

City of Newton, Massachusetts

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2015



City of Newton, Massachusetts

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2015



Prepared by the Comptroller's Office

CITY OF NEWTON, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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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 1, 2015

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, 2015. 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, 2015 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 2015 with a fund balance of \$17.3 million - \$3.3 million or 23.6% more than the balance as of the start of the year and 5% of General Fund expenditures for the year. Subsequent to fiscal year end, the City has contributed an additional \$782,386 to the fund, bringing the balance to 5% of the original 2016 budget, the target level of funding in the City's financial management policies.

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. During 2015 the City revised mortality assumptions to better reflect retiree longevity trends, which required an increase in the rate of annual plan contributions from 8.5% to 8.75% per year between now and June 30, 2029, when the plan is expected to be actuarially funded. The current funding schedule assumes an average annual investment rate of return of 7.65%, which although in line with investment return experience of the past 30 years, is slightly higher than the 7.35% return assumption used for financial reporting and the 7.51% annual money weighed rate of return, net of investment expenses that was realized in 2014. Return assumptions for funding purposes are long term projections and subject to review every three to five years. No change was made during 2015 in the 3.5% assumed rate of change in active employee compensation.

During the previous fiscal year, the City transferred all OPEB assets to the Commonwealth of Massachusetts State Retiree Benefit Trust for investment by the Pension Reserves Investment Management Board. The OPEB trust ended fiscal year 2015 with assets of \$2.1 million, double the funded balance at June 30 of the previous fiscal year. Although the City has yet to formally adopt a funding plan for its OPEB liabilities, the OPEB actuary was engaged in 2015 to prepare a funding plan that provides for meaningful funding to begin in fiscal year 2030, after the defined benefit plan is scheduled to be actuarially funded. The plan projects full actuarial funding of OPEB obligations by fiscal year 2042.

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 104 - 126 of this report.

The City's books on fiscal year 2015 were closed within 60 days of year end and on September 9, 2015 the Massachusetts Department of Revenue certified the City's July 1, 2015 free cash (General Fund fund balance available for appropriation) at \$6.1 million. As of this date, a total of \$59,100 of this sum has been appropriated by vote of Board of Aldermen for supplementing the City's Rainy Day Fund. All statutory filings have also been made with the Massachusetts Department of Revenue and the Department of Elementary and Secondary Education.

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 \$232.4 million increase in expenses in the government-wide financial statements and a corresponding decline in unrestricted net assets. This represents 33.1% 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 80) for more detailed information on the City's health benefit obligations.

Collective Bargaining Agreements

At fiscal year-end, collective bargaining contracts were open with the City's public safety and public school employees. Subsequent to fiscal year end, the School Committee reached agreement on new contracts with all Newton Teachers Association units. A liability has been recorded for the estimated cost of implementing the September 1, 2014 – August 31, 2015 Newton Teachers Association contract and for the City's estimated cost exposure for public safety contracts that remain unresolved for the July 1, 2014 – June 30, 2015 period.

Audit Committee

In order to strengthen the City's internal controls and financial reporting, the Board of Aldermen established a permanent audit committee, consisting of both representatives of the Board of Aldermen and Newton residents with financial management and audit education and experience. The Committee held a number of meetings with management and the City's independent auditors in 2015. 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, 2015, 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.

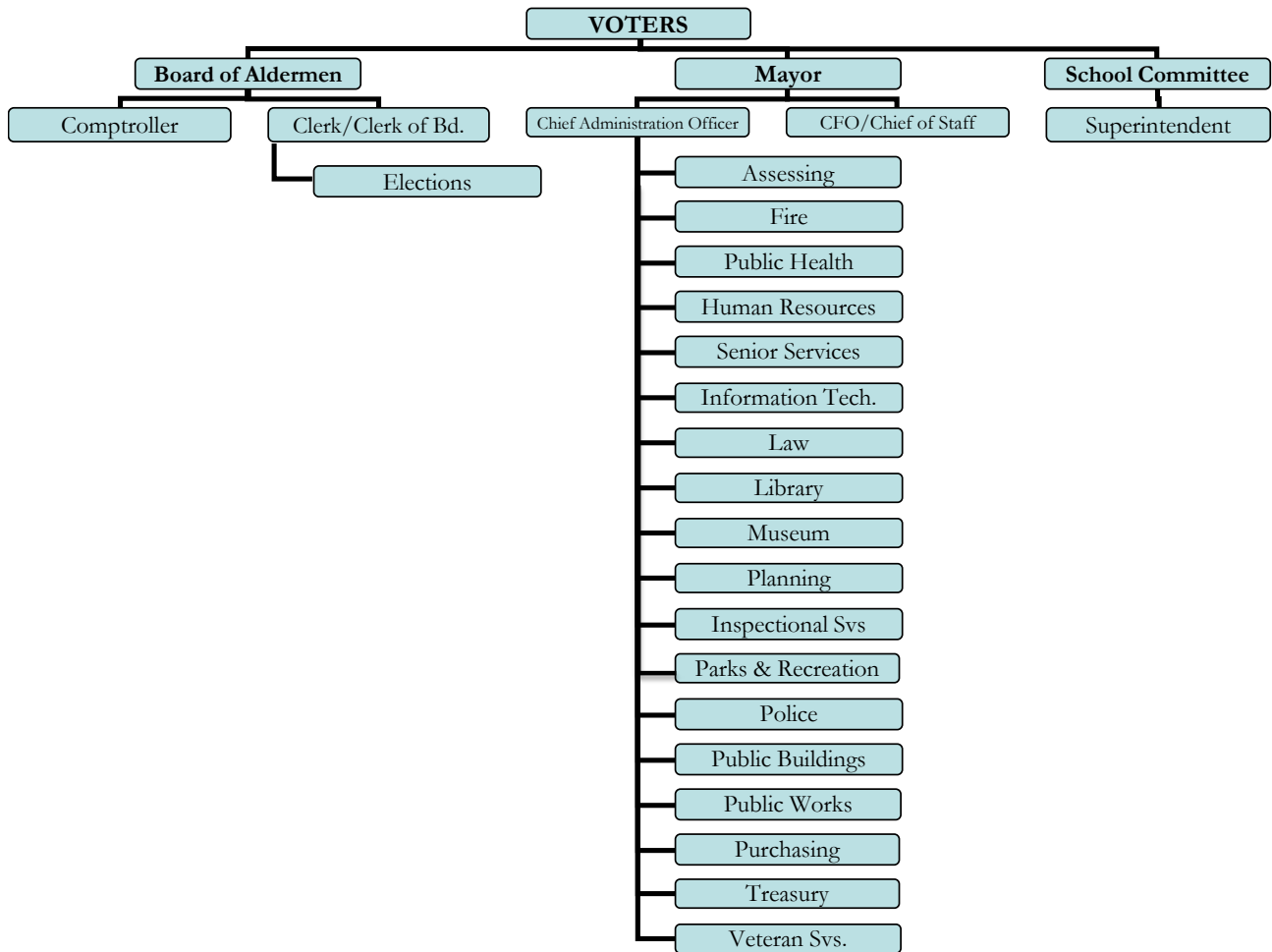
Respectfully,

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
Barbara Brousal-Glaser, Finance Committee
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

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, Acting Commissioner
Human Resources: Jeffery Honig, Acting HR Director
Financial Information Systems: Ann Cornaro, Director
Information Technology: Joe Mulvey, Director
Inspectional Services: John Lojek, Commissioner
Newton History Museum: Lisa Dady, Director
Law: Donnalyn Kahn, City Solicitor
Library: Philip McNulty, Librarian
Parks & Recreation: Robert DeRubeis, Commissioner
Planning & Development: James Freas, Acting Director
Police: Howard Mintz, Police Chief
Public Buildings: Josh Morse, Commissioner
Public Works: Shane Mark, Acting Commissioner
Purchasing: Nick Read, Chief Procurement Officer
Senior Services: Jayne Colino, Director
Treasury: James Reardon, Treasurer & Collector
Veteran Services: Seth Bai, Veteran Services Officer

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, 2015 (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, 2014), 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 36.1%, 35.7%, and 55.5%, 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, 2015 (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, 2014), and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Community Preservation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended June 30, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the City reported a restatement for the change in accounting principle (see Note 22.). Our auditors' opinion was not modified with respect to the restatement.

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 76 through 81) 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

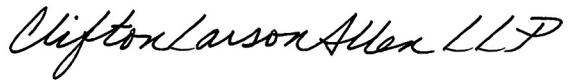
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newton, Massachusetts' basic financial statements. The introductory section, combining and individual fund financial statements and schedules, additional information and statistical 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 1, 2015, 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 1, 2015



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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, 2015.

Financial Highlights:

- Government-wide financial statements for the City's fiscal year ended June 30, 2015 reflect the results of implementing Government Accounting Standards Board statement 68. As noted on page 75, the cumulative impact of bringing unfunded pension benefit obligations onto the Statement of Net Position as of June 30, 2014 was \$268.1 million (\$259.7 million for governmental activities and \$8.4 million for business type activities). This restatement eliminated all positive net position in the governmental activities that had been reported under previous reporting guidance from the Governmental Accounting Standards Board (GASB). Under prior guidance, unfunded pension benefit liabilities were disclosed in the notes to the financial statement, but not in the financial statements themselves, unless the City failed to fund its actuarial required contribution. Newton has never failed to meet its actuarial required contribution for defined benefit pension obligations.
- Total unfunded pension benefit liabilities as of June 30, 2015 were \$298.7 million (\$289.4 million in governmental activities and \$9.3 million in business type activities). An additional \$232.4 million in OPEB liabilities (or 33.1% of the actuarially accrued liability) have also been recorded in the Government wide financial statements as of June 30, 2015. Effective June 30, 2018 the City will recognize the full OPEB actuarial accrued liability in its Government wide financial statements per GASB Statement 75.
- Total Government wide financial statement liabilities and deferred inflows of resources exceeded total assets and deferred inflows of resources at the close of the most recent fiscal year by \$50.1 million (*net position*). The City had a negative total unrestricted net position totaling \$436.9 million in the City's governmental activities and a \$12.5 million positive total unrestricted net position in its business type activities (water & sewer utilities).
- The City's total net position decreased by \$11.9 million or 31.2% in fiscal year 2015. Net position of governmental activities decreased by \$24.3 million, a 20.3% decline from the restated fiscal year 2014 net position. Net position of business type activities improved by \$12.4 million or 15.2% from the restated June 30, 2014 net position.
- Unrestricted governmental net position decreased by \$38.6 million to (\$436.9) million at June 30, 2015. The decline in unrestricted governmental activities net position resulted principally from the recognition of \$29.1 million in new OPEB liabilities and \$7.6 million in expenses associated with the net pension liability.
- The total cost of all City services for fiscal year 2015 was \$486.5 million, \$442.7 million (91%) of which was for governmental services, and \$43.8 million (9%) of which was for business type services. The total cost of City services increased by \$24.3 million or 5.3% from the total cost of services in the previous fiscal year.
- A total of \$97.1 million or 21.9% of governmental services were financed from program revenue, leaving 78.1% 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, accounting for 65.3% of 2015 funding.
- At June 30, 2015, the City's governmental funds reported a combined fund balance of \$78.9 million. The combined governmental funds fund balance increased by \$9.8 million (14.2%) from the prior year's ending fund balance.
- The City's general fund reported total fund balance of \$38.5 million at the end of fiscal year 2015, a \$1.8 million (5%) increase from the total fund balance at June 30 of the prior fiscal year. The unassigned portion of the fund balance increased by \$1.5 million to \$27.8 million or 7.9% of total general fund revenues and other financing sources. The unassigned fund balance includes \$17.3 million that the City has set aside over the course of the five most recent fiscal years as a "Rainy Day" fund; \$6.1 million in "Free Cash" that has been certified as being available for appropriation by the Massachusetts Department of Revenue, and \$1.3 million in overlay surplus released by the Board of Assessors subsequent to fiscal year end.

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 the past 10 years can be found on pages 128-135 of this report.

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

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

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

The City maintains 19 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the *general fund*, the *community preservation fund*, the *high school improvements fund* and the *Angier 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 82 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 136 through 139 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 92 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 96 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 35-75 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.

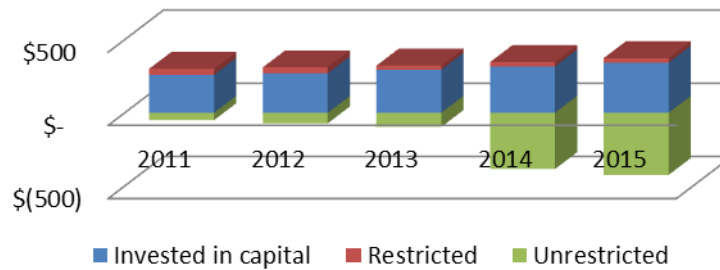
Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's progress in funding its obligation to provide pension and post-employment benefits to its employees. Such information is located on pages 76 to 81 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 liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources exceeded by \$50.1 million at June 30, 2015. This represents a decline of \$11.9 million or 31.2% from the restated total net position at June 30 of the prior year. Trend information for total net position and its major components over the past five year period is summarized graphically below. Unfunded pension benefit liabilities are recognized in full beginning with the fiscal year ended June 30, 2014.

Net Asset Trends for Primary Government - Last Five Years



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>	
	2015	2014	2015	2014	2015	2014
Assets						
Current assets.....	\$ 166,903,265	\$ 151,940,115	\$ 51,316,155	\$ 42,853,659	\$ 218,219,420	\$ 194,793,774
Noncurrent assets (excluding capital assets).....	7,747,005	8,043,265	1,170,118	1,409,014	8,917,123	9,452,279
Capital assets (net).....	459,021,662	439,458,990	88,352,111	84,431,153	547,373,773	523,890,143
Total assets.....	<u>633,671,932</u>	<u>599,442,370</u>	<u>140,838,384</u>	<u>128,693,826</u>	<u>774,510,316</u>	<u>728,136,196</u>
Deferred Outflows of Resources	<u>22,037,252</u>	<u>-</u>	<u>712,837</u>	<u>-</u>	<u>22,750,089</u>	<u>-</u>
Liabilities						
Current liabilities (excluding debt).....	54,052,247	49,315,307	3,178,982	3,599,704	57,231,229	52,915,011
Noncurrent liabilities (excluding debt).....	529,235,541	470,045,931	15,129,388	13,508,533	544,364,929	483,554,464
Current debt.....	11,997,967	9,824,367	4,376,129	4,303,032	16,374,096	14,127,399
Noncurrent debt.....	204,519,065	190,042,032	24,852,668	25,688,798	229,371,733	215,730,830
Total liabilities.....	<u>799,804,820</u>	<u>719,227,637</u>	<u>47,537,167</u>	<u>47,100,067</u>	<u>847,341,987</u>	<u>766,327,704</u>
Net Position						
Net investment in capital assets.....	260,533,343	248,739,230	81,478,787	66,943,719	342,012,130	315,682,949
Restricted.....	32,290,161	29,816,361	-	-	32,290,161	29,816,361
Unrestricted.....	<u>(436,919,140)</u>	<u>(398,340,858)</u>	<u>12,535,267</u>	<u>14,650,040</u>	<u>(424,383,873)</u>	<u>(383,690,818)</u>
Total net position.....	<u>\$ (144,095,636)</u>	<u>\$ (119,785,267)</u>	<u>\$ 94,014,054</u>	<u>\$ 81,593,759</u>	<u>\$ (50,081,582)</u>	<u>\$ (38,191,508)</u>

The largest portion of the City's total net position, negative \$424.4 million in unrestricted net position, includes \$298.7 million in unfunded pension benefits and \$232.4 million in unfunded OPEB liabilities. The unfunded pension benefit total represents the difference between benefit obligations and assets that have been accumulated in the Pension Trust Fund. The funding schedule for the City's defined benefit retirement plan anticipates full actuarial funding in the fiscal year ending June 30, 2029.

The unfunded OPEB liability represents the difference between what the City should have funded, based upon annual actuarial valuations of the OPEB plan, and what the City actually funded between 2008 and 2015. Beginning in the fiscal year ending June 30, 2018 unfunded pension and OPEB obligations will be reported in the same manner. Although the City has not yet formally adopted a funding schedule for OPEB obligations, a proposal has been prepared that calls for redirecting resources planned for the defined benefit pension plan to OPEB past service liability funding at the point that the pension plan is actuarially funded. If the pension plan can be actuarially funded on the current schedule, meaningful OPEB funding can begin in fiscal year 2030 and full actuarial funding achieved by 2042.

The City's net investment in capital assets 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, \$32.3 million, represents resources that are subject to restrictions placed on how they may be used by parties external to the City. A total of \$14.4 million (44.6%) 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.

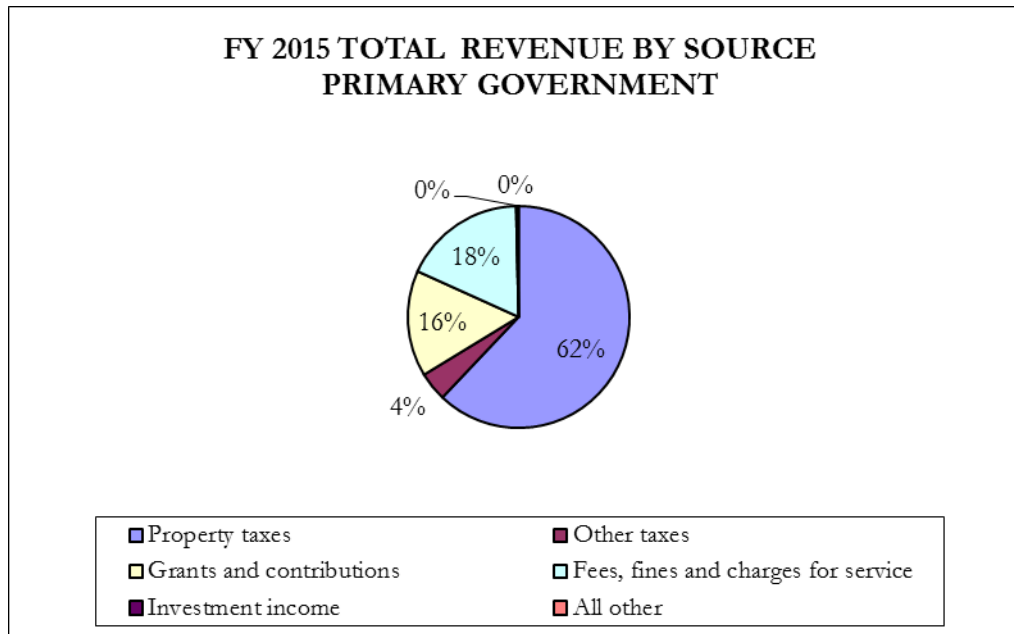
Changes in net position:

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>	
	2015	2014	2015	2014	2015	2014
Revenues						
<i>Program Revenues:</i>						
Fees, fines and charges for services.....	\$ 29,351,039	\$ 28,321,486	\$ 53,963,061	\$ 51,347,815	\$ 83,314,100	\$ 79,669,301
Operating grants and contributions.....	64,031,611	74,285,730	506,547	514,894	64,538,158	74,800,624
Capital grants and contributions.....	3,703,180	5,053,677	3,797,829	5,480	7,501,009	5,059,157
<i>General Revenues:</i>						
Real estate and personal property taxes.....	289,075,613	278,426,655	-	-	289,075,613	278,426,655
Motor vehicle and other excise taxes.....	12,670,852	11,953,727	-	-	12,670,852	11,953,727
Hotel room occupancy taxes.....	2,330,724	2,218,759	-	-	2,330,724	2,218,759
Meals taxes.....	1,786,617	1,557,737	-	-	1,786,617	1,557,737
Penalties and interest on taxes.....	1,509,583	1,160,092	-	-	1,509,583	1,160,092
Payments in lieu of taxes.....	476,899	557,065	-	-	476,899	557,065
Community preservation surcharges.....	2,818,748	2,697,187	-	-	2,818,748	2,697,187
Grants and contributions not restricted to specific programs.....	5,968,282	5,716,482	-	-	5,968,282	5,716,482
Unrestricted investment income.....	265,809	230,699	-	-	265,809	230,699
Other.....	2,304,964	1,622,541	-	-	2,304,964	1,622,541
Total revenues.....	416,293,921	413,801,837	58,267,437	51,868,189	474,561,358	465,670,026
Expenses						
General government.....	26,440,640	22,716,559	-	-	26,440,640	22,716,559
Public safety.....	68,685,178	61,290,201	-	-	68,685,178	61,290,201
Education.....	273,738,170	272,447,586	-	-	273,738,170	272,447,586
Public works.....	34,537,663	29,223,056	-	-	34,537,663	29,223,056
Health and human services.....	11,625,318	11,328,446	-	-	11,625,318	11,328,446
Culture and recreation.....	17,759,803	15,164,811	-	-	17,759,803	15,164,811
Debt service - interest.....	9,906,400	7,714,546	-	-	9,906,400	7,714,546
Water.....	-	-	17,503,699	16,702,263	17,503,699	16,702,263
Sewer.....	-	-	26,254,561	25,557,836	26,254,561	25,557,836
Total expenses.....	442,693,172	419,885,205	43,758,260	42,260,099	486,451,432	462,145,304
Change in net position before transfers.....	(26,399,251)	(6,083,368)	14,509,177	9,608,090	(11,890,074)	3,524,722
Transfers, net.....	2,088,882	1,983,994	(2,088,882)	(1,983,994)	-	-
Change in net position.....	(24,310,369)	(4,099,374)	12,420,295	7,624,096	(11,890,074)	3,524,722
Net position - beginning of year.....	(119,785,267)	(115,685,893)	81,593,759	73,969,663	(38,191,508)	(41,716,230)
Net position - end of year.....	\$ (144,095,636)	\$ (119,785,267)	\$ 94,014,054	\$ 81,593,759	\$ (50,081,582)	\$ (38,191,508)

Although real estate tax revenue, the City's largest revenue source, increased by \$10.6 million (3.8%) during the year, total revenues increased by only \$8.9 million (1.9%) from the prior year. Total revenues for the fiscal year ended June 30, 2014 increased by \$27.7 million (6.3%) from the fiscal year ended June 30, 2013. The principal reason for the minimal growth in total revenue for 2015 can be found in the \$10.3 million (13.7%) reduction in Operating grant and contributions for state and federal sources. As will be discussed in more detail later in this report, this decline is directly the result of a change in the methodology for reporting Commonwealth of Massachusetts Teachers Retirement System on behalf pension benefit costs for Newton participants in the Massachusetts Teachers Retirement System. This change, required by GASB Statement 68 resulted in a \$14.5 million reduction in the Commonwealth's on-behalf payment for Newton, which resulted in a corresponding \$14.5 million reduction in Operating grants revenue for the City.

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



Total expenses increased by \$24.3 million or 5.3% during the year.

Expenses in the Statement of Activities are reported by program and major function in order to provide the reader with an understanding of the full and net cost of providing the range of local services that the City provides.

Public education continues to be the function receiving the largest commitment of City resources. For the year ended June 30, 2015, total spending for education purposes was \$273.7 million or 56.3% of total spending, 61.8% of governmental activity spending and \$1.3 million or 0.5% more than total expenses of the previous fiscal year. Public education spending for the prior fiscal year amounted to \$272.4 million, 59% of total expenses and 64.9% of governmental activity spending.

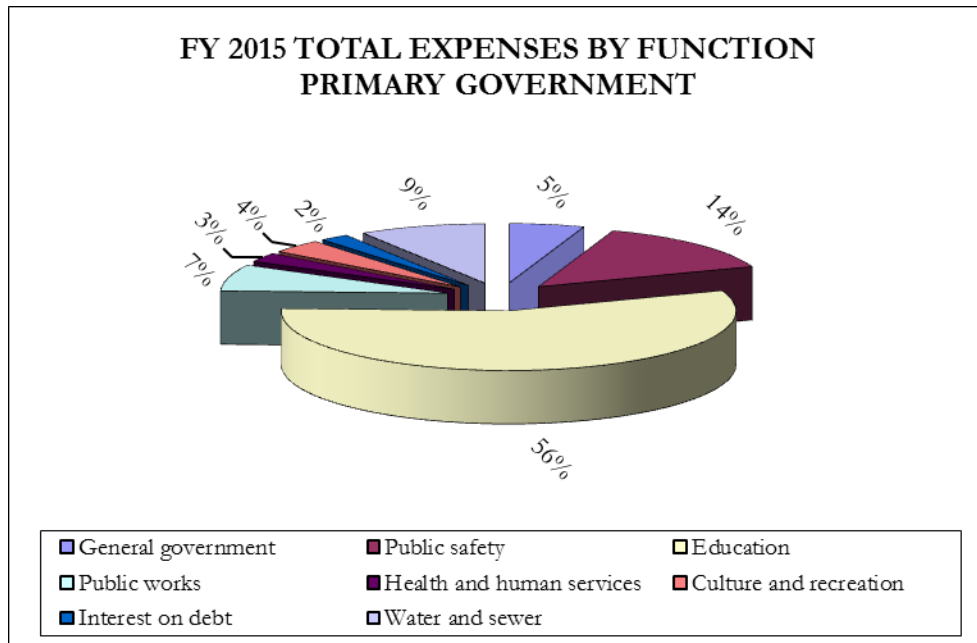
The decline in the annual rate of growth and in education spending's share of total City expenses does not reflect a policy change by the City, but is rather the direct result of a \$14.5 million (44.8%) reduction in the Commonwealth of Massachusetts on-behalf contribution to the Massachusetts Teachers Retirement System for Newton participants. Prior to the implementation of GASB Statement 68 the Massachusetts Teachers Retirement System reported on-behalf payments based upon the value of pay-as-you-go benefit payments to Newton retirees (\$32.6 million for fiscal year 2014). Beginning in fiscal year 2015 the on-behalf payments represent Newton's share of the Commonwealth's prior year pension expense, as determined by GASB statement 68 (\$18.1 million). Massachusetts Teachers Retirement System expenses were determined based upon the system's June 30, 2014 valuation.

While expense reporting by program and function has its value, the factors that most significantly impact fiscal year 2015 expense growth are not readily apparent from a review of the Statement of Activities because they are expenses that the current reporting model calls for allocating to specific programs and functions. The two most important of which are defined benefit pension and retiree health benefit expenses.

For the year ended June 30, 2015 the City recognized a pension expense of \$27.7 million associated with the City's defined benefit retirement plan. This amounts to \$7.9 million more than the City's actuarial required contribution, which prior to the implementation of GASB statement 68, would have represented the annual pension expense.

The City's Net OPEB obligation grew by \$29.8 million during the year (the difference between annual OPEB cost and the City's pay-as-you-go retiree health funding plus contributions to the OPEB Trust).

The following chart illustrates the distribution of expenses by major function for the primary government for the year ended June 30, 2015.



Governmental activities – Governmental activities decreased the City’s net position by \$24.3 million or 20.3% during fiscal 2015, principally due to the recognition of \$29.7 million in pension and \$29.1 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 2015. Inspectional service department program revenues exceeded total program expenses by \$3.8 million for the year. In the fiscal year ending June 30, 2014, Inspectional services department program revenue exceeded program expenses by \$4.2 million.

Business-type activities – Business-type activities increased the City’s net position by \$12.4 million or 15.2% during fiscal year 2015. This resulted entirely from the water and sewer infrastructure improvements.

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, 2015, the City’s governmental funds reported a combined fund balance totaling \$78.9 million, a \$9.8 million or 14.2% increase from the prior year reported financial position.

All major governmental funds as well as the total of all non-major governmental funds reported improved financial position.

The General fund is the primary operating fund of the City and at June 30, 2015 reported a total fund balance of \$38.5 million, \$1.8 million or 5% greater than the total fund balance for the previous fiscal year. The unassigned portion of fund balance continued to improve, increasing from \$26.3 million or approximately 7.1% of total fund revenues and other financing sources at June 30, 2014 to \$27.8 million or 7.9% of fund revenues and other financing sources at June 30, 2015. The City's Rainy Day (fiscal/economic stabilization) Fund accounts for \$17.3 million or approximately 2/3's of the current Unassigned Fund Balance. The Rainy Day fund balance represents 5% of General Fund expenditures for the year.

City of Newton, Massachusetts
General Fund
Fund Trends – Fiscal year 2015 and (5) previous fiscal years

	2015	2014	2013	2012	2011 (1)	2010
Total fund balance	\$ 38,523,664	\$ 36,675,777	\$ 32,715,384	\$ 28,224,341	\$ 30,773,574	\$ 19,312,545
Less: Fund balance restrictions for:						
Debt service.....	2,992,322	2,835,755	2,896,430	617,572	683,320	749,640
Capital.....	13,752	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.....	1,595,628	1,595,130	300,000	2,565,748	2,066,320	2,675,133
Capital.....	714,055	714,835	2,149,216	5,049,725	9,714,755	-
Continued appropriations.....	2,998,738	2,579,251	2,899,584	2,201,193	3,096,013	3,192,017
Less: Fund balance assigned for:						
Encumbrances.....	1,546,338	2,556,214	2,977,415	2,435,508	727,814	1,804,606
Capital.....	905,046	121,776	133,106	147,553	116,627	-
Unassigned fund balance.....	27,757,785	26,259,064	21,091,447	14,886,340	14,123,323	10,891,149
Total revenues & other financing sources.....	\$ 352,531,003	\$ 370,804,386	\$ 349,844,773	\$ 329,962,477	\$ 321,055,179	\$ 318,872,777
Total fund balance as % total revenues and ofs.....	10.9%	9.9%	9.4%	8.6%	9.6%	6.1%
Unassigned fund balance as % total revenues and ofs.....	7.9%	7.1%	6.0%	4.5%	4.4%	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 general fund revenues and other financing sources decreased by \$18.3 million or 4.9%, during fiscal year 2015 as a result of changes in the reporting of Massachusetts Teacher's Retirement System (MTRS) on-behalf payments for Newton participants in the state funded retirement system that resulted from the implementation of Governmental Accounting Standards Board statement 68. GASB statement 68 eliminated on-behalf benefit reporting from all but the government wide financial statements. As a result, \$32.6 million in pension expenditures and related intergovernmental revenues are no longer reported in the fund financial statements. Excluding the effect of this change, General Fund revenues grew by \$14.4 million or 4.2%.

Property tax growth of \$11.1 million accounted for 77.1% of all revenue growth for the year. The 4.0% increase in property tax revenue resulted from a combination of the normal increase authorized by Proposition 2 1/2 and new growth. The City also collected 100.5% of the net tax levy for the year.

Over the course of the fiscal year, the City's Board of Assessors granted tax abatements, exemptions; and senior work credits totaling \$444,511 or 0.2% of the tax levy for the year. A tax refund payable liability of \$10 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.

Excluding the impact of the change in MTRS on-behalf benefit payments, Intergovernmental revenue grew by \$2.3 million or 9.6%. Chapter 70 school aid accounted for \$1.2 million or approximately 50% of this growth.

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

Source	Amount	% of Total	Increase/ (Decrease)	% Change
Real estate and personal property taxes.....	\$ 288,700,477	81.9%	\$ 11,063,950	4.0%
Motor vehicle excise taxes.....	12,486,356	3.5%	429,165	3.6%
Hotel room occupancy taxes.....	2,330,724	0.7%	111,965	5.0%
Meals taxes.....	1,786,617	0.5%	228,880	14.7%
Penalties and interest on taxes.....	1,486,232	0.4%	350,413	30.9%
Licenses and permits.....	6,792,066	1.9%	(107,470)	-1.6%
Intergovernmental.....	26,673,730	7.6%	(30,290,800)	-53.2%
Charges for services.....	1,707,340	0.5%	(27,359)	-1.6%
Fines and forfeitures.....	1,772,104	0.5%	(68,545)	-3.7%
Investment income.....	245,471	0.1%	28,861	13.3%
Payments in lieu of taxes.....	465,822	0.1%	(9,919)	-2.1%
Special assessments.....	64,944	0.0%	13,432	26.1%
Miscellaneous.....	998,256	0.3%	504,588	102.2%
Total revenues.....	345,510,139	98.0%	(17,772,839)	-4.9%
Premium from issuance of bonds/notes.....	1,197,352	0.3%	447,389	59.7%
Sale of capital assets.....	-	0.0%	(14,173)	-100.0%
Transfers from other funds.....	5,823,512	1.7%	(933,760)	-13.8%
Total revenues and other financing sources.....	\$ 352,531,003	100.0%	\$ (18,273,383)	-4.9%

Total general fund expenditures and transfers to other funds totaled \$350.7 million, a decrease of \$16.2 million or 4.4% from the previous fiscal year. As noted previously, the elimination of reporting of the MTRS on-behalf pension expenditure masks what was otherwise a \$17 million or 5.2% increase in expenditures.

	Amount	% of Total	Increase/ (Decrease)	% Change
General government.....	\$ 16,177,663	4.6%	808,877	5.3%
Public safety.....	39,631,078	11.3%	2,105,892	5.6%
Education.....	195,853,428	55.8%	7,930,526	4.2%
Public works.....	26,917,281	7.7%	2,998,472	12.5%
Health and human services.....	4,003,299	1.1%	(21,173)	-0.5%
Culture and recreation.....	9,819,898	2.8%	579,914	6.3%
Retirement benefits.....	29,199,509	8.3%	(30,934,581)	-51.4%
Workers' compensation insurance.....	1,550,000	0.4%	215,279	16.1%
Property and liability insurance.....	450,027	0.1%	6,129	1.4%
Claims and judgements.....	232,282	0.1%	61,061	35.7%
State assessments and charges.....	5,875,034	1.7%	91,095	1.6%
Debt service				
Principal.....	9,569,367	2.7%	(43,058)	-0.4%
Interest.....	7,983,557	2.3%	618,583	8.4%
Total expenditures.....	347,262,423	98.9%	(15,582,984)	-4.3%
Transfers to other funds.....	3,420,693	1.0%	(577,893)	-14.5%
Total expenditures and transfers.....	\$ 350,683,116	99.9%	\$ (16,160,877)	-4.4%

The reported Public works expenditures of \$26.9 million include \$7.6 million in snow and ice control expenditures incurred during the winter of 2015. Fiscal year 2015 snow and ice control expenditures were more than double the median annual requirement for this purpose for the previous three fiscal years.

Expenditures for retirement benefits, exclusive of the \$32.6 million change in MTRS on-behalf payments, increased by \$1.7 million or 6.3% from the prior fiscal year. The City's actuarial required contribution to the Newton Contributory Retirement System accounts for \$1.5 million or 88.2% of the increase. Pay-as-you-go retiree health benefits accounted for the balance.

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, 2015, the City realized \$3.7 million in CPA fund revenue, \$2.8 million (75.7%) of which came from the local property tax surcharge. State matching funds amounted to \$0.9 million. Fund expenditures totaled \$1.3 million for the year, \$0.8 million of which was for community recreation purposes; \$0.4 million of which was for historic preservation purposes; and \$0.1 million for program administration.

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 \$9.1 million to \$53.5 million at June 30, 2015. The increase in net position is entirely the result of a \$10.4 million increase in capital assets of the Sewer Enterprise Fund. Unrestricted fund net position amounted to \$10.7 million at June 30, 2015, the equivalent of 5 months of operating expenditures.

The financial position of the City's water fund also improved during the last fiscal year from \$37.2 million at June 30, 2014 to \$40.5 million at June 30, 2015. As was the case with the Sewer Fund the \$3.3 million improvement in the financial position of this fund was also resulted from an enhanced level of investment in system infrastructure. Unrestricted fund net position was \$1.9 million, or approximately 1.3 months of operating expenditures.

Both the Water and Sewer Enterprise Funds ended the year with positive Unrestricted Net positions, in spite of the fact that the two funds absorbed \$9.4 million in Net Pension liabilities, as a result of the implementation of GASB statement 68, and have accumulated \$5.5 million in Net OPEB obligations since fiscal year 2008, when GASB statement 45 was implemented.

The financial position of the City's Internal Service Funds declined by \$0.2 million, or 1.1% during the year ended June 30, 2015. 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 92-95.

The financial position of the City's workers compensation self-insurance fund increased by \$0.3 million during the year in spite of the fact that investment income declined by \$1.1 million or 73.3% from the experience of the previous fiscal year, and the City increased the estimate of accrued long term claims payable by \$0.4 million. Improved current year paid claims experience was responsible for the improvement in financial position.

The financial position of the group health self-insurance fund declined by \$0.5 million or 3.1% as a result of a \$3.9 million (8.4%) increase in paid health claims during the year. The \$14.3 million year-end net position represents 3.4 months of average paid claims. The City's target financial position for the fund is 1.5 – 2.0 months of average paid claims.

Fiduciary funds – The net position of the City's contributory retirement system increased by \$13.5 million (4.8%) to \$293.9 million during the system's fiscal year that ended December 31, 2014, entirely as a result of positive investment performance. According to the Commonwealth of Massachusetts Public Employee Retirement Administration Commission's 2014 Annual Report, the Newton Contributory Retirement System's investment portfolio returned 8.18% for the year (compared to a long term return assumption of 7.65% for funding and 7.35% for financial reporting). The plan's thirty year average annual return is 8.80%.

The funded status of the defined benefit retirement plan at January 1, 2015 on an actuarial funding basis 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 8.75% 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 67-71 of this report.

The net position of the City's OPEB fund increased from \$1 million to \$2.1 million during fiscal year 2015, primarily as a result of employer contributions. All OPEB assets were invested with the Commonwealth of Massachusetts State Employee Benefit Fund (under the management of the Pension Reserve Investment Management Board) during 2015.

General Fund Budgetary Highlights:

The difference between the original General Fund budget of \$350.3 million (including prior year encumbrances and continuing appropriations) and the final amended budget of \$359.6 million amounts to 2.7% and can be summarized as follows:

Description	Amount
Snow and ice control.....	\$ 4,125,000
Rainy Day Stabilization fund.....	3,236,420
Newton Public Schools.....	744,662
Capital outlay and improvements.....	625,477
Bond issuance costs.....	195,876
Municipal collective bargaining.....	126,500
Angier capital project fund.....	98,964
Parks expenses.....	59,032
State assessments.....	51,158
Miscellaneous.....	30,430
 Total supplemental appropriations.....	 <u>\$ 9,293,519</u>

There were no deficits incurred in the appropriations of the various departments of the City. All but \$2.2 million (0.6%) of total appropriations were expended, encumbered, or continued into fiscal year 2016 for completion of the appropriated purposes at June 30, 2015. Please refer to pages 104–113 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 \$268.8 million, as of June 30, 2015, amounts to \$547.4 million. The investment in capital assets includes land and land improvements, intangible assets, buildings and improvements, machinery and equipment, infrastructure and construction in progress.

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2015	2014	2015	2014	2015	2014
Land and improvements.....	\$ 25,046,952	\$ 22,226,126	\$ 284,785	\$ 284,785	\$ 25,331,737	\$ 22,510,911
Intangible assets.....	2,238,261	2,238,261	-	-	2,238,261	2,238,261
Buildings and improvements.....	320,161,611	329,274,167	2,296,749	2,381,638	322,458,360	331,655,805
Machinery and equipment.....	24,307,540	24,931,294	8,933,925	9,568,984	33,241,465	34,500,278
Infrastructure.....	59,814,822	55,030,739	76,832,307	72,191,401	136,647,129	127,222,140
Construction in progress.....	27,452,476	5,758,403	4,345	4,345	27,456,821	5,762,748
 Total capital assets.....	 <u>\$ 459,021,662</u>	 <u>\$ 439,458,990</u>	 <u>\$ 88,352,111</u>	 <u>\$ 84,431,153</u>	 <u>\$ 547,373,773</u>	 <u>\$ 523,890,143</u>

Total capital assets, net of accumulated depreciation, increased by \$23.5 million or 4.5%. Major capital asset events during 2015 included the following:

- Business-type activity net capital assets increased by \$4 million, due to water and sewer system improvements funded with Massachusetts Water Resources Authority grants and interest free loans, and locally funded sewer infiltration and inflow reduction and water main cleaning and relining programs.

- Governmental activity capital assets (net) increased by \$19.5 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 51-53 of this report.

Debt outstanding – At June 30, 2015, the City had total long term debt outstanding of \$244.5 million, \$215.3 million for governmental activities and \$29.2 million for business-type activities. In addition to the permanent debt, the City has \$1.25 million in bond anticipation notes outstanding at June 30, 2015, all of which were for the Zervas Elementary School renovation project. All debt is a general obligation of the City, although water and sewer debt service payments are made from the resources of the enterprise funds and community preservation fund project debt service payments are made from resources of the community preservation fund.

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

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2015	2014	2015	2014	2015	2014
Education buildings.....	\$ 188,934,032	\$ 180,183,999	\$ -	\$ -	\$ 188,934,032	\$ 180,183,999
Municipal buildings.....	18,663,700	11,145,000	-	-	18,663,700	11,145,000
Departmental equipment.....	6,205,600	6,782,000	-	-	6,205,600	6,782,000
Landfill closure.....	653,700	805,400	-	-	653,700	805,400
Street reconstruction.....	115,000	185,000	-	-	115,000	185,000
Land acquisition.....	510,000	765,000	-	-	510,000	765,000
Other.....	185,000	-	-	-	185,000	-
Water system.....	-	-	15,805,377	17,444,849	15,805,377	17,444,849
Sanitary sewer system.....	-	-	13,423,420	12,546,980	13,423,420	12,546,980
Total bonds and notes.....	\$ 215,267,032	\$ 199,866,399	\$ 29,228,797	\$ 29,991,829	\$ 244,495,829	\$ 229,858,228

During the year just ended, the City added \$48.7 million in new bonds and retired \$34 million in existing bonds, including \$19.6 million in advance refunding bonds that were issued to defease \$19.9 million in existing debt, with a resulting future debt service savings of \$2 million. General fund interest and principal payments amounted to \$17.5 million or 5% of fund revenues and other financing sources. Community Preservation Fund interest and principal payments amounted to \$0.3 million, or 7.6%, of fund revenues.

A total of \$126.6 million or 51.8% of existing bonded debt will be retired within ten years; \$204.3 million or 83.6% will be retired within twenty years; and all existing debt will be extinguished by June 30, 2045.

At June 30, 2015 the City’s authorized and unissued long term debt amounted to \$85.2 million, an increase of \$31.9 million (59.8%) from June 30, 2014. Funding authorized for the improvements to the Zervas Elementary school and the acquisition of the former Aquinas College property for future public education purposes is responsible for the growth in authorized unissued debt.

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 144-147 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 \$119,148. This compares favorably with the Massachusetts median household income of \$66,866, and the U.S. median household income of \$53,046. The City’s per capita income was \$63,872 compared with \$35,763 for the Commonwealth of Massachusetts, and \$28,155 for the nation as a whole.

- According to Homefacts.com, the unemployment rate for the City for June of 2015 was 4.1%, which compared favorably with the statewide unemployment rate of 4.9% and the national unemployment rate of 5.3%.
- According to the City's Board of Assessors, the 2015 median value of a single family home in Newton was \$734,600; the median value of a commercial property was \$810,000; and the median value of industrial property was \$869,000.

The City of Newton's fiscal year 2016 general fund operating budget, as amended through the date of this report, amounts to \$368.4 million, \$4.5 million of which represents encumbrances and continuing appropriations from fiscal year 2015. This represents an increase of \$8.8 million, or 2.4%, from the final fiscal year 2015 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
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current Assets:				
Cash and Cash Equivalents.....	\$ 67,352,935	\$ 14,778,641	\$ 82,131,576	\$ 666,265
Restricted Cash and Cash Equivalents.....	66,567,299	22,355,473	88,922,772	8,500
Restricted Investments.....	11,040,666	-	11,040,666	-
Interest and Dividends.....	18,513	-	18,513	480,424
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate and Personal Property Taxes.....	5,782,548	-	5,782,548	-
Tax and utility liens.....	8,951,453	223,151	9,174,604	-
Motor Vehicle and Other Excise Taxes.....	1,053,339	-	1,053,339	-
Community Preservation Surcharges.....	41,365	-	41,365	-
User Charges.....	697,260	13,725,543	14,422,803	-
Department and Other.....	506,122	-	506,122	4,918
Intergovernmental.....	4,451,574	233,347	4,684,921	-
Special Assessments.....	861	-	861	-
Loans.....	-	-	-	55,054
Other Assets.....	30,000	-	30,000	-
Prepaid Expenses.....	57,445	-	57,445	8,672
Working Capital Deposit.....	351,885	-	351,885	-
Total Current Assets.....	166,903,265	51,316,155	218,219,420	1,223,833
Noncurrent Assets:				
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate Tax Deferrals.....	2,985,255	-	2,985,255	-
Departmental and Other.....	4,242,329	-	4,242,329	-
Intergovernmental.....	128,840	1,144,803	1,273,643	-
Special Assessments.....	390,581	25,315	415,896	-
Loans.....	-	-	-	4,132,287
Capital assets:				
Nondepreciable.....	54,737,689	289,130	55,026,819	-
Depreciable, net of accumulated depreciation.....	404,283,973	88,062,981	492,346,954	1,964,654
Total Noncurrent Assets.....	466,768,667	89,522,229	556,290,896	6,096,941
Total Assets.....	633,671,932	140,838,384	774,510,316	7,320,774
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pension.....	22,037,252	712,837	22,750,089	-
LIABILITIES				
Current Liabilities:				
Warrants Payable.....	6,422,701	1,251,282	7,673,983	54,495
Accrued Liabilities.....	5,951,833	950,119	6,901,952	8,500
Accrued Payroll.....	17,092,430	102,732	17,195,162	-
Revenue Refunds Payable.....	10,006,440	-	10,006,440	-
Health Claims Payable.....	3,533,868	-	3,533,868	-
Other Liabilities.....	2,790,109	109,101	2,899,210	-
Accrued Interest.....	2,164,816	215,727	2,380,543	-
Abandoned Property.....	850,606	-	850,606	-
Liabilities payable from restricted assets.....	235,642	517,876	753,518	-
Short-Term Notes Payable.....	1,250,000	-	1,250,000	-
Bonds Payable.....	10,747,967	4,376,129	15,124,096	-
Landfill Closure and Other Environmental Liabilities.....	195,550	-	195,550	-
Compensated Absences.....	3,262,540	32,145	3,294,685	-
Workers' Compensation Claims.....	1,545,712	-	1,545,712	-
Total Current Liabilities.....	66,050,214	7,555,111	73,605,325	62,995

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

JUNE 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Noncurrent Liabilities:				
Bonds Payable.....	204,519,065	24,852,668	229,371,733	-
Landfill Closure and Other Environmental Liabilities.....	527,800	-	527,800	-
Compensated Absences.....	5,579,456	289,304	5,868,760	-
Net Pension Liability.....	289,370,752	9,360,246	298,730,998	-
Net OPEB Obligation.....	226,879,706	5,479,838	232,359,544	-
Workers' Compensation Claims.....	6,877,827	-	6,877,827	-
Total Noncurrent Liabilities.....	733,754,606	39,982,056	773,736,662	-
Total Liabilities.....	799,804,820	47,537,167	847,341,987	62,995
NET POSITION				
Net Investment in Capital Assets.....	260,533,343	81,478,787	342,012,130	1,964,654
Restricted for:				
Community preservation activities.....	14,414,480	-	14,414,480	-
Education activities.....	4,221,916	-	4,221,916	-
Debt service.....	2,992,322	-	2,992,322	-
Receipts reserved.....	2,652,093	-	2,652,093	-
Community development block grant.....	324,888	-	324,888	-
Municipal federal grants.....	442,975	-	442,975	-
Municipal state grants.....	273,255	-	273,255	-
Stormwater management.....	262,522	-	262,522	-
Permanent Funds:				
Expendable.....	1,069,871	-	1,069,871	-
Nonexpendable.....	397,170	-	397,170	-
Other Specific Purposes.....	5,238,669	-	5,238,669	-
Unrestricted.....	(436,919,140)	12,535,267	(424,383,873)	5,293,125
Total Net Position.....	\$ (144,095,636)	\$ 94,014,054	\$ (50,081,582)	\$ 7,257,779

The accompanying notes are an integral part of the financial statements.

CITY OF NEWTON, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government					
Legislative & executive.....	\$ 3,772,769	\$ 267,394	\$ 22,327	\$ 4,994	\$ (3,478,054)
Financial administration.....	5,168,899	177,319	475	-	(4,991,105)
Administrative support.....	5,447,331	454,320	1,425	-	(4,991,586)
Planning & development.....	6,193,017	869,372	3,566,696	-	(1,756,949)
Public building maintenance & operation.....	5,858,624	8,004	433,766	-	(5,416,854)
Public Safety					
Police.....	34,768,965	4,964,447	308,672	-	(29,495,846)
Fire.....	32,033,856	742,559	71,025	-	(31,220,272)
Inspectional services.....	1,882,357	5,713,377	-	-	3,831,020
Education.....	273,738,170	9,924,097	53,929,853	-	(209,884,220)
Public Works					
Streets & sidewalks.....	14,550,383	2,655,532	697,727	3,698,186	(7,498,938)
Control of snow & ice.....	8,033,867	-	-	-	(8,033,867)
Sanitation.....	9,887,339	658	25,751	-	(9,860,930)
Engineering.....	2,066,074	121,065	1,282	-	(1,943,727)
Health and Human Services					
Public health & human services.....	10,331,245	139,354	273,485	-	(9,918,406)
Senior services.....	850,933	987	304,552	-	(545,394)
Veteran services.....	443,140	-	300,194	-	(142,946)
Culture and Recreation					
Libraries.....	8,051,291	137,340	470,106	-	(7,443,845)
Parks & recreation.....	9,422,764	3,175,214	254,676	-	(5,992,874)
Newton History museum.....	285,748	-	1,540	-	(284,208)
Debt Service-Interest.....	9,906,400	-	3,368,059	-	(6,538,341)
Total Governmental Activities.....	442,693,172	29,351,039	64,031,611	3,703,180	(345,607,342)
Business-Type Activities:					
Water.....	17,503,699	22,309,996	260,263	4,102	5,070,662
Sewer.....	26,254,561	31,653,065	246,284	3,793,727	9,438,515
Total Business-Type Activities.....	43,758,260	53,963,061	506,547	3,797,829	14,509,177
Total Primary Government.....	\$ 486,451,432	\$ 83,314,100	\$ 64,538,158	\$ 7,501,009	\$ (331,098,165)
Component Units:					
Newton Commonwealth Foundation, Inc.....	\$ 229,319	\$ 301,406	\$ 1,706	\$ -	\$ 73,793
Newton Community Development Authority.....	177,475	27,310	243,103	-	92,938
Total Component Units.....	\$ 406,794	\$ 328,716	\$ 244,809	\$ -	\$ 166,731

CITY OF NEWTON, MASSACHUSETTS
STATEMENT OF ACTIVITIES (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
CHANGES IN NET POSITION				
Net (Expense) Revenue (From Previous Page).....	\$ (345,607,342)	\$ 14,509,177	\$ (331,098,165)	\$ 166,731
General Revenues:				
Real estate and personal property taxes, levied for general purposes.....	289,075,613	-	289,075,613	-
Real estate and personal property taxes, levied for community preservation purposes.....	2,818,748	-	2,818,748	-
Motor Vehicle and Other Excise Taxes.....	12,670,852	-	12,670,852	-
Hotel Room Occupancy Taxes.....	2,330,724	-	2,330,724	-
Meals Taxes.....	1,786,617	-	1,786,617	-
Penalties and Interest on Taxes.....	1,509,583	-	1,509,583	-
Payments in Lieu of Taxes.....	476,899	-	476,899	-
Grants and Contributions not Restricted to				
Specific Programs.....	5,968,282	-	5,968,282	-
Unrestricted Investment Income.....	265,809	-	265,809	-
Other.....	2,304,964	-	2,304,964	-
Transfers, Net.....	2,088,882	(2,088,882)	-	-
Total General Revenues and Transfers.....	321,296,973	(2,088,882)	319,208,091	-
CHANGE IN NET POSITION	(24,310,369)	12,420,295	(11,890,074)	166,731
Net Position - Beginning of Year (as Restated).....	(119,785,267)	81,593,759	(38,191,508)	7,091,048
NET POSITION - END OF YEAR.....	\$ (144,095,636)	\$ 94,014,054	\$ (50,081,582)	\$ 7,257,779

CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

ASSETS	General	Community Preservation	High School Improvements	Angier School Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents.....	\$ 66,071,358	\$ -	\$ -	\$ -	\$ 1,281,577	\$ 67,352,935
Interests and Dividends.....	-	-	-	-	1,018	1,018
Receivables, Net of Allowance for Uncollectible Amounts:						
Real Estate and Personal Property Taxes.....	5,782,548	-	-	-	-	5,782,548
Real Estate Tax Deferrals.....	2,985,255	-	-	-	-	2,985,255
Tax and Trash Liens.....	8,947,286	-	-	-	4,167	8,951,453
Motor Vehicle and Other Excise Taxes.....	1,053,339	-	-	-	-	1,053,339
Community Preservation Surcharges.....	-	41,365	-	-	-	41,365
User Charges.....	36,960	-	-	-	660,300	697,260
Departmental and Other.....	4,748,451	-	-	-	-	4,748,451
Intergovernmental.....	598,712	509,872	-	-	3,471,830	4,580,414
Special Assessments.....	263,055	-	-	-	128,387	391,442
Due from Other Funds.....	277,393	-	-	-	-	277,393
Other Assets.....	-	-	-	-	30,000	30,000
Restricted Assets:						
Cash and Cash Equivalents.....	3,006,074	13,867,729	-	12,244,855	17,281,626	46,400,284
Investments.....	-	-	-	-	619,534	619,534
Total Assets.....	<u>\$ 93,770,431</u>	<u>\$ 14,418,966</u>	<u>\$ -</u>	<u>\$ 12,244,855</u>	<u>\$ 23,478,439</u>	<u>\$ 143,912,691</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Warrants Payable.....	\$ 2,174,872	\$ 2,673	\$ -	\$ 2,392,914	\$ 1,523,599	\$ 6,094,058
Accrued Liabilities.....	3,922,101	-	-	479,358	1,514,374	5,915,833
Accrued Payroll.....	16,365,479	1,813	-	-	702,439	17,069,731
Revenue Refunds Payable.....	10,006,440	-	-	-	-	10,006,440
Other Liabilities.....	54,911	-	-	-	927,365	982,276
Abandoned Property.....	850,606	-	-	-	-	850,606
Liabilities Due Depositors.....	235,642	-	-	-	-	235,642
Due to Other Funds.....	-	-	-	-	277,393	277,393
Short-Term Notes Payable.....	-	-	-	-	1,250,000	1,250,000
Total Liabilities.....	<u>33,610,051</u>	<u>4,486</u>	<u>-</u>	<u>2,872,272</u>	<u>6,195,170</u>	<u>42,681,979</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue.....	<u>21,636,716</u>	<u>536,747</u>	<u>-</u>	<u>-</u>	<u>175,331</u>	<u>22,348,794</u>
FUND BALANCES						
Nonspendable.....	-	-	-	-	397,170	397,170
Restricted.....	3,006,074	13,877,733	-	9,372,583	15,429,191	41,685,581
Committed.....	5,308,421	-	-	-	1,281,577	6,589,998
Assigned.....	2,451,384	-	-	-	-	2,451,384
Unassigned.....	27,757,785	-	-	-	-	27,757,785
Total Fund Balances.....	<u>38,523,664</u>	<u>13,877,733</u>	<u>-</u>	<u>9,372,583</u>	<u>17,107,938</u>	<u>78,881,918</u>
Resources and Fund Balances.....	<u>\$ 93,770,431</u>	<u>\$ 14,418,966</u>	<u>\$ -</u>	<u>\$ 12,244,855</u>	<u>\$ 23,478,439</u>	<u>\$ 143,912,691</u>

The accompanying notes are an integral part of the financial statements.

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

JUNE 30, 2015

Total Governmental Fund Balances (Page 22).....	\$	78,881,918
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		459,021,662
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.....		22,348,794
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.....		(2,164,816)
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.....		(215,267,032)
Landfill Post-Closure.....		(723,350)
Compensated Absences.....		(8,841,996)
Net OPEB Obligation.....		(226,879,706)
Net Pension Liability.....		(289,370,752)
In the statement of net position, deferred inflows of resources are reported for amounts related to pensions.....		22,037,252
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.....		16,862,390
Net Position of Governmental Activities (Page 19).....	\$	(144,095,636)

The accompanying notes are an integral part of the financial statements.

CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General	Community Preservation	High School Improvements	Angier School Improvement	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Real Estate and Personal Property Taxes.....	\$ 288,700,477	\$ -	\$ -	\$ -	\$ -	\$ 288,700,477
Motor Vehicle and Other Excise Taxes.....	12,486,356	-	-	-	-	12,486,356
Hotel/Motel Tax.....	2,330,724	-	-	-	-	2,330,724
Meals Taxes.....	1,786,617	-	-	-	-	1,786,617
Payments in Lieu of Taxes.....	465,822	-	-	-	-	465,822
Community Preservation Surcharges.....	-	2,814,155	-	-	-	2,814,155
Charges for Services.....	1,707,340	-	-	-	18,699,465	20,406,805
Intergovernmental.....	26,673,730	851,890	-	2,246,784	23,356,076	53,128,480
Special Assessments.....	64,944	-	-	-	125,659	190,603
Penalties and Interest on Taxes.....	1,486,232	-	-	-	22,027	1,508,259
Licenses and Permits.....	6,792,066	-	-	-	829,924	7,621,990
Fines and Forfeitures.....	1,772,104	-	-	-	36,750	1,808,854
Contributions.....	-	-	-	-	1,016,439	1,016,439
Investment Income (loss).....	245,471	25,332	-	-	(251)	270,552
Other.....	998,256	7,070	355,099	-	246,107	1,606,532
Total Revenues.....	345,510,139	3,698,447	355,099	2,246,784	44,332,196	396,142,665
EXPENDITURES						
Current:						
General Government						
Legislative & Executive.....	2,630,494	-	-	-	19,132	2,649,626
Financial Administration.....	3,802,182	-	-	-	-	3,802,182
Administrative Support.....	4,247,969	-	-	-	-	4,247,969
Planning & Development.....	1,108,503	384,470	-	-	4,156,582	5,649,555
Public Building Maintenance & Operations..	4,388,515	147,181	-	-	6,496,294	11,031,990
Public Safety						
Police.....	19,557,336	-	-	-	3,455,060	23,012,396
Fire.....	18,831,875	-	-	-	275,826	19,107,701
Inspectional Services.....	1,241,867	-	-	-	6,509	1,248,376
Education.....	195,853,428	-	-	12,325,937	28,392,326	236,571,691
Public Works						
Streets & Sidewalks.....	6,387,036	-	-	-	6,861,013	13,248,049
Control of Snow & Ice.....	7,588,599	-	-	-	-	7,588,599
Sanitation.....	8,585,724	-	-	-	4,470	8,590,194
Vehicle Maintenance.....	2,256,998	-	-	-	10,667	2,267,665
Engineering.....	1,096,339	-	-	-	139,009	1,235,348
Administration & Support.....	1,002,585	-	-	-	-	1,002,585
Health and Human Services						
Health and Human Services.....	3,126,841	-	-	-	278,098	3,404,939
Senior Services.....	562,308	-	-	-	260,344	822,652
Veteran Services.....	314,150	-	-	-	3,849	317,999
Culture and Recreation						
Libraries.....	5,229,583	-	-	-	446,564	5,676,147
Parks & Recreation.....	4,329,490	453,800	-	-	3,079,982	7,863,272
Newton History Museum.....	260,825	59,494	-	-	7,467	327,786
Retirement Benefits.....	29,199,509	-	-	-	-	29,199,509
Worker's Compensation Insurance.....	1,550,000	-	-	-	-	1,550,000
Property and Liability Insurance.....	450,027	-	-	-	-	450,027
Claims and Judgments.....	232,282	-	-	-	-	232,282
State and County Charges.....	5,875,034	-	-	-	-	5,875,034
Debt Service:						
Principal.....	9,569,367	255,000	-	-	-	9,824,367
Interest.....	7,983,557	25,500	-	-	-	8,009,057
Total Expenditures.....	347,262,423	1,325,445	-	12,325,937	53,893,192	414,806,997
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,752,284)	2,373,002	355,099	(10,079,153)	(9,560,996)	(18,664,332)
OTHER FINANCING SOURCES (USES)						
Proceeds of Bonds and Notes.....	-	-	-	15,000,000	10,505,000	25,505,000
Premium from Issuance of Bonds and Notes.....	1,197,352	-	-	-	-	1,197,352
Proceeds of Refunding Bonds.....	-	-	17,348,960	-	2,286,040	19,635,000
Premium from Issuance of Refunding Bonds.....	-	-	1,548,380	-	211,143	1,759,523
Sale of Capital Assets.....	-	-	-	-	13,300	13,300
Transfers In.....	5,823,512	-	-	98,964	3,476,729	9,399,205
Transfer Out.....	(3,420,693)	(510)	-	-	(3,843,094)	(7,264,297)
Payments to Refunding Bonds Escrow.....	-	-	(19,252,439)	-	(2,545,605)	(21,798,044)
Total Other Financing Sources (Uses).....	3,600,171	(510)	(355,099)	15,098,964	10,103,513	28,447,039
NET CHANGE IN FUND BALANCES.....	1,847,887	2,372,492	-	5,019,811	542,517	9,782,707
Fund Balances - Beginning of Year.....	36,675,777	11,505,241	-	4,352,772	16,565,421	69,099,211
FUND BALANCES - END OF YEAR.....	\$ 38,523,664	\$ 13,877,733	\$ -	\$ 9,372,583	\$ 17,107,938	\$ 78,881,918

The accompanying notes are an integral part of the 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, 2015

Net Change in Fund Balances - Total Governmental Funds (Page 24).....	\$	9,782,707
<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.....		37,518,579
Depreciation.....		(17,955,907)
<p>Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.....</p>		
		(871,563)
<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 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>		
Proceeds of Bonds.....		(25,505,000)
Proceeds of Refunding Bonds.....		(19,635,000)
Retirement of Refunded Bonds.....		19,915,000
Bond Maturities.....		9,824,367
<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>		
		(14,299)
<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:</p>		
Landfill closure and other environmental liabilities.....		(192,350)
Compensated Absences.....		(246,020)
Net OPEB Obligation.....		(29,103,064)
Net Pension Liability.....		(29,684,336)
<p>In the statement of activities, deferred inflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred inflows related to pensions.....</p>		
		22,037,252
<p>Internal service funds are used by management to account for health insurance, worker's compensation building insurance and liability insurance activities. The net activity of the internal service funds is reported with governmental activities.....</p>		
		<u>(180,735)</u>
Changes in Net Position of Governmental Activities (Page 21).....	\$	<u><u>(24,310,369)</u></u>

The accompanying notes are an integral part of the 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, 2015

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
REVENUES				
Real estate and personal property taxes.....	\$ 286,813,970	286,813,970	\$ 292,013,151	\$ 5,199,181
Motor vehicle excise taxes.....	11,700,000	11,950,000	12,353,469	403,469
Hotel room occupancy taxes.....	2,200,000	2,200,000	2,330,724	130,724
Meals tax.....	1,500,000	1,500,000	1,786,617	286,617
Penalties and interest on taxes.....	985,000	996,000	1,486,232	490,232
Licenses and permits.....	5,853,500	5,853,500	6,792,066	938,566
Intergovernmental.....	25,914,469	26,416,972	26,518,043	101,071
Charges for services.....	1,639,644	1,639,644	1,707,340	67,696
Fines and forfeitures.....	1,673,000	1,690,900	1,772,104	81,204
Investment income.....	200,000	190,600	205,203	14,603
Payments in lieu of taxes.....	444,000	433,000	465,821	32,821
Miscellaneous.....	241,221	241,221	203,436	(37,785)
Special assessments.....	60,000	51,500	64,944	13,444
TOTAL REVENUES.....	339,224,804	339,977,307	347,699,150	7,721,843
EXPENDITURES				
Current:				
General government:				
Legislative & executive.....	2,654,601	2,823,189	2,630,494	192,695
Financial administration.....	4,428,505	4,626,881	3,802,182	824,699
Administrative support.....	4,624,515	4,732,317	4,247,969	484,348
Planning & development.....	1,647,163	1,647,163	1,108,503	538,660
Public building maintenance & operations.....	4,367,855	4,977,560	4,388,515	589,045
Public safety:				
Police.....	19,463,969	19,518,969	19,303,711	215,258
Fire.....	19,135,530	19,142,180	18,511,760	630,420
Inspectional services.....	1,330,588	1,376,267	1,241,867	134,400
Education.....	196,675,585	196,276,495	195,499,428	777,067
Public works:				
Streets & sidewalks.....	7,438,487	7,171,702	6,387,036	784,666
Control of snow & ice.....	1,045,748	7,614,357	7,588,599	25,758
Sanitation.....	8,588,974	8,623,207	8,585,724	37,483
Vehicle maintenance.....	2,347,695	2,432,558	2,256,998	175,600
Engineering.....	1,133,174	1,117,255	1,096,339	20,916
Administration & support.....	1,084,539	1,034,072	1,002,585	31,487
Health and human services:				
Health & human services.....	3,347,564	3,347,564	3,126,841	220,723
Senior services.....	594,398	594,398	562,308	32,090
Veteran services.....	340,279	340,279	314,150	26,129
Culture and recreation:				
Libraries.....	5,226,744	5,287,203	5,229,583	57,200
Parks & recreation.....	4,787,710	4,856,742	4,329,490	527,252
Newton History museum.....	279,202	280,202	260,825	19,377
Retirement benefits.....	29,539,612	29,510,063	29,199,509	310,554
Workers' compensation insurance.....	1,550,000	1,550,000	1,550,000	-
Property and liability insurance.....	498,558	498,558	450,027	48,531
Claims and judgments.....	100,000	110,000	107,282	2,718
Reserve fund.....	2,650,000	15,000	-	15,000
State assessments & charges.....	5,869,938	5,921,096	5,875,034	46,062
Debt service:				
Principal.....	9,530,280	9,530,280	9,530,280	-
Interest.....	7,962,816	7,962,816	7,957,806	5,010
TOTAL EXPENDITURES.....	348,244,029	352,918,373	346,144,845	6,773,528
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(9,019,225)	(12,941,066)	1,554,305	14,495,371
OTHER FINANCING SOURCES (USES)				
Transfers in.....	4,398,630	4,619,873	5,912,898	1,293,025
Premium from issuance of bonds and notes.....	-	-	1,197,352	1,197,352
Transfers out.....	(2,110,000)	(6,729,175)	(6,729,175)	-
TOTAL OTHER FINANCING SOURCES (USES).....	2,288,630	(2,109,302)	381,075	2,490,377
NET CHANGE IN FUND BALANCE.....	(6,730,595)	(15,050,368)	1,935,380	16,985,748
FUND BALANCE AT BEGINNING OF YEAR.....	27,730,741	27,730,741	27,730,741	-
FUND BALANCE AT END OF YEAR.....	\$ 21,000,146	\$ 12,680,373	\$ 29,666,121	\$ 16,985,748

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, 2015

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
REVENUES				
Community preservation surcharges.....	\$ 2,774,541	\$ 2,545,353	\$ 2,811,676	\$ 266,323
Intergovernmental	1,353,431	851,890	851,890	-
Investment income.....	-	-	25,332	25,332
Miscellaneous.....	-	-	7,070	7,070
TOTAL REVENUES.....	4,127,972	3,397,243	3,695,968	298,725
EXPENDITURES				
Current:				
General government:				
Legislative & executive.....	-	20,000	-	20,000
Planning & development.....	1,659,149	3,536,973	384,470	3,152,503
Public building maintenance & operations.....	701,815	1,008,324	147,181	861,143
Culture and recreation:				
Parks & recreation.....	200,000	1,656,780	453,800	1,202,980
Newton History museum.....	64,411	272,418	59,494	212,924
Reserve fund.....	4,494,509	1,260,251	-	1,260,251
Debt service:				
Principal.....	255,000	255,000	255,000	-
Interest.....	25,500	25,500	25,500	-
TOTAL EXPENDITURES.....	7,400,384	8,035,246	1,325,445	6,709,801
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(3,272,412)	(4,638,003)	2,370,523	7,008,526
OTHER FINANCING SOURCES (USES)				
Transfers out.....	(6,500)	(6,500)	(510)	5,990
NET CHANGE IN FUND BALANCE.....	(3,278,912)	(4,644,503)	2,370,013	7,014,516
FUND BALANCE AT BEGINNING OF YEAR.....	11,493,231	11,493,231	11,493,231	-
FUND BALANCE AT END OF YEAR.....	\$ 8,214,319	\$ 6,848,728	\$ 13,863,244	\$ 7,014,516

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF FUND NET POSITION
 JUNE 30, 2015

ASSETS	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Water	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents.....	\$ 9,789,105	\$ 4,989,536	\$ 14,778,641	\$ -
Restricted Cash and Cash Equivalents.....	15,710,142	6,645,331	22,355,473	20,167,015
Restricted Investments.....	-	-	-	10,421,133
Interest and Dividends.....	-	-	-	17,496
Receivables, Net of Allowance for Uncollectible Amounts:				
User Charges.....	7,974,930	5,750,613	13,725,543	-
Utility Liens.....	123,098	100,053	223,151	-
Intergovernmental.....	233,347	-	233,347	-
Prepaid Expenses.....	-	-	-	57,445
Working Capital Deposit.....	-	-	-	351,885
Total Current Assets.....	33,830,622	17,485,533	51,316,155	31,014,974
Noncurrent Assets:				
Receivables, Net of Allowance for Uncollectible Amounts:				
Special Assessments.....	25,315	-	25,315	-
Intergovernmental.....	1,144,803	-	1,144,803	-
Capital Assets				
Nondepreciable.....	26,245	262,885	289,130	-
Depreciable, Net of Accumulated Depreciation.....	40,514,845	47,548,136	88,062,981	-
Total Noncurrent Assets.....	41,711,208	47,811,021	89,522,229	-
Total Assets.....	75,541,830	65,296,554	140,838,384	31,014,974
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pension.....	331,486	381,351	712,837	-
LIABILITIES				
Current Liabilities:				
Warrants Payable.....	731,830	519,452	1,251,282	328,646
Accrued Liabilities.....	806,990	143,129	950,119	36,000
Accrued Payroll.....	43,764	58,968	102,732	22,699
Other Liabilities.....	64,370	44,731	109,101	1,807,832
Liabilities Payable from Restricted Assets.....	158,356	359,520	517,876	-
Accrued Interest.....	100,188	115,539	215,727	-
Accrued Health Claims Payable.....	-	-	-	3,533,868
Workers' Compensation Claims.....	-	-	-	1,545,712
Compensated Absences.....	15,063	17,082	32,145	-
Long-Term Bonds and Notes Payable.....	1,499,040	2,877,089	4,376,129	-
Total Current Liabilities.....	3,419,601	4,135,510	7,555,111	7,274,757
Noncurrent Liabilities:				
Workers' Compensation Claims.....	-	-	-	6,877,827
Compensated Absences.....	135,567	153,737	289,304	-
Net Pension Liability.....	4,352,738	5,007,508	9,360,246	-
Net OPEB Obligation.....	2,531,506	2,948,332	5,479,838	-
Long-Term Bonds and Notes Payable.....	11,924,380	12,928,288	24,852,668	-
Total Noncurrent Liabilities.....	18,944,191	21,037,865	39,982,056	6,877,827
Total Liabilities.....	22,363,792	25,173,375	47,537,167	14,152,584
FUND NET POSITION				
Net Investment in Capital Assets.....	42,827,812	38,650,975	81,478,787	-
Unrestricted.....	10,681,712	1,853,555	12,535,267	16,862,390
Total Net Position.....	\$ 53,509,524	\$ 40,504,530	\$ 94,014,054	\$ 16,862,390

The accompanying notes are an integral part of the 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, 2015

	Business-Type Activities - Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
OPERATING REVENUES				
Charges for Services.....	\$ 31,651,479	\$ 22,309,996	\$ 53,961,475	\$ -
Special Assessments.....	1,585	-	1,585	-
Employer Contributions.....	-	-	-	45,694,092
Plan Member Contributions.....	-	-	-	11,195,882
Total Operating Revenues.....	<u>31,653,064</u>	<u>22,309,996</u>	<u>53,963,060</u>	<u>56,889,974</u>
OPERATING EXPENSES				
Salaries, Wages and Employee Benefits.....	2,577,253	3,268,933	5,846,186	-
Other Operating Expense.....	1,466,082	1,286,355	2,752,437	3,985,243
MWRA Assessment.....	20,176,404	10,437,524	30,613,928	-
Worker's Compensation.....	250,000	250,000	500,000	-
Self Insurance Claims.....	-	-	-	53,461,621
Depreciation.....	1,271,644	1,745,956	3,017,600	-
Total Operating Expenses.....	<u>25,741,383</u>	<u>16,988,768</u>	<u>42,730,151</u>	<u>57,446,864</u>
OPERATING INCOME (LOSS).....	<u>5,911,681</u>	<u>5,321,228</u>	<u>11,232,909</u>	<u>(556,890)</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	4,030,484	260,263	4,290,747	-
Interest Income.....	9,528	4,102	13,630	422,181
Interest Expense.....	(513,178)	(514,931)	(1,028,109)	-
Total Nonoperating Revenues (Expenses), Net.....	<u>3,526,834</u>	<u>(250,566)</u>	<u>3,276,268</u>	<u>422,181</u>
INCOME (LOSS) BEFORE TRANSFERS.....	<u>9,438,515</u>	<u>5,070,662</u>	<u>14,509,177</u>	<u>(134,709)</u>
TRANSFERS				
Transfers In.....	648,921	-	648,921	-
Transfers Out.....	(990,356)	(1,747,447)	(2,737,803)	(46,026)
Total Transfers.....	<u>(341,435)</u>	<u>(1,747,447)</u>	<u>(2,088,882)</u>	<u>(46,026)</u>
CHANGE IN FUND NET POSITION.....	<u>9,097,080</u>	<u>3,323,215</u>	<u>12,420,295</u>	<u>(180,735)</u>
Fund Net Position - Beginning of Year.....	<u>44,412,444</u>	<u>37,181,315</u>	<u>81,593,759</u>	<u>17,043,125</u>
FUND NET POSITION - END OF YEAR.....	<u>\$ 53,509,524</u>	<u>\$ 40,504,530</u>	<u>\$ 94,014,054</u>	<u>\$ 16,862,390</u>

The accompanying notes are an integral part of the financial statements.

CITY OF NEWTON, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Water	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users.....	\$ 31,340,581	\$ 21,816,054	\$ 53,156,635	\$ 11,195,882
Receipts from Interfund Services Provided.....	-	-	-	45,806,219
Payments to Vendors/Providers.....	(23,248,767)	(13,112,068)	(36,360,835)	(58,006,824)
Payments to Employees.....	(1,260,899)	(1,580,684)	(2,841,583)	-
Net Cash Provided by Operating Activities.....	<u>6,830,915</u>	<u>7,123,302</u>	<u>13,954,217</u>	<u>(1,004,723)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In.....	648,921	-	648,921	-
Transfers Out.....	(990,356)	(1,747,447)	(2,737,803)	(46,026)
Net Cash Provided by Noncapital Financing Activities.....	<u>(341,435)</u>	<u>(1,747,447)</u>	<u>(2,088,882)</u>	<u>(46,026)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the Issuance of Bonds and Notes.....	2,179,800	1,360,200	3,540,000	-
Intergovernmental Revenues.....	3,784,200	-	3,784,200	-
Acquisition and Construction of Capital Assets.....	(3,483,219)	(3,455,339)	(6,938,558)	-
Principal Payments on Bonds and Notes.....	(1,073,151)	(2,999,671)	(4,072,822)	-
Interest Expense.....	(279,508)	(264,894)	(544,402)	-
Net Cash Used by Capital and Related Financing Activities.....	<u>1,128,122</u>	<u>(5,359,704)</u>	<u>(4,231,582)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase and sales of Investments, net.....	-	-	-	(431,307)
Investment Income.....	9,528	4,102	13,630	422,181
Net Cash Provided by Investing Activities.....	<u>9,528</u>	<u>4,102</u>	<u>13,630</u>	<u>(9,126)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	7,627,130	20,253	7,647,383	(1,059,875)
Cash and Cash Equivalents - Beginning of Year (Includes \$6,602,388, \$5,902,008 and \$21,226,890 Reported as Restricted in the Sewer and 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>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Includes \$15,710,142, \$6,645,331 and \$22,355,473 Reported as Restricted in the Sewer and Water Enterprise Funds and Internal Service Funds Respectively).....	<u>\$ 25,499,247</u>	<u>\$ 11,634,867</u>	<u>\$ 37,134,114</u>	<u>\$ 20,167,015</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss).....	\$ 5,911,681	\$ 5,321,228	\$ 11,232,909	\$ (556,890)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Changes in Assets and Liabilities not Requiring Current Cash Flows:				
Depreciation.....	1,271,644	1,745,956	3,017,600	-
Net Pension Liability.....	115,030	132,329	247,359	-
Net OPEB Obligation.....	312,737	352,640	665,377	-
Effect of Changes in Operating Assets and Liabilities:				
Utility Liens.....	(3,095)	(11,531)	(14,626)	-
User Charges.....	(314,941)	(482,411)	(797,352)	-
Special Assessments.....	5,553	-	5,553	-
Interest and Dividends.....	-	-	-	2,600
Departmental and Other.....	-	-	-	109,527
Prepaid Expenses.....	-	-	-	(57,445)
Working Capital Deposit.....	-	-	-	42,028
Warrants Payable.....	(1,137,552)	3,712	(1,133,840)	(57,471)
Accrued Liabilities.....	613,156	7,669	620,825	(999,229)
Accrued Payroll.....	14,637	28,134	42,771	(7,425)
Other Liabilities.....	56,370	44,731	101,101	(4,913)
Liabilities payable from restricted assets.....	(3,918)	(24,299)	(28,217)	-
Accrued Health Claims Payable.....	-	-	-	200,711
Workers' Compensation Claims.....	-	-	-	323,784
Compensated Absences.....	(10,387)	5,144	(5,243)	-
Total Adjustments.....	<u>919,234</u>	<u>1,802,074</u>	<u>2,721,308</u>	<u>(447,833)</u>
Net Cash Provided by Operating Activities.....	<u>\$ 6,830,915</u>	<u>\$ 7,123,302</u>	<u>\$ 13,954,217</u>	<u>\$ (1,004,723)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Intergovernmental Debt Subsidies (MWPAT).....	<u>\$ 476,493</u>	<u>\$ 260,263</u>	<u>\$ 736,756</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

CITY OF NEWTON, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2015

ASSETS	Pension Trust Fund (As of 12/31/14)	OPEB Trust Fund	Private Purpose Trust Funds	Agency Funds
Cash and Cash Equivalents.....	\$ 6,719,918	\$ 115,526	\$ 1,225,600	\$ 2,953,519
Investments:				
Fixed Income	-	-	2,640,703	-
Equities.....	-	-	6,417,621	-
Real Estate.....	91,899	-	-	-
External Investment Pool.....	286,871,089	2,003,212	-	-
Interest and Dividends.....	-	-	13,581	-
Receivables, Net of Allowance for Uncollectible Amounts:				
Intergovernmental.....	242,896	-	-	-
Prepaid Expenses.....	6,225	-	-	-
 Total Assets.....	 <u>293,932,027</u>	 <u>2,118,738</u>	 <u>10,297,505</u>	 <u>\$ 2,953,519</u>
 LIABILITIES				
Warrants Payable.....	7,690	-	-	-
Accrued Liabilities.....	-	-	3,030	-
Payroll Withholding.....	-	-	-	618,015
Other Liabilities.....	-	-	-	2,335,504
 Total Liabilities.....	 <u>7,690</u>	 <u>-</u>	 <u>3,030</u>	 <u>\$ 2,953,519</u>
 NET POSITION				
Restricted for Pensions, Other Post Employment Benefits and Other Purposes.....	<u>\$ 293,924,337</u>	<u>\$ 2,118,738</u>	<u>\$ 10,294,475</u>	

The accompanying notes are an integral part of the financial statements.

CITY OF NEWTON, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Pension Trust Fund (As of 12/31/14)	OPEB Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Employer.....	\$ 19,972,859	\$ 941,059	\$ -
Plan Members.....	8,661,238	-	-
Private Donations.....	-	-	76,549
Total Contributions.....	<u>28,634,097</u>	<u>941,059</u>	<u>76,549</u>
Net Investment Income:			
Net Appreciation in Fair Value of Investments.....	14,242,238	-	-
Interest and Dividends.....	8,003,767	57,868	99,502
Total Investment Income.....	<u>22,246,005</u>	<u>57,868</u>	<u>99,502</u>
Less: Investment Expense.....	<u>(1,497,202)</u>	<u>-</u>	<u>-</u>
Net Investment Income.....	<u>20,748,803</u>	<u>57,868</u>	<u>99,502</u>
Other.....	<u>2,747,642</u>	<u>-</u>	<u>-</u>
Total Additions.....	<u>52,130,542</u>	<u>998,927</u>	<u>176,051</u>
DEDUCTIONS			
Administration.....	290,143	-	35,422
Retirement Benefits and Refunds.....	35,872,446	-	-
Transfers to Other Systems.....	2,457,499	-	-
Scholarships Awarded.....	-	-	362,451
Total Deductions.....	<u>38,620,088</u>	<u>-</u>	<u>397,873</u>
CHANGE IN NET POSITION.....	13,510,454	998,927	(221,822)
Net Position - Beginning of Year.....	<u>280,413,883</u>	<u>1,119,811</u>	<u>10,516,297</u>
NET POSITION - END OF YEAR.....	\$ <u>293,924,337</u>	\$ <u>2,118,738</u>	\$ <u>10,294,475</u>

The accompanying notes are an integral part of the financial statements.

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

JUNE 30, 2015

	Component Units		
	Newton Commonwealth Foundation, Inc. (As of 12/31/14)	Newton Community Development Authority	Total
ASSETS			
Current assets:			
Cash and cash equivalents.....	\$ 666,265	\$ -	\$ 666,265
Restricted cash and cash equivalents.....	-	8,500	8,500
Interest and dividends.....	-	480,424	480,424
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	4,918	-	4,918
Loans.....	-	55,054	55,054
Prepaid expenses.....	8,672	-	8,672
Total current assets.....	<u>679,855</u>	<u>543,978</u>	<u>1,223,833</u>
Noncurrent assets:			
Receivables, net of allowance for uncollectible amounts:			
Loans.....	-	4,132,287	4,132,287
Capital assets:			
Depreciable, net of accumulated depreciation.....	<u>1,964,654</u>	<u>-</u>	<u>1,964,654</u>
Total noncurrent assets.....	<u>1,964,654</u>	<u>4,132,287</u>	<u>6,096,941</u>
Total assets.....	<u>2,644,509</u>	<u>4,676,265</u>	<u>7,320,774</u>
LIABILITIES			
Current liabilities:			
Warrants payable.....	54,495	-	54,495
Accrued liabilities.....	<u>-</u>	<u>8,500</u>	<u>8,500</u>
Total current liabilities.....	<u>54,495</u>	<u>8,500</u>	<u>62,995</u>
FUND NET POSITION			
Net investment in capital assets.....	1,964,654	-	1,964,654
Unrestricted.....	<u>625,360</u>	<u>4,667,765</u>	<u>5,293,125</u>
Total fund net position.....	<u>\$ 2,590,014</u>	<u>\$ 4,667,765</u>	<u>\$ 7,257,779</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, 2015

	Component Units		
	Newton Commonwealth Foundation, Inc. (As of 12/31/14)	Newton Community Development Authority	Total
OPERATING REVENUES			
Charges for services.....	\$ 301,406	\$ -	\$ 301,406
Intergovernmental.....	-	214,332	214,332
Other.....	-	27,310	27,310
TOTAL OPERATING REVENUES.....	301,406	241,642	543,048
OPERATING EXPENSES			
Salaries, wages and employee benefits.....	15,404	-	15,404
Other operating expenses.....	50,000	177,475	227,475
Depreciation.....	163,915	-	163,915
TOTAL OPERATING EXPENSES.....	229,319	177,475	406,794
OPERATING INCOME (LOSS).....	72,087	64,167	136,254
NONOPERATING REVENUES (EXPENSES)			
Investment/interest income.....	1,706	28,771	30,477
CHANGE IN FUND NET POSITION.....	73,793	92,938	166,731
FUND NET POSITION AT BEGINNING OF YEAR.....	2,516,221	4,574,827	7,091,048
FUND NET POSITION AT END OF YEAR.....	\$ 2,590,014	\$ 4,667,765	\$ 7,257,779

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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, 2015

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, 2015

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.

Angier School Improvements Fund: This fund accounts for the cost of reconstructing the Angier Elementary School, 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, 2015

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, 2015, the City implemented the following pronouncements issued by the GASB:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*

The implementation of GASB Statement No. 68 and 71 required the reporting of pension items for the City's future pension benefits obligations and also expanded footnote disclosures and required supplementary information.

The implementation of GASB Statement No. 69 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, 2015

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, 2015

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 Outflows of Resources

The statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

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

- Deferred outflows related to pensions are reported in the government-wide and proprietary funds financial statements in accordance with GASB Statement No. 68.

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, 2015

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
- Permanent funds – expendable represents amounts held in trust for which the expenditures are restricted by various trust agreements.
- Permanent 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, 2015

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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the System are recognized when due and the employer has made a formal commitment to provide the contributions. Investments are reported at fair value.

Post Retirement Benefits

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

Use of Estimates

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

Total Column

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

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

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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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 2015 General Fund and Community Preservation Fund budgets authorized \$350,354,029 and \$7,406,884 (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 \$9,293,519, and \$634,862, for total budgets of \$359,647,548 and \$8,041,746, respectively.

Total General Fund expenditures and transfers to other funds totaled \$352,874,020, and \$4,545,076 in appropriation balances were carried forward into fiscal year 2016 to support encumbrances and continuing appropriations.

Total Community Preservation Fund expenditures and transfers to other funds were \$1,325,955, and \$5,410,613 in appropriation balances were carried forward into fiscal year 2016 to support encumbrances and continuing appropriations.

B. Deficit Net Position

At June 30, 2015, the net position of governmental activities and the primary government have a deficit balance of \$144,095,636 and \$50,081,582, respectively. The primary causes of the deficits are the net pension liability and net OPEB obligation. At June 30, 2015, these liabilities total \$516,250,458 and \$531,090,542 for governmental activities and the primary government, respectively.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

C. 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, 2015 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.....	\$ 347,699,150	\$ 346,144,845	\$ 381,075
 <u>Reclassifications</u>			
Activity of stabilization fund recorded in the general fund for GAAP purposes.....	835,087	-	3,219,096
 <u>Adjustments</u>			
Net change in recording 60-day receipts.....	132,887	-	-
Net change in recording tax refunds payable.....	(3,312,672)	-	-
To record activity for landfill closure subsidy.....	64,838	64,838	-
Net change in recording other revenues.....	90,849	-	-
Net change in recording other expenditures.....	-	1,052,740	-
Total on GAAP basis of accounting.....	345,510,139	347,262,423	3,600,171
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ 345,510,139	\$ 347,262,423	\$ 3,600,171

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

	Community Preservation Fund
	<u>Revenues</u>
Budgetary basis as reported on the statement of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 3,695,968
<u>Adjustment</u>	
Net change in recording 60-day receipts.....	<u>2,479</u>
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	<u><u>\$ 3,698,447</u></u>

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, 2015, \$90,717,944 of the City’s bank balance of \$128,060,189 was uninsured and uncollateralized.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

Investments Summary

The City's investments at June 30, 2015 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.....	\$ 1,124,131	\$ -	\$ 470,755	\$ -	\$ 653,376
U.S. Agencies.....	313,868	258,010	55,858	-	-
Corporate bonds.....	133,373	-	107,511	25,862	-
Money market mutual funds.....	595,286	595,286	-	-	-
Mutual bond funds.....	4,723,515	4,723,515	-	-	-
External investment pools.....	58,009,483	58,009,483	-	-	-
Total debt securities.....	64,899,656	\$ 63,586,294	\$ 634,124	\$ 25,862	\$ 653,376
<u>Other Investments:</u>					
Equity securities.....	7,921,720				
Equity mutual funds.....	6,207,926				
Total other investments.....	14,129,646				
Total investments.....	\$ 79,029,302				

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, 2015

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, 2015, \$8,208,499 of the City's investments of \$79,029,302 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.....	\$ 133,373	\$ -	\$ 133,373
Money market mutual funds.....	553,549	553,549	-
Mutual bond funds.....	1,656,920	-	1,656,920
Equity securities.....	1,271,242	-	1,271,242
Equity mutual funds.....	4,593,416	-	4,593,416
Total.....	<u>\$ 8,208,500</u>	<u>\$ 553,549</u>	<u>\$ 7,654,951</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, 2015, 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>A</u>	<u>A1</u>	<u>BAA2</u>	<u>BAA</u>	<u>Unrated</u>
Corporate bonds.....	\$ 133,373	\$ 59,192	\$ 15,346	\$ 26,473	\$ 32,362	\$ -
Money market mutual funds....	595,286	-	-	-	-	595,286
Mutual bond funds.....	4,723,515	-	-	-	-	4,723,515
External investment pools.....	58,009,483	-	-	-	-	58,009,483
Total.....	<u>\$ 63,461,657</u>	<u>\$ 59,192</u>	<u>\$ 15,346</u>	<u>\$ 26,473</u>	<u>\$ 32,362</u>	<u>\$ 63,328,284</u>

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

Pension Trust Fund (The System)

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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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, 2014, the System is not exposed to custodial credit risk.

Investments Summary

The System's investments at December 31, 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) <u>Less Than 1</u>
<u>External Investment Pools:</u>		
Pension Reserve Investment Trust.....	\$ 287,071,112	\$ 287,071,112
Massachusetts Municipal Depository Trust.....	<u>6,519,896</u>	<u>6,519,896</u>
Total external investment pools.....	<u>293,591,008</u>	<u>\$ 293,591,008</u>
<u>Other Investments:</u>		
Real estate investments.....	<u>91,899</u>	
Total investments.....	<u>\$ 293,682,907</u>	

Investments - Interest Rate Risk of Debt Securities

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

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System does not have a policy for custodial credit risk of investments. The custodial arrangements are reflective of the fact that System assets are invested in pooled funds as opposed to individual securities. As of December 31, 2014, the System's investments were not exposed to custodial credit risk.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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, 2014, the System's debt security investments were in external investment pools unrated by national credit rating organizations.

Note 4 - Receivables

At June 30, 2015, 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 Amount	Allowance for Uncollectibles	Net Amount
	<u> </u>	<u> </u>	<u> </u>
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 6,216,563	\$ (434,015)	\$ 5,782,548
Real estate tax deferrals.....	2,985,255	-	2,985,255
Tax liens.....	8,951,453	-	8,951,453
Motor vehicle excise taxes.....	2,365,188	(1,311,849)	1,053,339
Community preservation surcharges.....	41,365	-	41,365
Charges for services.....	697,260	-	697,260
Special assessments.....	391,442	-	391,442
Departmental and other.....	8,344,741	(3,596,290)	4,748,451
Intergovernmental.....	4,823,310	-	4,823,310
	<u>\$ 34,816,577</u>	<u>\$ (5,342,154)</u>	<u>\$ 29,474,423</u>

At June 30, 2015, receivables for the Enterprise Funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
	<u> </u>	<u> </u>	<u> </u>
<u>Receivables:</u>			
Charges for services.....	\$ 13,882,873	\$ (157,330)	\$ 13,725,543
Utility liens.....	223,151	-	223,151
Special assessments.....	25,315	-	25,315
Intergovernmental.....	1,378,150	-	1,378,150
	<u>\$ 15,509,489</u>	<u>\$ (157,330)</u>	<u>\$ 15,352,159</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

Note 5 – Capital Assets

Capital asset activity for governmental activities for the fiscal year ended June 30, 2015 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental activities:				
Capital assets not being depreciated:				
Land.....	\$ 22,226,126	\$ 2,820,826	\$ -	\$ 25,046,952
Construction in progress.....	5,758,403	22,029,274	(335,201)	27,452,476
Intangible assets.....	2,238,261	-	-	2,238,261
Sub-total	<u>30,222,790</u>	<u>24,850,100</u>	<u>(335,201)</u>	<u>54,737,689</u>
Capital assets being depreciated:				
Buildings and improvements.....	460,322,516	1,711,464	-	462,033,980
Equipment and machinery.....	74,687,792	4,289,463	(187,153)	78,790,102
Road network.....	82,467,471	7,002,753	-	89,470,224
Sub-total	<u>617,477,779</u>	<u>13,003,680</u>	<u>(187,153)</u>	<u>630,294,306</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(131,048,349)	(10,824,020)	-	(141,872,369)
Equipment and machinery.....	(49,756,498)	(4,913,217)	187,153	(54,482,562)
Road network.....	(27,436,732)	(2,218,670)	-	(29,655,402)
Sub-total	<u>(208,241,579)</u>	<u>(17,955,907)</u>	<u>187,153</u>	<u>(226,010,333)</u>
Total capital assets being depreciated, net.....	<u>409,236,200</u>	<u>(4,952,227)</u>	<u>-</u>	<u>404,283,973</u>
Governmental capital assets, net.....	\$ <u>439,458,990</u>	\$ <u>19,897,873</u>	\$ <u>(335,201)</u>	\$ <u>459,021,662</u>

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

Legislative & executive.....	\$ 7,223
Administrative support.....	113,771
Public building maintenance and operations.....	178,059
Police.....	644,727
Fire.....	793,494
Inspectional services.....	4,085
Education.....	11,851,786
Streets and sidewalks.....	2,860,150
Control of snow and ice.....	24,995
Solid waste.....	998
Health & human services.....	2,822
Senior services.....	50,004
Libraries.....	990,513
Parks and recreation.....	420,735
Newton history museum.....	12,545
Total depreciation expense - governmental activities.....	\$ <u>17,955,907</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

Capital asset activity for individual enterprise funds for the fiscal year ended June 30, 2015 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Water system:				
Capital assets not being depreciated:				
Land.....	\$ 258,540	\$ -	\$ -	\$ 258,540
Construction in progress.....	4,345	-	-	4,345
Sub-total	<u>262,885</u>	<u>-</u>	<u>-</u>	<u>262,885</u>
Capital assets being depreciated:				
Buildings and improvements.....	2,455,492	-	-	2,455,492
Equipment and machinery.....	13,498,930	-	-	13,498,930
Water system.....	48,205,158	3,455,339	-	51,660,497
Sub-total.....	<u>64,159,580</u>	<u>3,455,339</u>	<u>-</u>	<u>67,614,919</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(1,160,119)	(45,763)	-	(1,205,882)
Equipment and machinery.....	(5,240,930)	(702,690)	-	(5,943,620)
Water system.....	(11,919,778)	(997,503)	-	(12,917,281)
Sub-total.....	<u>(18,320,827)</u>	<u>(1,745,956)</u>	<u>-</u>	<u>(20,066,783)</u>
Total capital assets being depreciated, net.....	<u>45,838,753</u>	<u>1,709,383</u>	<u>-</u>	<u>47,548,136</u>
Water system capital assets, net.....	\$ <u>46,101,638</u>	\$ <u>1,709,383</u>	\$ <u>-</u>	\$ <u>47,811,021</u>
	<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.....	2,964,931	246,659	-	3,211,590
Sanitary sewer system.....	54,886,341	3,236,560	-	58,122,901
Sub-total.....	<u>59,718,931</u>	<u>3,483,219</u>	<u>-</u>	<u>63,202,150</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(781,394)	(39,126)	-	(820,520)
Equipment and machinery.....	(1,653,947)	(179,028)	-	(1,832,975)
Sanitary sewer system.....	(18,980,320)	(1,053,490)	-	(20,033,810)
Sub-total.....	<u>(21,415,661)</u>	<u>(1,271,644)</u>	<u>-</u>	<u>(22,687,305)</u>
Total capital assets being depreciated, net.....	<u>38,303,270</u>	<u>2,211,575</u>	<u>-</u>	<u>40,514,845</u>
Sewer system capital assets, net.....	\$ <u>38,329,515</u>	\$ <u>2,211,575</u>	\$ <u>-</u>	\$ <u>40,541,090</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

Capital asset activity for the Newton Commonwealth Foundation component unit for the fiscal year ended June 30, 2015 is as follows:

	<u>Beginning Balances</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending Balances</u>
<u>Newton Commonwealth Foundation (Golf course):</u>							
Capital assets being depreciated:							
Land improvements.....	\$ 3,122,333	\$	263,948	\$	-	\$	3,386,281
Buildings and improvements.....	94,420		-		-		94,420
Equipment and machinery.....	67,038		4,800		-		71,838
Sub-total.....	<u>3,283,791</u>		<u>268,748</u>		<u>-</u>		<u>3,552,539</u>
Less: accumulated depreciation:							
Land improvements.....	(1,312,979)		(157,800)		-		(1,470,779)
Buildings and improvements.....	(58,590)		(1,809)		-		(60,399)
Equipment and machinery.....	(52,401)		(4,306)		-		(56,707)
Sub-total.....	<u>(1,423,970)</u>		<u>(163,915)</u>		<u>-</u>		<u>(1,587,885)</u>
Golf course, net.....	\$ <u>1,859,821</u>	\$	\$ <u>104,833</u>	\$	\$ <u>-</u>	\$	\$ <u>1,964,654</u>

Note 6 – Net Investment in Capital Assets

Net investment in capital assets at June 30, 2015 is summarized as follows:

Governmental Activities

Capital assets, net of accumulated depreciation.....	\$ 459,021,662
Less: total long-term debt outstanding.....	(215,267,032)
Add: long-term debt outstanding not related to asset acquisition.....	653,700
Add: unspent BAN/bond proceeds.....	<u>16,125,013</u>
Net investment in capital assets.....	\$ <u>260,533,343</u>

Business-Type Activities

	<u>Water</u>		<u>Sewer</u>		<u>Total Enterprise Funds/ Business-Type Activities</u>
Capital assets, net of accumulated depreciation.....	\$ 47,811,021	\$	40,541,090	\$	88,352,111
Less: total long-term debt outstanding.....	(15,805,377)		(13,423,420)		(29,228,797)
Add: unspent BAN/bond proceeds.....	<u>6,645,331</u>		<u>15,710,142</u>		<u>22,355,473</u>
Net investment in capital assets.....	\$ <u>38,650,975</u>	\$	\$ <u>42,827,812</u>	\$	\$ <u>81,478,787</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

Note 7 – Inter-fund Receivables, Payables and Transfers

Receivables and payables between funds at June 30, 2015, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Street Improvements Fund - non major governmental fund	\$ 231,833 {1}
General Fund	School Federal Grant Fund - non major governmental fund	<u>45,560 {1}</u>
	Total	<u>\$ 277,393</u>

{1} Advance funding pending receipt of grant reimbursement

Inter-fund transfer activity for the fiscal year ended June 30, 2015 consisted of the following:

	General Fund	Community Preservation Fund	Angier School Improvements Fund	Nonmajor Governmental Funds	Water Enterprise Fund	Sewer Enterprise Fund	Internal Service Funds	Total All Funds
Solid Waste Program receipts reserved - FY 2015 operating budget	\$ 135,000	\$ -	\$ -	(135,000)	\$ -	\$ -	\$ -	\$ -
Parking Meter receipts reserved - FY 2015 operating budget	1,773,597	-	-	(1,773,597)	-	-	-	-
BAA Marathon receipts reserved - FY 2015 operating budget	90,000	-	-	(90,000)	-	-	-	-
Sale of Recycling Materials receipts reserved - FY 2015 operating budget	40,000	-	-	(40,000)	-	-	-	-
CATV licensing fees receipts reserved - FY 2015 operating budget	210,125	-	-	(210,125)	-	-	-	-
NCGF golf day receipts reserved - FY 2015 operating budget	25,000	-	-	(25,000)	-	-	-	-
Sewer fund indirect cost reimbursement - FY 2015 operating budget	990,356	-	-	-	-	(990,356)	-	-
Water fund indirect cost reimbursement - FY 2015 operating budget	1,098,526	-	-	-	(1,098,526)	-	-	-
Building Insurance Fund - FY 2015 operating budget	36,026	-	-	-	-	-	(36,026)	-
Water fund indirect cost reimbursement to Sewer fund - FY 2015 operating budget	-	-	-	-	(648,921)	648,921	-	-
Community Preservation Fund cost reimbursement - FY 2015 operating budget	510	(510)	-	-	-	-	-	-
Stormwater Federal Grant Match (Hammond Pond project) - Stormwater Fund	-	-	-	(155,000)	-	-	-	(155,000)
Stormwater Federal Grant Match (Hammond Pond project) - Federal Grant Fund	-	-	-	155,000	-	-	-	155,000
Zervas Elementary Capital Project Land Taking - Capital Stabilization Fund	(2,415,000)	-	-	2,415,000	-	-	-	-
Angier Elementary Capital Project Fund - revenue budget amendment (bond premium)	(98,964)	-	98,964	-	-	-	-	-
Fire Prevention Activities (Violation Fines Reserved for Appropriation)	6,650	-	-	(6,650)	-	-	-	-
ISD Activities (Violation Fines Reserved for Appropriation)	2,230	-	-	(2,230)	-	-	-	-
Legal Settlement (Liability Self Insurance Fund)	10,000	-	-	-	-	-	(10,000)	-
NPS Technology (E-Rate)	112,977	-	-	(112,977)	-	-	-	-
NPS Athletic Revolving Fund Subsidy	(906,729)	-	-	906,729	-	-	-	-
Close FEMA Reimbursement (February 2013 Snow Blizzard)	724,325	-	-	(724,325)	-	-	-	-
Close Inclement Weather RRA per MA DOR Bureau of Accounts	568,190	-	-	(568,190)	-	-	-	-
Transfers from other funds.....	<u>\$ 5,823,512</u>	<u>\$ -</u>	<u>\$ 98,964</u>	<u>\$ 3,476,729</u>	<u>\$ -</u>	<u>\$ 648,921</u>	<u>\$ -</u>	<u>\$ 10,048,126</u>
Transfers to other funds.....	<u>\$ (3,420,693)</u>	<u>\$ (510)</u>	<u>\$ -</u>	<u>\$ (3,843,094)</u>	<u>\$ (1,747,447)</u>	<u>\$ (990,356)</u>	<u>\$ (46,026)</u>	<u>\$ (10,048,126)</u>

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).

Short term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures for short term borrowing are accounted for in the general fund.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

Details related to the short-term debt activity for the fiscal year ended June 30, 2015 is as follows:

Notes Payable – Governmental Funds

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at 6/30/2014	Increases	Decreases	Balance at 6/30/2015
BAN	Zervas Elementary Construction.....	06/25/15	03/15/16	1.25%	-	1,250,000	-	1,250,000

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, 2015:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion
Governmental Activities:					
Bonds and notes payable.....	\$ 199,866,399	\$ 45,140,000	\$ (29,739,367)	\$ 215,267,032	\$ 10,747,967
Landfill closure and other environmental....	531,000	279,771	(87,421)	723,350	195,550
Workers' compensation.....	8,099,755	1,992,661	(1,668,877)	8,423,539	1,545,712
Compensated absences.....	8,595,976	246,020	-	8,841,996	3,262,540
Net pension liability.....	259,686,416	64,432,778	(34,748,442)	289,370,752	-
Net OPEB obligation.....	197,776,642	46,996,169	(17,893,105)	226,879,706	-
Total.....	\$ 674,556,188	\$ 159,087,399	\$ (84,137,212)	\$ 749,506,375	\$ 15,751,769
Business-type Activities:					
Bonds and notes payable.....	\$ 29,991,829	\$ 3,540,000	\$ (4,303,032)	\$ 29,228,797	\$ 4,376,129
Compensated absences.....	326,692	-	(5,243)	321,449	32,145
Net pension liability.....	8,400,050	2,084,200	(1,124,004)	9,360,246	-
Net OPEB obligation.....	4,814,461	1,074,463	(409,086)	5,479,838	-
Total.....	\$ 43,533,032	\$ 6,698,663	\$ (5,841,365)	\$ 44,390,330	\$ 4,408,274

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, \$8,423,539 of the internal service funds accrued liabilities (workers' compensation claims) is included above.

The outstanding long-term debt related to land acquisition (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

Information on the City's long term debt at June 30, 2015, along with future year debt service requirements, is located on the following pages.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

Bonds Payable – Governmental Funds

	Date of Issue	Interest Rate (%)	Outstanding			Outstanding June 30, 2015
			July 1, 2014	Issued	Redeemed	
MWPAT landfill closure.....	02/15/1998	4.60	\$ 805,400	\$ -	\$ (151,700)	\$ 653,700
School renovations.....	02/15/2005	3.0-4.0	500,000	-	(500,000)	-
School renovations.....	02/15/2006	3.0-4.3	6,665,000	-	(6,070,000)	595,000
Road improvements.....	02/15/2006	3.0-4.3	100,000	-	(50,000)	50,000
Public works equipment.....	02/15/2006	3.0-4.3	370,000	-	(310,000)	60,000
Fire equipment.....	02/15/2006	3.0-4.3	385,000	-	(330,000)	55,000
School renovations.....	02/01/2007	4.0-5.0	5,335,000	-	(4,375,000)	960,000
Fire station improvements.....	02/01/2007	4.0-5.0	165,000	-	(125,000)	40,000
Public works equipment.....	02/01/2007	4.0-5.0	350,000	-	(250,000)	100,000
Land acquisition (CPA).....	11/01/2007	3.98	765,000	-	(255,000)	510,000
Fire station improvements.....	11/01/2007	3.98	315,000	-	(205,000)	110,000
School renovations.....	11/01/2007	3.98	140,000	-	(110,000)	30,000
School new construction.....	11/01/2007	3.98	13,245,000	-	(10,395,000)	2,850,000
School new construction.....	6/15/2008	4.37	20,770,000	-	(505,000)	20,265,000
School renovations.....	6/15/2008	3.80	1,540,000	-	(110,000)	1,430,000
Fire equipment.....	6/15/2008	3.80	270,000	-	(30,000)	240,000
Public works equipment.....	6/15/2008	3.80	360,000	-	(40,000)	320,000
School new construction.....	04/1/2009	2.0-5.0	67,910,000	-	(1,525,000)	66,385,000
School renovations.....	04/1/2009	2.0-5.0	1,505,000	-	(105,000)	1,400,000
School renovations.....	04/1/2009	2.0-5.0	150,000	-	(15,000)	135,000
School renovations.....	04/1/2009	2.0-5.0	575,000	-	(40,000)	535,000
South high school athletic fields.....	04/1/2009	2.0-5.0	2,140,000	-	(215,000)	1,925,000
Fire station renovations.....	04/1/2009	2.0-5.0	1,635,000	-	(170,000)	1,465,000
City hall boiler replacement.....	04/1/2009	2.0-5.0	150,000	-	(10,000)	140,000
Bencliff circle construction.....	04/1/2009	2.0-5.0	85,000	-	(20,000)	65,000
Fire equipment.....	04/1/2009	2.0-5.0	525,000	-	(55,000)	470,000
Parks equipment.....	04/1/2009	2.0-5.0	60,000	-	(10,000)	50,000
DPW equipment.....	04/1/2009	2.0-5.0	400,000	-	(40,000)	360,000
School new construction.....	4/27/2010	3.0-4.0	10,090,000	-	(390,000)	9,700,000
Fire station renovations.....	4/27/2010	2.0-4.0	3,605,000	-	(230,000)	3,375,000
Underground fuel tanks.....	4/27/2010	2.0-4.0	270,000	-	(45,000)	225,000
Modular classrooms.....	4/27/2010	2.0-4.0	1,020,000	-	(95,000)	925,000
School renovations.....	4/27/2010	2.0-4.0	965,000	-	(115,000)	850,000
Energy conservation.....	4/27/2010	2.0-4.0	2,690,000	-	(245,000)	2,445,000
Fire equipment.....	4/27/2010	2.0-4.0	300,000	-	(50,000)	250,000
Public works equipment.....	4/27/2010	2.0-4.0	1,140,000	-	(190,000)	950,000
School new construction.....	3/30/2011	2.0	9,899,999	-	(366,667)	9,533,332
School renovations.....	4/14/2011	3.0-4.5	1,900,000	-	(130,000)	1,770,000
City hall windows.....	4/14/2011	3.0-4.5	85,000	-	(15,000)	70,000
Public works equipment.....	4/14/2011	3.0-4.5	220,000	-	(75,000)	145,000
School renovations/upgrades.....	04/03/2012	2.0-3.0	3,670,000	-	(400,000)	3,270,000
Fire engine replacement.....	4/12/2012	2.0-3.0	480,000	-	(60,000)	420,000
Gath pool repairs.....	4/12/2012	2.0-3.0	80,000	-	(10,000)	70,000
Playground improvements.....	4/12/2012	2.0-3.0	130,000	-	(10,000)	120,000
Public works equipment.....	4/12/2012	2.0-3.0	310,000	-	(40,000)	270,000
School advance refunding.....	04/12/2013	2.0-4.0	4,750,000	-	-	4,750,000
School renovations.....	04/12/2013	2.0-4.0	7,785,000	-	(405,000)	7,380,000
Public works equipment.....	04/12/2013	2.0-4.0	150,000	-	(20,000)	130,000
Gath Pool improvements.....	04/12/2013	2.0-4.0	135,000	-	(15,000)	120,000
City Hall improvements.....	04/12/2013	2.0-4.0	565,000	-	(35,000)	530,000
Crafts St DPW garage improvements.....	04/12/2013	2.0-4.0	225,000	-	(35,000)	190,000
Energy conservation.....	04/12/2013	2.0-4.0	320,000	-	(80,000)	240,000
Fire equipment.....	04/12/2013	2.0-4.0	930,000	-	(70,000)	860,000
Elementary modular classrooms.....	03/06/2014	2.75-5.0	2,400,000	-	(160,000)	2,240,000
Mason Rice School sprinklers.....	03/06/2014	2.75-5.0	480,000	-	(35,000)	445,000
Carr School renovations.....	03/06/2014	2.75-5.0	11,749,000	-	(209,000)	11,540,000
Angier demolition & construction.....	03/06/2014	2.75-5.0	5,000,000	-	(90,000)	4,910,000
Community Ctr renovations.....	03/06/2014	2.75-5.0	275,000	-	(20,000)	255,000
DPW equipment.....	03/06/2014	2.75-5.0	282,000	-	(32,000)	250,000
Snow melting equipment.....	03/06/2014	2.75-5.0	250,000	-	(25,000)	225,000
Salt shed & garage.....	03/06/2014	2.75-5.0	500,000	-	(25,000)	475,000
School renovation advance refunding.....	1/29/2015	2.0-3.0	-	5,274,500	-	5,274,500
DPW equip advance refunding.....	1/29/2015	2.0-3.0	-	244,000	-	244,000
Fire ladder advance refunding.....	1/29/2015	2.0-3.0	-	268,400	-	268,400
School renovation advance refunding.....	1/29/2015	2.0-3.0	-	3,842,890	-	3,842,890
Fire station advance refunding.....	1/29/2015	2.0-3.0	-	99,200	-	99,200
DPW equip advance refunding.....	1/29/2015	2.0-3.0	-	198,200	-	198,200
Fire station advance refunding.....	1/29/2015	2.0-3.0	-	169,500	-	169,500
School construction advance refunding.....	1/29/2015	2.0-3.0	-	9,538,310	-	9,538,310
Cabot Feasibility study.....	1/29/2015	2.0-5.0	-	990,000	-	990,000
Bigelow staircase.....	1/29/2015	2.0-5.0	-	465,000	-	465,000
Angier construction.....	1/29/2015	2.0-5.0%	-	15,000,000	-	15,000,000
Fire station #10 renovations.....	1/29/2015	2.0-5.0%	-	6,100,000	-	6,100,000
Publ Bldg Energy Conservation.....	1/29/2015	2.0-5.0%	-	2,610,000	-	2,610,000
DPW equipment.....	1/29/2015	2.0-5.0	-	340,000	-	340,000
Total.....			\$ 199,866,399	\$ 45,140,000	\$ (29,739,367)	\$ 215,267,032

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

Advanced Refunding – January 2015

The City issued \$19,635,000 of general obligation refunding bonds (with a premium of \$1,759,523) to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$19,915,000 of previously issued general obligation bonds relating to school construction, departmental equipment, fire station construction. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$1,883,044. This amount was expensed in the current fiscal year. This advance refunding was undertaken to reduce total debt service payments over the next 12 years by \$2,048,718 and resulted in an economic gain of \$1,829,244.

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

Fiscal Year Ending	Principal	Interest	Total
2016	\$ 10,747,967	\$ 8,599,258	\$ 19,347,225
2017	10,887,667	7,892,063	18,779,730
2018	10,577,467	7,536,454	18,113,921
2019	10,367,267	7,152,002	17,519,269
2020	10,276,667	6,777,473	17,054,140
2021	9,796,667	6,399,388	16,196,055
2022	9,706,667	6,022,554	15,729,221
2023	9,671,667	5,652,637	15,324,304
2024	9,706,667	5,281,837	14,988,504
2025	9,341,667	4,907,217	14,248,884
2026	8,401,667	4,579,207	12,980,874
2027	8,036,667	4,285,575	12,322,242
2028	7,721,667	4,003,786	11,725,453
2029	6,961,667	3,735,908	10,697,575
2030	6,826,667	3,468,844	10,295,511
2031	6,801,667	3,199,785	10,001,452
2032	6,946,667	2,930,377	9,877,044
2033	7,201,667	2,637,539	9,839,206
2034	7,446,667	2,332,473	9,779,140
2035	7,711,667	2,014,096	9,725,763
2036	7,586,667	1,687,370	9,274,037
2037	7,911,667	1,352,174	9,263,841
2038	8,246,667	1,001,140	9,247,807
2039	6,726,667	633,725	7,360,392
2040	2,196,667	329,655	2,526,322
2041	1,861,657	252,783	2,114,440
2042	1,550,000	190,344	1,740,344
2043	1,610,000	133,225	1,743,225
2044	1,665,000	73,975	1,738,975
2045	775,000	12,594	787,594
Total	\$ 215,267,032	\$ 105,075,459	\$ 320,342,491

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

Bonds Payable – Water Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2014	Issued	Redeemed	Outstanding June 30, 2015
MWRA Water	11/18/2004	0.00	\$ 258,602	\$ -	\$ (258,602)	\$ -
MWRA Water	05/18/2006	0.00	517,203	-	(258,602)	258,601
MWRA Water	05/31/2007	0.00	775,805	-	(258,602)	517,203
Water meter replacement.....	4/1/2009	2.0-5.0	3,000,000	-	(600,000)	2,400,000
MWRA Water	5/21/2009	0.00	1,800,000	-	(360,000)	1,440,000
MWRA Water	05/20/2010	0.00	1,334,640	-	(222,440)	1,112,200
MWRA Water	2/15/2011	0.00	1,353,559	-	(193,366)	1,160,193
Water meter replacement.....	4/14/2011	3.0-4.5	2,100,000	-	(300,000)	1,800,000
MWRA Water	5/14/2012	0.00	1,088,160	-	(136,020)	952,140
MWRA Water	08/20/2012	0.00	1,224,180	-	(136,020)	1,088,160
Water Mains.....	4/12/2013	2.0-4.0	2,565,000	-	(136,020)	2,428,980
Water/Sewer Garage.....	4/12/2013	2.0-4.0	67,500	-	(5,000)	62,500
MWRA Water.....	8/15/2013	0.00	1,360,200	-	(135,000)	1,225,200
MWRA Water.....	11/17/2014	0.00	-	1,360,200	-	1,360,200
Total			\$ 17,444,849	\$ 1,360,200	\$ (2,999,672)	\$ 15,805,377

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, 2015, the City was the recipient of a \$1,360,200 ten-year interest free water system rehabilitation loan.

At June 30, 2015, the City had \$9,113,898 in MWRA water rehabilitation loans outstanding. Interest subsidies on these loans for the year ended June 30, 2015 totaled \$260,263.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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

Fiscal Year	Ending	Principal	Interest	Total
2016	\$	2,877,088	\$ 235,193	\$ 3,112,281
2017		2,618,487	200,993	2,819,480
2018		2,359,886	166,794	2,526,680
2019		2,359,886	129,693	2,489,579
2020		1,399,885	91,094	1,490,979
2021		1,177,445	71,993	1,249,438
2022		684,080	52,894	736,974
2023		548,060	47,293	595,353
2024		412,040	41,694	453,734
2025		276,020	36,093	312,113
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	\$	<u>15,805,377</u>	\$ <u>1,221,561</u>	\$ <u>17,026,938</u>

Bonds Payable – Sewer Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2014	Issued	Redeemed	Outstanding June 30, 2015
MWPAT Sewer.....	10/06/1999	5.16	\$ 2,350,000	\$ -	\$ (360,000)	\$ 1,990,000
MWPAT Sewer.....	11/10/2000	5.20	3,207,000	-	(416,000)	2,791,000
MWPAT Sewer.....	07/03/2002	0.00	65,000	-	(5,000)	60,000
MWRA Sewer.....	03/1/2010	0.00	47,300	-	(47,300)	-
Sewer system improvements.....	04/27/2010	2.0-4.0	400,000	-	(25,000)	375,000
MWRA Sewer.....	08/25/2011	0.00	345,180	-	(115,060)	230,120
Sewer system improvements.....	04/3/2012	2.0-3.0	2,045,000	-	(115,000)	1,930,000
Sewer I& I removal.....	04/12/2013	2.0-4.0	4,020,000	-	(215,000)	3,805,000
Water/Sewer Garage.....	04/12/2013	2.0-4.0	67,500	-	(5,000)	62,500
MWRA Sewer.....	08/18/2014	0.00	-	1,262,800	-	1,262,800
MWRA Sewer.....	12/15/2014	0.00	-	917,000	-	917,000
Total			\$ <u>12,546,980</u>	\$ <u>2,179,800</u>	\$ <u>(1,303,360)</u>	\$ <u>13,423,420</u>

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, 2015, the City had \$2,409,920 in MWRA sewer infiltration/inflow reduction loans outstanding. During fiscal year 2015, the City was the recipient of MWRA grants totaling \$3,784,200 and ten year interest free sewer infiltration/flow reduction loans totaling \$2,179,800.

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, 2015 the City had \$4,841,000 in loans outstanding under this project. Interest and principal subsidies on these loans for the year ended June 30, 2015 were \$246,284 and \$230,209, respectively.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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

Fiscal Year	Principal	Interest	Total
Ending			
2016	\$ 1,499,040	\$ 418,587	\$ 1,917,627
2017	1,524,040	365,043	1,889,083
2018	1,443,980	307,642	1,751,622
2019	1,473,980	253,123	1,727,103
2020	1,493,980	198,544	1,692,524
2021	1,078,980	149,808	1,228,788
2022	582,980	124,051	707,031
2023	582,980	111,075	694,055
2024	572,980	98,926	671,906
2025	572,980	86,448	659,428
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	\$ 13,423,420	\$ 2,447,018	\$ 15,870,438

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

Authorized and Unissued Debt

At June 30, 2015 the City had a total of \$85,192,010 in authorized (by the Board of Aldermen) and unissued debt, which is summarized as follows:

	Beginning of Year	Increases	Decreases	End of Year
School improvements.....	\$ 33,215,000	\$ 36,585,000	\$ (16,553,964)	\$ 53,246,036
Public works equipment.....	1,262,800	340,000	(1,602,800)	-
Sewer system improvements	536,655	917,000	(917,000)	536,655
Water main rehabilitation - MWRA.....	9,521,400	-	(1,360,200)	8,161,200
Fire engine and station repairs.....	6,112,296	3,645,823	(6,100,000)	3,658,119
Public building energy conservation.....	2,610,000	-	(2,610,000)	-
15 Walnut Park land acquisition.....	-	17,350,000	-	17,350,000
Senior Center HVAC improvements.....	-	150,000	-	150,000
FA Day hot water heater replacement.....	-	150,000	-	150,000
City Hall war memorial elevator.....	-	1,140,000	-	1,140,000
Traffic signal improvements.....	-	800,000	-	800,000
Total.....	\$ 53,258,151	\$ 61,077,823	\$ (29,143,964)	\$ 85,192,010

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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 \$723,350 at June 30, 2015 for future year landfill site monitoring and maintenance. Estimated costs per year total \$30,500. 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.

The number of participants as of June 30, 2015, the latest actuarial valuation, is as follows:

Active employees.....	2,458
Retired employees and beneficiaries.....	<u>2,763</u>
Total.....	<u><u>5,221</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. In addition to the City contributing money to the Plan to satisfy current obligations on a pay-as-you-go basis, the City contributed 3% of compensation for all employees enrolling in the City health plan on or after July 1, 2012. 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, 2015

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.....	\$	54,840
Interest on net OPEB obligation.....		4,209
Adjustment to annual required contribution.....		<u>(10,978)</u>
Annual OPEB cost.....		48,071
Contributions made.....		<u>(18,302)</u>
Increase in net OPEB obligation.....		29,769
Net OPEB obligation at beginning of year.....		<u>202,591</u>
Net OPEB obligation at end of year.....	\$	<u><u>232,360</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>Fiscal Year</u> <u>Ending</u>	<u>Dollar Amounts in Thousands</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, 2013.....	\$ 46,107	35.0%	\$ 177,540
June 30, 2014.....	42,134	40.5%	202,591
June 30, 2015.....	48,071	38.1%	232,360

Funded Status and Funding Progress – The funded status of the Plan at June 30, 2015, the most recent actuarial valuation, was as follows:

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Dollar Amounts in Thousands</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>
06/30/15	\$ 2,119	\$ 703,630	\$ 701,511	0.3%	\$ 200,641	350%

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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, 2015
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level dollar
Remaining amortization period:	30 years (open)
Interest discount rate:	2.04%
Healthcare/Medical cost trend rate:	7.81% for 2016; 7.23% for 2017; 6.66% for 2018; 6.08% starting in 2019 to an ultimate level of 6.08% per year.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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

Governmental Activities:

Legislative & Executive.....	\$ 565,980
Financial administration.....	575,204
Administrative support.....	677,549
Planning & development.....	239,873
Public building maintenance & operation.....	565,438
Police.....	4,486,724
Fire.....	4,713,103
Inspectional services.....	283,362
Education.....	30,072,290
Streets & sidewalks.....	1,255,973
Collection & disposal of solid waste.....	438,473
Equipment maintenance.....	394,731
Engineering.....	239,075
Administration & support.....	167,544
Public health.....	637,605
Senior services.....	39,548
Veteran services.....	26,973
Libraries.....	925,398
Parks & recreation.....	666,752
Newton history museum.....	<u>24,574</u>
 Total AOPEBC - governmental activities.....	 <u>46,996,169</u>
 Business-Type Activities:	
Water.....	569,450
Sewer.....	<u>505,013</u>
 Total AOPEBC - business-type activities.....	 <u>1,074,463</u>
 Total AOPEBC.....	 <u>\$ 48,070,632</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, 2015

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, 2015, the City's health claims liability totaled \$3,533,868 and is based on approximately one month claims paid average. Changes in the reported liability since July 1, 2013 are as follows:

	<u>Balance at</u> <u>Beginning of</u> <u>Fiscal Year</u>		<u>Current Year</u> <u>Claims and</u> <u>Changes in</u> <u>Estimate</u>		<u>Claims</u> <u>Payments</u>		<u>Balance at</u> <u>Fiscal</u> <u>Year-end</u>
Fiscal year 2014.....	\$ 3,996,304	\$	\$ 46,784,350	\$	(\$ 47,447,497)	\$	\$ 3,333,157
Fiscal year 2015.....	3,333,157		51,314,952		(51,114,241)		3,533,868

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 \$8,423,539 at June 30, 2015, of which \$1,545,712 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, 2015. The liability includes an estimate of the IBNR claims.

The June 30, 2015 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 2010 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, 2013 are as follows:

	<u>Balance at</u> <u>Beginning of</u> <u>Fiscal Year</u>		<u>Current Year</u> <u>Claims and</u> <u>Changes in</u> <u>Estimate</u>		<u>Claims</u> <u>Payments</u>		<u>Balance at</u> <u>Fiscal</u> <u>Year-end</u>
Fiscal year 2014.....	\$ 10,431,753	\$	(\$ 287,247)	\$	(\$ 2,044,751)	\$	\$ 8,099,755
Fiscal year 2015.....	8,099,755		1,992,661		(1,668,877)		8,423,539

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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>Angier School Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 397,170	\$ 397,170
Restricted:					
Debt service.....	2,992,322	-	-	107,154	3,099,476
General government.....	-	-	-	3,441,238	3,441,238
Public safety.....	-	-	-	188,291	188,291
Education.....	-	-	-	1,797,923	1,797,923
School construction.....	-	-	9,372,583	220,425	9,593,008
Freeman Foundation exchange program.....	-	-	-	163,011	163,011
Pre-school program.....	-	-	-	226,521	226,521
Summer school.....	-	-	-	249,474	249,474
Continuing education.....	-	-	-	959,918	959,918
Public works.....	-	-	-	1,232,528	1,232,528
Health and human services.....	-	-	-	478,586	478,586
Culture and recreation.....	-	-	-	2,088,654	2,088,654
Recreation activities/classes.....	-	-	-	765,064	765,064
Camp programs.....	-	-	-	763,766	763,766
Community preservation.....	-	8,462,700	-	-	8,462,700
CPA- community housing.....	-	3,081,979	-	-	3,081,979
CPA- historic resources.....	-	1,130,074	-	-	1,130,074
CPA- community recreation.....	-	1,202,980	-	-	1,202,980
Capital.....	13,752	-	-	-	13,752
School lunch.....	-	-	-	93,778	93,778
Insurance proceeds.....	-	-	-	767	767
Receipts reserved.....	-	-	-	2,652,093	2,652,093
Sub-total - Restricted.....	<u>3,006,074</u>	<u>13,877,733</u>	<u>9,372,583</u>	<u>15,429,191</u>	<u>41,685,581</u>
Committed:					
Subsequent year's expenditures.....	1,595,628	-	-	-	1,595,628
Capital.....	714,055	-	-	-	714,055
Continuing appropriations.....	2,998,738	-	-	-	2,998,738
Receipts reserved.....	-	-	-	1,281,577	1,281,577
Sub-total - Committed.....	<u>5,308,421</u>	<u>-</u>	<u>-</u>	<u>1,281,577</u>	<u>6,589,998</u>
Assigned:					
Encumbrances.....	1,546,338	-	-	-	1,546,338
Capital.....	905,046	-	-	-	905,046
Sub-total - Assigned.....	<u>2,451,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,451,384</u>
Unassigned.....	<u>27,757,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,757,785</u>
Total.....	<u>\$ 38,523,664</u>	<u>\$ 13,877,733</u>	<u>\$ 9,372,583</u>	<u>\$ 17,107,938</u>	<u>\$ 78,881,918</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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, 2015 total \$1,632,853 and \$17,317,598, respectively, and are reported in the general fund as restricted (\$13,752), committed (\$714,055), assigned (\$905,046) and unassigned (\$17,317,598).

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 (System)

A – Plan Description

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 also covers eligible employees of the Newton Housing Authority.

At December 31, 2014, the System’s membership consisted of the following:

Active members.....	1,723
Inactive - entitled to or receiving benefits.....	31
Inactive - not entitled to or not receiving benefits.....	573
Retirees and beneficiaries currently receiving benefits.....	<u>1,317</u>
Total members.....	<u><u>3,644</u></u>
Number of participating employers.....	<u><u>2</u></u>

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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

B – Benefits Provided

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 or five 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 or 60, with 10 years of service. Normal retirement for most employees occurs at age 65 or 67, except for certain hazardous duty and public safety employees who attain normal retirement at age 55 or 57.

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. 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.

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.

C - Contributions

Chapter 32 of the MGL assigns authority to establish and amend contribution requirements of the System. 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.

For the year ended December 31, 2014, active member contributions totaled \$8,661,238 and employer contributions totaled \$19,972,859. Contributions to the System from the City were \$19,778,376 for the year ended June 30, 2015.

D – Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The components of the net pension liability of the System at December 31, 2014, were as follows:

Total pension liability	\$ 595,592,789
Plan fiduciary net position	<u>(293,924,337)</u>
Net pension liability	<u>\$ 301,668,452</u>
Plan fiduciary net position as a percentage of the total pension liability	49.35%

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

At June 30, 2015, the City reported a liability of \$298,730,998 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was also determined by an actuarial valuation as of December 31, 2014. The City's proportion of the net pension liability is the proportionate share of employer contributions to the System for the year ended December 31, 2014, actuarially determined. At December 31, 2014, the City's proportion was 99.026264 percent, which was the same proportion measured as of December 31, 2014.

For the year ended June 30, 2015, the City recognized pension expense of \$27,672,819 associated with the System. At June 30, 2015, the City reported deferred outflows of resources related to pensions of \$22,750,089 from the following sources:

	<u>Amount</u>
Differences between expected and actual experience	\$ 1,861,988
Changes of assumptions	20,552,689
Net difference between projected and actual earnings on System investments	335,412

The amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	<u>Amount</u>
2016	\$ 5,687,523
2017	5,687,523
2018	5,687,523
2019	5,687,520

Actuarial Assumptions –The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method:	Entry age normal
Amortization method:	Increasing payments 8.75% per year
Remaining amortization period:	14 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:	7.35%, net of pension plan investment expense, including inflation
Inflation rate:	2.5% per year
Salary increases:	3.5% per year
Cost of living adjustment:	3.0% on the first \$12,000 in benefits

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

Mortality rates:

Pre-Retirement - RP-2000 Employee Mortality Table projected generationally from 2005 using Scale BB

Healthy Retiree - RP-2000 Healthy Annuitant Mortality Table projected generationally from 2005 using Scale BB

Disabled Retiree - RP-2000 Healthy Annuitant Mortality Table projected generationally from 2005 using Scale BB, set forward three years

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2014 to December 31, 2014. As a result of the actuarial experience study, mortality assumptions were adjusted in the December 31, 2014 valuation to more closely reflect actual experience.

Investment Policies and Rates of Return - Deposits and investments made by the System are governed by Chapter 32 of the MGL. 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).

For the year ended December 31, 2014, the annual money-weighted rate of return on System investments, net of investment expense, was 7.51%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The System's current funding schedule is based upon a 7.65% assumed rate of return.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	20.0%	6.40%
International Equity - Developed Markets	16.0%	7.07%
International Equity - Emerging Markets	6.0%	9.26%
Core Fixed Income	17.5%	1.53%
High-Yield Fixed Income	5.5%	4.25%
Real Estate	10.0%	4.30%
Commodities	4.0%	3.77%
Hedge Funds	11.0%	3.44%
Private Equity	10.0%	11.26%
Cash	0.0%	0.96%

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

Discount Rate - The discount rate used to measure the total pension liability was 7.35 percent. The discount rate in the prior fiscal year was 7.65 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the System calculated using the discount rate of 7.35 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.35 percent) or 1-percentage-point higher (8.35 percent) than the current rate:

	1% Decrease <u>(6.35%)</u>	Current Discount Rate <u>(7.35%)</u>	1% Increase <u>(8.35%)</u>
System's net pension liability	\$ 366,724,246	\$ 301,668,452	\$ 246,758,663

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.35 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.35 percent) or 1-percentage-point higher (8.35 percent) than the current rate:

	1% Decrease <u>(6.35%)</u>	Current Discount Rate <u>(7.35%)</u>	1% Increase <u>(8.35%)</u>
City's proportionate share of the net pension liability	\$ 363,153,320	\$ 298,730,998	\$ 244,355,885

Legally Required Reserve Accounts - The balance in the System's legally required reserves as of December 31, 2014 are as follows:

<u>Description</u>	<u>Amount</u>	<u>Purpose</u>
Annuity Savings Fund.....	\$ 86,485,645	Active members' contribution balance
Annuity Reserve Fund....	28,972,410	Retired members' contribution account
Military Service Fund.....	61,422	Military leave of absence contribution balance
Pension Fund.....	<u>178,404,860</u>	Remaining net assets
Total.....	\$ <u>293,924,337</u>	

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

Note 18 – Pension Plan (Massachusetts Teachers Retirement System)

A - General Information about the Pension Plan

Plan description - Public school teachers and certain administrators are provided with pensions through the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Massachusetts Teachers' Retirement Board. The MTRS is part of the Commonwealth of Massachusetts' (Commonwealth) reporting entity and does not issue a stand-alone audited financial report. The MTRS is reported as a Pension Trust Fund in the Commonwealth's audited financial statements that can be obtained at <http://www.mass.gov/osc/publications-and-reports/financial-reports/cafr-reports.html>.

Benefits provided - MTRS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit requirements. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

Contributions - The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Member contributions for MTRS vary depending on the most recent date of membership, ranging from 5-11% of regular compensation. Members hired in 1979 or subsequent contribute an additional 2% of regular compensation in excess of \$30,000.

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributing entity in MTRS.

B - Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Since the City does not contribute directly to MTRS, the City does not report a proportionate share of the net pension liability of the MTRS at June 30, 2015. The Commonwealth's net pension liability associated with the City was \$260,194,376.

The MTRS' net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 rolled forward to June 30, 2015.

For the year ended June 30, 2015, the City recognized pension expense of \$18,076,952 associated with MTRS and revenue of the same amount for support provided by the Commonwealth.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

Actuarial assumptions - The MTRS' total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of January 1, 2014 rolled forward to June 30, 2015. This valuation used the following assumptions:

Investment rate of return:	8.0%
Salary increases:	Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service
Mortality Rates:	Pre-retirement - reflects RP-2000 Employees table adjusted for "white-collar" employment projected 22 years with Scale AA (gender distinct) Post-retirement - reflects RP-2000 Healthy Annuitant table adjusted for large annuity amounts and projected 17 years with Scale AA (gender distinct) Disability - reflects RP-2000 Healthy Annuitant table adjusted for large annuity amounts and projected 17 years with Scale AA (gender distinct) set forward 3 years for males
Other:	3.5% interest rate credited to the annuity savings fund 3.0% cost of living increase per year

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43%	7.2%
Core Fixed Income	13%	2.5%
Hedge Funds	10%	5.5%
Private Equity	10%	8.8%
Real Estate	10%	6.3%
Value Added Fixed Income	10%	6.3%
Timber/Natural Resources	4%	5.0%
Totals	<u>100%</u>	

Discount rate - The discount rate used to measure the MTRS' total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

Pension plan fiduciary net position - Detailed information about the MTRS' fiduciary net position is available in the Commonwealth's audited financial statements.

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, 2015, totaled \$4,545,076 and \$5,410,613, respectively.

The City has 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. 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. The developer and any successors or assigns are obligated to replenish the Municipal Liquidity Reserve if any draw occurs. During fiscal year 2015, the City was not obligated to reimburse the Commonwealth for any debt service related to the IDAA.

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, 2015 cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the City at June 30, 2015.

Note 20 – Subsequent Events

In September 2015, the City acquired the real property located at 15 Walnut Park for the purchase price of \$15,750,000. The City intends to use the property for its preschool program and as a new site for the Lincoln Eliot School.

Subsequent to fiscal year end, the Newton School Committee reached an agreement with the Newton Teachers Association for new collective bargaining contracts for the periods September 1, 2014 through September 30, 2015, and September 1, 2015 through August 31, 2018. A liability has been recorded for the estimated cost of implementing the September 1, 2014 through August 31, 2015 agreement and for the City's estimated cost exposure for public safety contracts that remain unresolved for the July 1, 2014 through June 30, 2015 period.

Note 21 – Prior Period Reclassifications

The beginning fund balances of the Angier School Improvement and nonmajor governmental funds have been reclassified to reflect the reclassification of the Angier School Improvement fund from a nonmajor governmental fund to a major fund.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

Note 22 – Change in Accounting Principle

During the year ended June 30, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This pronouncement requires the restatement of the June 30, 2014, net position of the governmental activities, business-type activities and enterprise funds as shown as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Sewer Enterprise Fund</u>	<u>Water Enterprise Fund</u>
Net Position, June 30, 2014, as Previously Reported.....	\$ 139,901,149	\$ 89,993,809	\$ 48,318,668	\$ 41,675,141
Cumulative Affect of Application of GASB 68, Net Pension Liability.....	<u>(259,686,416)</u>	<u>(8,400,050)</u>	<u>(3,906,224)</u>	<u>(4,493,826)</u>
Net Position, June 30, 2014, as Restated.....	<u>\$ (119,785,267)</u>	<u>\$ 81,593,759</u>	<u>\$ 44,412,444</u>	<u>\$ 37,181,315</u>

Note 23 – Future Implementation of GASB Pronouncements

The GASB has issued the following statements:

- Statement No. 72, Fair Value Measurement and Application, which is required to be implemented during fiscal year 2016. Management is evaluating the Statement’s future impact on the basic financial statements.
- Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, which is required to be implemented during fiscal year 2016. Management is evaluating the Statement’s future impact on the basic financial statements.
- Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, which is required to be implemented during fiscal year 2017. Management is evaluating the Statement’s future impact on the basic financial statements
- Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Plans Other than Pensions, which is required to be implemented during fiscal year 2018. Management is evaluating the Statement’s future impact on the basic financial statements
- Statement No. 76, The Hierarchy of Generally Accepted Accounting Principals for State and Local Governments, which is required to be implemented during fiscal year 2016. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 77, Tax Abatement Disclosures, which is required to be implemented during fiscal year 2017. Management is evaluating the Statement’s future impact on the basic financial statements.

These pronouncements will be implemented by their respective implementation dates.

Required Supplementary Information

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2015

PENSION PLAN SCHEDULES

**SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS
(SYSTEM)**

	<u>2014</u>
<u>Total pension liability</u>	
Service cost	\$ 10,445,973
Interest	41,588,936
Differences between expected and actual experience	2,350,371
Changes of assumptions	25,943,483
Benefit payments, including refunds of member contributions	<u>(35,872,446)</u>
Net change in total pension liability	44,456,317
Total pension liability - beginning	<u>551,136,472</u>
Total pension liability - ending (a)	<u><u>\$ 595,592,789</u></u>
<u>Plan fiduciary net position</u>	
Contributions - employer	\$ 19,972,859
Contributions - member	8,661,238
Net investment income	20,748,803
Benefit payments, including refunds of member contributions	<u>(35,872,446)</u>
Net change in plan fiduciary net position	13,510,454
Plan fiduciary net position - beginning	<u>280,413,883</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 293,924,337</u></u>
Net pension liability - ending (a) - (b)	<u><u>\$ 301,668,452</u></u>
Plan fiduciary net position as a percentage of the total pension liability	49.35%
Covered-employee payroll	\$ 86,807,549
Net pension liability as a percentage of covered-employee payroll	347.51%

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2015

SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contribution	\$ 19,972,859	18,363,516	16,343,094	16,252,351	15,029,827
Contributions in relation to the actuarially determined contribution	<u>19,972,859</u>	<u>18,363,516</u>	<u>16,343,094</u>	<u>16,252,351</u>	<u>15,029,827</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Covered-employee payroll	\$ 86,807,549	86,807,549	82,970,000	80,337,000	81,378,000
Contributions as a percentage of covered-employee payroll	23.01%	21.15%	19.70%	20.23%	18.47%

(continued)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Actuarially determined contribution	\$ 13,547,778	12,843,635	11,747,762	10,667,820	10,273,356
Contributions in relation to the actuarially determined contribution	<u>13,547,778</u>	<u>12,843,635</u>	<u>11,747,762</u>	<u>10,667,820</u>	<u>10,273,356</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Covered-employee payroll	\$ 83,844,000	82,014,000	79,206,000	74,197,000	71,278,000
Contributions as a percentage of covered-employee payroll	16.16%	15.66%	14.83%	14.38%	14.41%

(concluded)

SCHEDULE OF INVESTMENT RETURNS (SYSTEM)

	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	7.51%

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2015

SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (SYSTEM)

	<u>2015*</u>
City's proportion of the net pension liability	99.026264%
City's proportionate share of the net pension liability	298,730,998
City's covered-employee payroll	85,643,310
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	348.81%
Plan fiduciary net position as a percentage of the total pension liability	49.35%

*The amounts presented were determined as of 12/31/14

SCHEDULE OF CITY'S CONTRIBUTIONS (SYSTEM)

	<u>2015</u>
Actuarially Required Contribution	\$ 19,778,376
Contributions in Relation to the Actuarially Required Contribution	<u>19,778,376</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
City's Covered-Employee Payroll	\$ 85,643,310
Contributions as a Percentage of Covered Employee Payroll	23.09%

SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (MTRS)

	<u>2015</u>
City's proportion of the net pension liability	0.00%
City's proportionate share of the net pension liability	\$ -
Commonwealth's proportionate share of the net pension liability associated with the City	<u>260,194,376</u>
Total	<u>\$ 260,194,376</u>
City's covered-employee payroll	\$ 100,361,397
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A
Plan fiduciary net position as a percentage of the total pension liability	61.64%

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2015

SCHEDULE OF CITY'S CONTRIBUTIONS (MTRS)

	<u>2015</u>
Contractually required contribution	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
City's covered-employee payroll	\$ 100,361,397
Contributions as a percentage of covered-employee payroll	N/A

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2015

OTHER POSTEMPLOYMENT BENEFITS SCHEDULE

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

SCHEDULES OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
06/30/15	\$ 2,119	\$ 703,630	\$ 701,511	0.3%	\$ 200,641	350%
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%

CITY OF NEWTON, MASSACHUSETTS

Notes to Required Supplementary Information

Fiscal Year Ended June 30, 2015

Note A – Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedules of contributions are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in those schedules:

Actuarial cost method (2005-2014):	Entry Age Normal
Amortization method (2005-2006):	Level percentage of payroll
Amortization method (2007-2009):	Payment increases 4.50% per year
Amortization method (2010-2012):	Payment increases 3.75% per year
Amortization method (2013):	Payment increases 8.50% per year
Amortization method (2014):	Payment increases 8.75% per year
Remaining amortization period (2005):	22 years
Remaining amortization period (2006):	21 years
Remaining amortization period (2007):	21 years
Remaining amortization period (2008):	20 years
Remaining amortization period (2009):	20 years
Remaining amortization period (2010):	27 years
Remaining amortization period (2011):	26 years
Remaining amortization period (2012):	24 years
Remaining amortization period (2013):	15 years
Remaining amortization period (2014):	14 years
Asset valuation method (2005-2007):	5-year smoothed market value
Asset valuation method (2008-2009):	Market value
Asset valuation method (2010-2014):	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
Inflation (2005-2012):	3.0%
Inflation (2013):	2.0 – 2.5%
Inflation (2014):	2.5%
Salary increases (2005-2008):	3.00 – 5.25%
Salary increases (2009):	4.00 – 5.25%
Salary increases (2010-2011):	2.0 – 3.5%
Salary increases (2012):	2.5 – 3.5%
Salary increases (2013):	3.0 – 3.5%
Salary increases (2014):	3.5%
Investment rate of return (2005-2009):	8.00%
Investment rate of return (2010-2012):	7.75%
Investment rate of return (2013):	7.65%
Investment rate of return (2014):	7.35%

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.

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, 2015

Special Revenue Funds

ASSETS	School Lunch	Revolving	Receipts Reserved	Community Development Block Grant	Municipal Federal Grant
Cash and cash equivalents.....	\$ -	-	\$ 1,281,577	\$ -	\$ -
Restricted cash and cash equivalents.....	524,309	\$ 6,166,106	2,652,093	354,546	424,931
Restricted investments.....	-	-	-	-	-
Interest and dividends.....	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:					
Tax liens.....	-	-	-	-	-
Charges for services.....	-	549,988	-	-	-
Special assessments.....	-	128,387	-	-	-
Intergovernmental.....	53,434	-	-	8,500	33,230
Other assets.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 577,743	\$ 6,844,481	\$ 3,933,670	\$ 363,046	\$ 458,161
LIABILITIES					
Warrants payable.....	\$ 654	\$ 246,866	\$ -	\$ 23,856	\$ 2,767
Accrued liabilities.....	269,568	100,831	-	3,739	11,014
Accrued payroll.....	1,157	308,059	-	10,003	1,231
Other liabilities.....	212,586	714,045	-	560	174
Due to other funds.....	-	-	-	-	-
Short-term notes payable.....	-	-	-	-	-
TOTAL LIABILITIES.....	483,965	1,369,801	-	38,158	15,186
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	-	151,731	-	-	18,670
FUND BALANCES					
Nonspendable.....	-	-	-	-	-
Restricted.....	93,778	5,322,949	2,652,093	324,888	424,305
Committed.....	-	-	1,281,577	-	-
TOTAL FUND BALANCES.....	93,778	5,322,949	3,933,670	324,888	424,305
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 577,743	\$ 6,844,481	\$ 3,933,670	\$ 363,046	\$ 458,161

Special Revenue Funds

	Municipal State Grant	School State Grant	School Federal Grant	Gift	Stormwater Management	Sub-total
\$	-	\$ -	\$ -	\$ -	\$ -	\$ 1,281,577
	43,904	525,257	-	1,048,905	182,052	11,922,103
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	4,167	4,167
	-	-	-	-	110,312	660,300
	-	-	-	-	-	128,387
	499,106	1,233,610	341,544	-	-	2,169,424
	-	-	-	-	-	-
\$	<u>543,010</u>	<u>1,758,867</u>	<u>341,544</u>	<u>1,048,905</u>	<u>296,531</u>	<u>16,165,958</u>
\$	195,999	\$ 88,160	\$ 18,311	\$ 14,183	\$ 1,286	\$ 592,082
	67,939	-	1,581	7,987	19,590	482,249
	5,817	116,056	244,784	2,142	13,133	702,382
	-	-	-	-	-	927,365
	-	-	45,560	-	-	45,560
	-	-	-	-	-	-
	<u>269,755</u>	<u>204,216</u>	<u>310,236</u>	<u>24,312</u>	<u>34,009</u>	<u>2,749,638</u>
	-	-	-	-	4,930	175,331
	-	-	-	-	-	-
	273,255	1,554,651	31,308	1,024,593	257,592	11,959,412
	-	-	-	-	-	1,281,577
	<u>273,255</u>	<u>1,554,651</u>	<u>31,308</u>	<u>1,024,593</u>	<u>257,592</u>	<u>13,240,989</u>
\$	<u>543,010</u>	<u>1,758,867</u>	<u>341,544</u>	<u>1,048,905</u>	<u>296,531</u>	<u>16,165,958</u>

(Continued)

CITY OF NEWTON, MASSACHUSETTS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2015

Capital Projects Funds

ASSETS	Public Building Improvements	Street Improvements	Municipal Equipment Replacement	Sub-total
Cash and cash equivalents.....	\$ -	\$ -	\$ -	-
Restricted cash and cash equivalents.....	4,101,254	780	440,942	\$ 4,542,976
Restricted investments.....	-	-	-	-
Interest and dividends.....	-	-	-	-
Receivables, net of allowance for uncollectible amounts:				
Tax liens.....	-	-	-	-
Charges for services.....	-	-	-	-
Special assessments.....	-	-	-	-
Intergovernmental.....	-	1,302,406	-	1,302,406
Other assets.....	-	-	-	-
TOTAL ASSETS.....	\$ 4,101,254	\$ 1,303,186	\$ 440,942	\$ 5,845,382
LIABILITIES				
Warrants payable.....	\$ 380,771	\$ 550,746	\$ -	\$ 931,517
Accrued liabilities.....	644,166	387,959	-	1,032,125
Accrued payroll.....	-	-	-	-
Other liabilities.....	-	-	-	-
Due to other funds.....	-	231,833	-	231,833
Short-term notes payable.....	1,250,000	-	-	1,250,000
TOTAL LIABILITIES.....	2,274,937	1,170,538	-	3,445,475
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue.....	-	-	-	-
FUND BALANCES:				
Nonspendable.....	-	-	-	-
Restricted.....	1,826,317	132,648	440,942	2,399,907
Committed.....	-	-	-	-
TOTAL FUND BALANCES.....	1,826,317	132,648	440,942	2,399,907
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 4,101,254	\$ 1,303,186	\$ 440,942	\$ 5,845,382

Permanent Funds

Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 1,281,577
424,277	392,270	816,547	17,281,626
-	619,534	619,534	619,534
15	1,003	1,018	1,018
-	-	-	4,167
-	-	-	660,300
-	-	-	128,387
-	-	-	3,471,830
<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
<u>\$ 454,292</u>	<u>\$ 1,012,807</u>	<u>\$ 1,467,099</u>	<u>\$ 23,478,439</u>
\$ -	\$ -	\$ -	\$ 1,523,599
-	-	-	1,514,374
57	-	57	702,439
-	-	-	927,365
-	-	-	277,393
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,250,000</u>
<u>57</u>	<u>-</u>	<u>57</u>	<u>6,195,170</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>175,331</u>
397,170	-	397,170	397,170
57,065	1,012,807	1,069,872	15,429,191
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,281,577</u>
<u>454,235</u>	<u>1,012,807</u>	<u>1,467,042</u>	<u>17,107,938</u>
<u>\$ 454,292</u>	<u>\$ 1,012,807</u>	<u>\$ 1,467,099</u>	<u>\$ 23,478,439</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, 2015

Special Revenue Funds

	School Lunch	Revolving	Receipts Reserved	Community Development Block Grant	Municipal Federal Grant
REVENUES					
Penalties and interest on taxes.....	\$ -	-	\$ -	\$ -	\$ -
Licenses and permits.....	-	-	829,924	-	-
Intergovernmental.....	665,453	22,780	-	1,307,390	3,367,715
Charges for services.....	2,521,461	13,885,469	1,534,590	-	-
Fines and forfeitures.....	-	26,650	10,100	-	-
Investment income (loss).....	1,343	1,884	346	-	-
Contributions and donations.....	-	156,534	130,000	-	-
Miscellaneous.....	-	62,167	135,518	-	-
Special assessments.....	-	125,659	-	-	-
TOTAL REVENUES.....	3,188,257	14,281,143	2,640,478	1,307,390	3,367,715
EXPENDITURES					
Current:					
General government:					
Legislative & executive.....	-	6,715	-	-	-
Planning & development.....	-	93,768	-	1,400,001	2,403,887
Public building maintenance & operations.....	-	3,510	-	-	-
Public safety:					
Police.....	-	3,124,425	-	-	7,049
Fire.....	-	215,647	-	-	12,156
Inspectional services.....	-	6,509	-	-	-
Education.....	3,172,161	7,376,091	-	-	-
Public works:					
Streets & sidewalks.....	-	131,029	-	-	-
Sanitation.....	-	4,470	-	-	-
Vehicle maintenance.....	-	10,667	-	-	-
Engineering.....	-	139,009	-	-	-
Health and human services:					
Health & human services.....	-	120	-	-	97,154
Senior services.....	-	73,279	-	-	-
Veteran services.....	-	-	-	-	-
Culture and recreation:					
Libraries.....	-	76,679	-	-	-
Parks & recreation.....	-	2,735,655	-	-	-
Newton History museum.....	-	7,467	-	-	-
TOTAL EXPENDITURES.....	3,172,161	14,005,040	-	1,400,001	2,520,246
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	16,096	276,103	2,640,478	(92,611)	847,469
OTHER FINANCING SOURCES (USES)					
Transfers in.....	-	906,729	-	-	155,000
Issuance of general obligation bonds.....	-	-	-	-	-
Proceeds of refunding bonds.....	-	-	-	-	-
Premium from issuance of refunding bonds.....	-	-	-	-	-
Sale of assets.....	-	13,300	-	-	-
Transfers out.....	-	-	(2,963,769)	-	(724,325)
Payments to refunding bond escrow agent.....	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	920,029	(2,963,769)	-	(569,325)
NET CHANGE IN FUND BALANCES.....	16,096	1,196,132	(323,291)	(92,611)	278,144
FUND BALANCES AT BEGINNING OF YEAR.....	77,682	4,126,817	4,256,961	417,499	146,161
FUND BALANCES AT END OF YEAR.....	\$ 93,778	\$ 5,322,949	\$ 3,933,670	\$ 324,888	\$ 424,305

Special Revenue Funds

Municipal State Grant	School State Grant	School Federal Grant	Gift	Stormwater Management	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ 22,027	\$ 22,027
-	-	-	-	-	829,924
2,029,928	7,144,033	5,011,281	-	6,644	19,555,224
-	-	-	-	749,939	18,691,459
-	-	-	-	-	36,750
16	-	-	733	-	4,322
-	-	-	401,142	-	687,676
-	-	-	-	-	197,685
-	-	-	-	-	125,659
<u>2,029,944</u>	<u>7,144,033</u>	<u>5,011,281</u>	<u>401,875</u>	<u>778,610</u>	<u>40,150,726</u>
12,417	-	-	-	-	19,132
122,761	-	-	136,165	-	4,156,582
57,191	-	-	-	-	60,701
323,586	-	-	-	-	3,455,060
27,673	-	-	20,106	-	275,582
-	-	-	-	-	6,509
-	6,171,836	5,029,739	373,627	-	22,123,454
947,727	-	-	-	1,118,476	2,197,232
-	-	-	-	-	4,470
-	-	-	-	-	10,667
-	-	-	-	-	139,009
171,361	-	-	9,463	-	278,098
190,448	-	-	(3,383)	-	260,344
-	-	-	3,849	-	3,849
130,403	-	-	-	-	207,082
251,879	-	-	92,323	-	3,079,857
-	-	-	-	-	7,467
<u>2,235,446</u>	<u>6,171,836</u>	<u>5,029,739</u>	<u>632,150</u>	<u>1,118,476</u>	<u>36,285,095</u>
<u>(205,502)</u>	<u>972,197</u>	<u>(18,458)</u>	<u>(230,275)</u>	<u>(339,866)</u>	<u>3,865,631</u>
-	-	-	-	-	1,061,729
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	13,300
-	-	-	-	(155,000)	(3,843,094)
-	-	-	-	-	-
-	-	-	-	(155,000)	(2,768,065)
(205,502)	972,197	(18,458)	(230,275)	(494,866)	1,097,566
<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>\$ 273,255</u>	<u>\$ 1,554,651</u>	<u>\$ 31,308</u>	<u>\$ 1,024,593</u>	<u>\$ 257,592</u>	<u>\$ 13,240,989</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, 2015

	<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.....	102,666	3,698,186	-	3,800,852
Charges for services.....	-	-	-	-
Fines and forfeitures.....	-	-	-	-
Investment income (loss).....	-	-	-	-
Contributions and donations.....	-	-	-	-
Miscellaneous.....	32,281	-	16,141	48,422
Special assessments.....	-	-	-	-
TOTAL REVENUES.....	134,947	3,698,186	16,141	3,849,274
EXPENDITURES				
Current:				
General government:				
Legislative & executive.....	-	-	-	-
Planning & development.....	-	-	-	-
Public building maintenance & operations.....	6,427,625	-	-	6,427,625
Public safety:				
Police.....	-	-	-	-
Fire.....	-	-	244	244
Inspectional services.....	-	-	-	-
Education.....	6,268,872	-	-	6,268,872
Public works:				
Streets & sidewalks.....	-	4,663,781	-	4,663,781
Sanitation.....	-	-	-	-
Vehicle maintenance.....	-	-	-	-
Engineering.....	-	-	-	-
Health and human services:				
Health & human services.....	-	-	-	-
Senior services.....	-	-	-	-
Veteran services.....	-	-	-	-
Culture and recreation:				
Libraries.....	-	-	-	-
Parks & recreation.....	125	-	-	125
Newton History museum.....	-	-	-	-
TOTAL EXPENDITURES.....	12,696,622	4,663,781	244	17,360,647
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(12,561,675)	(965,595)	15,897	(13,511,373)
OTHER FINANCING SOURCES (USES)				
Transfers in.....	2,415,000	-	-	2,415,000
Issuance of general obligation bonds.....	10,165,000	-	340,000	10,505,000
Proceeds of refunding bonds.....	1,575,440	-	710,600	2,286,040
Premium from issuance of refunding bonds.....	140,762	-	70,381	211,143
Sale of assets.....	-	-	-	-
Transfers out.....	-	-	-	-
Payments to refunding bond escrow agent.....	(1,748,483)	-	(797,122)	(2,545,605)
TOTAL OTHER FINANCING SOURCES (USES).....	12,547,719	-	323,859	12,871,578
NET CHANGE IN FUND BALANCES.....	(13,956)	(965,595)	339,756	(639,795)
FUND BALANCES AT BEGINNING OF YEAR.....	1,840,273	1,098,243	101,186	3,039,702
FUND BALANCES AT END OF YEAR.....	\$ 1,826,317	\$ 132,648	\$ 440,942	\$ 2,399,907

Permanent Funds

Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 22,027
-	-	-	829,924
-	-	-	23,356,076
8,006	-	8,006	18,699,465
-	-	-	36,750
143	(4,716)	(4,573)	(251)
-	328,763	328,763	1,016,439
-	-	-	246,107
-	-	-	125,659
<u>8,149</u>	<u>324,047</u>	<u>332,196</u>	<u>44,332,196</u>
-	-	-	19,132
-	-	-	4,156,582
7,968	-	7,968	6,496,294
-	-	-	3,455,060
-	-	-	275,826
-	-	-	6,509
-	-	-	28,392,326
-	-	-	6,861,013
-	-	-	4,470
-	-	-	10,667
-	-	-	139,009
-	-	-	278,098
-	-	-	260,344
-	-	-	3,849
-	239,482	239,482	446,564
-	-	-	3,079,982
-	-	-	7,467
<u>7,968</u>	<u>239,482</u>	<u>247,450</u>	<u>53,893,192</u>
<u>181</u>	<u>84,565</u>	<u>84,746</u>	<u>(9,560,996)</u>
-	-	-	3,476,729
-	-	-	10,505,000
-	-	-	2,286,040
-	-	-	211,143
-	-	-	13,300
-	-	-	(3,843,094)
-	-	-	(2,545,605)
-	-	-	10,103,513
181	84,565	84,746	542,517
<u>454,054</u>	<u>928,242</u>	<u>1,382,296</u>	<u>16,565,421</u>
<u>\$ 454,235</u>	<u>\$ 1,012,807</u>	<u>\$ 1,467,042</u>	<u>\$ 17,107,938</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, 2015

ASSETS	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
Current assets:					
Restricted cash and cash equivalents.....	\$ 19,457,697	\$ 570,624	\$ -	\$ 138,694	\$ 20,167,015
Restricted investments.....	-	10,421,133	-	-	10,421,133
Interest and dividends.....	-	17,496	-	-	17,496
Prepaid expenses.....	57,445	-	-	-	57,445
Working capital deposit.....	351,885	-	-	-	351,885
Total assets.....	<u>19,867,027</u>	<u>11,009,253</u>	<u>-</u>	<u>138,694</u>	<u>31,014,974</u>
LIABILITIES					
Current liabilities:					
Warrants payable.....	228,240	100,406	-	-	328,646
Accrued liabilities.....	-	36,000	-	-	36,000
Accrued payroll.....	-	22,699	-	-	22,699
Other liabilities.....	1,807,832	-	-	-	1,807,832
Accrued health claims payable.....	3,533,868	-	-	-	3,533,868
Workers' compensation claims.....	-	1,545,712	-	-	1,545,712
Total current liabilities.....	<u>5,569,940</u>	<u>1,704,817</u>	<u>-</u>	<u>-</u>	<u>7,274,757</u>
Noncurrent liabilities:					
Workers' compensation claims.....	-	6,877,827	-	-	6,877,827
Total liabilities.....	<u>5,569,940</u>	<u>8,582,644</u>	<u>-</u>	<u>-</u>	<u>14,152,584</u>
FUND NET POSITION					
Unrestricted.....	<u>\$ 14,297,087</u>	<u>\$ 2,426,609</u>	<u>\$ -</u>	<u>\$ 138,694</u>	<u>\$ 16,862,390</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, 2015

	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
OPERATING REVENUES					
Employer contributions.....	\$ 43,644,092	\$ 2,050,000	\$ -	\$ -	\$ 45,694,092
Plan member contributions.....	11,195,882	-	-	-	11,195,882
TOTAL OPERATING REVENUES.....	54,839,974	2,050,000	-	-	56,889,974
OPERATING EXPENSES					
Change in incurred but not reported liability.....	945,274	373,663	-	-	1,318,937
Self insurance claims.....	50,473,809	1,668,875	-	-	52,142,684
Administrative expenses.....	3,915,720	69,523	-	-	3,985,243
TOTAL OPERATING EXPENSES.....	55,334,803	2,112,061	-	-	57,446,864
OPERATING INCOME (LOSS).....	(494,829)	(62,061)	-	-	(556,890)
NONOPERATING REVENUES (EXPENSES)					
Investment income.....	36,102	385,803	-	276	422,181
INCOME (LOSS) BEFORE TRANSFERS.....	(458,727)	323,742	-	276	(134,709)
TRANSFERS					
Transfers out.....	-	-	(36,026)	(10,000)	(46,026)
CHANGE IN FUND NET POSITION.....	(458,727)	323,742	(36,026)	(9,724)	(180,735)
FUND NET POSITION AT BEGINNING OF YEAR.....	14,755,814	2,102,867	36,026	148,418	17,043,125
FUND NET POSITION AT END OF YEAR.....	\$ 14,297,087	\$ 2,426,609	\$ -	\$ 138,694	\$ 16,862,390

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users.....	\$ 11,195,882	\$ -	\$ -	\$ -	\$ 11,195,882
Receipts from interfund services provided.....	43,753,619	2,052,600	-	-	45,806,219
Payments to vendors/providers.....	(56,206,410)	(1,800,414)	-	-	(58,006,824)
NET CASH FROM OPERATING ACTIVITIES.....	(1,256,909)	252,186	-	-	(1,004,723)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out.....	-	-	(36,026)	(10,000)	(46,026)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase and sales of investments, net.....	-	(431,307)	-	-	(431,307)
Investment income.....	36,102	385,803	-	276	422,181
NET CASH FROM INVESTING ACTIVITIES.....	36,102	(45,504)	-	276	(9,126)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(1,220,807)	206,682	(36,026)	(9,724)	(1,059,875)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (restricted).....	20,678,504	363,942	36,026	148,418	21,226,890
CASH AND CASH EQUIVALENTS AT END OF YEAR (restricted).....	\$ 19,457,697	\$ 570,624	\$ -	\$ 138,694	\$ 20,167,015
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (loss).....	\$ (494,829)	\$ (62,061)	\$ -	\$ -	\$ (556,890)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Changes in assets and liabilities:					
Interest and dividends.....	-	2,600	-	-	2,600
Departmental and other.....	109,527	-	-	-	109,527
Working capital deposit.....	42,028	-	-	-	42,028
Prepaid expenses.....	(57,445)	-	-	-	(57,445)
Warrants payable.....	(104,131)	46,660	-	-	(57,471)
Accrued payroll.....	-	(7,425)	-	-	(7,425)
Other liabilities.....	(4,913)	-	-	-	(4,913)
Accrued liabilities.....	(947,857)	(51,372)	-	-	(999,229)
Accrued health claims payable.....	200,711	-	-	-	200,711
Workers' compensation.....	-	323,784	-	-	323,784
Total adjustments.....	(762,080)	314,247	-	-	(447,833)
NET CASH FROM OPERATING ACTIVITIES.....	\$ (1,256,909)	\$ 252,186	\$ -	\$ -	\$ (1,004,723)



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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, 2015

	Chaffin Education	Scovell Education	Gorin Education	Cousens Welfare
ASSETS				
Cash and cash equivalents.....	\$ 73,104	\$ 19,007	\$ -	\$ 455,778
Investments:				
Fixed Income.....	1,331,378	536,345	-	486,694
Equities.....	4,015,701	723,394	-	1,271,242
Interest and dividends.....	4,194	2,730	-	5,475
Total assets.....	5,424,377	1,281,476	-	2,219,189
LIABILITIES				
Accrued liabilities.....	-	-	-	-
NET POSITION				
Assets held in trust for other purposes.....	\$ 5,424,377	\$ 1,281,476	\$ -	\$ 2,219,189

School Scholarship	Kendrick Welfare	Read Charity	Spear Infirmary	Mabel Riley Senior	Elderly Tax Relief	Arnold Daniels Fund	Total
\$ 574,957	\$ 3,128	\$ 43,410	\$ 4,688	\$ 38,237	\$ 949	\$ 12,342	\$ 1,225,600
286,286	-	-	-	-	-	-	2,640,703
407,284	-	-	-	-	-	-	6,417,621
1,182	-	-	-	-	-	-	13,581
<u>1,269,709</u>	<u>3,128</u>	<u>43,410</u>	<u>4,688</u>	<u>38,237</u>	<u>949</u>	<u>12,342</u>	<u>10,297,505</u>
<u>3,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,030</u>
<u>\$ 1,266,679</u>	<u>\$ 3,128</u>	<u>\$ 43,410</u>	<u>\$ 4,688</u>	<u>\$ 38,237</u>	<u>\$ 949</u>	<u>\$ 12,342</u>	<u>\$ 10,294,475</u>

CITY OF NEWTON, MASSACHUSETTS
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Chaffin Education	Scovell Education	Gorin Education	Cousens Welfare
ADDITIONS				
Contributions:				
Private donations.....	\$ 200	\$ -	\$ -	\$ 14,532
Net investment income:				
Interest.....	12,095	40,730	-	23,747
TOTAL ADDITIONS.....	<u>12,295</u>	<u>40,730</u>	<u>-</u>	<u>38,279</u>
DEDUCTIONS				
Administration expense.....	1,111	-	-	34,311
Educational scholarships & awards.....	158,000	22,500	26,163	42,933
TOTAL DEDUCTIONS.....	<u>159,111</u>	<u>22,500</u>	<u>26,163</u>	<u>77,244</u>
CHANGE IN NET POSITION.....	(146,816)	18,230	(26,163)	(38,965)
NET POSITION AT BEGINNING OF YEAR.....	<u>5,571,193</u>	<u>1,263,246</u>	<u>26,163</u>	<u>2,258,154</u>
NET POSITION AT END OF YEAR.....	<u>\$ 5,424,377</u>	<u>\$ 1,281,476</u>	<u>\$ -</u>	<u>\$ 2,219,189</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>
\$ <u>59,728</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,089</u>	\$ <u>-</u>	\$ <u>76,549</u>
<u>22,710</u>	<u>6</u>	<u>83</u>	<u>9</u>	<u>73</u>	<u>2</u>	<u>47</u>	<u>99,502</u>
<u>82,438</u>	<u>6</u>	<u>83</u>	<u>9</u>	<u>73</u>	<u>2,091</u>	<u>47</u>	<u>176,051</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,422</u>
<u>95,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,600</u>	<u>15,264</u>	<u>362,451</u>
<u>95,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,600</u>	<u>15,264</u>	<u>397,873</u>
<u>(13,553)</u>	<u>6</u>	<u>83</u>	<u>9</u>	<u>73</u>	<u>491</u>	<u>(15,217)</u>	<u>(221,822)</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>
\$ <u><u>1,266,679</u></u>	\$ <u><u>3,128</u></u>	\$ <u><u>43,410</u></u>	\$ <u><u>4,688</u></u>	\$ <u><u>38,237</u></u>	\$ <u><u>949</u></u>	\$ <u><u>12,342</u></u>	\$ <u><u>10,294,475</u></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, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS				
Cash and cash equivalents.....	\$ 1,973,030	130,718,923	(129,738,434)	\$ 2,953,519
LIABILITIES				
Payroll withholdings.....	\$ 423,475	\$ 126,921,539	\$ (126,726,999)	\$ 618,015
Other liabilities.....	1,549,555	3,797,384	(3,011,435)	2,335,504
Total liabilities.....	\$ 1,973,030	\$ 130,718,923	\$ (129,738,434)	\$ 2,953,519



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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, 2015

	Encumbrances/ Continued Appropriations	FY 2015 Original Budget	FY 2015 Budget Revisions
City Clerk/Clerk of the Board			
Personal Services	\$ -	\$ 1,187,631	\$ -
Expenses	15,443	140,448	10,000
Capital Outlay	-	5,000	-
Fringe Benefits	-	270,053	8,865
Total City Clerk/Clerk of the Board	<u>15,443</u>	<u>1,603,132</u>	<u>18,865</u>
Executive			
Personal Services	-	819,088	-
Expenses	-	49,595	-
Fringe Benefits	-	124,946	-
Total Mayor's Office	<u>-</u>	<u>993,629</u>	<u>-</u>
Comptroller's Office/Property Insurance/Audit			
Personal Services	-	434,689	2,500
Expenses	41,533	555,600	-
Fringe Benefits	-	77,425	-
Total Comptroller's Office/Property Insurance	<u>41,533</u>	<u>1,067,714</u>	<u>2,500</u>
Purchasing/General Services			
Personal Services	-	337,973	3,000
Expenses	568	54,542	-
Fringe Benefits	-	61,987	5,864
Total Purchasing/General Services	<u>568</u>	<u>454,502</u>	<u>8,864</u>
Assessing Department			
Personal Services	-	1,071,131	(10,000)
Expenses	-	47,825	-
Capital Outlay	-	-	10,000
Fringe Benefits	-	128,643	-
Total Assessing Department	<u>-</u>	<u>1,247,599</u>	<u>-</u>
Treasury & Collection Department			
Personal Services	-	662,283	-
Expenses	4,450	450,070	195,876
Fringe Benefits	-	114,813	-
Total Treasury & Collection Department	<u>4,450</u>	<u>1,227,166</u>	<u>195,876</u>
City Solicitor/Judgments & Settlements			
Personal Services	-	1,068,808	-
Expenses	7,500	216,477	10,000
Fringe Benefits	-	135,327	-
Total City Solicitor's Office/Settlements	<u>7,500</u>	<u>1,420,612</u>	<u>10,000</u>

FY 2015 Budget As Amended	Total Revised FY 2015 Budget	Expenditures and Transfers	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ 1,187,631	\$ 1,187,631	\$ 1,162,781	\$ -	\$ 24,850
150,448	165,891	140,609	9,935	15,347
5,000	5,000	4,882	-	118
278,918	278,918	273,897	-	5,021
<u>1,621,997</u>	<u>1,637,440</u>	<u>1,582,169</u>	<u>9,935</u>	<u>45,336</u>
819,088	819,088	797,175	-	21,913
49,595	49,595	49,559	-	36
124,946	124,946	115,613	-	9,333
<u>993,629</u>	<u>993,629</u>	<u>962,347</u>	<u>-</u>	<u>31,282</u>
437,189	437,189	424,893	-	12,296
555,600	597,133	527,435	69,597	101
77,425	77,425	76,826	-	599
<u>1,070,214</u>	<u>1,111,747</u>	<u>1,029,154</u>	<u>69,597</u>	<u>12,996</u>
340,973	340,973	338,166	-	2,807
54,542	55,110	30,040	28	25,042
67,851	67,851	67,642	-	209
<u>463,366</u>	<u>463,934</u>	<u>435,848</u>	<u>28</u>	<u>28,058</u>
1,061,131	1,061,131	1,061,131	-	-
47,825	47,825	46,723	-	1,102
10,000	10,000	-	10,000	-
128,643	128,643	117,797	-	10,846
<u>1,247,599</u>	<u>1,247,599</u>	<u>1,225,651</u>	<u>10,000</u>	<u>11,948</u>
662,283	662,283	638,122	-	24,161
645,946	650,396	563,569	4,525	82,302
114,813	114,813	99,977	-	14,836
<u>1,423,042</u>	<u>1,427,492</u>	<u>1,301,668</u>	<u>4,525</u>	<u>121,299</u>
1,068,808	1,068,808	979,139	-	89,669
226,477	233,977	222,027	2,727	9,223
135,327	135,327	110,108	-	25,219
<u>1,430,612</u>	<u>1,438,112</u>	<u>1,311,274</u>	<u>2,727</u>	<u>124,111</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, 2015

	Encumbrances/ Continued Appropriations	FY 2015 Original Budget	FY 2015 Budget Revisions
Human Resources Department			
Personal Services	-	520,233	70,000
Expenses	-	165,972	-
Fringe Benefits	-	209,676	29,549
Total Human Resources Department	<u>-</u>	<u>895,881</u>	<u>99,549</u>
Information Technology Department			
Personal Services	-	780,212	-
Expenses	6,686	232,610	-
Capital Outlay	11,328	200,000	-
Fringe Benefits	-	122,690	1,151
Total Information Technology Department	<u>18,014</u>	<u>1,335,512</u>	<u>1,151</u>
Financial Information Systems			
Personal Services	-	380,114	-
Expenses	-	205,263	-
Fringe Benefits	-	50,354	-
Total Financial Information Systems	<u>-</u>	<u>635,731</u>	<u>-</u>
Planning & Development Department			
Personal Services	-	1,101,067	(210,000)
Expenses	146,561	123,393	210,000
Capital Outlay	25,000	48,597	-
Fringe Benefits	-	182,545	-
Total Planning & Development Department	<u>171,561</u>	<u>1,455,602</u>	<u>-</u>
Public Building Department			
Personal Services	-	2,325,872	(105,000)
Expenses	94,306	1,214,057	216,550
Capital Outlay	912	77,375	-
Fringe Benefits	-	433,422	(4,345)
Total Public Building Department	<u>95,218</u>	<u>4,050,726</u>	<u>107,205</u>
<hr/> GENERAL GOVERNMENT TOTAL <hr/>			
	<u>354,287</u>	<u>16,387,806</u>	<u>444,010</u>
Police Department			
Personal Services	-	15,631,382	50,000
Expenses	-	1,016,471	-
Capital Outlay	-	458,000	-
Fringe Benefits	-	2,325,358	5,000
Total Police Department	<u>-</u>	<u>19,431,211</u>	<u>55,000</u>

FY 2015 Budget As Amended	Total Revised FY 2015 Budget	Expenditures and Transfers	Encumbrances/ Continued Appropriations	Closed to Fund Balance
590,233	590,233	533,935	-	56,298
165,972	165,972	130,148	16,859	18,965
239,225	239,225	237,573	-	1,652
<u>995,430</u>	<u>995,430</u>	<u>901,656</u>	<u>16,859</u>	<u>76,915</u>
780,212	780,212	737,101	-	43,111
232,610	239,296	231,574	4,630	3,092
200,000	211,328	181,670	29,019	639
123,841	123,841	122,917	-	924
<u>1,336,663</u>	<u>1,354,677</u>	<u>1,273,262</u>	<u>33,649</u>	<u>47,766</u>
380,114	380,114	315,078	-	65,036
205,263	205,263	198,333	4,630	2,300
50,354	50,354	42,611	-	7,743
<u>635,731</u>	<u>635,731</u>	<u>556,022</u>	<u>4,630</u>	<u>75,079</u>
891,067	891,067	866,227	-	24,840
333,393	479,954	102,794	375,036	2,124
48,597	73,597	111	73,486	-
182,545	182,545	139,372	-	43,173
<u>1,455,602</u>	<u>1,627,163</u>	<u>1,108,504</u>	<u>448,522</u>	<u>70,137</u>
2,220,872	2,220,872	2,202,659	-	18,213
1,430,607	1,524,913	1,487,936	36,977	-
77,375	78,287	28,744	47,322	2,221
429,077	429,077	366,425	-	62,652
<u>4,157,931</u>	<u>4,253,149</u>	<u>4,085,764</u>	<u>84,299</u>	<u>83,086</u>
<u>16,831,816</u>	<u>17,186,103</u>	<u>15,773,319</u>	<u>684,771</u>	<u>728,013</u>
15,681,382	15,681,382	15,552,611	-	128,771
1,016,471	1,016,471	996,480	-	19,991
458,000	458,000	457,677	-	323
2,330,358	2,330,358	2,294,396	-	35,962
<u>19,486,211</u>	<u>19,486,211</u>	<u>19,301,164</u>	<u>-</u>	<u>185,047</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, 2015

	Encumbrances/ Continued Appropriations	FY 2015 Original Budget	FY 2015 Budget Revisions
Fire Department			
Personal Services	-	15,257,149	-
Expenses	26,279	877,849	-
Capital Outlay	136,899	168,000	-
Fringe Benefits	-	2,343,688	-
Total Fire Department	<u>163,178</u>	<u>18,646,686</u>	<u>-</u>
Inspectional Services Department			
Personal Services	-	1,042,055	26,000
Expenses	1,255	60,074	11,230
Fringe Benefits	-	182,979	8,449
Total Inspectional Services Department	<u>1,255</u>	<u>1,285,108</u>	<u>45,679</u>
<hr/>			
PUBLIC SAFETY TOTAL	<u>164,433</u>	<u>39,363,005</u>	<u>100,679</u>
<hr/>			
NEWTON PUBLIC SCHOOLS	<u>1,410,011</u>	<u>195,129,819</u>	<u>(555,384)</u>
<hr/>			
Public Works Department			
Personal Services	-	8,117,390	1,050,000
Expenses	477,807	10,923,953	4,845,000
Capital Outlay	75,792	181,000	325,000
Fringe Benefits	-	1,753,546	(35,443)
Total Public Works Department	<u>553,599</u>	<u>20,975,889</u>	<u>6,184,557</u>
<hr/>			
PUBLIC WORKS TOTAL	<u>553,599</u>	<u>20,975,889</u>	<u>6,184,557</u>

<u>FY 2015 Budget As Amended</u>	<u>Total Revised FY 2015 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
15,257,149	15,257,149	15,134,732	-	122,417
877,849	904,128	786,503	42,047	75,578
168,000	304,899	222,571	82,328	-
2,343,688	2,343,688	2,288,825	-	54,863
<u>18,646,686</u>	<u>18,809,864</u>	<u>18,432,631</u>	<u>124,375</u>	<u>252,858</u>
1,068,055	1,068,055	1,006,435	-	61,620
71,304	72,559	51,490	17,711	3,358
191,428	191,428	183,942	-	7,486
<u>1,330,787</u>	<u>1,332,042</u>	<u>1,241,867</u>	<u>17,711</u>	<u>72,464</u>
<u>39,463,684</u>	<u>39,628,117</u>	<u>38,975,662</u>	<u>142,086</u>	<u>510,369</u>
<u>194,574,435</u>	<u>195,984,446</u>	<u>195,367,137</u>	<u>616,367</u>	<u>942</u>
9,167,390	9,167,390	9,095,109	-	72,281
15,768,953	16,246,760	15,781,035	457,018	8,707
506,000	581,792	427,285	154,507	-
1,718,103	1,718,103	1,547,219	-	170,884
<u>27,160,446</u>	<u>27,714,045</u>	<u>26,850,648</u>	<u>611,525</u>	<u>251,872</u>
<u>27,160,446</u>	<u>27,714,045</u>	<u>26,850,648</u>	<u>611,525</u>	<u>251,872</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, 2015

	Encumbrances/ Continued Appropriations	FY 2015 Original Budget	FY 2015 Budget Revisions
Health & Human Services Department			
Personal Services	-	2,479,905	-
Expenses	-	380,567	-
Fringe Benefits	-	421,521	-
Total Public Health Department	-	3,281,993	-
Senior Services Department			
Personal Services	-	260,824	-
Expenses	-	280,163	-
Fringe Benefits	-	53,411	-
Total Human Services Department	-	594,398	-
Veteran Services Department			
Personal Services	-	90,990	(63,000)
Expenses	-	231,135	35,000
Fringe Benefits	-	18,154	-
Total Veteran Services Department	-	340,279	(28,000)
<hr/>			
HEALTH & HUMAN SERVICES TOTAL	-	4,216,670	(28,000)
<hr/>			
Newton Public Library			
Personal Services	-	3,580,937	50,000
Expenses	9	1,043,669	-
Capital Outlay	-	6,000	-
Fringe Benefits	-	596,129	10,459
Total Newton Public Library	9	5,226,735	60,459
Parks & Recreation Department			
Personal Services	-	2,286,858	10,000
Expenses	-	1,569,768	59,032
Capital Outlay	-	60,000	-
Fringe Benefits	-	371,242	-
Total Parks & Recreation Department	-	4,287,868	69,032
Newton History Museum			
Personal Services	-	220,852	1,000
Expenses	326	21,396	-
Fringe Benefits	-	25,878	-
Total Newton History Museum	326	268,126	1,000
<hr/>			
CULTURE & RECREATION TOTAL	335	9,782,729	130,491

<u>FY 2015 Budget As Amended</u>	<u>Total Revised FY 2015 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
2,479,905	2,479,905	2,347,875	-	132,030
380,567	380,567	352,903	-	27,664
421,521	421,521	399,262	-	22,259
<u>3,281,993</u>	<u>3,281,993</u>	<u>3,100,040</u>	<u>-</u>	<u>181,953</u>
260,824	260,824	253,502	-	7,322
280,163	280,163	264,348	-	15,815
53,411	53,411	44,458	-	8,953
<u>594,398</u>	<u>594,398</u>	<u>562,308</u>	<u>-</u>	<u>32,090</u>
27,990	27,990	24,371	-	3,619
266,135	266,135	266,133	-	2
18,154	18,154	346	-	17,808
<u>312,279</u>	<u>312,279</u>	<u>290,850</u>	<u>-</u>	<u>21,429</u>
<u>4,188,670</u>	<u>4,188,670</u>	<u>3,953,198</u>	<u>-</u>	<u>235,472</u>
3,630,937	3,630,937	3,581,406	-	49,531
1,043,669	1,043,678	1,037,523	4,295	1,860
6,000	6,000	5,590	409	1
606,588	606,588	605,064	-	1,524
<u>5,287,194</u>	<u>5,287,203</u>	<u>5,229,583</u>	<u>4,704</u>	<u>52,916</u>
2,296,858	2,296,858	2,287,415	-	9,443
1,628,800	1,628,800	1,595,385	9,919	23,496
60,000	60,000	48,925	-	11,075
371,242	371,242	353,697	-	17,545
<u>4,356,900</u>	<u>4,356,900</u>	<u>4,285,422</u>	<u>9,919</u>	<u>61,559</u>
221,852	221,852	216,683	-	5,169
21,396	21,722	21,237	484	1
25,878	25,878	20,365	-	5,513
<u>269,126</u>	<u>269,452</u>	<u>258,285</u>	<u>484</u>	<u>10,683</u>
<u>9,913,220</u>	<u>9,913,555</u>	<u>9,773,290</u>	<u>15,107</u>	<u>125,158</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, 2015

	Encumbrances/ Continued Appropriations	FY 2015 Original Budget	FY 2015 Budget Revisions
DEBT SERVICE (PRINCIPAL & INTEREST)			
Debt Service	-	17,493,096	-
RETIREMENT			
Personal Services	-	208,117	-
Expenses	-	76,505	-
Fringe Benefits	-	29,254,990	(29,549)
Total Retirement	-	29,539,612	(29,549)
APPROPRIATED RESERVES			
Wage & Salary Reserve	-	150,000	(135,000)
Reserve Fund (Budget Reserve)	-	500,000	(500,000)
Reserve Fund (Snow & Ice)	-	2,000,000	(2,000,000)
Total Budgetary Reserves	-	2,650,000	(2,635,000)
STATE & COUNTY ASSESSMENTS	-	5,869,938	51,158
SPECIAL APPROPRIATIONS	2,652,800	150,000	1,011,382
TOTAL EXPENDITURES	5,135,465	341,558,564	4,674,344
TRANSFERS TO OTHER FUNDS:			
Workers Comp Self Insurance Fund - Municipal	-	1,200,000	-
Workers Comp Self Insurance Fund - School	-	-	350,000
School Athletic Revolving Fund - School	-	-	906,729
Angier Elementary Improvement Fund	-	-	98,964
Capital Stabilization Fund	-	2,460,000	27,062
Rainy Day Stabilization Fund	-	-	3,236,420
Total Transfers to Other Funds	-	3,660,000	4,619,175
TOTAL EXPENDITURES AND TRANSFERS	\$ 5,135,465	\$ 345,218,564	\$ 9,293,519

<u>FY 2015 Budget As Amended</u>	<u>Total Revised FY 2015 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
<u>17,493,096</u>	<u>17,493,096</u>	<u>17,488,086</u>	<u>-</u>	<u>5,010</u>
208,117	208,117	208,117	-	-
76,505	76,505	76,505	-	-
<u>29,225,441</u>	<u>29,225,441</u>	<u>28,914,887</u>	<u>-</u>	<u>310,554</u>
<u>29,510,063</u>	<u>29,510,063</u>	<u>29,199,509</u>	<u>-</u>	<u>310,554</u>
15,000	15,000	-	-	15,000
-	-	-	-	-
-	-	-	-	-
<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
<u>5,921,096</u>	<u>5,921,096</u>	<u>5,875,034</u>	<u>-</u>	<u>46,062</u>
<u>1,161,382</u>	<u>3,814,182</u>	<u>1,338,962</u>	<u>2,475,220</u>	<u>-</u>
<u>346,232,908</u>	<u>351,368,373</u>	<u>344,594,845</u>	<u>4,545,076</u>	<u>2,228,452</u>
1,200,000	1,200,000	1,200,000	-	-
350,000	350,000	350,000	-	-
906,729	906,729	906,729	-	-
98,964	98,964	98,964	-	-
2,487,062	2,487,062	2,487,062	-	-
<u>3,236,420</u>	<u>3,236,420</u>	<u>3,236,420</u>	<u>-</u>	<u>-</u>
<u>8,279,175</u>	<u>8,279,175</u>	<u>8,279,175</u>	<u>-</u>	<u>-</u>
<u>354,512,083</u> \$	<u>359,647,548</u> \$	<u>352,874,020</u> \$	<u>4,545,076</u> \$	<u>2,228,452</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, 2015

	Encumbrances/ Continued Appropriations	Current Year Appropriations	Original Budget
Administration & operations	\$ -	183,787	\$ 183,787
2015 CPA appropriation reserve	-	3,006,869	3,006,869
Open space:			
Open space reserve	-	495,880	495,880
Historic resources:			
Historic preservation reserve	-	495,880	495,880
Civil war monument repairs	35,355	-	35,355
Historical burial grounds restoration	13,076	-	13,076
Historical burial grounds restoration Phase II	51,335	-	51,335
Newton History Museum Archives Project	650,461	-	650,461
Angino farm barn rehabilitation	58	-	58
City Archives Strategic Plan	-	-	-
Nathan Allen House Preservation/Rehabilitation	-	-	-
East Parish Burial Ground Restoration	-	-	-
Total - Historic preservation	<u>750,285</u>	<u>495,880</u>	<u>1,246,165</u>
Community housing:			
Community housing reserve	-	495,880	495,880
12 & 18-20 Curve St. Affordable Housing	910,179	-	910,179
Newton Homebuyer Assistance Program II	61,328	-	61,328
Taft Ave housing	-	-	-
Newton Homebuyer Assistance Program - IV - Planning	-	-	-
Newton Homebuyer Assistance Program - III - Planning	475,000	-	475,000
Total - community housing	<u>1,446,507</u>	<u>495,880</u>	<u>1,942,387</u>
Community recreation:			
20 Rogers Street debt service - Treasury	-	280,500	280,500
Newton Highlands Playground Strategic Design	200,000	-	200,000
Angino farm barn rehabilitation	51,296	-	51,296
Farlow Park Preservation/Restoration	-	-	-
Waban Hill Reservoir Land Acquisition	-	-	-
Total - community recreation	<u>251,296</u>	<u>280,500</u>	<u>531,796</u>
TOTAL CPA FUND	<u>\$ 2,448,088</u>	<u>\$ 4,958,796</u>	<u>\$ 7,406,884</u>

Budget Revisions	Final Budget	Expended	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ (29,850)	\$ 153,937	\$ 109,760	\$	\$ 44,177
(1,746,618)	1,260,251			1,260,251
(495,880)	-			-
(495,880)	-	-	-	-
(33,355)	2,000	1,250	-	750
-	13,076	11,028	2,048	-
-	51,335	42,998	8,337	-
306,509	956,970	95,827	861,143	-
-	58	58	-	-
20,000	20,000	-	20,000	-
300,000	300,000	268,413	31,587	-
208,007	208,007	5,468	202,539	-
305,281	1,551,446	425,042	1,125,654	750
(495,880)	-	-	-	-
-	910,179	-	910,179	-
-	61,328	5,557	55,771	-
584,029	584,029	-	584,029	-
1,057,000	1,057,000	-	1,057,000	-
-	475,000	-	475,000	-
1,145,149	3,087,536	5,557	3,081,979	-
-	280,500	280,500	-	-
-	200,000	19,000	181,000	-
-	51,296	51,296	-	-
476,780	476,780	-	476,780	-
980,000	980,000	434,800	545,200	-
1,456,780	1,988,576	785,596	1,202,980	-
<u>\$ 634,862</u>	<u>\$ 8,041,746</u>	<u>\$ 1,325,955</u>	<u>\$ 5,410,613</u>	<u>\$ 1,305,178</u>



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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, 2015

	Continued Appropriations	FY 2015 Appropriations	Transfers
School Building Improvement Fund:			
Newton South High Athletic Field Improvements - 2009	\$ 73,757	-	-
Elementary Modularity Design - 2013	3,151	-	(3,151)
Elementary Modularity - 2013	10,318	-	43,012
Mason-Rice Sprinkler System - 2013	40,777	-	(6,508)
F.A Day Renovations/Addition - 2012	11,089	-	(11,089)
Lincoln-Eliot Mechanical Upgrades - 2012	18,932	-	-
Carr Elementary Evaluation/Design - 2012	8,508	-	-
Carr Elementary Renovations - 2013	1,188,006	-	-
Bigelow Middle School Staircase Replacement - 2014	465,000	-	(10,989)
School Masonry Repairs - 2012	22,287	-	(11,275)
Land Acquisition: 15 Walnut Park (Aquinas) - 2015	-	17,350,000	-
FA Day Water Heater	-	150,000	-
Total School Building Improvement Fund	1,841,825	17,500,000	-
Angier School Improvement Fund			
Angier Elementary School Construction	35,362,338	-	-
Zervas School Improvement Fund			
Zervas Elementary Renovation	557,432	36,585,000	-
1316 Beacon Street Land Taking	-	-	590,000
1330 Beacon Street Land Taking	-	-	995,000
1338 Beacon Street Land Taking	-	-	830,000
Total Zervas School Improvement Fund	557,432	36,585,000	2,415,000
Cabot School Improvement Fund			
Cabot Elementary School Feasibility Study	1,000,000	-	-
Municipal Building Improvement Fund			
Manet Rd Communications Building Replacement - 2014	32,500	-	-
Main Library HVAC Repairs - 2013	1,134	-	-
Crafts St Garage Masonry & Roof Design Svs - 2013	13,877	-	-
Fire Station #3/HQ Design - 2014	250,177	-	-
Fire Station #4 Window Repairs - 2012	50,000	-	-
City Hall Window Replacement/Repairs - 2011	95,559	-	-
City Hall Electrical & Boiler Improvements - 2012	15,698	-	-
Public Building Energy Conservation - 2014	2,610,000	-	-
Fire Station #3/HQ - 2015	-	3,645,823	-
Fire Station #10 Renovations	5,693,507	-	-
City Hall War Memorial Elevator - 2015	-	1,140,000	-
Senior Center HVAC improvements - 2015	-	150,000	-
Total Municipal Building Improvement Fund	8,762,452	4,935,823	-

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
1,568	-	\$ 72,189
-	-	-
53,330	-	-
21,000	-	13,269
-	-	-
18,932	-	-
6,834	1,674	-
956,120	805	231,081
452,650	-	1,361
11,012	-	-
-	-	17,350,000
99,954	3,034	47,012
<u>1,621,400</u>	<u>5,513</u>	<u>17,714,912</u>
<u>12,325,937</u>	<u>19,599,844</u>	<u>3,436,557</u>
1,772,237	2,365,397	33,004,798
575,000	-	15,000
981,026	-	13,974
830,000	-	-
<u>4,158,263</u>	<u>2,365,397</u>	<u>33,033,772</u>
<u>489,209</u>	<u>306,461</u>	<u>204,330</u>
25,838	-	6,662
(30,962)	-	32,096
3,392	-	10,485
238,144	4,646	7,387
41,010	-	8,990
9,965	57,000	28,594
15,143	286	269
1,336,973	1,001,852	271,175
31,421	2,007,087	1,607,315
4,661,659	503,924	527,924
48,829	1,920	1,089,251
46,213	44,529	59,258
<u>6,427,625</u>	<u>3,621,244</u>	<u>3,649,406</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, 2015

	Continued Appropriations	FY 2015 Appropriations	Transfers
CH 90 Highway Improvement Fund:			
Unallocated	30,942	5,818,802	(5,726,667)
Approved projects	2,293,401	-	5,726,667
Total CH 90 Highway Improvement Fund	<u>2,324,343</u>	<u>5,818,802</u>	<u>-</u>
Massworks Road Improvement Fund:			
2012 Grant Award	36,023	(4,484)	-
2013 Grant Award	277,492	(288,722)	-
2014 Grant Award	412,722	(277,292)	-
Total Massworks Road Improvement Fund	<u>726,237</u>	<u>(570,498)</u>	<u>-</u>
Municipal Equipment Replacement Fund:			
DPW Construction Equipment Replacement - 2014	-	340,000	-
Fire Ladder Replacement - 2013	28,874	-	-
Fire Engine Replacement - 2012	72,312	-	-
Total Municipal Equipment Replacement Fund	<u>101,186</u>	<u>340,000</u>	<u>-</u>
Street Improvement Fund			
Traffic Signal & Other Improvements	-	800,000	-
LED Street Lighting	965,635	-	-
Total Street Improvement Fund	<u>965,635</u>	<u>800,000</u>	<u>-</u>
Park Improvement Fund			
Lower Falls Community Ctr Accessibility - 2013	4,492	-	-
Braceland Playground Improvements - 2012	8,368	-	-
Total Park Improvement Fund	<u>12,860</u>	<u>-</u>	<u>-</u>
Water System Improvement Fund:			
MWRA - Water System - Accumulated Interest Income	50,202	4,102	-
MWRA - Water System Improvements - Loan of 2005	5,276	-	-
MWRA - Water System Improvements - Loan of 2009	16,209	-	-
MWRA - Water System Improvements - III Transfer	25,090	-	-
MWRA - Water System Improvements - Loan of 2010	14,605	-	-
MWRA - Water System Improvements - Loan of 2011	19,956	-	-
MWRA - Water System Improvements - Loan of 2013	14,747	-	-
MWRA - Water System Improvements - Loan of 2014	1,360,200	-	-
MWRA - Water System Improvements - Loan of 2015	-	1,360,200	-
Water Meter Replacement - 2009	133,928	-	-
Water Main Cleaning & Relining - 2013	772,390	-	-
Water Main Cleaning & Relining - 2014	2,700,000	-	-
Water Main Improvements - 2015	-	-	2,700,000
Waban Hill Reservoir Improvements - 2001/2003	250,467	-	-
Total Water System Improvement Fund	<u>5,363,070</u>	<u>1,364,302</u>	<u>2,700,000</u>

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
-	-	123,077
<u>3,542,447</u>	<u>3,713,194</u>	<u>764,427</u>
<u>3,542,447</u>	<u>3,713,194</u>	<u>887,504</u>
31,539	-	-
(11,230)	-	-
<u>135,430</u>	<u>-</u>	<u>-</u>
<u>155,739</u>	<u>-</u>	<u>-</u>
-	321,729	18,271
244	-	28,630
-	-	72,312
<u>244</u>	<u>321,729</u>	<u>119,213</u>
-	-	800,000
<u>965,595</u>	<u>-</u>	<u>40</u>
<u>965,595</u>	<u>-</u>	<u>800,040</u>
-	4,492	-
125	-	8,243
<u>125</u>	<u>4,492</u>	<u>8,243</u>
-	-	54,304
5,276	-	-
16,209	-	-
25,090	-	-
14,605	-	-
9,035	-	10,921
14,163	-	584
1,045,598	184,062	130,540
14,134	38,766	1,307,300
-	-	133,928
647,406	19,500	105,484
1,573,689	900,686	225,625
-	-	2,700,000
-	-	250,467
<u>3,365,205</u>	<u>1,143,014</u>	<u>4,919,153</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, 2015

	Continued Appropriations	FY 2015 Appropriations	Transfers
Sanitary Sewer Improvement Fund:			
Sewer Emergency Repairs (City of Newton)	10,000	-	-
Cochituate Sewer Repair (Town of Wellesley Contb)	135,478	-	-
Central Avenue Sewer Improvements - 2010	31,136	-	-
Central Avenue Sewer Improvements - 2011	82,015	-	(68,331)
Old Farm Rd Sewer Improvements - 2011	510	-	1
Aspen Ave /Hawthorne Ave/Studio Ed Ext - 2011	728,550	-	68,330
Quinobequin Rd Sewer Repairs - 2011	27,132	-	-
Grodon Rd Sewer Repairs - 2011	6,419	-	-
Wood End Rd Sewer Repairs - 2011	160,000	-	-
Phase I Underground Infrastructure Impv Plan - 2012	1,090,198	-	-
Project Area II -2014	45,375	-	-
Project Area II (Local Share) - 2014	1,100,000	1,604,000	-
Project Area III & IV - 2014	448,660	-	-
Project Area III/IV/V - 2015	-	5,400,000	-
MWRA - Sewer I&I - Accumulated Interest Income	25,980	9,528	-
MWRA - Infiltration/Inflow - 2007	10,350	-	-
MWRA - Infiltration/Inflow - 2007	72,712	-	-
MWRA - Infiltration/Inflow - 2009	4,004	-	-
MWRA - Infiltration/Inflow - 2010	228,732	-	-
MWRA - Infiltration/Inflow - 2011	373,785	-	-
MWRA - Infiltration/Inflow - 2014 (Project Area II)	-	2,296,000	-
MWRA - Infiltration/Inflow - 2014 (Project Area II - V)	-	3,668,000	-
Total Sanitary Sewer Improvement Fund	<u>4,581,036</u>	<u>12,977,528</u>	<u>-</u>
Capital Stabilization Fund:			
Reserved for Debt Funded Projects	13,752	-	-
Designated for Fire Station Renovations	5,835	4,995	-
Designated for Energy Conservation Projects	121,776	794,820	(11,550)
Designated for 2013 Override Capital Projects	709,000	-	(32,836)
Designated for Ordinary Capital Appropriations	-	-	27,061
Total Capital Stabilization Fund	<u>850,363</u>	<u>799,815</u>	<u>(17,325)</u>
Total Capital Projects Funds	<u>\$ 62,448,777</u>	<u>\$ 80,550,772</u>	<u>\$ 5,097,675</u>

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
-	-	10,000
-	-	135,478
11,250	-	19,886
-	-	13,684
-	-	511
543,243	253,637	-
-	-	27,132
-	-	6,419
-	-	160,000
636,472	262,894	190,832
45,375	-	-
454,805	2,026,263	222,932
439,928	8,732	-
-	200,391	5,199,609
-	-	35,508
10,350	-	-
72,712	-	-
4,004	-	-
193,925	34,807	-
92,152	81,708	199,925
-	2,296,000	-
279,552	289,698	3,098,750
<u>2,783,768</u>	<u>5,454,130</u>	<u>9,320,666</u>
-	-	13,752
-	-	10,830
-	-	905,046
-	180,521	495,643
-	-	27,061
<u>-</u>	<u>180,521</u>	<u>1,452,332</u>
<u>\$ 35,835,557</u>	<u>\$ 36,715,539</u>	<u>\$ 75,546,128</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, 2015

	Continued <u>Appropriations</u>	FY 2015 <u>Original Budget</u>	FY 2015 <u>Budget Revisions</u>
Sewer Maintenance & Operation			
Personal Services	\$ -	\$ 1,979,997	\$ -
Expenses	471,276	1,093,750	-
Capital Outlay	1,456,513	782,000	-
Fringe Benefits	-	399,062	-
Total	<u>1,927,789</u>	<u>4,254,809</u>	<u>-</u>
MWRA Sewer Assessment			
Intergovernmental	-	20,202,315	-
Legal settlements	-	-	50,000
Debt Maturities & Interest	-	1,352,661	-
Retirement	-	439,007	-
Operating Reserve	-	3,185,897	(1,654,000)
Capital Reserve	-	1,000,000	-
Transfer - Workers Compensation Fund	-	250,000	-
Transfer - Sewer Capital Project Fund	-	-	7,004,000
Transfer - General Fund	-	990,356	-
Total Sewer Enterprise Fund	\$ <u>1,927,789</u>	\$ <u>31,675,045</u>	\$ <u>5,400,000</u>

<u>FY 2015 Budget As Amended</u>	<u>Total Revised FY 2015 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 1,979,997	\$ 1,979,997	\$ 1,313,283	\$ -	\$ 666,714
1,565,026	1,565,026	811,835	440,342	312,849
2,238,513	2,238,513	806,610	1,428,341	3,562
399,062	399,062	369,401	-	29,661
<u>6,182,598</u>	<u>6,182,598</u>	<u>3,301,129</u>	<u>1,868,683</u>	<u>1,012,786</u>
<u>20,202,315</u>	<u>20,202,315</u>	<u>20,176,404</u>	<u>-</u>	<u>25,911</u>
<u>50,000</u>	<u>50,000</u>	<u>5,500</u>	<u>44,500</u>	<u>-</u>
<u>1,352,661</u>	<u>1,352,661</u>	<u>1,352,659</u>	<u>-</u>	<u>2</u>
<u>439,007</u>	<u>439,007</u>	<u>435,729</u>	<u>-</u>	<u>3,278</u>
<u>1,531,897</u>	<u>1,531,897</u>	<u>-</u>	<u>-</u>	<u>1,531,897</u>
<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
<u>7,004,000</u>	<u>7,004,000</u>	<u>7,004,000</u>	<u>-</u>	<u>-</u>
<u>990,356</u>	<u>990,356</u>	<u>990,356</u>	<u>-</u>	<u>-</u>
<u>\$ 39,002,834</u>	<u>\$ 39,002,834</u>	<u>\$ 33,515,777</u>	<u>\$ 1,913,183</u>	<u>\$ 3,573,874</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Continued <u>Appropriations</u>	FY 2015 <u>Original Budget</u>	FY 2015 <u>Budget Revisions</u>
Water Maintenance & Operation			
Personal Services	\$ -	\$ 1,857,991	\$ -
Expenses	317,134	1,079,450	-
Capital Outlay	509,649	354,660	-
Fringe Benefits	-	348,940	-
Total	<u>826,783</u>	<u>3,641,041</u>	<u>-</u>
Debt Maturities & Interest	<u>-</u>	<u>3,264,566</u>	<u>-</u>
Retirement	<u>-</u>	<u>579,256</u>	<u>-</u>
MWRA/DEP Assessments & Charges	<u>-</u>	<u>10,568,352</u>	<u>-</u>
Operating Reserve	<u>-</u>	<u>1,439,986</u>	<u>(471,333)</u>
Capital Reserve	<u>-</u>	<u>750,000</u>	<u>(750,000)</u>
Transfer - Sewer Fund	<u>-</u>	<u>648,921</u>	<u>-</u>
Transfer - General Fund	<u>-</u>	<u>1,098,526</u>	<u>-</u>
Transfer - Water Capital Project Fund	<u>-</u>	<u>-</u>	<u>2,700,000</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>250,000</u>	<u>-</u>
Total Water Enterprise Fund	<u>\$ 826,783</u>	<u>\$ 22,240,648</u>	<u>\$ 1,478,667</u>

<u>FY 2015 Budget As Amended</u>	<u>Total Revised FY 2015 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 1,857,991	\$ 1,857,991	\$ 1,856,954	\$ -	\$ 1,037
1,396,584	1,396,584	1,243,628	114,703	38,253
864,309	864,309	132,861	729,866	1,582
348,940	348,940	333,971	-	14,969
<u>4,467,824</u>	<u>4,467,824</u>	<u>3,567,414</u>	<u>844,569</u>	<u>55,841</u>
<u>3,264,566</u>	<u>3,264,566</u>	<u>3,264,565</u>	<u>-</u>	<u>1</u>
<u>579,256</u>	<u>579,256</u>	<u>559,825</u>	<u>-</u>	<u>19,431</u>
<u>10,568,352</u>	<u>10,568,352</u>	<u>10,465,592</u>	<u>-</u>	<u>102,760</u>
<u>968,653</u>	<u>968,653</u>	<u>-</u>	<u>-</u>	<u>968,653</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>648,921</u>	<u>648,921</u>	<u>648,921</u>	<u>-</u>	<u>-</u>
<u>1,098,526</u>	<u>1,098,526</u>	<u>1,098,526</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>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
<u>\$ 24,546,098</u>	<u>\$ 24,546,098</u>	<u>\$ 22,554,843</u>	<u>\$ 844,569</u>	<u>\$ 1,146,686</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 128 - 139)

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 140 - 143)

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

Debt Capacity (pages 144 - 147)

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 148)

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 149 - 150)

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities					
Net investment in capital assets.....	\$ 153,034,916	\$ 167,543,474	\$ 174,706,210	\$ 150,650,131	\$ 194,301,691
Restricted.....	15,267,985	13,842,544	35,459,940	104,838,430	52,363,403
Unrestricted.....	<u>48,962,078</u>	<u>67,671,362</u>	<u>39,781,710</u>	<u>(2,265,544)</u>	<u>(27,083,933)</u>
Total governmental activities net position.....	<u>\$ 217,264,979</u>	<u>\$ 249,057,380</u>	<u>\$ 249,947,860</u>	<u>\$ 253,223,017</u>	<u>\$ 219,581,161</u>
Business-Type Activities					
Net investment in capital assets.....	\$ 40,093,169	\$ 43,120,013	\$ 52,946,101	\$ 48,352,902	\$ 52,125,768
Unrestricted.....	<u>13,583,611</u>	<u>13,295,771</u>	<u>9,359,270</u>	<u>12,871,360</u>	<u>9,980,661</u>
Total business-type activities net position.....	<u>\$ 53,676,780</u>	<u>\$ 56,415,784</u>	<u>\$ 62,305,371</u>	<u>\$ 61,224,262</u>	<u>\$ 62,106,429</u>
Primary Government					
Net investment in capital assets.....	\$ 193,128,085	\$ 210,663,487	\$ 227,652,311	\$ 183,345,085	\$ 232,929,470
Restricted.....	15,267,985	13,842,544	35,459,940	120,496,378	65,861,392
Unrestricted.....	<u>62,545,689</u>	<u>80,967,133</u>	<u>49,140,980</u>	<u>10,605,816</u>	<u>(17,103,272)</u>
Total primary government net position.....	<u>\$ 270,941,759</u>	<u>\$ 305,473,164</u>	<u>\$ 312,253,231</u>	<u>\$ 314,447,279</u>	<u>\$ 281,687,590</u>

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	211,763,420	\$ 227,091,798	\$ 238,374,247	\$ 248,739,230	\$ 260,533,343
	34,096,760	27,700,568	27,981,384	29,816,361	32,290,161
	<u>(65,309,262)</u>	<u>(93,548,399)</u>	<u>(122,355,108)</u>	<u>(138,654,442)</u>	<u>(436,919,140)</u>
\$	<u>180,550,918</u>	<u>161,243,967</u>	<u>144,000,523</u>	<u>139,901,149</u>	<u>(144,095,636)</u>
\$	54,124,183	\$ 55,890,406	\$ 56,271,350	\$ 66,943,719	\$ 81,478,787
	15,055,372	21,130,465	26,098,363	23,050,090	12,535,267
\$	<u>69,179,554</u>	<u>77,020,871</u>	<u>82,369,713</u>	<u>89,993,809</u>	<u>94,014,054</u>
\$	258,565,946	\$ 269,287,104	\$ 294,645,597	\$ 315,682,949	\$ 342,012,130
	41,418,417	41,395,668	27,981,384	29,816,361	32,290,161
	<u>(50,253,891)</u>	<u>(72,417,934)</u>	<u>(96,256,745)</u>	<u>(115,604,352)</u>	<u>(424,383,873)</u>
\$	<u>249,730,472</u>	<u>238,264,838</u>	<u>226,370,236</u>	<u>229,894,958</u>	<u>(50,081,582)</u>

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

LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010
Expenses					
General government.....	\$ 24,609,259	\$ 20,617,999	\$ 25,791,496	\$ 22,581,716	\$ 24,623,302
Public safety.....	43,062,252	44,207,931	48,896,370	52,614,816	52,168,801
Education.....	181,638,581	188,026,627	218,716,994	236,024,500	245,946,308
Public works.....	21,666,417	21,643,562	25,208,763	27,229,098	26,138,843
Health and human services.....	8,979,409	9,273,626	9,980,301	10,463,388	10,672,057
Culture and recreation.....	13,802,334	13,471,254	15,864,538	16,806,140	16,245,112
Other.....	-	-	24,080	-	-
Debt service - interest.....	2,350,756	2,237,287	2,494,422	4,375,013	7,234,167
Total expenses.....	<u>296,109,008</u>	<u>299,478,286</u>	<u>346,976,964</u>	<u>370,094,671</u>	<u>383,028,590</u>
Program Revenues					
Charges for services.....	21,298,907	22,854,391	21,185,123	21,413,394	20,969,889
Operating grants and contributions.....	50,529,662	54,150,398	60,500,259	66,344,326	65,706,164
Capital grants and contributions.....	642,315	11,118,572	21,684,895	30,179,116	1,960,084
Total program revenues.....	<u>72,470,884</u>	<u>88,123,361</u>	<u>103,370,277</u>	<u>117,936,836</u>	<u>88,636,137</u>
Net (expense)/revenue.....	<u>(223,638,124)</u>	<u>(211,354,925)</u>	<u>(243,606,687)</u>	<u>(252,157,835)</u>	<u>(294,392,453)</u>
General Revenues and Other Changes in Net Position					
Real estate and personal property taxes.....	200,966,839	209,105,186	211,886,334	226,800,860	232,774,689
Motor vehicle and other excise taxes.....	10,803,654	10,396,428	10,859,789	10,479,922	9,860,220
Hotel/motel taxes.....	1,060,052	1,138,921	1,103,549	1,108,199	1,168,095
Meal taxes.....	-	-	-	-	382,934
Penalties and interest on taxes.....	830,030	1,049,712	1,055,344	1,223,300	1,026,507
Payments in lieu of taxes.....	553,920	2,851,122	767,439	273,359	3,270,902
Community preservation surcharges.....	1,963,982	2,032,942	2,114,805	2,193,701	2,288,314
Grants and contributions not restricted to specific programs.....	8,353,727	9,289,181	8,705,545	7,435,280	5,891,287
Unrestricted investment income.....	3,290,981	4,757,698	4,306,424	2,610,098	934,313
Gain (Loss) on sale of capital assets.....	10,702	-	-	-	24,347
Other.....	1,133,664	1,302,478	2,522,970	1,761,048	1,752,802
Transfers, net.....	<u>1,278,128</u>	<u>1,223,658</u>	<u>1,264,968</u>	<u>1,457,225</u>	<u>1,376,187</u>
Total general revenues and other changes in net position.....	<u>230,245,679</u>	<u>243,147,326</u>	<u>244,587,167</u>	<u>255,342,992</u>	<u>260,750,597</u>
Change in net position.....	<u>\$ 6,607,555</u>	<u>\$ 31,792,401</u>	<u>\$ 980,480</u>	<u>\$ 3,185,157</u>	<u>\$ (33,641,856)</u>

	2011	2012	2013	2014	2015
\$	26,974,952	\$ 21,992,988	\$ 22,997,802	\$ 22,716,559	\$ 26,440,640
	55,800,259	56,061,495	56,962,698	61,290,201	68,685,178
	252,413,006	252,922,994	264,655,220	272,447,586	273,738,170
	28,410,758	24,221,365	28,194,390	29,223,056	34,537,663
	10,757,372	10,684,932	11,323,484	11,328,446	11,625,318
	15,092,035	16,216,945	16,177,118	15,164,811	17,759,803
	-	-	-	-	-
	<u>7,670,746</u>	<u>7,559,469</u>	<u>7,989,634</u>	<u>7,714,546</u>	<u>9,906,400</u>
	<u>397,119,128</u>	<u>389,660,188</u>	<u>408,300,346</u>	<u>419,885,205</u>	<u>442,693,172</u>
	21,915,225	25,732,684	28,970,340	28,321,486	29,351,039
	66,976,636	65,780,261	69,319,711	74,285,730	64,031,611
	<u>1,764,258</u>	<u>2,519,356</u>	<u>5,975,327</u>	<u>5,053,677</u>	<u>3,703,180</u>
	<u>90,656,119</u>	<u>94,032,301</u>	<u>104,265,378</u>	<u>107,660,893</u>	<u>97,085,830</u>
	<u>(306,463,009)</u>	<u>(295,627,887)</u>	<u>(304,034,968)</u>	<u>(312,224,312)</u>	<u>(345,607,342)</u>
	239,761,554	249,340,011	258,590,398	278,426,655	289,075,613
	10,541,624	10,514,832	11,404,708	11,953,727	12,670,852
	1,588,882	1,814,792	2,051,414	2,218,759	2,330,724
	1,308,191	1,403,261	1,407,803	1,557,737	1,786,617
	1,038,225	1,146,496	1,011,590	1,160,092	1,509,583
	515,471	529,294	524,906	557,065	476,899
	2,352,389	2,431,863	2,501,875	2,697,187	2,818,748
	5,596,391	5,263,525	6,276,114	5,716,482	5,968,282
	454,365	278,106	202,473	230,699	265,809
	32,280	-	-	-	-
	3,002,856	2,169,238	1,492,956	1,622,541	2,304,964
	<u>1,240,538</u>	<u>1,429,518</u>	<u>1,640,260</u>	<u>1,983,994</u>	<u>2,088,882</u>
	<u>267,432,766</u>	<u>276,320,936</u>	<u>287,104,497</u>	<u>308,124,938</u>	<u>321,296,973</u>
\$	<u>(39,030,243)</u>	<u>(19,306,951)</u>	<u>(16,930,471)</u>	<u>(4,099,374)</u>	<u>(24,310,369)</u>

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

LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010
Expenses					
Sewer.....	\$ 18,404,780	\$ 20,033,778	\$ 21,208,637	\$ 21,879,634	\$ 23,347,392
Water.....	10,939,117	11,467,754	12,212,234	13,623,595	13,780,687
Total expenses.....	<u>29,343,897</u>	<u>31,501,532</u>	<u>33,420,871</u>	<u>35,503,229</u>	<u>37,128,079</u>
Program Revenues					
Charges for services.....	32,981,905	33,084,089	39,034,143	33,761,633	38,405,378
Operating grants and contributions.....	838,241	835,397	814,428	857,561	732,948
Capital grants and contributions.....	<u>329,005</u>	<u>1,544,708</u>	<u>726,855</u>	<u>1,260,151</u>	<u>245,331</u>
Total program revenues.....	<u>34,149,151</u>	<u>35,464,194</u>	<u>40,575,426</u>	<u>35,879,345</u>	<u>39,383,657</u>
Net (expense)/revenue.....	<u>4,805,254</u>	<u>3,962,662</u>	<u>7,154,555</u>	<u>376,116</u>	<u>2,255,578</u>
General Revenues and Transfers					
Gain on sale of capital asset.....	-	-	-	-	2,776
Transfers, net.....	<u>(1,278,128)</u>	<u>(1,223,658)</u>	<u>(1,264,968)</u>	<u>(1,457,225)</u>	<u>(1,376,187)</u>
Change in net position.....	<u>\$ 3,527,126</u>	<u>\$ 2,739,004</u>	<u>\$ 5,889,587</u>	<u>\$ (1,081,109)</u>	<u>\$ 882,167</u>

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	23,468,371	\$ 24,953,457	\$ 25,359,689	\$ 25,557,836	\$ 26,254,561
	<u>14,260,631</u>	<u>15,185,784</u>	<u>15,896,034</u>	<u>16,702,263</u>	<u>17,503,699</u>
	<u>37,729,002</u>	<u>40,139,241</u>	<u>41,255,723</u>	<u>42,260,099</u>	<u>43,758,260</u>
	45,171,479	48,273,768	47,175,932	51,347,815	53,963,061
	847,004	646,975	1,059,085	514,894	506,547
	<u>24,182</u>	<u>489,333</u>	<u>9,808</u>	<u>5,480</u>	<u>3,797,829</u>
	<u>46,042,665</u>	<u>49,410,076</u>	<u>48,244,825</u>	<u>51,868,189</u>	<u>58,267,437</u>
	<u>8,313,663</u>	<u>9,270,835</u>	<u>6,989,102</u>	<u>9,608,090</u>	<u>14,509,177</u>
	-	-	-	-	-
	<u>(1,240,538)</u>	<u>(1,429,518)</u>	<u>(1,640,260)</u>	<u>(1,983,994)</u>	<u>(2,088,882)</u>
\$	<u><u>7,073,125</u></u>	<u><u>7,841,317</u></u>	<u><u>5,348,842</u></u>	<u><u>7,624,096</u></u>	<u><u>12,420,295</u></u>

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

LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Total expenses.....	\$ 325,918,453	\$ 330,979,818	\$ 380,397,835	\$ 405,597,900	\$ 420,156,669
Total program revenues.....	<u>107,200,814</u>	<u>123,587,555</u>	<u>143,945,703</u>	<u>153,816,181</u>	<u>128,019,794</u>
Net (expense)/revenue.....	(218,717,639)	(207,392,263)	(236,452,132)	(251,781,719)	(292,136,875)
Total general revenues, transfers and other changes in net position.....	<u>228,967,551</u>	<u>241,923,668</u>	<u>243,322,199</u>	<u>253,885,767</u>	<u>259,377,186</u>
Change in net position.....	\$ <u>10,249,912</u>	\$ <u>34,531,405</u>	\$ <u>6,870,067</u>	\$ <u>2,104,048</u>	\$ <u>(32,759,689)</u>

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	434,848,130	\$ 429,799,429	449,556,069	\$ 462,145,304	\$ 486,451,432
	<u>136,698,784</u>	<u>143,442,377</u>	<u>152,510,203</u>	<u>159,529,082</u>	<u>155,353,267</u>
	(298,149,346)	(286,357,052)	(297,045,866)	(302,616,222)	(331,098,165)
	<u>266,192,228</u>	<u>274,891,418</u>	<u>285,464,237</u>	<u>306,140,944</u>	<u>319,208,091</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>	\$ <u><u>(11,890,074)</u></u>

GOVERNMENTAL FUNDS
FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund					
Reserved.....	\$ 4,177,720	\$ 3,884,714	\$ 3,091,164	\$ 4,595,043	\$ 5,746,263
Unreserved.....	16,117,152	19,724,693	16,342,052	15,574,235	13,566,282
Restricted.....	-	-	-	-	-
Committed.....	-	-	-	-	-
Assigned.....	-	-	-	-	-
Unassigned.....	-	-	-	-	-
Total general fund.....	<u>\$ 20,294,872</u>	<u>\$ 23,609,407</u>	<u>\$ 19,433,216</u>	<u>\$ 20,169,278</u>	<u>\$ 19,312,545</u>
All Other Governmental Funds					
Reserved.....	\$ 7,333,993	\$ 6,181,855	\$ 7,904,778	\$ 8,153,969	\$ 25,926,689
Unreserved, reported in:					
Special revenue funds.....	6,828,092	7,213,248	10,478,029	13,253,604	10,704,933
Capital projects funds.....	1,450,147	17,319,824	38,560,162	93,303,737	28,167,213
Permanent funds.....	874,461	925,527	817,614	736,678	740,024
Nonspendable.....	-	-	-	-	-
Restricted.....	-	-	-	-	-
Committed.....	-	-	-	-	-
Unassigned.....	-	-	-	-	-
Total all other governmental funds.....	<u>\$ 16,486,693</u>	<u>\$ 31,640,454</u>	<u>\$ 57,760,583</u>	<u>\$ 115,447,988</u>	<u>\$ 65,538,859</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>2011 (1)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
928,722	938,274	3,164,616	2,849,507	3,006,074
14,877,088	9,816,666	5,348,800	4,889,216	5,308,421
844,441	2,583,061	3,110,521	2,677,990	2,451,384
<u>14,123,323</u>	<u>14,886,340</u>	<u>21,091,447</u>	<u>26,259,064</u>	<u>27,757,785</u>
<u>\$ 30,773,574</u>	<u>\$ 28,224,341</u>	<u>\$ 32,715,384</u>	<u>\$ 36,675,777</u>	<u>\$ 38,523,664</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
445,570	446,818	447,206	397,250	397,170
28,989,163	28,617,216	26,869,665	30,289,935	38,679,507
886,894	1,745,209	1,718,332	1,736,249	1,281,577
<u>(354,498)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 29,967,129</u>	<u>\$ 30,809,243</u>	<u>\$ 29,035,203</u>	<u>\$ 32,423,434</u>	<u>\$ 40,358,254</u>

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

LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011
REVENUES						
Real estate and personal property taxes.....	\$ 200,165,525	\$ 207,245,638	\$ 211,435,422	\$ 224,437,442	\$ 233,726,177	\$ 240,732,647
Motor vehicle and other excise taxes.....	11,298,282	10,197,596	11,131,712	10,098,579	10,222,534	10,463,796
Hotel/motel tax.....	1,060,052	1,138,921	1,103,549	1,108,199	1,168,095	1,588,882
Meals tax.....	-	-	-	-	382,934	1,308,191
Payments in lieu of taxes.....	418,202	411,841	358,957	489,108	3,095,059	439,721
Community preservation surcharges.....	1,978,999	2,027,379	2,107,392	2,207,442	2,296,523	2,365,422
Charges for services.....	11,895,186	14,110,021	14,088,742	14,209,678	14,821,694	14,674,078
Intergovernmental.....	60,266,994	75,564,011	78,760,492	122,879,420	75,443,469	73,856,678
Special assessments.....	-	215,216	157,281	218,438	158,481	254,638
Penalties and interest on taxes.....	830,030	1,049,712	1,055,344	1,223,300	1,026,507	1,038,224
Licenses and permits.....	7,172,004	5,764,582	4,928,179	4,575,496	4,564,508	5,523,613
Fines and forfeitures.....	2,002,406	1,850,503	1,899,661	2,022,175	2,101,518	1,907,471
Contributions.....	1,187,036	796,807	1,395,023	1,320,527	1,185,340	1,382,243
Investment income.....	3,362,563	4,960,859	4,435,423	2,642,189	1,016,818	554,473
Miscellaneous/other.....	1,326,054	947,985	1,813,990	1,686,507	667,540	1,676,863
TOTAL REVENUES.....	302,963,333	326,281,071	334,671,167	389,118,500	351,877,197	357,766,940
EXPENDITURES						
Current:						
General government.....	21,671,422	18,456,441	22,190,508	21,756,050	22,007,737	27,495,142
Public safety.....	33,207,890	36,540,065	36,960,093	37,438,138	37,999,263	37,725,281
Education.....	157,219,646	166,363,295	202,577,476	252,917,406	254,430,394	214,802,244
Public works.....	20,074,536	23,001,792	24,844,231	24,944,049	26,357,440	24,730,797
Health and human services.....	3,594,966	4,054,211	3,989,849	4,080,313	4,305,785	4,177,515
Culture and recreation.....	12,156,563	14,441,900	12,837,823	12,438,606	12,637,414	11,232,808
Retirement benefits.....	39,366,562	42,079,659	44,134,609	47,480,693	49,940,948	53,157,157
Insurance.....	1,621,121	1,666,576	1,690,977	1,891,488	1,676,169	1,445,803
Claims and judgments.....	214,058	143,335	97,254	250,509	100,453	160,733
Health insurance subsidy.....	-	173,495	-	-	-	-
Other.....	-	-	24,080	-	-	-
State and county charges.....	5,209,013	5,375,365	5,512,027	5,453,169	5,619,317	5,472,487
Debt service:						
Principal.....	5,595,500	8,472,050	6,146,900	7,652,100	8,548,500	9,460,500
Interest.....	2,215,170	2,129,315	2,378,302	3,694,574	7,079,256	7,509,703
TOTAL EXPENDITURES.....	302,146,447	322,897,499	363,384,129	419,997,095	430,702,676	397,370,170
EXCESS (DEFICIENCY) OF REVENUES						
OVER EXPENDITURES.....	816,886	3,383,572	(28,712,962)	(30,878,595)	(78,825,479)	(39,603,230)
OTHER FINANCING SOURCES (USES)						
Transfers in.....	8,195,281	9,793,750	12,584,287	15,539,377	8,860,150	6,386,643
Proceeds of bonds and notes.....	13,835,000	10,600,000	48,792,000	86,010,000	25,548,000	13,770,000
Premium from issuance of bonds and notes.....	293,090	92,732	262,441	1,557,255	815,357	168,147
Proceeds of refunding bonds.....	-	-	-	-	-	-
Premium from issuance of refunding bonds.....	-	-	-	-	-	-
Sale of capital assets.....	26,446	40,752	49,909	-	42,491	36,262
Transfers out.....	(6,639,571)	(8,292,510)	(11,031,737)	(13,804,570)	(7,206,381)	(4,868,523)
Payments to refunding bond escrow agent.....	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)...	15,710,246	12,234,724	50,656,900	89,302,062	28,059,617	15,492,529
EXTRAORDINARY ITEM						
Proceeds of structured settlement contract.....	-	2,850,000	-	-	-	-
NET CHANGE IN FUND BALANCES.....	\$ 16,527,132	\$ 18,468,296	\$ 21,943,938	\$ 58,423,467	\$ (50,765,862)	\$ (24,110,701)
DEBT SERVICE EXPENDITURES AS A PERCENTAGE						
OF NONCAPITAL EXPENDITURES.....	2.6%	3.3%	2.3%	2.7%	3.6%	4.3%

	2012	2013	2014	2015
\$	248,503,570	\$ 257,225,856	\$ 277,636,527	\$ 288,700,477
	10,567,479	11,351,368	12,057,191	12,486,356
	1,814,792	2,051,414	2,218,759	2,330,724
	1,403,261	1,407,803	1,557,737	1,786,617
	479,617	521,643	475,741	465,822
	2,427,905	2,508,969	2,689,198	2,814,155
	17,340,467	17,702,424	19,090,133	20,406,805
	73,036,706	81,971,057	83,629,746	53,128,480
	350,639	224,503	189,547	190,603
	1,146,496	1,011,591	1,160,091	1,508,259
	6,081,388	9,291,263	7,538,284	7,621,990
	2,017,085	2,029,860	1,889,935	1,808,854
	1,299,748	833,888	1,112,823	1,016,439
	271,250	257,726	328,015	270,552
	1,222,231	593,712	737,709	1,606,532
	<u>367,962,634</u>	<u>388,983,077</u>	<u>412,311,436</u>	<u>396,142,665</u>
	21,216,365	18,961,966	22,784,656	27,381,322
	39,687,309	40,232,455	42,177,396	43,368,473
	196,486,485	210,372,992	230,391,740	236,571,691
	21,918,256	28,939,827	31,082,397	33,932,440
	4,123,498	4,358,995	4,656,637	4,545,590
	13,839,046	13,634,682	12,443,344	13,867,205
	56,055,483	57,813,067	60,134,090	29,199,509
	1,559,274	1,722,006	1,778,619	2,000,027
	58,504	128,950	171,221	232,282
	-	-	-	-
	-	-	-	-
	5,503,956	5,722,550	5,783,939	5,875,034
	9,408,367	9,596,167	10,367,425	9,824,367
	7,574,440	7,568,326	7,411,724	8,009,057
	<u>377,430,983</u>	<u>399,051,983</u>	<u>429,183,188</u>	<u>414,806,997</u>
	<u>(9,468,349)</u>	<u>(10,068,906)</u>	<u>(16,871,752)</u>	<u>(18,664,332)</u>
	8,413,437	7,732,178	10,802,542	9,399,205
	5,734,000	10,812,558	20,936,000	25,505,000
	131,379	590,740	749,963	1,197,352
	-	-	-	19,635,000
	-	-	-	1,759,523
	67,610	55,325	27,419	13,300
	(6,585,196)	(6,091,919)	(8,295,548)	(7,264,297)
	-	-	-	(21,798,044)
	<u>7,761,230</u>	<u>13,098,882</u>	<u>24,220,376</u>	<u>28,447,039</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>(1,707,119)</u>	<u>\$ 3,029,976</u>	<u>\$ 7,348,624</u>	<u>\$ 9,782,707</u>
	4.5%	4.3%	4.1%	4.3%

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

LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value (2)			Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value (3)	Assessed Value as a Percentage of Actual Value
	Residential Real Property	Commercial and Industrial Real Property	Personal Property				
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%
2015	19,995,837,989	2,270,794,311	398,472,900	22,665,105,200	12.65	22,305,253,800	101.61%

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)
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
2015	11.61	22.38	22.38	12.65

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	2015			2006		
	Assessed Valuation	Rank	Percentage of Total Tax Levy	Assessed Valuation	Rank	Percentage of Total Tax Levy
Hines Global REIT	\$ 2,990,252	1	1.02%	\$ N/A	N/A	N/A
NStar Electric	2,841,660	2	0.97%	956,774	4	0.48%
Chestnut Hill Shopping Center, LLC	2,665,958	3	0.91%	974,760	3	0.48%
Mall at Chestnut Hill, LLC	2,304,840	4	0.79%	N/A	N/A	N/A
Chesapeake Hotel Lmt Partnership	1,873,475	5	0.64%	N/A	N/A	N/A
CHS Commercial Owner LLC	1,831,235	6	0.63%	N/A	N/A	N/A
Boston Gas/National Grid	1,519,322	7	0.52%	N/A	N/A	N/A
Thomas J. White TRS	1,295,354	8	0.44%	N/A	N/A	N/A
Atrium Wellness Center LLC	936,717	9	0.32%	N/A	N/A	N/A
Avalon Upper Falls LLC	862,383	10	0.30%	N/A	N/A	N/A
Riverside Project LLC	N/A	N/A	N/A	1,740,999	1	0.87%
Atrium Mall	N/A	N/A	N/A	1,160,837	2	0.58%
Saracen Properties, LC	N/A	N/A	N/A	859,824	5	0.43%
RP/Saracen Properties, LLC	N/A	N/A	N/A	711,571	6	0.35%
White Thomas J Trs	N/A	N/A	N/A	609,552	7	0.30%
Marriott Hotel	N/A	N/A	N/A	606,910	8	0.30%
Lasell College	N/A	N/A	N/A	464,818	9	0.23%
Avalon Upper Falls LLC	N/A	N/A	N/A	461,814	10	0.23%
Total	\$ 19,121,196		6.54%	\$ 8,547,859		4.25%

Source: City of Newton Board of Assessors.

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Net Tax Levy	Collected within the Fiscal Year of the Levy		Actual Subsequent Collections	Total Collections to Date	
		Current Tax Collections	Percent of Net Levy Collected		Total Tax Collections	Total Collections as a % of Net Levy (1)
2006	\$ 198,431,418	\$ 197,604,301	99.58%	\$ 1,870,631	\$ 199,474,932	100.53%
2007	205,603,998	204,425,747	99.43%	2,475,729	206,901,476	100.63%
2008	213,670,594	211,782,357	99.12%	2,225,049	214,007,406	100.16%
2009	222,124,895	221,179,256	99.57%	1,089,387	222,268,643	100.06%
2010	230,471,466	228,861,998	99.30%	1,510,161	230,372,159	99.96%
2011	238,752,520	237,347,484	99.41%	2,108,156	239,455,640	100.29%
2012	247,532,017	246,717,069	99.67%	1,793,457	248,510,526	100.40%
2013	256,559,763	255,584,775	99.62%	2,112,835	257,697,610	100.44%
2014	275,166,240	274,820,049	99.87%	2,277,136	277,097,185	100.70%
2015	286,813,970	286,945,789	100.05%	-	286,945,789	100.05%

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		
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
2015	215,267,032	-	16,364,817	12,863,980	244,495,829	2,769

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		
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%
2015	215,267,032	(2,992,322)	212,274,710	0.95%	3.76%

(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, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Massachusetts Water Resources Authority.....	\$ 5,898,352,000	4.64%	\$ <u>273,898,455</u>
City direct debt.....			<u>244,495,829</u>
Total direct and overlapping debt.....			<u>\$ 518,394,284</u>

Sources: MWRA, City of Newton Treasurer's Office

LEGAL DEBT MARGIN INFORMATION

LAST FIVE FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Equalized valuation.....	\$ 22,305,253,800	\$ 22,305,253,800	\$ 21,744,090,700	\$ 21,744,090,700	\$ 22,506,213,100
Normal debt limit (5% of equalized valuation).....	1,115,262,690	1,115,262,690	1,087,204,535	1,087,204,535	1,125,310,655
Debt applicable to limit:					
Total bonded debt.....	244,495,829	229,858,228	222,612,428	217,646,450	221,718,814
Less: General obligation bonds exempted by authority of state legislature.....	<u>(37,987,881)</u>	<u>(17,377,352)</u>	<u>(17,643,162)</u>	<u>(19,699,017)</u>	<u>(29,724,014)</u>
Total net debt applicable to limit.....	<u>206,507,948</u>	<u>212,480,876</u>	<u>204,969,266</u>	<u>197,947,433</u>	<u>191,994,800</u>
Legal debt margin.....	<u>\$ 908,754,742</u>	<u>\$ 902,781,814</u>	<u>\$ 882,235,269</u>	<u>\$ 889,257,102</u>	<u>\$ 933,315,855</u>
Total net debt applicable to the limit as a percentage of normal debt limit.....	<u>18.5%</u>	<u>19.1%</u>	<u>18.9%</u>	<u>18.2%</u>	<u>17.1%</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 (%)
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%
2014	88,287	40.1	63,872	5,639,067,264	119,148	12,503	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	2015	2014	2013	2012	2011
General government.....	136	138	128	131	133
Public safety.....	380	372	364	371	373
Education.....	1,455	1,406	1,334	1,285	1,195
Public works	127	136	131	126	131
Health and human services.....	45	42	45	45	48
Culture and recreation.....	81	82	80	79	82
Water.....	28	29	28	29	31
Sewer.....	25	25	28	27	32
Total.....	<u>2,277</u>	<u>2,230</u>	<u>2,138</u>	<u>2,093</u>	<u>2,025</u>

Source: City of Newton payroll

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST FIVE FISCAL YEARS

Function/Program	Fiscal Year				
	2015	2014	2013	2012	2011
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.....	595	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