
LIABILITIES				
Payroll withholdings.....	\$ 971,009	\$ 134,907,434	\$ (135,454,968)	\$ 423,475
Other liabilities.....	1,093,927	2,367,403	(1,911,775)	1,549,555
Total liabilities.....	\$ 2,064,936	\$ 137,274,837	\$ (137,366,743)	\$ 1,973,030



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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, 2014

	Encumbrances/ Continued Appropriations	FY 2014 Original Budget	FY 2014 Budget Revisions
City Clerk/Clerk of the Board			
Personal Services	\$ -	\$ 1,192,420	\$ -
Expenses	13,575	150,439	-
Capital Outlay	-	13,498	-
Fringe Benefits	-	286,577	(29,387)
Total City Clerk/Clerk of the Board	<u>13,575</u>	<u>1,642,934</u>	<u>(29,387)</u>
Executive			
Personal Services	-	818,541	(55,000)
Expenses	40,410	44,905	4,000
Fringe Benefits	-	93,126	9,731
Total Mayor's Office	<u>40,410</u>	<u>956,572</u>	<u>(41,269)</u>
Comptroller's Office/Property Insurance/Audit			
Personal Services	-	422,739	(11,000)
Expenses	30,051	542,570	11,000
Fringe Benefits	-	75,071	265
Total Comptroller's Office/Property Insurance	<u>30,051</u>	<u>1,040,380</u>	<u>265</u>
Purchasing/General Services			
Personal Services	-	313,246	6,000
Expenses	-	48,800	-
Fringe Benefits	-	43,884	16,869
Total Purchasing/General Services	<u>-</u>	<u>405,930</u>	<u>22,869</u>
Assessing Department			
Personal Services	-	1,037,512	-
Expenses	-	44,634	-
Fringe Benefits	-	124,887	-
Total Assessing Department	<u>-</u>	<u>1,207,033</u>	<u>-</u>
Treasury & Collection Department			
Personal Services	-	662,832	-
Expenses	3,936	408,693	104,416
Fringe Benefits	-	108,640	-
Total Treasury & Collection Department	<u>3,936</u>	<u>1,180,165</u>	<u>104,416</u>
City Solicitor/Judgments & Settlements			
Personal Services	-	953,782	-
Expenses	1,403	201,160	75,000
Fringe Benefits	-	114,025	-
Total City Solicitor's Office/Settlements	<u>1,403</u>	<u>1,268,967</u>	<u>75,000</u>

FY 2014 Budget As Amended	Total Revised FY 2014 Budget	Expenditures and Transfers	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ 1,192,420	\$ 1,192,420	\$ 1,096,731	\$ -	\$ 95,689
150,439	164,014	140,702	15,443	7,869
13,498	13,498	13,079	-	419
257,190	257,190	243,830	-	13,360
<u>1,613,547</u>	<u>1,627,122</u>	<u>1,494,342</u>	<u>15,443</u>	<u>117,337</u>
763,541	763,541	747,914	-	15,627
48,905	89,315	88,514	-	801
102,857	102,857	97,715	-	5,142
<u>915,303</u>	<u>955,713</u>	<u>934,143</u>	<u>-</u>	<u>21,570</u>
411,739	411,739	408,724	-	3,015
553,570	583,621	542,087	41,533	1
75,336	75,336	74,901	-	435
<u>1,040,645</u>	<u>1,070,696</u>	<u>1,025,712</u>	<u>41,533</u>	<u>3,451</u>
319,246	319,246	318,140	-	1,106
48,800	48,800	25,290	568	22,942
60,753	60,753	60,395	-	358
<u>428,799</u>	<u>428,799</u>	<u>403,825</u>	<u>568</u>	<u>24,406</u>
1,037,512	1,037,512	1,035,719	-	1,793
44,634	44,634	44,634	-	-
124,887	124,887	122,487	-	2,400
<u>1,207,033</u>	<u>1,207,033</u>	<u>1,202,840</u>	<u>-</u>	<u>4,193</u>
662,832	662,832	637,980	-	24,852
513,109	517,045	475,782	4,450	36,813
108,640	108,640	93,296	-	15,344
<u>1,284,581</u>	<u>1,288,517</u>	<u>1,207,058</u>	<u>4,450</u>	<u>77,009</u>
953,782	953,782	953,463	-	319
276,160	277,563	270,062	7,500	1
114,025	114,025	113,833	-	192
<u>1,343,967</u>	<u>1,345,370</u>	<u>1,337,358</u>	<u>7,500</u>	<u>512</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, 2014

	Encumbrances/ Continued Appropriations	FY 2014 Original Budget	FY 2014 Budget Revisions
Human Resources Department			
Personal Services	-	537,636	(100,000)
Expenses	-	181,972	-
Capital Outlay	15,000	-	-
Fringe Benefits	-	222,649	-
Total Human Resources Department	<u>15,000</u>	<u>942,257</u>	<u>(100,000)</u>
Information Technology Department			
Personal Services	-	639,591	(67,000)
Expenses	6,228	187,380	-
Capital Outlay	10,641	120,000	-
Fringe Benefits	-	98,132	(3,512)
Total Information Technology Department	<u>16,869</u>	<u>1,045,103</u>	<u>(70,512)</u>
Financial Information Systems			
Personal Services	-	361,889	(40,000)
Expenses	-	186,990	-
Fringe Benefits	-	48,859	(1,506)
Total Financial Information Systems	<u>-</u>	<u>597,738</u>	<u>(41,506)</u>
Planning & Development Department			
Personal Services	-	1,022,113	-
Expenses	74,863	122,173	15,000
Capital Outlay	-	25,000	-
Fringe Benefits	-	175,574	-
Total Planning & Development Department	<u>74,863</u>	<u>1,344,860</u>	<u>15,000</u>
Public Building Department			
Personal Services	-	2,293,298	(242,949)
Expenses	70,268	1,053,154	384,535
Capital Outlay	712	173,200	(150,000)
Fringe Benefits	-	441,563	(70,011)
Total Public Building Department	<u>70,980</u>	<u>3,961,215</u>	<u>(78,425)</u>
<hr/> GENERAL GOVERNMENT TOTAL <hr/>			
	<u>267,087</u>	<u>15,593,154</u>	<u>(143,549)</u>
Police Department			
Personal Services	-	14,979,141	200,000
Expenses	-	981,948	67,870
Capital Outlay	-	558,000	-
Fringe Benefits	-	2,271,829	(32,264)
Total Police Department	<u>-</u>	<u>18,790,918</u>	<u>235,606</u>

<u>FY 2014 Budget As Amended</u>	<u>Total Revised FY 2014 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
437,636	437,636	371,047	-	66,589
181,972	181,972	171,467	-	10,505
-	15,000	15,000	-	-
222,649	222,649	185,373	-	37,276
<u>842,257</u>	<u>857,257</u>	<u>742,887</u>	<u>-</u>	<u>114,370</u>
572,591	572,591	560,191	-	12,400
187,380	193,608	180,716	6,686	6,206
120,000	130,641	118,146	11,328	1,167
94,620	94,620	83,241	-	11,379
<u>974,591</u>	<u>991,460</u>	<u>942,294</u>	<u>18,014</u>	<u>31,152</u>
321,889	321,889	302,916	-	18,973
186,990	186,990	173,623	-	13,367
47,353	47,353	41,424	-	5,929
<u>556,232</u>	<u>556,232</u>	<u>517,963</u>	<u>-</u>	<u>38,269</u>
1,022,113	1,022,113	921,965	-	100,148
137,173	212,036	54,754	146,561	10,721
25,000	25,000	-	25,000	-
175,574	175,574	134,705	-	40,869
<u>1,359,860</u>	<u>1,434,723</u>	<u>1,111,424</u>	<u>171,561</u>	<u>151,738</u>
2,050,349	2,050,349	2,042,041	-	8,308
1,437,689	1,507,957	1,412,915	94,306	736
23,200	23,912	22,912	912	88
371,552	371,552	360,150	-	11,402
<u>3,882,790</u>	<u>3,953,770</u>	<u>3,838,018</u>	<u>95,218</u>	<u>20,534</u>
<u>15,449,605</u>	<u>15,716,692</u>	<u>14,757,864</u>	<u>354,287</u>	<u>604,541</u>
15,179,141	15,179,141	14,950,802	-	228,339
1,049,818	1,049,818	1,022,946	-	26,872
558,000	558,000	557,391	-	609
2,239,565	2,239,565	2,170,572	-	68,993
<u>19,026,524</u>	<u>19,026,524</u>	<u>18,701,711</u>	<u>-</u>	<u>324,813</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, 2014

	Encumbrances/ Continued Appropriations	FY 2014 Original Budget	FY 2014 Budget Revisions
Fire Department			
Personal Services	-	14,324,265	(155,000)
Expenses	31,963	820,304	47,000
Capital Outlay	99,347	168,000	-
Fringe Benefits	-	2,288,597	(18,560)
Total Fire Department	<u>131,310</u>	<u>17,601,166</u>	<u>(126,560)</u>
Inspectional Services Department			
Personal Services	-	964,693	44,000
Expenses	635	59,172	6,000
Fringe Benefits	-	169,069	-
Total Inspectional Services Department	<u>635</u>	<u>1,192,934</u>	<u>50,000</u>
PUBLIC SAFETY TOTAL	<u>131,945</u>	<u>37,585,018</u>	<u>159,046</u>
NEWTON PUBLIC SCHOOLS	<u>2,241,283</u>	<u>187,671,536</u>	<u>(799,906)</u>
Public Works Department			
Personal Services	-	7,677,511	292,617
Expenses	162,908	11,084,242	3,300,000
Capital Outlay	23,246	194,500	-
Fringe Benefits	-	1,616,443	(34,417)
Total Public Works Department	<u>186,154</u>	<u>20,572,696</u>	<u>3,558,200</u>
PUBLIC WORKS TOTAL	<u>186,154</u>	<u>20,572,696</u>	<u>3,558,200</u>

<u>FY 2014 Budget As Amended</u>	<u>Total Revised FY 2014 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
14,169,265	14,169,265	14,068,861	-	100,404
867,304	899,267	827,648	26,279	45,340
168,000	267,347	126,830	136,899	3,618
2,270,037	2,270,037	2,240,043	-	29,994
<u>17,474,606</u>	<u>17,605,916</u>	<u>17,263,382</u>	<u>163,178</u>	<u>179,356</u>
1,008,693	1,008,693	968,585	-	40,108
65,172	65,807	63,213	1,255	1,339
169,069	169,069	167,158	-	1,911
<u>1,242,934</u>	<u>1,243,569</u>	<u>1,198,956</u>	<u>1,255</u>	<u>43,358</u>
<u>37,744,064</u>	<u>37,876,009</u>	<u>37,164,049</u>	<u>164,433</u>	<u>547,527</u>
<u>186,871,630</u>	<u>189,112,913</u>	<u>187,701,909</u>	<u>1,410,011</u>	<u>993</u>
7,970,128	7,970,128	7,919,863	-	50,265
14,384,242	14,547,150	13,920,551	477,807	148,792
194,500	217,746	136,232	75,792	5,722
1,582,026	1,582,026	1,547,578	-	34,448
<u>24,130,896</u>	<u>24,317,050</u>	<u>23,524,224</u>	<u>553,599</u>	<u>239,227</u>
<u>24,130,896</u>	<u>24,317,050</u>	<u>23,524,224</u>	<u>553,599</u>	<u>239,227</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, 2014

	Encumbrances/ Continued Appropriations	FY 2014 Original Budget	FY 2014 Budget Revisions
Health & Human Services Department			
Personal Services	-	2,437,752	-
Expenses	-	334,491	-
Fringe Benefits	-	398,232	3,076
Total Public Health Department	<u>-</u>	<u>3,170,475</u>	<u>3,076</u>
Senior Services Department			
Personal Services	-	256,351	-
Expenses	-	269,420	-
Fringe Benefits	-	53,031	1,325
Total Human Services Department	<u>-</u>	<u>578,802</u>	<u>1,325</u>
Veteran Services Department			
Personal Services	-	88,342	1,000
Expenses	-	216,545	25,000
Fringe Benefits	-	17,697	61
Total Veteran Services Department	<u>-</u>	<u>322,584</u>	<u>26,061</u>
<hr/>			
HEALTH & HUMAN SERVICES TOTAL	<u>-</u>	<u>4,071,861</u>	<u>30,462</u>
<hr/>			
Newton Public Library			
Personal Services	-	3,582,560	-
Expenses	18,510	1,014,148	-
Capital Outlay	-	6,000	-
Fringe Benefits	-	596,977	10,058
Total Newton Public Library	<u>18,510</u>	<u>5,199,685</u>	<u>10,058</u>
Parks & Recreation Department			
Personal Services	-	2,260,084	(58,000)
Expenses	-	1,252,524	18,000
Capital Outlay	-	60,000	10,000
Fringe Benefits	-	368,318	(11,812)
Total Parks & Recreation Department	<u>-</u>	<u>3,940,926</u>	<u>(41,812)</u>
Newton History Museum			
Personal Services	-	203,761	4,000
Expenses	-	19,449	-
Fringe Benefits	-	25,238	510
Total Newton History Museum	<u>-</u>	<u>248,448</u>	<u>4,510</u>
<hr/>			
CULTURE & RECREATION TOTAL	<u>18,510</u>	<u>9,389,059</u>	<u>(27,244)</u>

<u>FY 2014 Budget As Amended</u>	<u>Total Revised FY 2014 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
2,437,752	2,437,752	2,357,741	-	80,011
334,491	334,491	310,108	-	24,383
401,308	401,308	398,476	-	2,832
<u>3,173,551</u>	<u>3,173,551</u>	<u>3,066,325</u>	<u>-</u>	<u>107,226</u>
256,351	256,351	253,524	-	2,827
269,420	269,420	268,327	-	1,093
54,356	54,356	54,210	-	146
<u>580,127</u>	<u>580,127</u>	<u>576,061</u>	<u>-</u>	<u>4,066</u>
89,342	89,342	88,680	-	662
241,545	241,545	234,270	-	7,275
17,758	17,758	16,038	-	1,720
<u>348,645</u>	<u>348,645</u>	<u>338,988</u>	<u>-</u>	<u>9,657</u>
<u>4,102,323</u>	<u>4,102,323</u>	<u>3,981,374</u>	<u>-</u>	<u>120,949</u>
3,582,560	3,582,560	3,489,218	-	93,342
1,014,148	1,032,658	1,031,977	9	672
6,000	6,000	5,903	-	97
607,035	607,035	597,569	-	9,466
<u>5,209,743</u>	<u>5,228,253</u>	<u>5,124,667</u>	<u>9</u>	<u>103,577</u>
2,202,084	2,202,084	2,179,011	-	23,073
1,270,524	1,270,524	1,193,646	-	76,878
70,000	70,000	70,000	-	-
356,506	356,506	348,445	-	8,061
<u>3,899,114</u>	<u>3,899,114</u>	<u>3,791,102</u>	<u>-</u>	<u>108,012</u>
207,761	207,761	207,090	-	671
19,449	19,449	18,576	326	547
25,748	25,748	25,658	-	90
<u>252,958</u>	<u>252,958</u>	<u>251,324</u>	<u>326</u>	<u>1,308</u>
<u>9,361,815</u>	<u>9,380,325</u>	<u>9,167,093</u>	<u>335</u>	<u>212,897</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, 2014

	Encumbrances/ Continued Appropriations	FY 2014 Original Budget	FY 2014 Budget Revisions
DEBT SERVICE (PRINCIPAL & INTEREST)			
Debt Service	-	17,057,491	-
RETIREMENT			
Personal Services	-	201,896	-
Expenses	-	76,050	-
Fringe Benefits	-	27,564,243	(340,426)
Total Retirement	-	27,842,189	(340,426)
APPROPRIATED RESERVES			
Reserve Fund (Budget Reserve)	-	500,000	(500,000)
Reserve Fund (Snow & Ice)	-	1,750,000	(1,750,000)
Total Budgetary Reserves	-	2,250,000	(2,250,000)
STATE & COUNTY ASSESSMENTS	-	5,790,193	(13,239)
SPECIAL APPROPRIATIONS	3,032,020	150,000	1,816,998
TOTAL EXPENDITURES	5,876,999	327,973,197	1,990,342
TRANSFERS TO OTHER FUNDS:			
Workers Comp Self Insurance Fund - Municipal	-	700,000	284,721
Workers Comp Self Insurance Fund - School	-	-	350,000
School Athletic Revolving Fund - School	-	-	880,533
Federal Grant Fund	-	-	33,000
School Building Improvement Fund	-	-	50,000
Municipal Building Improvement Fund	-	-	40,000
Capital Stabilization Fund - Municipal	-	2,400,000	-
Rainy Day Stabilization Fund	-	-	3,000,000
Total Transfers to Other Funds	-	3,100,000	4,638,254
TOTAL EXPENDITURES AND TRANSFERS	\$ 5,876,999	\$ 331,073,197	\$ 6,628,596

<u>FY 2014 Budget As Amended</u>	<u>Total Revised FY 2014 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
<u>17,057,491</u>	<u>17,057,491</u>	<u>16,910,530</u>	<u>-</u>	<u>146,961</u>
201,896	201,896	201,894	-	2
76,050	76,050	76,050	-	-
<u>27,223,817</u>	<u>27,223,817</u>	<u>27,223,816</u>	<u>-</u>	<u>1</u>
<u>27,501,763</u>	<u>27,501,763</u>	<u>27,501,760</u>	<u>-</u>	<u>3</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>5,776,954</u>	<u>5,776,954</u>	<u>5,783,939</u>	<u>-</u>	<u>(6,985)</u>
<u>1,966,998</u>	<u>4,999,018</u>	<u>2,346,218</u>	<u>2,652,800</u>	<u>-</u>
<u>329,963,539</u>	<u>335,840,538</u>	<u>328,838,960</u>	<u>5,135,465</u>	<u>1,866,113</u>
984,721	984,721	984,721	-	-
350,000	350,000	350,000	-	-
880,533	880,533	880,533	-	-
33,000	33,000	33,000	-	-
50,000	50,000	50,000	-	-
40,000	40,000	40,000	-	-
2,400,000	2,400,000	2,400,000	-	-
<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>	<u>-</u>
<u>7,738,254</u>	<u>7,738,254</u>	<u>7,738,254</u>	<u>-</u>	<u>-</u>
<u>337,701,793</u> \$	<u>343,578,792</u> \$	<u>336,577,214</u> \$	<u>5,135,465</u> \$	<u>1,866,113</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, 2014

	Encumbrances/ Continued Appropriations	Current Year Appropriations	Original Budget
Administration & operations	\$ 3,529	142,909	\$ 146,438
2012 CPA appropriation reserve	-	1,597,200	1,597,200
Open space:			
Kessler Woods debt service	-	508,500	508,500
Historic resources:			
Historic preservation reserve	-	317,732	317,732
Historic building assessment (1830-1840)	18,900	-	18,900
Civil war monument repairs	125,698	-	125,698
Historical burial grounds restoration	13,076	-	13,076
Historical burial grounds restoration Phase II	53,518	-	53,518
Durant Kenrick Homestead	104	-	104
Durant Kenrick Homestead preservation restriction	56,028	-	56,028
Newton History Museum Archives Project	30,848	-	30,848
Angino farm barn rehabilitation	95,179	-	95,179
Total - Historic preservation	<u>393,351</u>	<u>317,732</u>	<u>711,083</u>
Community housing:			
Community housing reserve	-	317,732	317,732
54 Eddy Street housing	233,715	-	233,715
12 & 18-20 Curve St. Affordable Housing	-	-	-
Newton Homebuyer Assistance Program	-	-	-
Newton Homebuyer Assistance Program II	77,985	-	77,985
Total - community housing	<u>311,700</u>	<u>317,732</u>	<u>629,432</u>
Community recreation:			
20 Rogers Street land acquisition debt service	-	293,250	293,250
Newton Highlands Playground Strategic Design	-	-	-
Angino farm barn rehabilitation	572,688	-	572,688
Total - community recreation	<u>572,688</u>	<u>293,250</u>	<u>865,938</u>
TOTAL CPA FUND	<u>\$ 1,281,268</u>	<u>\$ 3,177,323</u>	<u>\$ 4,458,591</u>

Budget Revisions	Final Budget	Expended	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ -	\$ 146,438	\$ 107,779	\$ -	\$ 38,659
-	1,597,200	-	-	1,597,200
-	508,500	508,500	-	-
7,404	325,136	-	-	325,136
-	18,900	18,900	-	-
-	125,698	90,343	35,355	-
-	13,076	-	13,076	-
-	53,518	2,184	51,334	-
	104	104	-	-
(7,404)	48,624	48,624	-	-
641,000	671,848	21,387	650,461	-
-	95,179	95,121	58	-
641,000	1,352,083	276,663	750,284	325,136
(306,304)	11,428	-	-	11,428
(11,428)	222,287	222,287	-	-
910,179	910,179	-	910,179	-
475,000	475,000	-	475,000	-
-	77,985	16,657	61,328	-
1,067,447	1,696,879	238,944	1,446,507	11,428
-	293,250	293,250	-	-
200,000	200,000	-	200,000	-
-	572,688	521,392	51,296	-
200,000	1,065,938	814,642	251,296	-
\$ 1,908,447	\$ 6,367,038	\$ 1,946,528	\$ 2,448,087	\$ 1,972,423



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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, 2014

	Continued Appropriations	FY 2014 Appropriations	Transfers
School Building Improvement Fund:			
Newton South High Athletic Field Improvements - 2009	\$ 77,857	\$ -	\$ -
Elementary Modularity Design - 2013	172,103	-	(47,352)
Elementary Modularity - 2013	2,400,000	-	(36,270)
Mason-Rice Sprinkler System - 2013	480,000	-	(12,800)
School Masonry Repairs - 2011	27,620	-	(23,420)
Horace Mann School Window/Door Replacement - 2011	467,139	-	(55,945)
F.A Day Renovations/Addition - 2012	2,176,142	-	(177,200)
F.A Day Renovations - 2012	67,089	-	(15,800)
School Accessibility Improvements - 2012	1,880	-	(1,262)
Lincoln-Eliot Mechanical Upgrades - 2012	323,120	-	3,106
Bowen Masonry Repairs - 2012	60,000	-	(60,000)
Burr Mechanical Upgrades - 2012	182,740	-	(15,500)
Carr Elementary Evaluation/Design - 2012	152,215	-	-
Carr Elementary Renovations - 2013	11,749,118	(118)	-
School Electrical Upgrades - 2012	182,716	-	(23,877)
School Emergency Generators - 2012	99,300	-	-
Bigelow Middle School Staircase Replacement - 2014	-	465,000	-
School Masonry Repairs - 2012	215,878	-	(68,950)
Total School Building Improvement Fund	<u>18,834,917</u>	<u>464,882</u>	<u>(535,270)</u>
High School Renovation Fund:			
Newton North High School Renovations	<u>8,565</u>	<u>-</u>	<u>(5,045)</u>
Angier School Improvement Fund			
Angier Elementary School Feasibility Study	<u>208,825</u>	<u>36,750,000</u>	<u>-</u>
Zervas School Improvement Fund			
Zervas Elementary School Feasibility Study	<u>-</u>	<u>1,000,000</u>	<u>-</u>
Cabot School Improvement Fund			
Cabot Elementary School Feasibility Study	<u>-</u>	<u>1,000,000</u>	<u>-</u>
City Hall Veteran Memorial Wing Improvements - 2013	2,353	-	(311)
Utility Building Masonry Repairs - 2013	223,900	-	-
Crafts St DPW Yard Salt Sheds - 2014	-	500,000	(102)
Manet Rd Communications Building Replacement - 2014	-	-	40,000
Main Library HVAC Repairs - 2013	30,994	-	(50,000)
Crafts St Garage Masonry & Roof Design Svcs - 2013	244,750	-	(155,000)
Fire Station #3/HQ Design - 2014	-	-	275,000
Fire Station #4 Window Repairs - 2012	90,000	(90,000)	50,000
Fire Station #10 Improvements - 2011	104,788	6,112,296	416,000
Police Station HQ Lobby Safety Improvements - 2011	27,027	-	(22,847)
City Hall Window Replacement/Repairs - 2011	122,010	-	(10,000)
City Hall Electrical & Boiler Improvements - 2012	18,269	-	-
Public Building Energy Conservation - 2014	-	2,610,000	-
Lower Falls Community Center ADA Compliance - 2012	8,244	-	(1,673)
Total Municipal Building Improvement Fund	<u>872,335</u>	<u>9,132,296</u>	<u>541,067</u>

Expended	Encumbered	Balance
\$ 4,100	\$ 1,567	\$ 72,190
121,600	-	3,151
2,353,412	-	10,318
426,423	34,269	6,508
4,200	-	-
411,194	-	-
1,987,853	-	11,089
51,289	-	-
618	-	-
307,294	18,932	-
-	-	-
167,240	-	-
143,707	-	8,508
10,560,994	755,175	432,831
158,839	-	-
99,300	-	-
-	443,000	22,000
124,641	-	22,287
<u>16,922,704</u>	<u>1,252,943</u>	<u>588,882</u>
<u>3,520</u>	<u>-</u>	<u>-</u>
<u>1,596,487</u>	<u>2,090,429</u>	<u>33,271,909</u>
<u>442,568</u>	<u>192,627</u>	<u>364,805</u>
<u>-</u>	<u>-</u>	<u>1,000,000</u>
2,042	-	-
223,900	-	-
499,898	-	-
7,500	-	32,500
(20,140)	-	1,134
75,873	-	13,877
24,823	175,000	75,177
-	37,770	12,230
939,577	5,191,760	501,747
4,180	-	-
16,451	950	94,609
2,571	13,479	2,219
-	-	2,610,000
6,571	-	-
<u>1,783,246</u>	<u>5,418,959</u>	<u>3,343,493</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, 2014

	Continued Appropriations	FY 2014 Appropriations	Transfers
CH 90 Highway Improvement Fund:			
Unallocated	398,290	2,338,015	(2,705,363)
Commonwealth Avenue - Engineering	1,662	-	-
Wales Street Bridge	74,850	-	-
Crafts St/Linwood Ave Pedestrian Beacon	806	-	-
Parker St Pedestrian Beacon	18,808	-	-
Nahanton St Bridge Design	5,510	-	-
Walnut & Centre Street Design	7,059	-	-
Pavement Management Plan	19,524	-	-
Nahanton St Bridge Construction Inspection	4,057	-	-
2012 Traffic Signals & Markings	66,800	-	-
2013 Bicycle Lane Striping & Signage	21,411	-	-
2013 Cold Planning - Various Roads	329,000	-	250,000
2013 Overlay - Various Roads	792,000	-	620,000
2013 DPW Labor & Materials	535,648	-	-
2013 Police Details	76,882	-	-
2013 Wales St Bridge Repairs	400,000	-	-
2013 Traffic Signals & Markings - Concord & Washington	25,000	-	-
2014 Microsurfacing	-	-	89,344
2014 Traffic Signals & markings	-	-	80,000
2014 Crack Sealing	-	-	80,000
2014 Bicycle Lane Striping	-	-	76,369
2014 Elliot St Bridge Improvements	-	-	60,600
2014 Cold Planning - Citywide	-	-	643,300
2014 Overlay - Citywide	-	-	748,250
2014 Commonwealth/Lexington/Melrose Traffic Signals	-	-	57,500
Total CH 90 Highway Improvement Fund	2,777,307	2,338,015	-
Massworks Road Improvement Fund:			
2012 Grant Award	665,332	-	-
2013 Grant Award	1,237,216	-	-
2014 Grant Award	-	1,000,000	-
Total Massworks Road Improvement Fund	1,902,548	1,000,000	-
Municipal Equipment Replacement Fund:			
DPW Equipment Replacement - 2012	21,986	-	-
DPW Equipment Replacement - 2012	3,615	-	-
DPW Equipment Replacement - 2013	282,000	-	-
DPW Snow Melting Equipment - 2013	250,000	-	-
Fire Ladder Replacement - 2013	146,911	-	-
Fire Engine Replacement - 2012	72,312	-	-
Total Municipal Equipment Replacement Fund	776,824	-	-
Street Improvement Fund			
LED Street Lighting	-	-	1,300,736
Park Improvement Fund			
Gath Pool Repairs - 2012	36,757	-	(634)
Gath Pool Repairs - 2013	3,703	-	(3,703)
Lower Falls Community Ctr Accessibility - 2013	275,000	-	-
Braceland Playground Improvements - 2012	3,470	-	-
Total Park Improvement Fund	318,930	-	(4,337)

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
-	-	30,942
-	-	1,662
16,677	-	58,173
-	-	806
2,590	-	16,218
-	-	5,510
5,488	1,571	-
-	-	19,524
-	-	4,057
4,948	-	61,852
-	-	21,411
507,759	21,612	49,629
1,016,212	-	395,788
334,807	5	200,836
22,850	-	54,032
44,377	283,858	71,765
19,742	-	5,258
89,344	-	-
72,447	-	7,553
34,796	-	45,204
27,060	-	49,309
37,575	23,025	-
343,151	300,149	-
207,131	462,019	79,100
4,025	53,475	-
<u>2,790,979</u>	<u>1,145,714</u>	<u>1,178,629</u>
629,309	36,023	-
959,724	274,740	2,752
587,278	143,740	268,982
<u>2,176,311</u>	<u>454,503</u>	<u>271,734</u>
21,986	-	-
3,615	-	-
282,000	-	-
250,000	-	-
118,037	-	28,874
-	-	72,312
<u>675,638</u>	<u>-</u>	<u>101,186</u>
<u>335,101</u>	<u>911,924</u>	<u>53,711</u>
36,123	-	-
-	-	-
270,508	4,492	-
(4,898)	-	8,368
<u>301,733</u>	<u>4,492</u>	<u>8,368</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, 2014

	Continued Appropriations	FY 2014 Appropriations	Transfers
Water System Improvement Fund:			
MWRA - Water System - Accumulated Interest Income	45,949	4,253	-
MWRA - Water System Improvements - Loan of 2005	5,276	-	-
MWRA - Water System Improvements - Loan of 2009	16,209	-	-
MWRA - Water System Improvements - III Transfer	25,091	-	-
MWRA - Water System Improvements - Loan of 2010	14,605	-	-
MWRA - Water System Improvements - Loan of 2011	97,763	-	-
MWRA - Water System Improvements - Loan of 2012	31	-	-
MWRA - Water System Improvements - Loan of 2013	1,157,952	-	-
MWRA - Water System Improvements - Loan of 2014	-	1,360,200	-
Water Meter Replacement - 2009	182,210	-	-
Water Main Cleaning & Relining - 2013	2,700,000	-	-
Water Main Cleaning & Relining - 2014	-	-	2,700,000
Waban Hill Reservoir Improvements - 2001/2003	250,467	-	-
Total Water System Improvement Fund	<u>4,495,553</u>	<u>1,364,453</u>	<u>2,700,000</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	(26,083)	-
Farina Rd Sewer Improvements - 2010	50,500	(50,500)	-
Irving St Sewer Improvements - 2010	60,518	(60,518)	-
Old Farm Rd Sewer Improvements - 2010	26,238	(26,238)	-
Woodland/Studio Rd Sewer Improvements - 2010	3,778	(3,778)	-
Central Avenue Sewer Improvements - 2010	-	167,117	-
Central Avenue Sewer Improvements - 2011	-	82,885	-
Old Farm Rd Sewer Improvements - 2011	510	-	-
Aspen Ave /Hawthorne Ave/Studio Ed Ext - 2011	731,000	-	-
Quinobequin Rd Sewer Repairs - 2011	44,158	-	-
Grodon Rd Sewer Repairs - 2011	25,484	(19,065)	-
Newtonville Ave Sewer Repairs - 2011	63,820	(63,820)	-
Wood End Rd Sewer Repairs - 2011	160,000	-	-
Phase I Underground Infrastructure Impv Plan - 2012	3,503,061	-	1,138,160
Project Area II -2014	-	-	181,500
Project Area II (Local Share) - 2014	-	-	1,100,000
Project Area III & IV - 2014	-	-	1,126,993
MWRA - Sewer I&I - Accumulated Interest Income	24,753	1,227	-
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	382,008	-	-
Total Sanitary Sewer Improvement Fund	<u>5,567,235</u>	<u>1,227</u>	<u>3,546,653</u>
Capital Stabilization Fund:			
Reserved for Debt Funded Projects	268,186	-	(254,434)
Designated for North High School Debt Service	2,048,111	-	(2,048,111)
Designated for Fire Station Renovations	1,288	4,547	-
Designated for Energy Conservation Projects	225,106	245,887	(349,217)
Designated for 2013 Override Capital Projects	-	-	709,000
Designated for Ordinary Capital Appropriations	7,817	-	(7,817)
Total Capital Stabilization Fund	<u>2,550,508</u>	<u>250,434</u>	<u>(1,950,579)</u>
Total Capital Projects Funds	<u>\$ 38,313,547</u>	<u>\$ 53,301,307</u>	<u>\$ 5,593,225</u>

Expended	Encumbered	Balance
-	-	50,202
-	5,276	-
-	16,209	-
-	25,091	-
-	14,605	-
77,807	19,956	-
31	-	-
1,143,206	14,746	-
-	1,229,665	130,535
48,282	-	133,928
1,927,610	375,419	396,971
-	2,327,265	372,735
-	2,180	248,287
<u>3,196,936</u>	<u>4,030,412</u>	<u>1,332,658</u>
-	-	10,000
-	-	135,478
-	-	-
-	-	-
-	-	-
-	-	-
135,981	31,136	-
870	-	82,015
-	-	510
2,450	-	728,550
17,026	-	27,132
-	-	6,419
-	-	-
-	-	160,000
3,551,023	1,030,862	59,336
136,125	45,375	-
-	-	1,100,000
678,333	448,660	-
-	-	25,980
-	-	10,350
-	-	72,712
7	-	-
5	-	-
-	-	4,004
4,036	-	228,732
8,223	-	373,785
<u>4,534,079</u>	<u>1,556,033</u>	<u>3,025,003</u>
-	-	13,752
-	-	-
-	-	5,835
-	-	121,776
-	-	709,000
-	-	-
<u>-</u>	<u>-</u>	<u>850,363</u>
<u>\$ 34,759,302</u>	<u>\$ 17,058,036</u>	<u>\$ 45,390,741</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, 2014

	Continued <u>Appropriations</u>	FY 2014 <u>Original Budget</u>	FY 2014 <u>Budget Revisions</u>
Sewer Maintenance & Operation			
Personal Services	\$ -	\$ 1,859,274	\$ (47,660)
Expenses	537,871	996,386	-
Capital Outlay	1,236,867	745,500	-
Fringe Benefits	-	359,465	(538)
Total	<u>1,774,738</u>	<u>3,960,625</u>	<u>(48,198)</u>
MWRA Sewer Assessment			
Intergovernmental	-	20,146,020	7,500
Debt Maturities & Interest	-	1,630,196	-
Retirement	-	381,706	538
Operating Reserve	-	4,090,679	(3,554,153)
Capital Reserve	-	938,048	-
Transfer - Workers Compensation Fund	-	200,000	47,660
Transfer - Sewer Capital Project Fund	-	-	3,546,653
Transfer - General Fund	-	960,852	-
Total Sewer Enterprise Fund	\$ <u>1,774,738</u>	\$ <u>32,308,126</u>	\$ <u>-</u>

<u>FY 2014 Budget As Amended</u>	<u>Total Revised FY 2014 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 1,811,614	\$ 1,811,614	\$ 1,569,637	\$ -	\$ 241,977
1,534,257	1,534,257	856,696	471,276	206,285
1,982,367	1,982,367	515,193	1,456,513	10,661
358,927	358,927	355,890	-	3,037
<u>5,687,165</u>	<u>5,687,165</u>	<u>3,297,416</u>	<u>1,927,789</u>	<u>461,960</u>
<u>20,153,520</u>	<u>20,153,520</u>	<u>20,152,363</u>	<u>-</u>	<u>1,157</u>
<u>1,630,196</u>	<u>1,630,196</u>	<u>1,614,768</u>	<u>-</u>	<u>15,428</u>
<u>382,244</u>	<u>382,244</u>	<u>382,244</u>	<u>-</u>	<u>-</u>
<u>536,526</u>	<u>536,526</u>	<u>-</u>	<u>-</u>	<u>536,526</u>
<u>938,048</u>	<u>938,048</u>	<u>-</u>	<u>-</u>	<u>938,048</u>
<u>247,660</u>	<u>247,660</u>	<u>247,660</u>	<u>-</u>	<u>-</u>
<u>3,546,653</u>	<u>3,546,653</u>	<u>3,546,653</u>	<u>-</u>	<u>-</u>
<u>960,852</u>	<u>960,852</u>	<u>960,852</u>	<u>-</u>	<u>-</u>
<u>\$ 34,082,864</u>	<u>\$ 34,082,864</u>	<u>\$ 30,201,956</u>	<u>\$ 1,927,789</u>	<u>\$ 1,953,119</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Continued <u>Appropriations</u>	FY 2014 <u>Original Budget</u>	FY 2014 <u>Budget Revisions</u>
Water Maintenance & Operation			
Personal Services	\$ -	\$ 1,931,544	\$ (86,464)
Expenses	301,239	1,008,950	-
Capital Outlay	454,910	230,000	-
Fringe Benefits	-	374,710	-
Total	<u>756,149</u>	<u>3,545,204</u>	<u>(86,464)</u>
Debt Maturities & Interest	<u>-</u>	<u>3,407,459</u>	<u>-</u>
Retirement	<u>-</u>	<u>530,800</u>	<u>-</u>
MWRA/DEP Assessments & Charges	<u>-</u>	<u>10,382,420</u>	<u>-</u>
Legal Settlements	<u>-</u>	<u>-</u>	<u>7,445</u>
Operating Reserve	<u>-</u>	<u>2,951,259</u>	<u>(2,707,445)</u>
Capital Reserve	<u>-</u>	<u>626,919</u>	<u>-</u>
Transfer - Sewer Fund	<u>-</u>	<u>577,827</u>	<u>-</u>
Transfer - General Fund	<u>-</u>	<u>1,023,142</u>	<u>-</u>
Transfer - Water Capital Project Fund	<u>-</u>	<u>-</u>	<u>2,700,000</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>200,000</u>	<u>86,464</u>
Total Water Enterprise Fund	<u>\$ 756,149</u>	<u>\$ 23,245,030</u>	<u>\$ -</u>

<u>FY 2014 Budget As Amended</u>	<u>Total Revised FY 2014 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 1,845,080	\$ 1,845,080	\$ 1,774,787	\$ -	\$ 70,293
1,310,189	1,310,189	951,166	317,134	41,889
684,910	684,910	173,679	509,649	1,582
374,710	374,710	340,160	-	34,550
<u>4,214,889</u>	<u>4,214,889</u>	<u>3,239,792</u>	<u>826,783</u>	<u>148,314</u>
<u>3,407,459</u>	<u>3,407,459</u>	<u>3,397,580</u>	<u>-</u>	<u>9,879</u>
<u>530,800</u>	<u>530,800</u>	<u>511,158</u>	<u>-</u>	<u>19,642</u>
<u>10,382,420</u>	<u>10,382,420</u>	<u>10,360,200</u>	<u>-</u>	<u>22,220</u>
<u>7,445</u>	<u>7,445</u>	<u>7,445</u>	<u>-</u>	<u>-</u>
<u>243,814</u>	<u>243,814</u>	<u>-</u>	<u>-</u>	<u>243,814</u>
<u>626,919</u>	<u>626,919</u>	<u>-</u>	<u>-</u>	<u>626,919</u>
<u>577,827</u>	<u>577,827</u>	<u>577,827</u>	<u>-</u>	<u>-</u>
<u>1,023,142</u>	<u>1,023,142</u>	<u>1,023,142</u>	<u>-</u>	<u>-</u>
<u>2,700,000</u>	<u>2,700,000</u>	<u>2,700,000</u>	<u>-</u>	<u>-</u>
<u>286,464</u>	<u>286,464</u>	<u>286,464</u>	<u>-</u>	<u>-</u>
<u>\$ 24,001,179</u>	<u>\$ 24,001,179</u>	<u>\$ 22,103,608</u>	<u>\$ 826,783</u>	<u>\$ 1,070,788</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 122 - 133)

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 134 - 137)

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

Debt Capacity (pages 138 - 141)

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 142)

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 143 - 144)

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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities					
Net investment in capital assets.....	\$ 153,522,317	\$ 153,034,916	\$ 167,543,474	\$ 174,706,210	\$ 150,650,131
Restricted.....	21,270,042	15,267,985	13,842,544	35,459,940	104,838,430
Unrestricted.....	<u>35,865,065</u>	<u>48,962,078</u>	<u>67,671,362</u>	<u>39,781,710</u>	<u>(2,265,544)</u>
Total governmental activities net position.....	<u>\$ 210,657,424</u>	<u>\$ 217,264,979</u>	<u>\$ 249,057,380</u>	<u>\$ 249,947,860</u>	<u>\$ 253,223,017</u>
Business-Type Activities					
Net investment in capital assets.....	\$ 38,212,839	\$ 40,093,169	\$ 43,120,013	\$ 52,946,101	\$ 48,352,902
Unrestricted.....	<u>11,936,815</u>	<u>13,583,611</u>	<u>13,295,771</u>	<u>9,359,270</u>	<u>12,871,360</u>
Total business-type activities net position.....	<u>\$ 50,149,654</u>	<u>\$ 53,676,780</u>	<u>\$ 56,415,784</u>	<u>\$ 62,305,371</u>	<u>\$ 61,224,262</u>
Primary Government					
Net investment in capital assets.....	\$ 191,735,156	\$ 193,128,085	\$ 210,663,487	\$ 227,652,311	\$ 183,345,085
Restricted.....	21,270,042	15,267,985	13,842,544	35,459,940	120,496,378
Unrestricted.....	<u>47,801,880</u>	<u>62,545,689</u>	<u>80,967,133</u>	<u>49,140,980</u>	<u>10,605,816</u>
Total primary government net position.....	<u>\$ 260,807,078</u>	<u>\$ 270,941,759</u>	<u>\$ 305,473,164</u>	<u>\$ 312,253,231</u>	<u>\$ 314,447,279</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 194,301,691	\$ 211,763,420	\$ 227,091,798	\$ 238,374,247	\$ 248,739,230
52,363,403	34,096,760	27,700,568	27,981,384	29,816,361
<u>(27,083,933)</u>	<u>(65,309,262)</u>	<u>(93,548,399)</u>	<u>(122,355,108)</u>	<u>(138,654,442)</u>
<u>\$ 219,581,161</u>	<u>\$ 180,550,918</u>	<u>\$ 161,243,967</u>	<u>\$ 144,000,523</u>	<u>\$ 139,901,149</u>
\$ 52,125,768	\$ 54,124,183	\$ 55,890,406	\$ 56,271,350	\$ 66,943,719
9,980,661	15,055,372	21,130,465	26,098,363	23,050,090
<u>\$ 62,106,429</u>	<u>\$ 69,179,554</u>	<u>\$ 77,020,871</u>	<u>\$ 82,369,713</u>	<u>\$ 89,993,809</u>
\$ 232,929,470	\$ 258,565,946	\$ 269,287,104	\$ 294,645,597	\$ 315,682,949
65,861,392	41,418,417	41,395,668	27,981,384	29,816,361
<u>(17,103,272)</u>	<u>(50,253,891)</u>	<u>(72,417,934)</u>	<u>(96,256,745)</u>	<u>(115,604,352)</u>
<u>\$ 281,687,590</u>	<u>\$ 249,730,472</u>	<u>\$ 238,264,838</u>	<u>\$ 226,370,236</u>	<u>\$ 229,894,958</u>

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

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009
Expenses					
General government.....	\$ 19,275,760	\$ 24,609,259	\$ 20,617,999	\$ 25,791,496	\$ 22,581,716
Public safety.....	41,690,193	43,062,252	44,207,931	48,896,370	52,614,816
Education.....	175,722,669	181,638,581	188,026,627	218,716,994	236,024,500
Public works.....	23,440,299	21,666,417	21,643,562	25,208,763	27,229,098
Health and human services.....	8,864,530	8,979,409	9,273,626	9,980,301	10,463,388
Culture and recreation.....	14,253,032	13,802,334	13,471,254	15,864,538	16,806,140
Debt service - interest.....	2,570,332	2,350,756	2,237,287	2,494,422	4,375,013
Total expenses.....	<u>285,816,815</u>	<u>296,109,008</u>	<u>299,478,286</u>	<u>346,976,964</u>	<u>370,094,671</u>
Program Revenues					
Charges for services.....	20,056,263	21,298,907	22,854,391	21,185,123	21,413,394
Operating grants and contributions.....	48,562,260	50,529,662	54,150,398	60,500,259	66,344,326
Capital grants and contributions.....	36,589,529	642,315	11,118,572	21,684,895	30,179,116
Total program revenues.....	<u>105,208,052</u>	<u>72,470,884</u>	<u>88,123,361</u>	<u>103,370,277</u>	<u>117,936,836</u>
Net (expense)/revenue.....	<u>(180,608,763)</u>	<u>(223,638,124)</u>	<u>(211,354,925)</u>	<u>(243,606,687)</u>	<u>(252,157,835)</u>
General Revenues and Other Changes in Net Position					
Real estate and personal property taxes.....	192,457,450	200,966,839	209,105,186	211,886,334	226,800,860
Motor vehicle and other excise taxes.....	11,202,714	10,803,654	10,396,428	10,859,789	10,479,922
Hotel/motel taxes.....	979,194	1,060,052	1,138,921	1,103,549	1,108,199
Meal taxes.....	-	-	-	-	-
Penalties and interest on taxes.....	1,166,429	830,030	1,049,712	1,055,344	1,223,300
Payments in lieu of taxes.....	529,600	553,920	2,851,122	767,439	273,359
Community preservation surcharges.....	1,893,219	1,963,982	2,032,942	2,114,805	2,193,701
Grants and contributions not restricted to specific programs.....	7,988,751	8,353,727	9,289,181	8,705,545	7,435,280
Unrestricted investment income.....	1,687,125	3,290,981	4,757,698	4,306,424	2,610,098
Gain (Loss) on sale of capital assets.....	36,000	10,702	-	-	-
Other.....	554,259	1,133,664	1,302,478	2,522,970	1,761,048
Transfers, net.....	1,219,955	1,278,128	1,223,658	1,264,968	1,457,225
Total general revenues and other changes in net position.....	<u>219,714,696</u>	<u>230,245,679</u>	<u>243,147,326</u>	<u>244,587,167</u>	<u>255,342,992</u>
Change in net position.....	<u>\$ 39,105,933</u>	<u>\$ 6,607,555</u>	<u>\$ 31,792,401</u>	<u>\$ 980,480</u>	<u>\$ 3,185,157</u>

	2010	2011	2012	2013	2014
\$	24,623,302	\$ 26,974,952	\$ 21,992,988	\$ 22,997,802	\$ 22,716,559
	52,168,801	55,800,259	56,061,495	56,962,698	61,290,201
	245,946,308	252,413,006	252,922,994	264,655,220	272,447,586
	26,138,843	28,410,758	24,221,365	28,194,390	29,223,056
	10,672,057	10,757,372	10,684,932	11,323,484	11,328,446
	16,245,112	15,092,035	16,216,945	16,177,118	15,164,811
	7,234,167	7,670,746	7,559,469	7,989,634	7,714,546
	<u>383,028,590</u>	<u>397,119,128</u>	<u>389,660,188</u>	<u>408,300,346</u>	<u>419,885,205</u>
	20,969,889	21,915,225	25,732,684	28,970,340	28,321,486
	65,706,164	66,976,636	65,780,261	69,319,711	74,285,730
	1,960,084	1,764,258	2,519,356	5,975,327	5,053,677
	<u>88,636,137</u>	<u>90,656,119</u>	<u>94,032,301</u>	<u>104,265,378</u>	<u>107,660,893</u>
	<u>(294,392,453)</u>	<u>(306,463,009)</u>	<u>(295,627,887)</u>	<u>(304,034,968)</u>	<u>(312,224,312)</u>
	232,774,689	239,761,554	249,340,011	258,590,398	278,426,655
	9,860,220	10,541,624	10,514,832	11,404,708	11,953,727
	1,168,095	1,588,882	1,814,792	2,051,414	2,218,759
	382,934	1,308,191	1,403,261	1,407,803	1,557,737
	1,026,507	1,038,225	1,146,496	1,011,590	1,160,092
	3,270,902	515,471	529,294	524,906	557,065
	2,288,314	2,352,389	2,431,863	2,501,875	2,697,187
	5,891,287	5,596,391	5,263,525	6,276,114	5,716,482
	934,313	454,365	278,106	202,473	230,699
	24,347	32,280	-	-	-
	1,752,802	3,002,856	2,169,238	1,492,956	1,622,541
	1,376,187	1,240,538	1,429,518	1,640,260	1,983,994
	<u>260,750,597</u>	<u>267,432,766</u>	<u>276,320,936</u>	<u>287,104,497</u>	<u>308,124,938</u>
\$	<u>(33,641,856)</u>	<u>(39,030,243)</u>	<u>(19,306,951)</u>	<u>(16,930,471)</u>	<u>(4,099,374)</u>

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

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009
Expenses					
Sewer.....	\$ 17,891,749	\$ 18,404,780	\$ 20,033,778	\$ 21,208,637	\$ 21,879,634
Water.....	10,045,997	10,939,117	11,467,754	12,212,234	13,623,595
Total expenses.....	<u>27,937,746</u>	<u>29,343,897</u>	<u>31,501,532</u>	<u>33,420,871</u>	<u>35,503,229</u>
Program Revenues					
Charges for services.....	29,763,876	32,981,905	33,084,089	39,034,143	33,761,633
Operating grants and contributions.....	1,289,586	838,241	835,397	814,428	857,561
Capital grants and contributions.....	159,450	329,005	1,544,708	726,855	1,260,151
Total program revenues.....	<u>31,212,912</u>	<u>34,149,151</u>	<u>35,464,194</u>	<u>40,575,426</u>	<u>35,879,345</u>
Net (expense)/revenue.....	<u>3,275,166</u>	<u>4,805,254</u>	<u>3,962,662</u>	<u>7,154,555</u>	<u>376,116</u>
General Revenues and Transfers					
Gain on sale of capital asset.....	-	-	-	-	-
Transfers, net.....	<u>(1,219,955)</u>	<u>(1,278,128)</u>	<u>(1,223,658)</u>	<u>(1,264,968)</u>	<u>(1,457,225)</u>
Change in net position.....	\$ <u>2,055,211</u>	\$ <u>3,527,126</u>	\$ <u>2,739,004</u>	\$ <u>5,889,587</u>	\$ <u>(1,081,109)</u>

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	23,347,392	\$ 23,468,371	\$ 24,953,457	\$ 25,359,689	\$ 25,557,836
	<u>13,780,687</u>	<u>14,260,631</u>	<u>15,185,784</u>	<u>15,896,034</u>	<u>16,702,263</u>
	<u>37,128,079</u>	<u>37,729,002</u>	<u>40,139,241</u>	<u>41,255,723</u>	<u>42,260,099</u>
	38,405,378	45,171,479	48,273,768	47,175,932	51,347,815
	732,948	847,004	646,975	1,059,085	514,894
	<u>245,331</u>	<u>24,182</u>	<u>489,333</u>	<u>9,808</u>	<u>5,480</u>
	<u>39,383,657</u>	<u>46,042,665</u>	<u>49,410,076</u>	<u>48,244,825</u>	<u>51,868,189</u>
	<u>2,255,578</u>	<u>8,313,663</u>	<u>9,270,835</u>	<u>6,989,102</u>	<u>9,608,090</u>
	2,776	-	-	-	-
	<u>(1,376,187)</u>	<u>(1,240,538)</u>	<u>(1,429,518)</u>	<u>(1,640,260)</u>	<u>(1,983,994)</u>
\$	<u>882,167</u>	<u>7,073,125</u>	<u>7,841,317</u>	<u>5,348,842</u>	<u>7,624,096</u>

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

LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total expenses.....	\$ 313,754,561	\$ 325,918,453	\$ 330,979,818	\$ 380,397,835	\$ 405,597,900
Total program revenues.....	<u>136,420,964</u>	<u>107,200,814</u>	<u>123,587,555</u>	<u>143,945,703</u>	<u>153,816,181</u>
Net (expense)/revenue.....	(177,333,597)	(218,717,639)	(207,392,263)	(236,452,132)	(251,781,719)
Total general revenues, transfers and other changes in net position.....	<u>218,494,741</u>	<u>228,967,551</u>	<u>241,923,668</u>	<u>243,322,199</u>	<u>253,885,767</u>
Change in net position.....	\$ <u>41,161,144</u>	\$ <u>10,249,912</u>	\$ <u>34,531,405</u>	\$ <u>6,870,067</u>	\$ <u>2,104,048</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 420,156,669	\$ 434,848,130	\$ 429,799,429	449,556,069	\$ 462,145,304
<u>128,019,794</u>	<u>136,698,784</u>	<u>143,442,377</u>	<u>152,510,203</u>	<u>159,529,082</u>
(292,136,875)	(298,149,346)	(286,357,052)	(297,045,866)	(302,616,222)
<u>259,377,186</u>	<u>266,192,228</u>	<u>274,891,418</u>	<u>285,464,237</u>	<u>306,140,944</u>
\$ <u><u>(32,759,689)</u></u>	\$ <u><u>(31,957,118)</u></u>	\$ <u><u>(11,465,634)</u></u>	<u><u>(11,581,629)</u></u>	\$ <u><u>3,524,722</u></u>

GOVERNMENTAL FUNDS
FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund					
Reserved.....	\$ 3,696,513	\$ 4,177,720	\$ 3,884,714	\$ 3,091,164	\$ 4,595,043
Unreserved.....	10,125,954	16,117,152	19,724,693	16,342,052	15,574,235
Restricted.....	-	-	-	-	-
Committed.....	-	-	-	-	-
Assigned.....	-	-	-	-	-
Unassigned.....	-	-	-	-	-
Total general fund.....	<u>\$ 13,822,467</u>	<u>\$ 20,294,872</u>	<u>\$ 23,609,407</u>	<u>\$ 19,433,216</u>	<u>\$ 20,169,278</u>
All Other Governmental Funds					
Reserved.....	\$ 7,188,858	\$ 7,333,993	\$ 6,181,855	\$ 7,904,778	\$ 8,153,969
Unreserved, reported in:					
Special revenue funds.....	7,651,781	6,828,092	7,213,248	10,478,029	13,253,604
Capital projects funds.....	(9,421,471)	1,450,147	17,319,824	38,560,162	93,303,737
Permanent funds.....	1,012,798	874,461	925,527	817,614	736,678
Nonspendable.....	-	-	-	-	-
Restricted.....	-	-	-	-	-
Committed.....	-	-	-	-	-
Unassigned.....	-	-	-	-	-
Total all other governmental funds.....	<u>\$ 6,431,966</u>	<u>\$ 16,486,693</u>	<u>\$ 31,640,454</u>	<u>\$ 57,760,583</u>	<u>\$ 115,447,988</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>2010</u>	<u>2011 (1)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	5,746,263	\$ -	\$ -	\$ -	\$ -
	13,566,282	-	-	-	-
	-	928,722	938,274	3,164,616	2,849,507
	-	14,877,088	9,816,666	5,348,800	4,889,216
	-	844,441	2,583,061	3,110,521	2,677,990
	-	14,123,323	14,886,340	21,091,447	26,259,064
\$	<u>19,312,545</u>	<u>\$ 30,773,574</u>	<u>\$ 28,224,341</u>	<u>\$ 32,715,384</u>	<u>\$ 36,675,777</u>
\$	25,926,689	\$ -	\$ -	\$ -	\$ -
	10,704,933	-	-	-	-
	28,167,213	-	-	-	-
	740,024	-	-	-	-
	-	445,570	446,818	447,206	397,250
	-	28,989,163	28,617,216	26,869,665	30,289,935
	-	886,894	1,745,209	1,718,332	1,736,249
	-	(354,498)	-	-	-
\$	<u>65,538,859</u>	<u>\$ 29,967,129</u>	<u>\$ 30,809,243</u>	<u>\$ 29,035,203</u>	<u>\$ 32,423,434</u>

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

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009
REVENUES					
Real estate and personal property taxes.....	\$ 192,554,388	\$ 200,165,525	\$ 207,245,638	\$ 211,435,422	\$ 224,437,442
Motor vehicle and other excise taxes.....	11,467,867	11,298,282	10,197,596	11,131,712	10,098,579
Hotel/motel tax.....	979,194	1,060,052	1,138,921	1,103,549	1,108,199
Meals tax.....	-	-	-	-	-
Payments in lieu of taxes.....	394,563	418,202	411,841	358,957	489,108
Community preservation surcharges.....	1,878,091	1,978,999	2,027,379	2,107,392	2,207,442
Charges for services.....	11,765,228	11,895,186	14,110,021	14,088,742	14,209,678
Intergovernmental.....	85,837,606	60,266,994	75,564,011	78,760,492	122,879,420
Special assessments.....	-	-	215,216	157,281	218,438
Penalties and interest on taxes.....	1,225,224	830,030	1,049,712	1,055,344	1,223,300
Licenses and permits.....	4,991,489	7,172,004	5,764,582	4,928,179	4,575,496
Fines and forfeitures.....	1,987,816	2,002,406	1,850,503	1,899,661	2,022,175
Contributions.....	1,462,588	1,187,036	796,807	1,395,023	1,320,527
Investment income.....	1,985,227	3,362,563	4,960,859	4,435,423	2,642,189
Miscellaneous/other.....	588,220	1,326,054	947,985	1,813,990	1,686,507
TOTAL REVENUES.....	317,117,501	302,963,333	326,281,071	334,671,167	389,118,500
EXPENDITURES					
Current:					
General government.....	20,272,046	21,671,422	18,456,441	22,190,508	21,756,050
Public safety.....	33,467,775	33,207,890	36,540,065	36,960,093	37,438,138
Education.....	156,983,456	157,219,646	166,363,295	202,577,476	252,917,406
Public works.....	23,574,662	20,074,536	23,001,792	24,844,231	24,944,049
Health and human services.....	3,565,435	3,594,966	4,054,211	3,989,849	4,080,313
Culture and recreation.....	12,376,821	12,156,563	14,441,900	12,837,823	12,438,606
Retirement benefits.....	36,643,546	39,366,562	42,079,659	44,134,609	47,480,693
Insurance.....	1,596,923	1,621,121	1,666,576	1,690,977	1,891,488
Claims and judgments.....	176,472	214,058	143,335	97,254	250,509
Health insurance subsidy.....	-	-	173,495	-	-
Other.....	-	-	-	24,080	-
State and county charges.....	5,045,783	5,209,013	5,375,365	5,512,027	5,453,169
Debt service:					
Principal.....	5,118,200	5,595,500	8,472,050	6,146,900	7,652,100
Interest.....	2,483,216	2,215,170	2,129,315	2,378,302	3,694,574
TOTAL EXPENDITURES.....	301,304,335	302,146,447	322,897,499	363,384,129	419,997,095
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	15,813,166	816,886	3,383,572	(28,712,962)	(30,878,595)
OTHER FINANCING SOURCES (USES)					
Transfers in.....	7,768,303	8,195,281	9,793,750	12,584,287	15,539,377
Proceeds of bonds and notes.....	11,500,000	13,835,000	10,600,000	48,792,000	86,010,000
Premium from issuance of bonds and notes.....	406,462	293,090	92,732	262,441	1,557,255
Sale of capital assets.....	36,000	26,446	40,752	49,909	-
Transfers out.....	(6,236,017)	(6,639,571)	(8,292,510)	(11,031,737)	(13,804,570)
TOTAL OTHER FINANCING SOURCES (USES).....	13,474,748	15,710,246	12,234,724	50,656,900	89,302,062
EXTRAORDINARY ITEM					
Proceeds of structured settlement contract.....	-	-	2,850,000	-	-
NET CHANGE IN FUND BALANCES.....	\$ 29,287,914	\$ 16,527,132	\$ 18,468,296	\$ 21,943,938	\$ 58,423,467
DEBT SERVICE EXPENDITURES AS A PERCENTAGE OF NONCAPITAL EXPENDITURES.....					
	2.5%	2.6%	3.3%	2.3%	2.7%

	2010	2011	2012	2013	2014
\$	233,726,177	\$ 240,732,647	\$ 248,503,570	\$ 257,225,856	\$ 277,636,527
	10,222,534	10,463,796	10,567,479	11,351,368	12,057,191
	1,168,095	1,588,882	1,814,792	2,051,414	2,218,759
	382,934	1,308,191	1,403,261	1,407,803	1,557,737
	3,095,059	439,721	479,617	521,643	475,741
	2,296,523	2,365,422	2,427,905	2,508,969	2,689,198
	14,821,694	14,674,078	17,340,467	17,702,424	19,090,133
	75,443,469	73,856,678	73,036,706	81,971,057	83,629,746
	158,481	254,638	350,639	224,503	189,547
	1,026,507	1,038,224	1,146,496	1,011,591	1,160,091
	4,564,508	5,523,613	6,081,388	9,291,263	7,538,284
	2,101,518	1,907,471	2,017,085	2,029,860	1,889,935
	1,185,340	1,382,243	1,299,748	833,888	1,112,823
	1,016,818	554,473	271,250	257,726	328,015
	667,540	1,676,863	1,222,231	593,712	737,709
	<u>351,877,197</u>	<u>357,766,940</u>	<u>367,962,634</u>	<u>388,983,077</u>	<u>412,311,436</u>
	22,007,737	27,495,142	21,216,365	18,961,966	22,784,656
	37,999,263	37,725,281	39,687,309	40,232,455	42,177,396
	254,430,394	214,802,244	196,486,485	210,372,992	230,391,740
	26,357,440	24,730,797	21,918,256	28,939,827	31,082,397
	4,305,785	4,177,515	4,123,498	4,358,995	4,656,637
	12,637,414	11,232,808	13,839,046	13,634,682	12,443,344
	49,940,948	53,157,157	56,055,483	57,813,067	60,134,090
	1,676,169	1,445,803	1,559,274	1,722,006	1,778,619
	100,453	160,733	58,504	128,950	171,221
	-	-	-	-	-
	-	-	-	-	-
	5,619,317	5,472,487	5,503,956	5,722,550	5,783,939
	8,548,500	9,460,500	9,408,367	9,596,167	10,367,425
	<u>7,079,256</u>	<u>7,509,703</u>	<u>7,574,440</u>	<u>7,568,326</u>	<u>7,411,724</u>
	<u>430,702,676</u>	<u>397,370,170</u>	<u>377,430,983</u>	<u>399,051,983</u>	<u>429,183,188</u>
	<u>(78,825,479)</u>	<u>(39,603,230)</u>	<u>(9,468,349)</u>	<u>(10,068,906)</u>	<u>(16,871,752)</u>
	8,860,150	6,386,643	8,413,437	7,732,178	10,802,542
	25,548,000	13,770,000	5,734,000	10,812,558	20,936,000
	815,357	168,147	131,379	590,740	749,963
	42,491	36,262	67,610	55,325	27,419
	<u>(7,206,381)</u>	<u>(4,868,523)</u>	<u>(6,585,196)</u>	<u>(6,091,919)</u>	<u>(8,295,548)</u>
	<u>28,059,617</u>	<u>15,492,529</u>	<u>7,761,230</u>	<u>13,098,882</u>	<u>24,220,376</u>
	-	-	-	-	-
\$	<u>(50,765,862)</u>	<u>(24,110,701)</u>	<u>(1,707,119)</u>	<u>3,029,976</u>	<u>7,348,624</u>
	3.6%	4.3%	4.5%	4.3%	4.1%

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				
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%
2014	18,687,096,235	1,906,786,065	368,307,500	20,962,189,800	13.13	22,305,253,800	93.98%

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)
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
2014	12.12	23.18	23.18	13.13

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	2014			2005		
	Assessed Valuation	Rank	Percentage of Total Tax Levy	Assessed Valuation	Rank	Percentage of Total Tax Levy
NSTAR Electric	\$ 2,798,348	1	1.00%	\$ 937,170	4	0.48%
Riverside Project, LLC	2,264,538	2	0.81%	1,735,758	1	0.89%
Rothenberg, Daniel E.	1,717,289	3	0.62%	951,421	3	0.49%
Cohen, Julian & Rothenburg D TRS	1,522,327	4	0.55%	868,636	5	0.45%
Chesapeake Hotel Lmt Partnership	1,481,770	5	0.53%	738,579	7	0.38%
Boston Gas/National Grid	1,479,983	6	0.53%	N/A	N/A	N/A
Atrium Wellness Center LLC	1,055,518	7	0.38%	N/A	N/A	N/A
CHS Commercial Owner LLC	1,052,245	8	0.38%	N/A	N/A	N/A
Verizon New England Inc.	1,032,210	9	0.37%	N/A	N/A	N/A
Thomas J. White TRS	982,698	10	0.35%	695,556	8	0.36%
Mayflower Atrium LLC	N/A	N/A	N/A	1,176,722	2	0.61%
Wells Avenue Senior Holdings LLC	N/A	N/A	N/A	761,460	6	0.39%
Schroder Newton Limited Partnership	N/A	N/A	N/A	678,588	9	0.35%
Lasell College	N/A	N/A	N/A	467,855	10	0.24%
Total	\$ 15,386,926		5.52%	\$ 9,011,745		4.64%

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			Total Collections to Date		
		Current Tax Collections	Percent of Net Levy Collected	Actual Subsequent Collections	Total Tax Collections	Total Collections as a % of Net Levy (1)	
2005	\$ 191,516,639	\$ 189,884,213	99.15%	\$ 2,341,207	\$ 192,225,420	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%	2,449,528	206,875,275	100.62%	
2008	213,670,594	211,782,357	99.12%	2,225,079	214,007,436	100.16%	
2009	222,124,895	221,179,256	99.57%	1,089,303	222,268,559	100.06%	
2010	230,471,466	228,861,998	99.30%	1,510,114	230,372,112	99.96%	
2011	238,752,520	237,347,484	99.41%	2,108,094	239,455,578	100.29%	
2012	247,532,017	246,717,069	99.67%	1,777,493	248,494,562	100.39%	
2013	256,559,763	255,584,775	99.62%	2,068,207	257,652,982	100.43%	
2014	275,166,240	274,820,049	99.87%	-	274,820,049	99.87%	

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		
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
2014	199,866,399	-	14,265,000	15,726,829	229,858,228	2,663

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		
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%	3.32%
2010	187,685,300	(749,640)	186,935,660	0.83%	3.64%
2011	191,994,800	(683,320)	191,311,480	0.85%	3.70%
2012	188,320,433	(2,946,430)	185,374,003	0.85%	3.54%
2013	189,297,824	(2,896,430)	186,401,394	0.86%	3.51%
2014	199,866,399	(2,835,755)	197,030,644	0.88%	3.71%

(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, 2014

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Massachusetts Water Resources Authority.....	\$ 6,009,972,000	4.56%	\$ <u>274,092,978</u>
City direct debt.....			<u>229,858,228</u>
Total direct and overlapping debt.....			<u>\$ <u>503,951,206</u></u>

Sources: MWRA, City of Newton Treasurer's Office

LEGAL DEBT MARGIN INFORMATION

LAST FIVE FISCAL YEARS

	2014	2013	2012	2011	2010
Equalized valuation.....	\$ 22,305,253,800	\$ 21,744,090,700	\$ 21,744,090,700	\$ 22,506,213,100	\$ 22,506,213,100
Normal debt limit (5% of equalized valuation).....	1,115,262,690	1,087,204,535	1,087,204,535	1,125,310,655	1,125,310,655
Debt applicable to limit:					
Total bonded debt.....	229,858,228	222,612,428	217,646,450	221,718,814	216,847,050
Less: General obligation bonds exempted by authority of state legislature.....	<u>(17,377,352)</u>	<u>(17,643,162)</u>	<u>(19,699,017)</u>	<u>(29,724,014)</u>	<u>(29,161,750)</u>
Total net debt applicable to limit.....	<u>212,480,876</u>	<u>204,969,266</u>	<u>197,947,433</u>	<u>191,994,800</u>	<u>187,685,300</u>
Legal debt margin.....	<u>\$ 902,781,814</u>	<u>\$ 882,235,269</u>	<u>\$ 889,257,102</u>	<u>\$ 933,315,855</u>	<u>\$ 937,625,355</u>
Total net debt applicable to the limit as a percentage of normal debt limit.....	<u>19.1%</u>	<u>18.9%</u>	<u>18.2%</u>	<u>17.1%</u>	<u>16.7%</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 (%)
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	61,530	5,113,881,360	113,416	11,570	6.3%
2009	83,501	38.7	61,530	5,137,816,530	113,416	11,607	6.5%
2010	84,024	40.5	61,530	5,169,996,720	113,416	11,775	5.0%
2011	85,146	39.9	61,530	5,239,033,380	113,416	12,172	4.1%
2012	86,307	40.2	61,530	5,310,469,710	113,416	12,170	4.1%
2013	86,307	40.2	61,530	5,310,469,710	113,416	12,441	4.1%

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

Employees as of June 30					
Function/Program	2014	2013	2012	2011	2010
General government.....	138	128	131	133	125
Public safety.....	372	364	371	373	379
Education.....	1,406	1,334	1,285	1,195	1,268
Public works	136	131	126	131	139
Health and human services.....	42	45	45	48	48
Culture and recreation.....	82	80	79	82	93
Water.....	29	28	29	31	27
Sewer.....	25	28	27	32	36
Total.....	2,230	2,138	2,093	2,025	2,115

Source: City of Newton payroll

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST FIVE FISCAL YEARS

Function/Program	Fiscal Year				
	2014	2013	2012	2011	2010
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