

City of Newton, Massachusetts

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016



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Prepared by the Comptroller's Office

CITY OF NEWTON, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTORY SECTION	
Letter of Transmittal	i
Organizational Chart	vii
Elected Officials and Department Heads	viii
II. FINANCIAL SECTION	
A. INDEPENDENT AUDITORS' REPORT	1
B. MANAGEMENT'S DISCUSSION AND ANALYSIS	4
C. BASIC FINANCIAL STATEMENTS	
Government Wide Financial Statements	
Statement of Net Position	18
Statement of Activities	20
Fund Financial Statements	
Governmental Funds	
Balance Sheet	22
Reconciliation of the Governmental Funds Balance Sheet Total	
Fund Balances to the Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes	
in Fund Balances	24
Reconciliation of the Statement of Revenues, Expenditures and	
Changes in Fund Balances of Governmental Funds	
to the Statement of Activities	25
General Fund - Statement of Revenues, Expenditures, and Changes	
in Fund Balance - Budget and Actual	26
Community Preservation Fund - Statement of Revenues, Expenditures,	
and Changes in Fund Balance - Budget and Actual	27
Proprietary Funds	
Statement of Fund Net Position	28
Statement of Revenues, Expenses and Changes in Fund Net Position	29
Statement of Cash Flows	30
Fiduciary Funds	
Statement of Fiduciary Net Position	31
Statement of Changes in Fiduciary Net Position	32

CITY OF NEWTON, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

Component Units	
Combining Statement of Fund Net Position	33
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	34
Notes to the Basic Financial Statements	35
D. REQUIRED SUPPLEMENTARY INFORMATION	
Pension Plan Schedules	79
Other Post Employment Benefits Schedule	83
Notes to Required Supplementary Information	84
E. COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Nonmajor Governmental Funds	
Narrative	85
Combining Balance Sheet	87
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	91
Internal Service Funds	
Narrative	95
Combining Statement of Fund Net Position	96
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	97
Combining Statement of Cash Flows	98
Fiduciary Funds	
Private Purpose Trust Funds - Narrative	99
Private Purpose Trust Funds - Combining Statement of Fiduciary Net Position	100
Private Purpose Trust Funds - Combining Statement of Changes in Fiduciary Net Position	102
Agency Fund - Narrative	104
Agency Fund - Statement of Changes in Assets and Liabilities	105
General Fund	
Narrative	106
Schedule of Expenditures and Transfers Out - Budget to Actual - Legal Level of Control	107
Community Preservation Fund	
Narrative	117
Schedule of Expenditures and Transfers Out - Budget to Actual - Legal Level of Control	118

CITY OF NEWTON, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

F. ADDITIONAL INFORMATION

Capital Projects Fund	
Schedule of Expenditures and Transfers Out - Budget to Actual	120
Sewer Enterprise Fund	
Schedule of Expenditures and Transfers Out - Budget to Actual	126
Water Enterprise Fund	
Schedule of Expenditures and Transfers Out - Budget to Actual	128
Stormwater Enterprise Fund	
Schedule of Expenditures and Transfers Out - Budget to Actual	130

III. STATISTICAL SECTION

Table of Contents	132
Net Position by Component	133
Governmental Activities - Changes in Net Position	135
Business-Type Activities - Changes in Net Position	137
Primary Government - Changes in Net Position	139
Governmental Funds - Fund Balances	141
Governmental Funds - Changes in Fund Balances	143
Assessed Value and Estimated Actual Value of Taxable Property	145
Direct Property Tax Rates	146
Principal Property Taxpayers	147
Property Tax Levies and Collections	148
Ratios of Outstanding Debt by Type	149
Ratios of Net General Bonded Debt Outstanding	150
Direct and Overlapping Governmental Activities Debt	151
Legal Debt Margin Information	152
Demographic and Economic Statistics	153
Employees by Function/Program	154
Capital Asset Statistics by Function/Program	155

INTRODUCTORY SECTION



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DAVID C. WILKINSON
COMPTROLLER

December 5, 2016

Members of the City Council
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, 2016. 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 Newton City Council. The City Council 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, 2016 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 88,817 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 City Council, of which eight members are elected from the City's eight wards and sixteen are elected at large. Members of the City Council 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, City Council 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 City Council.

Beginning with this report, stormwater management activities, previously classified as a non-major governmental fund, have been reclassified as a non-major proprietary fund. This action was taken in response to the Mayor and Council's policy decision to begin recovering the cost of system capital improvements from stormwater management user fees.

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 City Council is responsible for review and approval of all appropriations that are recommended by the Mayor. An eight member Finance Committee of the City Council 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 City Council, and the Comptroller who is appointed by the City Council.

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, City Council 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 2016 with a fund balance of \$18.8 million - \$1.5 million or 8.7% more than the balance as of the start of the year and 5% of General Fund expenditures for the year.

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 2016 the City revised certain assumptions to better reflect trends, which required an increase in the rate of annual plan contributions from 8.75% to 9.6% per year between now and June 30, 2029, when the plan is expected to be actuarially funded. Return assumptions for funding purposes are long term projections and subject to review every three to five years. No change was made during 2016 in the 3.5% assumed rate of change in active employee compensation.

The OPEB trust ended fiscal year 2016 with assets of \$3.6 million, \$1.5 million or 68.5% greater than 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 City Council.

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 106 - 131 of this report.

The City's books on fiscal year 2016 were closed within 60 days of year end and on September 7, 2016 the Massachusetts Department of Revenue certified the City's July 1, 2016 free cash (General Fund fund balance available for appropriation) at \$12.7 million. 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 \$261.8 million increase in expenses in the government-wide financial statements and a corresponding decline in unrestricted net assets. This represents 36.4% 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 formally adopted 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 64-67) and OPEB Required Supplementary Information (page 83) 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 police; engineering and public school custodial employees. A liability has been recorded for the City's estimated cost exposure for all open contracts.

Audit Committee

In order to strengthen the City's internal controls and financial reporting, the City Council established a permanent audit committee, consisting of both representatives of the City Council 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 2016. 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, 2016, the City maintained an Aaa credit rating with Moody's Investor Service and also achieved the same rating from S&P.

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 King; Stephen Curley; Ann-Marie Daley and Maria Mastroinni. I'd also like to thank the Chair of the Finance Committee, Councilor Leonard Gentile, and members of the Finance Committee for their assistance and support. 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.

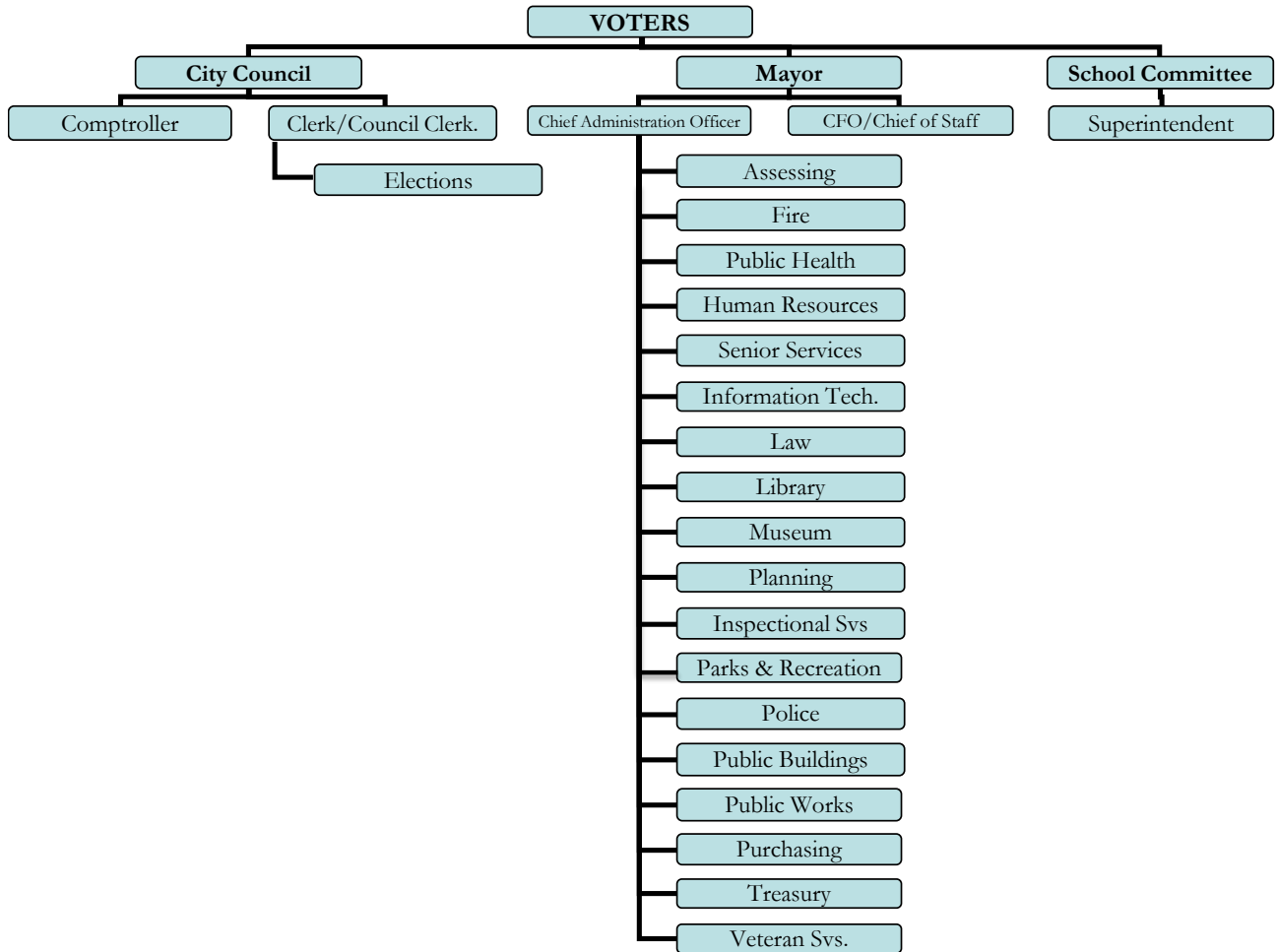
Respectfully,

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

CITY COUNCIL

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: Deborah Youngblood, PhD, Commissioner
Human Resources: Jeffery Honig, Acting HR Director
Financial Information Systems: Karen Griffey, Acting 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: Barney Heath, Director
Police: David MacDonald, Police Chief
Public Buildings: Josh Morse, Commissioner
Public Works: James McGonagle, 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 City Council 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, 2016 (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, 2015), 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 39.3%, 38.8%, and 86.3%, 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, 2016 (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, 2015), 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.

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 79 through 84) 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 5, 2016, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, MA

December 5, 2016



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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, 2016.

Financial Highlights:

- Total liabilities and deferred inflows of City resources exceeded total assets and deferred outflows of resources as of the close of the most recent fiscal year by \$50.8 million – an increase of \$0.7 million or 1.4% in negative net position from June 30, 2015. The negative (\$50.8) million net position for June 30, 2016 consisted of (\$160.5) in negative net position in governmental activities and a positive \$109.7 million in the City's business type activities.
- Unrestricted governmental net position decreased by \$18.6 million to (\$455.5) million at June 30, 2016. The decline in unrestricted governmental activities net position resulted entirely from the recognition of \$28.8 million in new OPEB liabilities and \$18.3 million in new defined benefit pension plan liabilities..
- The total cost of all City services (primary government) for fiscal year 2016 was \$509.6 million, \$463.9 million (91%) of which was for governmental services, and \$45.7 million (9%) of which was for business type services. The total cost of City services increased by \$23.2 million or 4.8% from the total cost of services in the previous fiscal year.
- A total of \$104.7 million or 22.6% of governmental services were financed from program revenue, leaving 77.4% to be financed from general revenues and inter-fund transfers. Real estate and personal property tax revenue continues to represent the single largest source of general revenue, accounting for 86.2% of 2016 governmental services funding.
- At June 30, 2016, the City's governmental funds reported a combined fund balance of \$109.7 million. The combined governmental funds fund balance increased by \$31.1 million (39.6%) from the prior year's ending fund balance.
- The City's general fund reported total fund balance of \$57.5 million at the end of fiscal year 2016, an \$18.9 million (49.2%) increase from the total fund balance at June 30 of the prior fiscal year. The unassigned portion of the fund balance increased by \$15.9 million to \$43.6 million or 11.5% of total general fund revenues and other financing sources. The unassigned fund balance includes \$18.8 million that the City has set aside over the course of the six most recent fiscal years as a "Rainy Day Stabilization" fund; \$12.7 million in "Free Cash" that has been certified as being available for appropriation by the Massachusetts Department of Revenue, and \$4.6 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 133-140 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 evaluation 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 85 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 141 through 144 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, sanitary sewer and storm water 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, sanitary sewer and storm water activities. The water and sanitary sewer funds 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 95 of this report. The basic proprietary fund financial statements can be found on 28-30 of this report.

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

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

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-78 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 69.

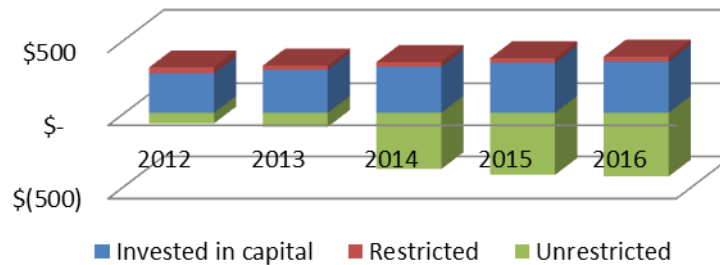
Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City’s progress in funding its obligation to provide pension and post-employment benefits to its employees. Such information is located on pages 79 to 84 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 \$50.8 million at June 30, 2016. This represents an increase of \$0.7 million or 1.4% in the negative 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 on the following page. 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>	
	2016	2015	2016	2015	2016	2015
Assets						
Current assets.....	\$ 192,331,410	\$ 166,606,734	\$ 59,166,868	\$ 51,612,686	\$ 251,498,278	\$ 218,219,420
Noncurrent assets (excluding capital assets).....	7,678,596	7,747,005	929,325	1,170,118	8,607,921	8,917,123
Capital assets (net).....	502,921,661	456,978,462	95,840,555	90,395,311	598,762,216	547,373,773
Total assets.....	<u>702,931,667</u>	<u>631,332,201</u>	<u>155,936,748</u>	<u>143,178,115</u>	<u>858,868,415</u>	<u>774,510,316</u>
Deferred Outflows of Resources	<u>31,260,484</u>	<u>21,984,818</u>	<u>1,028,596</u>	<u>765,271</u>	<u>32,289,080</u>	<u>22,750,089</u>
Liabilities						
Current liabilities (excluding debt).....	49,778,301	54,016,869	2,229,914	3,214,360	52,008,215	57,231,229
Noncurrent liabilities (excluding debt).....	575,492,570	528,488,239	16,598,739	15,876,690	592,091,309	544,364,929
Current debt.....	13,435,889	11,997,967	4,551,261	4,376,129	17,987,150	16,374,096
Noncurrent debt.....	252,886,073	204,519,065	23,741,997	24,852,668	276,628,070	229,371,733
Total liabilities.....	<u>891,592,833</u>	<u>799,022,140</u>	<u>47,121,911</u>	<u>48,319,847</u>	<u>938,714,744</u>	<u>847,341,987</u>
Deferred Inflows of Resources	<u>3,116,632</u>	<u>-</u>	<u>102,549</u>	<u>-</u>	<u>3,219,181</u>	<u>-</u>
Net Position						
Net investment in capital assets.....	260,763,492	258,490,143	89,426,102	83,521,987	350,189,594	342,012,130
Restricted.....	34,250,976	32,723,876	-	-	34,250,976	32,723,876
Unrestricted.....	(455,531,782)	(436,919,140)	20,314,782	12,101,552	(435,217,000)	(424,817,588)
Total net position.....	<u>\$ (160,517,314)</u>	<u>\$ (145,705,121)</u>	<u>\$ 109,740,884</u>	<u>\$ 95,623,539</u>	<u>\$ (50,776,430)</u>	<u>\$ (50,081,582)</u>

The largest single components of the City's negative total net position are \$317.1 million in unfunded pension benefits (Net Pension Liabilities) and \$261.8 million in unfunded OPEB liabilities (Net OPEB Obligations). 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 2016. 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 for a detailed calculation of the City's net investment in capital assets.

An additional portion of the City's net position, \$34.2 million, represents resources that are subject to restrictions placed on how they may be used by parties external to the City. A total of \$15.9 million (46.5%) 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.

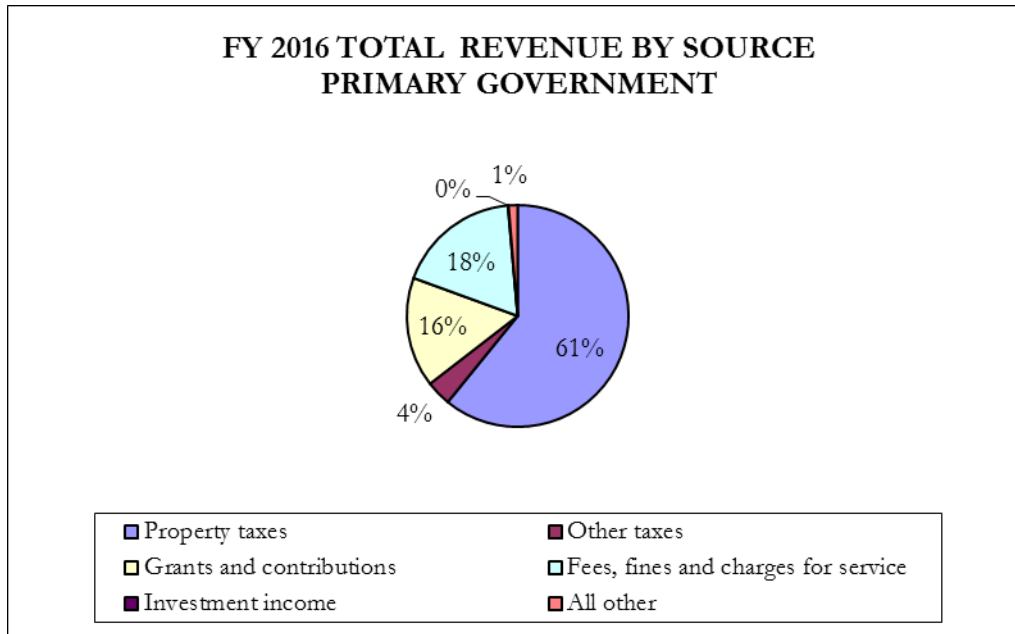
Changes in net position:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2016	2015	2016	2015	2016	2015
Revenues						
<i>Program Revenues:</i>						
Fees, fines and charges for services.....	\$ 32,651,120	\$ 28,572,429	\$ 59,064,372	\$ 54,741,671	\$ 91,715,492	\$ 83,314,100
Operating grants and contributions.....	67,774,244	64,031,611	545,793	506,547	68,320,037	64,538,158
Capital grants and contributions.....	4,232,242	3,703,180	2,796,401	3,797,829	7,028,643	7,501,009
<i>General Revenues:</i>						
Real estate and personal property taxes.....	309,686,267	289,075,613	-	-	309,686,267	289,075,613
Motor vehicle and other excise taxes.....	13,061,883	12,670,852	-	-	13,061,883	12,670,852
Hotel room occupancy taxes.....	2,444,007	2,330,724	-	-	2,444,007	2,330,724
Meals taxes.....	1,880,428	1,786,617	-	-	1,880,428	1,786,617
Penalties and interest on taxes.....	1,282,596	1,509,583	-	-	1,282,596	1,509,583
Payments in lieu of taxes.....	461,586	476,899	-	-	461,586	476,899
Community preservation surcharges.....	2,945,936	2,818,748	-	-	2,945,936	2,818,748
Grants and contributions not restricted to specific programs.....	6,309,128	5,968,282	-	-	6,309,128	5,968,282
Unrestricted investment income.....	483,866	265,809	-	-	483,866	265,809
Other.....	3,305,255	2,304,964	-	-	3,305,255	2,304,964
Total revenues.....	446,518,558	415,515,311	62,406,566	59,046,047	508,925,124	474,561,358
Expenses						
General government.....	28,489,575	26,440,640	-	-	28,489,575	26,440,640
Public safety.....	74,526,967	68,685,178	-	-	74,526,967	68,685,178
Education.....	287,559,898	273,738,170	-	-	287,559,898	273,738,170
Public works.....	29,698,488	33,419,187	-	-	29,698,488	33,419,187
Health and human services.....	12,319,296	11,625,318	-	-	12,319,296	11,625,318
Culture and recreation.....	20,385,376	17,759,803	-	-	20,385,376	17,759,803
Debt service - interest.....	10,945,881	9,906,400	-	-	10,945,881	9,906,400
Water.....	-	-	19,439,528	17,503,699	19,439,528	17,503,699
Sewer.....	-	-	24,958,975	26,254,561	24,958,975	26,254,561
Stormwater.....	-	-	1,295,988	1,118,476	1,295,988	1,118,476
Total expenses.....	463,925,481	441,574,696	45,694,491	44,876,736	509,619,972	486,451,432
Change in net position before transfers.....	(17,406,923)	(26,059,385)	16,712,075	14,169,311	(694,848)	(11,890,074)
Transfers, net.....	2,594,730	2,088,882	(2,594,730)	(2,088,882)	-	-
Change in net position.....	(14,812,193)	(23,970,503)	14,117,345	12,080,429	(694,848)	(11,890,074)
Net position - beginning of year (as restated).....	(145,705,121)	(121,734,618)	95,623,539	83,543,110	(50,081,582)	(38,191,508)
Net position - end of year.....	\$ (160,517,314)	\$ (145,705,121)	\$ 109,740,884	\$ 95,623,539	\$ (50,776,430)	\$ (50,081,582)

Total revenue for the year ended June 30, 2016 amounted to \$508.9 million, an increase of \$34.3 million or 7.2% from the prior year. Real estate tax revenue, the City's largest revenue source, accounted for \$20.6 million or 60.1% of the revenue growth.

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

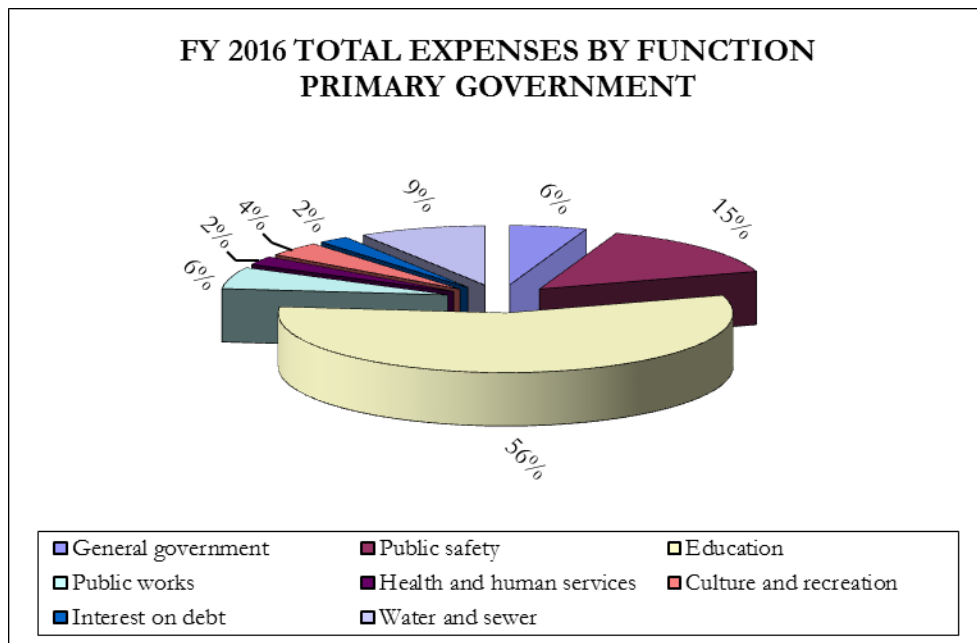


Total expenses increased by \$23.2 million or 4.8% during the year.

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, 2016, total spending for education purposes was \$287.6 million or 56.4% of total spending, 62% of governmental activity spending and \$13.9 million or 5.1% greater than total education spending for the prior fiscal year

The following chart illustrates the distribution of expenses by major function for the primary government for the year ended June 30, 2016.



Governmental activities – Governmental activities decreased the City’s net position by \$14.8 million or 10.2% during fiscal 2016 due to the recognition of \$28.8 million in pension and \$18.2 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 2016. Inspectional service department program revenues exceeded total program expenses by \$6.1 million for the year. In the fiscal year ending June 30, 2015, Inspectional services department program revenue exceeded program expenses by \$3.8 million.

Business-type activities – Business-type activities increased the City’s net position by \$14.1 million or 14.7% during fiscal year 2016.

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, 2016, the City’s governmental funds reported a combined fund balance totaling \$109.7 million, a \$31.1 million or 40% increase from the prior year reported financial position.

All major governmental funds, with the exception of the Angier School Capital Project Fund reported improved financial position.

The General fund is the primary operating fund of the City and at June 30, 2016 reported a total fund balance of \$57.5 million, \$18.9 million or 49% greater than the total fund balance for the previous fiscal year. The unassigned portion of fund balance continued to improve, increasing from \$27.8 million or approximately 7.9% of total fund revenues and other financing sources at June 30, 2015 to \$43.6 million or 11.5% of fund revenues and other financing sources at June 30, 2016. The City’s Rainy Day (fiscal/economic stabilization) Fund accounts for \$18.8 million or approximately 43% 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 2016 and (5) previous fiscal years

	2016	2015	2014	2013	2012	2011 (1)
Total fund balance	\$ 57,458,697	\$ 38,523,664	\$ 36,675,777	\$ 32,715,384	\$ 28,224,341	\$ 30,773,574
Less: Fund balance restrictions for:						
Debt service.....	2,803,983	2,992,322	2,835,755	2,896,430	617,572	683,320
Capital.....	10,285	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.....	1,598,546	1,595,628	1,595,130	300,000	2,565,748	2,066,320
Capital.....	2,168,821	714,055	714,835	2,149,216	5,049,725	9,714,755
Continued appropriations.....	5,084,436	2,998,738	2,579,251	2,899,584	2,201,193	3,096,013
Less: Fund balance assigned for:						
Encumbrances.....	1,881,754	1,546,338	2,556,214	2,977,415	2,435,508	727,814
Capital.....	294,350	905,046	121,776	133,106	147,553	116,627
Unassigned fund balance.....	43,616,522	27,757,785	26,259,064	21,091,447	14,886,340	14,123,323
Total revenues & other financing sources.....	\$ 380,459,215	\$ 352,531,003	\$ 370,804,386	\$ 349,844,773	\$ 329,962,477	\$ 321,055,179
Total fund balance as % total revenues and ofs.....	15.1%	10.9%	9.9%	9.4%	8.6%	9.6%
Unassigned fund balance as % total revenues and ofs.....	11.5%	7.9%	7.1%	6.0%	4.5%	4.4%

(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 increased by \$27.9 million or 7.9%, during fiscal year 2016 principally as a result of real estate and personal property tax collections; inspectional services department permit revenue; and premiums earned on the sale of bonds and notes.

Property tax revenue growth of \$20.3 million accounted for 72.4% of all revenue growth for the year. The 7.0% increase in property tax revenue resulted from a combination of the normal increase authorized by Proposition 2 ½ ; new growth; and a favorable Massachusetts Supreme Judicial Court decision that confirmed the fact that all telecommunication personal property should be taxed at the commercial tax rate. The City also collected 100.3% 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 \$552,251 or 0.2% of the tax levy for the year. A tax refund payable liability of \$5.3 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. This liability is \$4.7 million less than the June 30, 2015 estimate due to the favorable court decision noted previously.

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

Source	Amount	% of Total	Increase/ (Decrease)	% Change
Real estate and personal property taxes.....	\$ 308,965,868	81.2%	\$ 20,265,386	7.0%
Motor vehicle excise taxes.....	13,122,277	3.4%	635,921	5.1%
Hotel room occupancy taxes.....	2,444,007	0.6%	113,283	4.9%
Meals taxes.....	1,880,428	0.5%	93,811	5.3%
Penalties and interest on taxes.....	1,282,596	0.3%	(203,636)	-13.7%
Licenses and permits.....	9,242,905	2.4%	2,450,839	36.1%
Intergovernmental.....	27,820,174	7.3%	1,146,444	4.3%
Charges for services.....	1,586,701	0.4%	(120,639)	-7.1%
Fines and forfeitures.....	1,800,214	0.5%	28,110	1.6%
Investment income.....	437,596	0.1%	192,126	78.3%
Payments in lieu of taxes.....	476,083	0.1%	10,261	2.2%
Special assessments.....	45,694	0.0%	(19,250)	-29.6%
Other.....	824,032	0.2%	(174,224)	-17.5%
Total revenues.....	369,928,575	97.3%	24,418,432	7.1%
Premium from issuance of bonds/notes.....	3,955,263	1.0%	2,757,911	230.3%
Sale of capital assets.....	85,000	0.0%	85,000	100.0%
Transfers from other funds.....	6,490,377	1.7%	666,867	11.5%
Total revenues and other financing sources.....	\$ 380,459,215	100.0%	\$ 27,928,210	7.9%

Total general fund expenditures and transfers to other funds totaled \$361.5 million, an increase of \$10.8 million or 3.1% from the previous fiscal year.

	Amount	% of Total	Increase/ (Decrease)	% Change
General government.....	\$ 17,516,134	4.8%	\$ 1,338,471	8.3%
Public safety.....	41,411,585	11.5%	1,780,506	4.5%
Education.....	202,704,374	56.1%	6,850,946	3.5%
Public works.....	22,895,350	6.3%	(4,021,930)	-14.9%
Health and human services.....	4,310,257	1.2%	306,958	7.7%
Culture and recreation.....	11,772,013	3.3%	1,952,115	19.9%
Retirement benefits.....	31,235,486	8.6%	2,035,977	7.0%
Workers' compensation insurance.....	1,150,000	0.3%	(400,000)	-25.8%
Property and liability insurance.....	468,006	0.1%	17,979	4.0%
Claims and judgements.....	244,752	0.1%	12,470	5.4%
State assessments and charges.....	6,113,282	1.7%	238,248	4.1%
Debt service				
Principal.....	10,492,967	2.9%	923,600	9.7%
Interest.....	8,163,295	2.3%	179,738	2.3%
Total expenditures.....	358,477,501	99.2%	11,215,078	3.2%
Transfers to other funds.....	3,046,681	0.8%	(374,012)	-10.9%
Total expenditures and transfers.....	\$ 361,524,182	100.0%	\$ 10,841,066	3.1%

The \$4 million (14.9%) reduction in public works spending is a function of the fact that snow and ice control requirements for the most recent fiscal year were less than half what was required for the previous fiscal year. The 25.8% reduction in workers compensation spending resulted from the use of accumulated reserves in the self-insurance fund to meet operating requirements during the year.

The \$2 million or 19.9% increase in culture and recreation spending resulted principally from increased spending for parks and recreation forestry, grounds maintenance, and community beautification activities during the year.

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, 2016, the City realized \$3.9 million in CPA fund revenue, \$2.9 million (74.4%) of which came from the local property tax surcharge. State matching funds amounted to \$0.8 million. Fund expenditures totaled \$2.5 million for the year, \$1.1 million of which was for historic resources preservation; \$0.7 million of which was for community housing; \$0.6 million was for community recreation, 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; the sanitary sewer collection system; and the storm water drainage system.

The financial position of the City's sewer fund increased by \$9.4 million to \$62.9 million at June 30, 2016. Unrestricted fund net position increased by \$5 million or 46.7% to \$15.7 million at June 30, 2016, the equivalent of 7.7 months of operating expenditures.

The financial position of the City's water fund also improved during the last fiscal year from \$40.5 million at June 30, 2015 to \$44.4 million at June 30, 2016. Unrestricted fund net position was \$4.1 million, or approximately 2.6 months of operating expenditures.

The City's storm water management fund ended the year with a net position of \$2.5 million – an increase of \$0.8 million or 53% from June 30, 2015. Unrestricted net position amounted to \$0.6 million or approximately 5.5 months of operating expenditures.

The financial position of the City's Internal Service Funds declined by \$0.9 million, or 5.5% during the year ended June 30, 2016. 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 96-98.

The financial position of the City's workers compensation self-insurance fund declined by \$0.1 million during the year as a result of \$0.2 million decline in the fair value of fund investments.

The financial position of the group health self-insurance fund declined by \$0.6 million or 4.5% as a result of a \$4.4 million (8.7%) increase in paid health claims during the year. The \$13.6 million year-end net position represents 3 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 declined by \$4 million (1.4%) to \$289.9 million during the system's fiscal year that ended December 31, 2015, as a result of the fact that investment income earnings for the year (net of investment management fees) were only \$2.1 million. According to the Commonwealth of Massachusetts Public Employee Retirement Administration Commission's 2015 Annual Report, the Newton Contributory Retirement System's investment portfolio returned 1.19% 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 8.55%.

The funded status of the defined benefit retirement plan at January 1, 2016 on an actuarial funding basis was 47.5%. 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 a 9.6% 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 70-75 of this report.

The net position of the City's OPEB fund increased from \$2.1 million to \$3.6 million during fiscal year 2016, 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 2016.

General Fund Budgetary Highlights:

The difference between the original General Fund budget of \$366.6 million (including prior year encumbrances and continuing appropriations) and the final amended budget of \$374.6 million amounts to 2.2% and can be summarized as follows:

Description	Amount
Capital outlay and improvements.....	\$ 2,067,065
Snow and ice control.....	1,439,987
Rainy Day Stabilization fund.....	1,336,831
Newton Public Schools.....	672,443
Interest on property tax refunds.....	445,226
Tree maintenance.....	300,000
All other.....	<u>1,779,526</u>
Total supplemental appropriations.....	<u>\$ 8,041,078</u>

There were no deficits incurred in the appropriations of the various departments of the City, although actual state assessments for the year did exceed the state's estimate by \$86,581. All but \$3.4 million (0.9%) of total appropriations were expended, encumbered, or continued into fiscal year 2017 for completion of the appropriated purposes at June 30, 2016. Please refer to pages 107–116 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 total investment in capital assets for governmental and business-type activities, net of accumulated depreciation of \$291.6 million, as of June 30, 2016, amounts to \$598.8 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>	
	2016	2015	2016	2015	2016	2015
Land and improvements.....	\$ 31,034,152	\$ 25,046,952	\$ 284,785	\$ 284,785	\$ 31,318,937	\$ 25,331,737
Intangible assets.....	2,238,261	2,238,261	-	-	2,238,261	2,238,261
Buildings and improvements.....	363,761,292	320,161,611	2,211,860	2,296,749	365,973,152	322,458,360
Machinery and equipment.....	25,257,156	24,307,540	8,715,334	8,933,925	33,972,490	33,241,465
Infrastructure.....	61,514,812	57,771,622	84,564,767	78,875,507	146,079,579	136,647,129
Construction in progress.....	<u>19,115,988</u>	<u>27,452,476</u>	<u>63,809</u>	<u>4,345</u>	<u>19,179,797</u>	<u>27,456,821</u>
Total capital assets.....	<u>\$ 502,921,661</u>	<u>\$ 456,978,462</u>	<u>\$ 95,840,555</u>	<u>\$ 90,395,311</u>	<u>\$ 598,762,216</u>	<u>\$ 547,373,773</u>

Total capital assets, net of accumulated depreciation, increased by \$51.4 million or 9.4%. Major capital asset events during 2016 included the following:

- Business-type activity net capital assets increased by \$5.4 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 \$45.9 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 52-54 of this report.

Debt outstanding – At June 30, 2016, the City had total long term debt outstanding of \$287.5 million, \$259.4 million for governmental activities and \$28.1 million for business-type activities. In addition to the permanent debt, the City has \$761,000 in bond anticipation notes outstanding at June 30, 2016, all of which were for the Cabot 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>	
	2016	2015	2016	2015	2016	2015
Education Buildings.....	\$ 206,992,215	\$ 188,934,032	\$ -	\$ -	\$ 206,992,215	\$ 188,934,032
Municipal buildings.....	46,668,150	18,663,700	-	-	46,668,150	18,663,700
Departmental equipment.....	4,931,300	6,205,600	-	-	4,931,300	6,205,600
Landfill closure.....	497,400	653,700	-	-	497,400	653,700
Street reconstruction.....	45,000	115,000	-	-	45,000	115,000
Land acquisition.....	255,000	510,000	-	-	255,000	510,000
Other.....	-	185,000	-	-	-	185,000
Water system.....	-	-	14,288,488	15,805,377	14,288,488	15,805,377
Sanitary sewer system.....	-	-	13,115,100	13,423,420	13,115,100	13,423,420
Stormwater system.....	-	-	725,000	-	725,000	-
Total bonds and notes.....	\$ 259,389,065	\$ 215,267,032	\$ 28,128,588	\$ 29,228,797	\$ 287,517,653	\$ 244,495,829

During the year just ended, the City added \$84.9 million in new bonds and notes and retired \$35.5 million in existing bonds, and notes including \$19.6 million in advance refunding bonds that were issued to defease \$20.1 million in existing debt, with a resulting future debt service savings of \$3.1 million. General fund interest and principal payments amounted to \$18.7 million or 4.9% of fund revenues and other financing sources. Community Preservation Fund interest and principal payments amounted to \$0.3 million, or 6.9%, of fund revenues.

A total of \$138.8 million or 48.3% of existing bonded debt will be retired within ten years; \$233.9 million or 81.3% will be retired within twenty years; and all existing debt will be extinguished by June 30, 2046.

At June 30, 2016 the City’s authorized and unissued long term debt amounted to \$42.2 million, a decrease of \$43 million (50.4%) from June 30, 2015.

The City’s bonds are rated Aaa by both Standard and Poor and Moody’s Investor Services Inc.

Additional information on the City’s long-term debt can be found on pages 57-63 of this report. In addition, debt trend information is available on pages 149-152 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 \$118,639. This compares favorably with the Massachusetts median household income of \$67,846, and the U.S. median household income of \$53,482.
- According to Homefacts.com, the unemployment rate for the City for September 2016 was 2.7%, which compared favorably with the statewide unemployment rate of 3.3% and the national unemployment rate of 4.9%.
- According to the City’s Board of Assessors, the 2016 median value of a single family home in Newton was \$793,950; the median value of a commercial property was \$811,000; and the median value of industrial property was \$785,600.

The City of Newton’s fiscal year 2017 general fund operating budget, as amended through the date of this report, amounts to \$388.6 million, \$7 million of which represents encumbrances and continuing appropriations from fiscal year 2016. This represents an increase of \$14 million, or 3.7%, from the final fiscal year 2016 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, 2016

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current Assets:				
Cash and Cash Equivalents.....	\$ 79,952,746	\$ 21,127,656	\$ 101,080,402	\$ 806,378
Restricted Cash and Cash Equivalents.....	80,772,293	21,878,805	102,651,098	3,201
Restricted Investments.....	10,730,026	-	10,730,026	-
Interest and Dividends.....	13,881	-	13,881	480,243
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate and Personal Property Taxes.....	6,536,815	-	6,536,815	-
Tax and utility liens.....	8,554,586	227,918	8,782,504	-
Motor Vehicle and Other Excise Taxes.....	1,212,175	-	1,212,175	-
Community Preservation Surcharges.....	39,965	-	39,965	-
User Charges.....	594,922	15,696,230	16,291,152	-
Departmental and Other.....	770,240	-	770,240	13,588
Intergovernmental.....	2,725,006	236,259	2,961,265	-
Special Assessments.....	740	-	740	-
Loans.....	-	-	-	49,712
Other Assets.....	30,000	-	30,000	-
Prepaid Expenses.....	-	-	-	6,194
Working Capital Deposit.....	398,015	-	398,015	-
Total Current Assets.....	192,331,410	59,166,868	251,498,278	1,359,316
Noncurrent Assets:				
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate Tax Deferrals.....	3,020,590	-	3,020,590	-
Departmental and Other.....	4,227,833	-	4,227,833	-
Intergovernmental.....	88,420	908,544	996,964	-
Special Assessments.....	341,753	20,781	362,534	-
Loans.....	-	-	-	3,853,878
Capital assets:				
Nondepreciable.....	52,388,401	348,594	52,736,995	-
Depreciable, net of accumulated depreciation.....	450,533,260	95,491,961	546,025,221	2,010,852
Total Noncurrent Assets.....	510,600,257	96,769,880	607,370,137	5,864,730
Total Assets.....	702,931,667	155,936,748	858,868,415	7,224,046
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pension.....	31,260,484	1,028,596	32,289,080	-
LIABILITIES				
Current Liabilities:				
Warrants Payable.....	5,052,088	667,544	5,719,632	58,300
Accrued Liabilities.....	5,601,309	679,779	6,281,088	3,201
Accrued Payroll.....	18,254,707	85,319	18,340,026	-
Revenue Refunds Payable.....	5,284,600	-	5,284,600	-
Health Claims Payable.....	4,655,547	-	4,655,547	-
Other Liabilities.....	2,301,133	373	2,301,506	-
Accrued Interest.....	2,972,814	214,628	3,187,442	-
Abandoned Property.....	623,037	-	623,037	-
Liabilities payable from restricted assets.....	256,142	545,308	801,450	-
Short-Term Notes Payable.....	761,000	-	761,000	-
Bonds Payable.....	12,674,889	4,551,261	17,226,150	-
Landfill Closure and Other Environmental Liabilities.....	82,368	-	82,368	-
Compensated Absences.....	3,220,491	36,963	3,257,454	-
Workers' Compensation Claims.....	1,474,065	-	1,474,065	-
Total Current Liabilities.....	63,214,190	6,781,175	69,995,365	61,501

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

JUNE 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Noncurrent Liabilities:				
Bonds Payable.....	252,886,073	23,741,997	276,628,070	-
Landfill Closure and Other Environmental Liabilities.....	570,235	-	570,235	-
Compensated Absences.....	5,527,712	332,669	5,860,381	-
Net Pension Liability.....	306,971,064	10,100,582	317,071,646	-
Net OPEB Obligation.....	255,597,407	6,165,488	261,762,895	-
Workers' Compensation Claims.....	6,826,152	-	6,826,152	-
Total Noncurrent Liabilities.....	828,378,643	40,340,736	868,719,379	-
Total Liabilities.....	891,592,833	47,121,911	938,714,744	61,501
DEFERRED INFLOWS OF RESOURCES				
Related to Pension.....	3,116,632	102,549	3,219,181	-
NET POSITION				
Net Investment in Capital Assets.....	260,763,492	89,426,102	350,189,594	2,010,852
Restricted for:				
Community preservation activities.....	15,937,353	-	15,937,353	-
Education activities.....	3,183,384	-	3,183,384	-
Debt service.....	2,803,983	-	2,803,983	-
Receipts reserved.....	2,637,924	-	2,637,924	-
Community development block grant.....	505,594	-	505,594	-
Municipal federal grants.....	187,844	-	187,844	-
Municipal state grants.....	458,523	-	458,523	-
Permanent Funds:				
Expendable.....	1,279,615	-	1,279,615	-
Nonexpendable.....	397,049	-	397,049	-
Other Specific Purposes.....	6,859,707	-	6,859,707	-
Unrestricted.....	(455,531,782)	20,314,782	(435,217,000)	5,151,693
Total Net Position.....	\$ (160,517,314)	\$ 109,740,884	\$ (50,776,430)	\$ 7,162,545

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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.....	\$ 3,973,397	\$ 359,008	\$ 18,281	\$ 5,566	\$ (3,590,542)
Financial administration.....	5,407,575	181,195	414	-	(5,225,966)
Administrative support.....	5,815,598	449,719	9	-	(5,365,870)
Planning & development.....	7,796,513	924,045	4,593,243	-	(2,279,225)
Public building maintenance & operation.....	5,496,492	8,708	360,667	-	(5,127,117)
Public Safety					
Police.....	37,842,939	5,900,840	369,060	-	(31,573,039)
Fire.....	34,607,136	789,473	74,886	-	(33,742,777)
Inspectional services.....	2,076,892	8,156,314	-	-	6,079,422
Education.....	287,559,898	9,185,604	59,128,370	-	(219,245,924)
Public Works					
Streets & sidewalks.....	14,960,314	2,324,151	-	4,210,097	(8,426,066)
Control of snow & ice.....	4,072,559	-	939,987	-	(3,132,572)
Sanitation.....	8,666,575	958	21,638	-	(8,643,979)
Engineering.....	1,999,040	126,228	-	-	(1,872,812)
Health and Human Services					
Public health & human services.....	10,866,542	137,408	266,848	16,579	(10,445,707)
Senior services.....	871,713	16,165	339,204	-	(516,344)
Veteran services.....	581,041	-	412,493	-	(168,548)
Culture and Recreation					
Libraries.....	8,207,484	129,245	510,533	-	(7,567,706)
Parks & recreation.....	11,725,675	3,962,059	524,487	-	(7,239,129)
Newton History museum.....	452,217	-	513	-	(451,704)
Debt Service-Interest.....	10,945,881	-	213,611	-	(10,732,270)
Total Governmental Activities.....	<u>463,925,481</u>	<u>32,651,120</u>	<u>67,774,244</u>	<u>4,232,242</u>	<u>(359,267,875)</u>
Business-Type Activities:					
Water.....	19,439,528	24,752,428	292,043	7,415	5,612,358
Sewer.....	24,958,975	32,012,050	251,397	2,788,986	10,093,458
Stormwater.....	1,295,988	2,299,894	2,353	-	1,006,259
Total Business-Type Activities.....	<u>45,694,491</u>	<u>59,064,372</u>	<u>545,793</u>	<u>2,796,401</u>	<u>16,712,075</u>
Total Primary Government.....	<u>\$ 509,619,972</u>	<u>\$ 91,715,492</u>	<u>\$ 68,320,037</u>	<u>\$ 7,028,643</u>	<u>\$ (342,555,800)</u>
Component Units:					
Newton Commonwealth Foundation, Inc.....	\$ 240,512	\$ 424,862	\$ 4,348	\$ -	\$ 188,698
Newton Community Development Authority.....	390,385	59	106,394	-	(283,932)
Total Component Units.....	<u>\$ 630,897</u>	<u>\$ 424,921</u>	<u>\$ 110,742</u>	<u>\$ -</u>	<u>\$ (95,234)</u>

CITY OF NEWTON, MASSACHUSETTS
STATEMENT OF ACTIVITIES (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
CHANGES IN NET POSITION				
Net (Expense) Revenue (From Previous Page).....	\$ (359,267,875)	\$ 16,712,075	\$ (342,555,800)	\$ (95,234)
General Revenues:				
Real estate and personal property taxes, levied for general purposes.....	309,686,267	-	309,686,267	-
Real estate and personal property taxes, levied for community preservation purposes.....	2,945,936	-	2,945,936	-
Motor Vehicle and Other Excise Taxes.....	13,061,883	-	13,061,883	-
Hotel Room Occupancy Taxes.....	2,444,007	-	2,444,007	-
Meals Taxes.....	1,880,428	-	1,880,428	-
Penalties and Interest on Taxes.....	1,282,596	-	1,282,596	-
Payments in Lieu of Taxes.....	461,586	-	461,586	-
Grants and Contributions not Restricted to				
Specific Programs.....	6,309,128	-	6,309,128	-
Unrestricted Investment Income.....	483,866	-	483,866	-
Other.....	3,305,255	-	3,305,255	-
Transfers, Net.....	2,594,730	(2,594,730)	-	-
Total General Revenues and Transfers.....	344,455,682	(2,594,730)	341,860,952	-
CHANGE IN NET POSITION	(14,812,193)	14,117,345	(694,848)	(95,234)
Net Position - Beginning of Year (as Restated).....	(145,705,121)	95,623,539	(50,081,582)	7,257,779
NET POSITION - END OF YEAR.....	\$ (160,517,314)	\$ 109,740,884	\$ (50,776,430)	\$ 7,162,545

CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016

ASSETS	General	Community Preservation	High School Improvements	Angier School Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents.....	\$ 78,398,224	\$ -	\$ -	\$ -	\$ 1,554,522	\$ 79,952,746
Receivables, Net of Allowance for Uncollectible Amounts:						
Real Estate and Personal Property Taxes.....	6,536,815	-	-	-	-	6,536,815
Real Estate Tax Deferrals.....	3,020,590	-	-	-	-	3,020,590
Tax Liens.....	8,554,586	-	-	-	-	8,554,586
Motor Vehicle and Other Excise Taxes.....	1,212,175	-	-	-	-	1,212,175
Community Preservation Surcharges.....	-	39,965	-	-	-	39,965
User Charges.....	36,008	-	-	-	558,914	594,922
Departmental and Other.....	4,820,362	-	-	-	645	4,821,007
Intergovernmental.....	666,491	561,633	-	-	1,585,302	2,813,426
Special Assessments.....	236,429	-	-	-	106,064	342,493
Due from Other Funds.....	627,329	-	-	-	-	627,329
Other Assets.....	-	-	-	-	30,000	30,000
Restricted Assets:						
Cash and Cash Equivalents.....	2,814,268	15,504,442	-	3,029,791	39,162,695	60,511,196
Investments.....	-	-	-	-	527,012	527,012
Total Assets.....	<u>\$ 106,923,277</u>	<u>\$ 16,106,040</u>	<u>\$ -</u>	<u>\$ 3,029,791</u>	<u>\$ 43,525,154</u>	<u>\$ 169,584,262</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Warrants Payable.....	\$ 2,277,040	\$ 122,177	\$ -	\$ 973,981	\$ 1,606,549	\$ 4,979,747
Accrued Liabilities.....	915,141	45,076	-	1,160,635	3,221,971	5,342,823
Accrued Payroll.....	17,526,772	1,434	-	-	712,482	18,240,688
Revenue Refunds Payable.....	5,284,600	-	-	-	-	5,284,600
Other Liabilities.....	195,491	-	-	-	289,584	485,075
Abandoned Property.....	623,037	-	-	-	-	623,037
Liabilities Due Depositors.....	256,142	-	-	-	-	256,142
Due to Other Funds.....	-	-	-	-	627,329	627,329
Short-Term Notes Payable.....	-	-	-	-	761,000	761,000
Total Liabilities.....	<u>27,078,223</u>	<u>168,687</u>	<u>-</u>	<u>2,134,616</u>	<u>7,218,915</u>	<u>36,600,441</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue.....	22,386,357	587,599	-	-	286,276	23,260,232
FUND BALANCES						
Nonspendable.....	-	-	-	-	397,049	397,049
Restricted.....	2,814,268	15,349,754	-	895,175	34,068,392	53,127,589
Committed.....	8,851,803	-	-	-	1,554,522	10,406,325
Assigned.....	2,176,104	-	-	-	-	2,176,104
Unassigned.....	43,616,522	-	-	-	-	43,616,522
Total Fund Balances.....	<u>57,458,697</u>	<u>15,349,754</u>	<u>-</u>	<u>895,175</u>	<u>36,019,963</u>	<u>109,723,589</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 106,923,277</u>	<u>\$ 16,106,040</u>	<u>\$ -</u>	<u>\$ 3,029,791</u>	<u>\$ 43,525,154</u>	<u>\$ 169,584,262</u>

See notes to basic financial statements.

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

JUNE 30, 2016

Total Governmental Fund Balances	\$	109,723,589
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		502,921,661
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.....		23,260,232
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.....		(2,972,814)
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.....		(265,560,962)
Landfill Post-Closure.....		(652,603)
Compensated Absences.....		(8,748,203)
Net OPEB Obligation.....		(255,597,407)
Net Pension Liability.....		(306,971,064)
In the statement of net position, deferred outflows of resources are reported for amounts related to pensions.....		31,260,484
In the statement of net position, deferred inflows of resources are reported for amounts related to pensions.....		(3,116,632)
Internal service funds are used by management to account for health insurance workers' compensation, building insurance and liability insurance activities. The assets and liabilities of the internal service funds are reported as governmental activities in the statement of net position.....		<u>15,936,405</u>
Net Position of Governmental Activities.....	\$	<u><u>(160,517,314)</u></u>

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General	Community Preservation	High School Improvements	Angier School Improvement	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Real Estate and Personal Property Taxes.....	\$ 308,965,868	\$ -	\$ -	\$ -	\$ -	\$ 308,965,868
Motor Vehicle and Other Excise Taxes.....	13,122,277	-	-	-	-	13,122,277
Hotel/Motel Tax.....	2,444,007	-	-	-	-	2,444,007
Meals Taxes.....	1,880,428	-	-	-	-	1,880,428
Payments in Lieu of Taxes.....	476,083	-	-	-	-	476,083
Community Preservation Surcharges.....	-	2,946,847	-	-	-	2,946,847
Charges for Services.....	1,586,701	-	-	-	18,539,805	20,126,506
Intergovernmental.....	27,820,174	839,889	-	6,764,771	25,102,803	60,527,637
Special Assessments.....	45,694	-	-	-	123,894	169,588
Penalties and Interest on Taxes.....	1,282,596	-	-	-	-	1,282,596
Licenses and Permits.....	9,242,905	-	-	-	1,240,119	10,483,024
Fines and Forfeitures.....	1,800,214	-	-	-	246,175	2,046,389
Contributions.....	-	-	-	-	1,446,969	1,446,969
Investment Income (loss).....	437,596	51,836	-	-	1,442	490,874
Other.....	824,032	92,256	-	-	211,611	1,127,899
Total Revenues.....	369,928,575	3,930,828	-	6,764,771	46,912,818	427,536,992
EXPENDITURES						
Current:						
General Government						
Legislative & Executive.....	2,710,237	-	-	-	19,835	2,730,072
Financial Administration.....	3,861,704	-	-	-	-	3,861,704
Administrative Support.....	4,569,763	-	-	-	-	4,569,763
Planning & Development.....	1,487,646	837,881	-	-	4,789,626	7,115,153
Public Building Maintenance & Operations..	4,886,784	961,706	-	-	6,713,838	12,562,328
Public Safety						
Police.....	20,564,833	-	-	-	4,106,200	24,671,033
Fire.....	19,500,428	-	-	-	830,571	20,330,999
Inspectional Services.....	1,346,324	-	-	-	6,306	1,352,630
Education.....	202,704,374	-	-	20,548,338	49,792,271	273,044,983
Public Works						
Streets & Sidewalks.....	7,039,749	-	-	-	6,011,696	13,051,445
Control of Snow & Ice.....	3,662,221	-	-	-	-	3,662,221
Sanitation.....	7,795,295	-	-	-	-	7,795,295
Vehicle Maintenance.....	2,191,024	-	-	-	2,390	2,193,414
Engineering.....	1,059,824	-	-	-	125,420	1,185,244
Administration & Support.....	1,147,237	-	-	-	-	1,147,237
Health and Human Services						
Health and Human Services.....	3,252,722	-	-	-	239,721	3,492,443
Senior Services.....	609,103	-	-	-	369,354	978,457
Veteran Services.....	448,432	-	-	-	4,928	453,360
Culture and Recreation						
Libraries.....	5,399,875	-	-	-	572,917	5,972,792
Parks & Recreation.....	6,127,565	275,463	-	-	3,519,381	9,922,409
Newton History Museum.....	244,573	114,413	-	-	2,164	361,150
Retirement Benefits.....	31,235,486	-	-	-	-	31,235,486
Worker's Compensation Insurance.....	1,150,000	-	-	-	-	1,150,000
Property and Liability Insurance.....	468,006	-	-	-	-	468,006
Claims and Judgments.....	244,752	-	-	-	-	244,752
State and County Charges.....	6,113,282	-	-	-	-	6,113,282
Debt Service:						
Principal.....	10,492,967	255,000	-	-	-	10,747,967
Interest.....	8,163,295	14,344	-	-	-	8,177,639
Total Expenditures.....	358,477,501	2,458,807	-	20,548,338	77,106,618	458,591,264
EXCESS (DEFICIENCY) OF REVENUES						
OVER EXPENDITURES.....	11,451,074	1,472,021	-	(13,783,567)	(30,193,800)	(31,054,272)
OTHER FINANCING SOURCES (USES)						
Proceeds of Bonds and Notes.....	-	-	-	4,955,000	50,385,000	55,340,000
Premium from Issuance of Bonds and Notes.....	3,955,263	-	-	-	-	3,955,263
Proceeds of Refunding Bonds.....	-	-	18,301,050	-	1,308,950	19,610,000
Premium from Issuance of Refunding Bonds.....	-	-	2,260,128	-	170,117	2,430,245
Sale of Capital Assets.....	85,000	-	-	-	44,179	129,179
Transfers In.....	6,490,377	-	-	351,159	3,159,986	10,001,522
Transfers Out.....	(3,046,681)	-	-	-	(4,225,748)	(7,272,429)
Payments to Refunding Bonds Escrow.....	-	-	(20,561,178)	-	(1,479,067)	(22,040,245)
Total Other Financing Sources (Uses).....	7,483,959	-	-	5,306,159	49,363,417	62,153,535
NET CHANGE IN FUND BALANCES.....	18,935,033	1,472,021	-	(8,477,408)	19,169,617	31,099,263
Fund Balances - Beginning of Year (As Restated).....	38,523,664	13,877,733	-	9,372,583	16,850,346	78,624,326
FUND BALANCES - END OF YEAR.....	\$ 57,458,697	\$ 15,349,754	\$ -	\$ 895,175	\$ 36,019,963	\$ 109,723,589

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Net Change in Fund Balances - Total Governmental Funds.....	\$	31,099,263
<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.....		65,876,734
Depreciation.....		(19,867,735)
<p>In the statement of activities, the loss on the disposals of capital assets is reported, whereas in the governmental funds the disposals are not reported as financial resources. As a result, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed.....</p>		
		(65,800)
<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>		
		916,368
<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.....		(55,340,000)
Proceeds of Refunding Bonds.....		(19,610,000)
Retirement of Refunded Bonds.....		20,080,000
Bond Maturities.....		10,747,967
Bond Premiums.....		(6,385,508)
Net Amortization of Bond Premiums.....		213,611
<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>		
		(807,998)
<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.....		70,747
Compensated Absences.....		80,106
Net OPEB Obligation.....		(28,764,173)
Net Pension Liability.....		(18,236,390)
<p>In the statement of activities, deferred outflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred outflows related to pensions.....</p>		
		9,223,232
<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>		
		(3,116,632)
<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>		
		(925,985)
Changes in Net Position of Governmental Activities.....	\$	<u>(14,812,193)</u>

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
REVENUES				
Real estate and personal property taxes.....	\$ 299,564,701	299,404,279	\$ 304,217,591	\$ 4,813,312
Motor vehicle excise taxes.....	12,700,000	12,700,000	12,903,047	203,047
Hotel room occupancy taxes.....	2,400,000	2,400,000	2,444,007	44,007
Meals tax.....	1,800,000	1,800,000	1,880,428	80,428
Penalties and interest on taxes.....	1,055,000	1,055,000	1,282,596	227,596
Licenses and permits.....	5,915,663	5,915,663	9,242,905	3,327,242
Intergovernmental.....	27,286,110	27,510,132	27,849,826	339,694
Charges for services.....	1,675,847	1,675,847	1,586,701	(89,146)
Fines and forfeitures.....	1,691,000	1,691,000	1,800,214	109,214
Investment income.....	210,000	210,000	345,221	135,221
Payments in lieu of taxes.....	435,963	435,963	476,083	40,120
Miscellaneous.....	715,000	715,000	504,682	(210,318)
Special assessments.....	60,000	60,000	45,694	(14,306)
TOTAL REVENUES.....	355,509,284	355,572,884	364,578,995	9,006,111
EXPENDITURES				
Current:				
General government:				
Legislative & executive.....	2,919,410	3,017,937	2,710,237	307,700
Financial administration.....	4,350,937	5,353,665	3,861,703	1,491,962
Administrative support.....	4,549,619	5,209,810	4,569,763	640,047
Planning & development.....	1,992,458	2,114,379	1,487,646	626,733
Public building maintenance & operations.....	4,882,260	5,434,758	4,886,784	547,974
Public safety:				
Police.....	20,067,484	20,367,484	20,102,112	265,372
Fire.....	19,800,102	20,638,070	19,820,543	817,527
Inspectional services.....	1,407,994	1,570,055	1,346,324	223,731
Education.....	204,487,037	203,905,393	203,058,375	847,018
Public works:				
Streets & sidewalks.....	8,073,160	8,221,998	7,039,749	1,182,249
Control of snow & ice.....	1,022,010	4,765,633	3,662,221	1,103,412
Sanitation.....	7,412,161	7,831,700	7,738,461	93,239
Vehicle maintenance.....	2,403,726	2,339,480	2,191,024	148,456
Engineering.....	1,186,238	1,169,004	1,059,824	109,180
Administration & support.....	1,284,026	1,256,022	1,147,237	108,785
Health and human services:				
Health & human services.....	3,471,848	3,498,183	3,252,721	245,462
Senior services.....	606,973	611,352	609,103	2,249
Veteran services.....	372,448	525,751	448,432	77,319
Culture and recreation:				
Libraries.....	5,406,698	5,404,548	5,399,875	4,673
Parks & recreation.....	6,271,151	6,809,916	6,127,565	682,351
Newton History museum.....	267,923	273,924	244,573	29,351
Retirement benefits.....	31,571,646	31,471,596	31,235,486	236,110
Workers' compensation insurance.....	1,150,000	1,150,000	1,150,000	-
Property and liability insurance.....	517,052	517,052	468,006	49,046
Claims and judgments.....	102,718	376,285	369,752	6,533
Reserve fund.....	3,750,000	107,867	-	107,867
State assessments & charges.....	6,000,544	6,026,701	6,113,282	(86,581)
Debt service:				
Principal.....	10,453,407	10,471,330	10,471,330	-
Interest.....	8,611,310	8,593,387	8,123,735	469,652
TOTAL EXPENDITURES.....	364,392,340	369,033,280	358,695,863	10,337,417
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(8,883,056)	(13,460,396)	5,883,132	19,343,528
OTHER FINANCING SOURCES (USES)				
Transfers in.....	4,892,352	7,041,255	7,041,315	60
Premium from issuance of bonds and notes.....	-	-	3,955,263	3,955,263
Sale of assets.....	-	-	85,000	85,000
Transfers out.....	(2,150,000)	(5,550,138)	(5,550,138)	-
TOTAL OTHER FINANCING SOURCES (USES).....	2,742,352	1,491,117	5,531,440	4,040,323
NET CHANGE IN FUND BALANCE.....	(6,140,704)	(11,969,279)	11,414,572	23,383,851
FUND BALANCE AT BEGINNING OF YEAR.....	29,666,121	29,666,121	29,666,121	-
FUND BALANCE AT END OF YEAR.....	\$ 23,525,417	\$ 17,696,842	\$ 41,080,693	\$ 23,383,851

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, 2016

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
REVENUES				
Community preservation surcharges.....	\$ 2,843,904	\$ 2,843,904	\$ 2,947,336	\$ 103,432
Intergovernmental	499,417	499,417	839,889	340,472
Investment income.....	-	-	51,836	51,836
Miscellaneous.....	-	-	92,256	92,256
TOTAL REVENUES.....	3,343,321	3,343,321	3,931,317	587,996
EXPENDITURES				
Current:				
General government:				
Legislative & executive.....	20,000	20,000	-	20,000
Planning & development.....	3,623,350	5,859,868	837,881	5,021,987
Public building maintenance & operations.....	861,143	1,069,534	961,706	107,828
Culture and recreation:				
Parks & recreation.....	1,202,980	1,252,980	275,463	977,517
Newton History museum.....	210,876	210,876	114,413	96,463
Reserve fund.....	2,795,407	2,324,290	-	2,324,290
Debt service:				
Principal.....	255,000	255,000	255,000	-
Interest.....	14,344	14,344	14,344	-
TOTAL EXPENDITURES.....	8,983,100	11,006,892	2,458,807	8,548,085
NET CHANGE IN FUND BALANCE.....	(5,639,779)	(7,663,571)	1,472,510	9,136,081
FUND BALANCE AT BEGINNING OF YEAR.....	13,863,244	13,863,244	13,863,244	-
FUND BALANCE AT END OF YEAR.....	\$ 8,223,465	\$ 6,199,673	\$ 15,335,754	\$ 9,136,081

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF FUND NET POSITION
 JUNE 30, 2016

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Nonmajor Stormwater	Total	
ASSETS					
Current Assets:					
Cash and Cash Equivalents.....	\$ 13,688,844	\$ 6,735,637	\$ 703,175	\$ 21,127,656	\$ -
Restricted Cash and Cash Equivalents.....	15,935,605	5,274,691	668,509	21,878,805	20,261,097
Restricted Investments.....	-	-	-	-	10,203,014
Interest and Dividends.....	-	-	-	-	13,881
Receivables, Net of Allowance for Uncollectible Amounts:					
User Charges.....	8,468,622	6,633,323	594,285	15,696,230	-
Utility Liens.....	125,761	97,692	4,465	227,918	-
Departmental and Other.....	-	-	-	-	177,066
Intergovernmental.....	236,259	-	-	236,259	-
Working Capital Deposit.....	-	-	-	-	398,015
Total Current Assets.....	38,455,091	18,741,343	1,970,434	59,166,868	31,053,073
Noncurrent Assets:					
Receivables, Net of Allowance for Uncollectible Amounts:					
Special Assessments.....	20,781	-	-	20,781	-
Intergovernmental.....	908,544	-	-	908,544	-
Capital Assets					
Nondepreciable.....	26,245	262,885	59,464	348,594	-
Depreciable, Net of Accumulated Depreciation.....	44,472,049	49,052,010	1,967,902	95,491,961	-
Total Noncurrent Assets.....	45,427,619	49,314,895	2,027,366	96,769,880	-
Total Assets.....	83,882,710	68,056,238	3,997,800	155,936,748	31,053,073
DEFERRED OUTFLOWS OF RESOURCES					
Related to Pension.....	451,860	506,571	70,165	1,028,596	-
LIABILITIES					
Current Liabilities:					
Warrants Payable.....	80,472	585,930	1,142	667,544	72,341
Accrued Liabilities.....	418,536	258,270	2,973	679,779	258,486
Accrued Payroll.....	29,917	45,808	9,594	85,319	14,019
Other Liabilities.....	373	-	-	373	1,816,058
Liabilities Payable from Restricted Assets.....	165,671	379,637	-	545,308	-
Accrued Interest.....	97,716	104,752	12,160	214,628	-
Accrued Health Claims Payable.....	-	-	-	-	4,655,547
Workers' Compensation Claims.....	-	-	-	-	1,474,065
Compensated Absences.....	14,993	20,441	1,529	36,963	-
Long-Term Bonds and Notes Payable.....	1,767,049	2,754,507	29,705	4,551,261	-
Total Current Liabilities.....	2,574,727	4,149,345	57,103	6,781,175	8,290,516
Noncurrent Liabilities:					
Workers' Compensation Claims.....	-	-	-	-	6,826,152
Compensated Absences.....	134,939	183,965	13,765	332,669	-
Net Pension Liability.....	4,437,162	4,974,415	689,005	10,100,582	-
Net OPEB Obligation.....	2,801,978	3,311,935	51,575	6,165,488	-
Long-Term Bonds and Notes Payable.....	11,420,965	11,533,981	787,051	23,741,997	-
Total Noncurrent Liabilities.....	18,795,044	20,004,296	1,541,396	40,340,736	6,826,152
Total Liabilities.....	21,369,771	24,153,641	1,598,499	47,121,911	15,116,668
DEFERRED INFLOWS OF RESOURCES					
Related to Pension.....	45,050	50,504	6,995	102,549	-
FUND NET POSITION					
Net Investment in Capital Assets.....	47,245,885	40,301,098	1,879,119	89,426,102	-
Unrestricted.....	15,673,864	4,057,566	583,352	20,314,782	15,936,405
Total Net Position.....	\$ 62,919,749	\$ 44,358,664	\$ 2,462,471	\$ 109,740,884	\$ 15,936,405

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds				Internal Service Funds
	Sewer	Water	Nonmajor Stormwater	Total	
OPERATING REVENUES					
Charges for Services.....	\$ 32,010,803	\$ 24,752,428	\$ 2,299,894	\$ 59,063,125	\$ -
Special Assessments.....	1,247	-	-	1,247	-
Employer Contributions.....	-	-	-	-	47,495,341
Plan Member Contributions.....	-	-	-	-	12,228,686
Total Operating Revenues.....	32,012,050	24,752,428	2,299,894	59,064,372	59,724,027
OPERATING EXPENSES					
Salaries, Wages and Employee Benefits.....	2,416,610	3,483,187	1,208,530	7,108,327	-
Other Operating Expense.....	698,725	1,020,388	-	1,719,113	3,983,491
MWRA Assessment.....	19,710,607	12,205,271	-	31,915,878	-
Worker's Compensation.....	252,465	382,422	-	634,887	-
Self Insurance Claims.....	-	-	-	-	56,594,759
Depreciation.....	1,388,555	1,831,810	75,298	3,295,663	-
Total Operating Expenses.....	24,466,962	18,923,078	1,283,828	44,673,868	60,578,250
OPERATING INCOME (LOSS).....	7,545,088	5,829,350	1,016,066	14,390,504	(854,223)
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental	2,999,883	292,043	-	3,291,926	-
Premium from Issuance of Bonds and Notes.....	2,514	-	2,353	4,867	-
Interest Income.....	37,986	7,415	-	45,401	62,601
Interest Expense.....	(492,013)	(516,450)	(12,160)	(1,020,623)	-
Total Nonoperating Revenues (Expenses), Net.....	2,548,370	(216,992)	(9,807)	2,321,571	62,601
INCOME (LOSS) BEFORE TRANSFERS.....	10,093,458	5,612,358	1,006,259	16,712,075	(791,622)
TRANSFERS					
Transfers In.....	531,892	-	-	531,892	-
Transfers Out.....	(1,215,125)	(1,758,224)	(153,273)	(3,126,622)	(134,363)
Total Transfers.....	(683,233)	(1,758,224)	(153,273)	(2,594,730)	(134,363)
CHANGE IN FUND NET POSITION.....	9,410,225	3,854,134	852,986	14,117,345	(925,985)
Fund Net Position - Beginning of Year.....	53,509,524	40,504,530	1,609,485	95,623,539	16,862,390
FUND NET POSITION - END OF YEAR.....	\$ 62,919,749	\$ 44,358,664	\$ 2,462,471	\$ 109,740,884	\$ 15,936,405

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Nonmajor Stormwater	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users.....	\$ 31,520,228	\$ 23,872,079	\$ 1,815,623	\$ 57,207,930	\$ 12,228,686
Receipts from Interfund Services Provided.....	-	-	-	-	47,318,275
Payments to Vendors/Providers.....	(22,683,303)	(14,850,917)	(527,135)	(38,061,355)	(59,602,851)
Payments to Employees.....	(1,226,571)	(1,807,126)	(705,228)	(3,738,925)	-
Net Cash Provided by Operating Activities.....	7,610,354	7,214,036	583,260	15,407,650	(55,890)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In.....	531,892	-	-	531,892	-
Transfers Out.....	(1,215,125)	(1,758,224)	(153,273)	(3,126,622)	(134,363)
Net Cash Provided by Noncapital Financing Activities.....	(683,233)	(1,758,224)	(153,273)	(2,594,730)	(134,363)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the Issuance of Bonds and Notes.....	1,317,000	1,360,200	725,000	3,402,200	-
Premium from the Issuance of Bonds and Notes	75,428	-	94,109	169,537	-
Intergovernmental Revenues.....	2,751,000	-	-	2,751,000	-
Acquisition and Construction of Capital Assets.....	(5,345,759)	(3,335,684)	(59,464)	(8,740,907)	-
Principal Payments on Bonds and Notes.....	(1,391,973)	(2,877,089)	-	(4,269,062)	-
Interest Expense.....	(245,600)	(235,193)	-	(480,793)	-
Net Cash Used by Capital and Related Financing Activities.....	(2,839,904)	(5,087,766)	759,645	(7,168,025)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase and sales of Investments, net.....	-	-	-	-	218,119
Investment Income.....	37,985	7,415	-	45,400	66,216
Net Cash Provided by Investing Activities.....	37,985	7,415	-	45,400	284,335
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	4,125,202	375,461	1,189,632	5,690,295	94,082
Cash and Cash Equivalents - Beginning of Year (Includes \$15,710,142, \$6,645,331, \$182,052 and \$20,167,015 Reported as Restricted in the Sewer, Water, and Stormwater Enterprise Funds and Internal Service Funds Respectively).....	25,499,247	11,634,867	182,052	37,316,166	20,167,015
CASH AND CASH EQUIVALENTS AT END OF YEAR (Includes \$15,935,605, \$5,274,691, \$668,509, and \$20,261,097 Reported as Restricted in the Sewer, Water, and Stormwater Enterprise Funds and Internal Service Funds Respectively).....	\$ 29,624,449	\$ 12,010,328	\$ 1,371,684	\$ 43,006,461	\$ 20,261,097
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating Income (Loss).....	\$ 7,545,088	\$ 5,829,350	\$ 1,016,066	\$ 14,390,504	\$ (854,223)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Changes in Assets and Liabilities not Requiring Current Cash Flows:					
Depreciation.....	1,388,555	1,831,810	75,298	3,295,663	-
Net Pension Liability.....	9,100	(107,811)	(10,243)	(108,954)	-
Net OPEB Obligation.....	270,472	363,603	5,103	639,178	-
Effect of Changes in Operating Assets and Liabilities:					
Utility Liens.....	(2,663)	2,361	(298)	(600)	-
User Charges.....	(493,692)	(882,710)	(483,973)	(1,860,375)	-
Special Assessments.....	4,533	-	-	4,533	-
Departmental and Other.....	-	-	-	-	(177,066)
Prepaid Expenses.....	-	-	-	-	57,445
Working Capital Deposit.....	-	-	-	-	(46,130)
Warrants Payable.....	(651,358)	66,479	(144)	(585,023)	(256,305)
Accrued Liabilities.....	(388,454)	115,141	(16,617)	(289,930)	222,486
Accrued Payroll.....	(13,847)	(13,160)	(3,539)	(30,546)	(8,680)
Other Liabilities.....	(63,997)	(44,731)	-	(108,728)	8,226
Liabilities payable from restricted assets.....	7,315	20,117	-	27,432	-
Accrued Health Claims Payable.....	-	-	-	-	1,121,679
Workers' Compensation Claims.....	-	-	-	-	(123,322)
Compensated Absences.....	(698)	33,587	1,607	34,496	-
Total Adjustments.....	65,266	1,384,686	(432,806)	1,017,146	798,333
Net Cash Provided by Operating Activities.....	\$ 7,610,354	\$ 7,214,036	\$ 583,260	\$ 15,407,650	\$ (55,890)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Intergovernmental Debt Subsidies (MCWT).....	\$ 482,230	\$ 292,043	\$ -	\$ 774,273	\$ -

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2016

ASSETS	Pension Trust Fund (As of 12/31/15)	OPEB Trust Fund	Private Purpose Trust Funds	Agency Funds
Cash and Cash Equivalents.....	\$ 10,513,410	\$ 154,307	\$ 1,364,182	\$ 3,023,710
Investments:				
Fixed Income	-	-	2,697,498	-
Equities.....	-	-	6,029,908	-
External Investment Pool.....	278,786,808	3,415,427	-	-
Interest and Dividends.....	-	-	11,525	-
Receivables, Net of Allowance for Uncollectible Amounts:				
Intergovernmental.....	650,221	-	-	-
Prepaid Expenses.....	6,502	-	-	-
	<u>289,956,941</u>	<u>3,569,734</u>	<u>10,103,113</u>	<u>\$ 3,023,710</u>
LIABILITIES				
Warrants Payable.....	25,372	-	20,800	-
Payroll Withholding.....	-	-	-	584,106
Other Liabilities.....	-	-	-	2,439,604
	<u>25,372</u>	<u>-</u>	<u>20,800</u>	<u>\$ 3,023,710</u>
NET POSITION				
Restricted for Pensions, Other Post Employment Benefits and Other Purposes.....	\$ <u>289,931,569</u>	\$ <u>3,569,734</u>	\$ <u>10,082,313</u>	

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Pension Trust Fund (As of 12/31/15)	OPEB Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Employer.....	\$ 21,670,552	\$ 1,372,288	\$ -
Plan Members.....	8,842,379	-	-
Private Donations.....	-	-	158,325
Total Contributions.....	<u>30,512,931</u>	<u>1,372,288</u>	<u>158,325</u>
Net Investment Income:			
Net Appreciation in Fair Value of Investments.....	(3,863,950)	-	-
Interest and Dividends.....	<u>7,476,246</u>	<u>78,708</u>	<u>34,835</u>
Total Investment Income.....	3,612,296	78,708	34,835
Less: Investment Expense.....	<u>(1,465,371)</u>	<u>-</u>	<u>-</u>
Net Investment Income.....	<u>2,146,925</u>	<u>78,708</u>	<u>34,835</u>
Other.....	<u>3,205,912</u>	<u>-</u>	<u>-</u>
Total Additions.....	<u>35,865,768</u>	<u>1,450,996</u>	<u>193,160</u>
DEDUCTIONS			
Administration.....	303,724	-	30,472
Retirement Benefits and Refunds.....	36,652,624	-	-
Transfers to Other Systems.....	2,902,188	-	-
Scholarships Awarded.....	<u>-</u>	<u>-</u>	<u>374,850</u>
Total Deductions.....	<u>39,858,536</u>	<u>-</u>	<u>405,322</u>
CHANGE IN NET POSITION.....	(3,992,768)	1,450,996	(212,162)
Net Position - Beginning of Year.....	<u>293,924,337</u>	<u>2,118,738</u>	<u>10,294,475</u>
NET POSITION - END OF YEAR.....	\$ <u>289,931,569</u>	\$ <u>3,569,734</u>	\$ <u>10,082,313</u>

See notes to basic financial statements.

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

JUNE 30, 2016

	Component Units		
	Newton Commonwealth Foundation, Inc. (As of 12/31/15)	Newton Community Development Authority	Total
ASSETS			
Current assets:			
Cash and cash equivalents.....	\$ 806,378	\$ -	\$ 806,378
Restricted cash and cash equivalents.....	-	3,201	3,201
Interest and dividends.....	-	480,243	480,243
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	13,588	-	13,588
Loans.....	-	49,712	49,712
Prepaid expenses.....	6,194	-	6,194
Total current assets.....	<u>826,160</u>	<u>533,156</u>	<u>1,359,316</u>
Noncurrent assets:			
Receivables, net of allowance for uncollectible amounts:			
Loans.....	-	3,853,878	3,853,878
Capital assets:			
Depreciable, net of accumulated depreciation.....	<u>2,010,852</u>	<u>-</u>	<u>2,010,852</u>
Total noncurrent assets.....	<u>2,010,852</u>	<u>3,853,878</u>	<u>5,864,730</u>
Total assets.....	<u>2,837,012</u>	<u>4,387,034</u>	<u>7,224,046</u>
LIABILITIES			
Current liabilities:			
Warrants payable.....	58,300	-	58,300
Accrued liabilities.....	-	3,201	3,201
Total current liabilities.....	<u>58,300</u>	<u>3,201</u>	<u>61,501</u>
FUND NET POSITION			
Net investment in capital assets.....	2,010,852	-	2,010,852
Unrestricted.....	<u>767,860</u>	<u>4,383,833</u>	<u>5,151,693</u>
Total fund net position.....	<u>\$ 2,778,712</u>	<u>\$ 4,383,833</u>	<u>\$ 7,162,545</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, 2016

	Component Units		
	Newton Commonwealth Foundation, Inc. (As of 12/31/15)	Newton Community Development Authority	Total
OPERATING REVENUES			
Charges for services.....	\$ 424,862	\$ -	\$ 424,862
Intergovernmental.....	-	67,564	67,564
Other.....	-	59	59
TOTAL OPERATING REVENUES.....	424,862	67,623	492,485
OPERATING EXPENSES			
Salaries, wages and employee benefits.....	20,286	-	20,286
Other operating expenses.....	50,000	390,385	440,385
Depreciation.....	170,226	-	170,226
TOTAL OPERATING EXPENSES.....	240,512	390,385	630,897
OPERATING INCOME (LOSS).....	184,350	(322,762)	(138,412)
NONOPERATING REVENUES (EXPENSES)			
Investment/interest income.....	4,348	38,830	43,178
CHANGE IN FUND NET POSITION.....	188,698	(283,932)	(95,234)
FUND NET POSITION AT BEGINNING OF YEAR.....	2,590,014	4,667,765	7,257,779
FUND NET POSITION AT END OF YEAR.....	\$ 2,778,712	\$ 4,383,833	\$ 7,162,545

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

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 City Council, who serve two-year terms. Sixteen of the members of the City Council 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 City Council. 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 City Council. 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, 2016

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 City Council 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, 2016

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 enterprise funds:

Sewer Fund: This major 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 major 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.

Stormwater Fund: This fund accounts for the operation and maintenance of the City's storm water drainage activities. These activities were previously accounted for within a special revenue fund.

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 cannot be used for purposes of providing City services, they are excluded from the City's government-wide financial statements.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

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.

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, 2016, the City implemented the following pronouncements issued by the GASB:

- GASB Statement No. 72, *Fair Value Measurement and Application*
- GASB 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*
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*

The implementation of GASB Statement No. 72 required certain disclosures to be made about fair value measurements, the fair value hierarchy, and valuation techniques related to the City's investments.

The implementation of GASB Statement No.'s 73, 76, and 79 had no reporting impact for the City.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

D. Assets, Liabilities and Equity

Cash and Cash Equivalents and Investments

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

Restricted Cash and Cash Equivalents and Investments

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

Receivables

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

Based upon an analysis of water and sewer receivable activity over the past three years, 1% of outstanding water, sewer, and storm water 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 City Council 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, Sewer, and Storm Water User Charges: Water and sewer 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. Storm water charges are billed quarterly based upon an authorized flat fee and are subject to penalties and interest if they are not paid by the respective due date. Water, sewer, and storm water liens are processed in December of every year and are included as a lien on the property owner's tax bill. Water, sewer, and storm water charges and related liens are recorded as receivables in the fiscal year of the levy. Unbilled amounts are estimated based upon actual billing amounts subsequent to year-end.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

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.

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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

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 two items that qualify for reporting in this category. They are as follows:

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

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 life of the long-term debt.
- 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
- 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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

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).

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 City Council, 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 City Council.

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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

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.

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 City Council adopt a balanced budget each fiscal year. The City Charter requires that the Mayor submit a recommended budget to the City Council and that the Council adopt the budget, with or without amendments, within forty-five days following the day the budget is received. The City Council 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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

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

The Comptroller's Office has responsibility for making certain that the budget is executed in accordance with the plan approved by the Mayor and City Council, and monthly appropriation status reports are provided to the Mayor and Council. 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 2016 General Fund and Community Preservation Fund budgets authorized \$366,542,340 and \$8,983,100 (including prior year encumbrances and continuing appropriations), respectively, in appropriations and other amounts to be raised. During the fiscal year, the Mayor and City Council authorized supplemental appropriations for the General Fund and Community Preservation Fund totaling \$8,041,078, and \$2,023,792, for total budgets of \$374,583,418 and \$11,006,892, respectively.

Total General Fund expenditures and transfers to other funds totaled \$364,246,001, and \$6,966,190 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 \$2,458,807, and \$6,192,435 in appropriation balances were carried forward into fiscal year 2016 to support encumbrances and continuing appropriations.

B. Deficit Net Position

At June 30, 2016, the net position of governmental activities and the primary government have a deficit balance of \$160,517,314 and \$50,776,430, respectively. The primary causes of the deficits are the net pension liability and net OPEB obligation. At June 30, 2016, these liabilities total \$562,568,471 and \$578,834,541 for governmental activities and the primary government, respectively.

C. Excess of Expenditures over Appropriations

For the fiscal year June 30, 2016, expenditures exceeded appropriations for state and county charges. These expenditures will be funded by taxes during fiscal year 2017.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

D. 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, 2016 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.....	\$ 364,578,995	\$ 358,695,863	\$ 5,531,440
<u>Reclassifications</u>			
Activity of stabilization fund recorded in the general fund for GAAP purposes.....	92,375	-	1,952,519
<u>Adjustments</u>			
Net change in recording 60-day receipts.....	219,230	-	-
Net change in recording tax refunds payable.....	4,748,277	-	-
To record activity for landfill closure subsidy.....	61,197	61,197	-
Net change in recording other revenues.....	228,501	-	-
Net change in recording other expenditures.....	-	(279,559)	-
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ 369,928,575	\$ 358,477,501	\$ 7,483,959

	Community Preservation Fund
	Revenues
Budgetary basis as reported on the statement of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 3,931,317
<u>Adjustment</u>	
Net change in recording 60-day receipts.....	(489)
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ 3,930,828

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

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, 2016, \$94,186,607 of the City's bank balance of \$118,215,946 was uninsured and uncollateralized.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

Investments Summary

The City's investments at June 30, 2016 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.....	\$ 1,207,415	\$ -	\$ 362,308	\$ 145,610	\$ 699,497
U.S. Agencies.....	31,775	-	-	31,775	-
Corporate bonds.....	180,663	-	180,663	-	-
Money market mutual funds.....	831,101	831,101	-	-	-
Mutual bond funds.....	4,515,304	4,515,304	-	-	-
External investment pools.....	100,834,343	100,834,343	-	-	-
Total debt securities.....	107,600,601	\$ 106,180,748	\$ 542,971	\$ 177,385	\$ 699,497
<u>Other Investments:</u>					
Domestic equities.....	6,907,251				
Equity mutual funds.....	5,045,392				
International equities.....	1,903,079				
Total other investments.....	13,855,722				
Total investments.....	\$ 121,456,323				

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, 2016

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, 2016, \$20,621,980 of the City's investments of \$121,456,323 were uninsured, not registered in the name of the City and exposed to custodial credit risk as follows:

Investment Type	Fair Value	Held by Counterparty	Held by Counterparty's Trust or Agent
U.S. Treasuries.....	\$ 1,207,415	\$ 845,108	\$ 362,307
U.S. Agencies.....	31,775	-	31,775
Corporate bonds.....	180,663	-	180,663
Money market mutual funds.....	831,101	831,101	-
Mutual bond funds.....	4,515,304	2,771,085	1,744,219
Equity mutual funds.....	5,045,392	2,590,612	2,454,780
Domestic equities.....	6,907,251	3,988,526	2,918,725
International equities.....	1,903,079	1,903,079	-
Total.....	<u>\$ 20,621,980</u>	<u>\$ 12,929,511</u>	<u>\$ 7,692,469</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, 2016, the credit quality ratings of the City's investments in debt securities are as follows:

Investment Type	Fair Value	Quality Ratings *					
		AA+	AA-	A+	BBB+	BBB-	Unrated
Corporate bonds.....	\$ 180,663	\$ 30,873	\$ 59,963	\$ 30,977	\$ 33,299	\$ 25,551	\$ -
Money market mutual funds....	831,101	-	-	-	-	-	831,101
Mutual bond funds.....	4,515,304	-	-	-	-	-	4,515,304
External investment pools.....	100,834,343	-	-	-	-	-	100,834,343
Total.....	<u>\$ 106,361,411</u>	<u>\$ 30,873</u>	<u>\$ 59,963</u>	<u>\$ 30,977</u>	<u>\$ 33,299</u>	<u>\$ 25,551</u>	<u>\$ 106,180,748</u>

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

Investments – Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2016:

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Debt Securities:</u>				
U.S. Treasuries.....	\$ 1,207,415	\$ 1,207,415	\$ -	\$ -
U.S. Agencies.....	31,775	31,775	-	-
Corporate bonds.....	180,663	180,663	-	-
Mutual bond funds.....	4,515,304	4,515,304	-	-
Total Debt Securities.....	<u>5,935,157</u>	<u>5,935,157</u>	<u>-</u>	<u>-</u>
<u>Equity Securities:</u>				
Domestic equities.....	6,907,251	6,907,251	-	-
Equity mutual funds.....	5,045,392	5,045,392	-	-
International equities.....	1,903,079	1,903,079	-	-
Total Equity Securities	<u>13,855,722</u>	<u>13,855,722</u>	<u>-</u>	<u>-</u>
Total Investments by Fair Value Level	<u>19,790,879</u>	<u>\$ 19,790,879</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Investments measured at the net asset value (NAV)</u>				
PRIT Fund.....	<u>3,415,427</u>			
Total Investments measured at Fair Value	<u>\$ 23,206,306</u>			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Investments Measured at the NAV

The City owns units, or shares in the State Retiree Benefits Trust Fund reported in the City’s OPEB Trust Fund. By law, such investments are required to be invested in the Pension Reserves Investment Trust (“PRIT”) Fund. The investments are irrevocable and invested for the sole purpose to provide funding for the City’s post-employment benefits for the exclusive benefit of the City’s retired employees and their eligible dependents; and for defraying the reasonable expenses of the Trust in accordance with the Trust agreement. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the City’s ownership of the fund.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

Pension Trust Fund (The System)

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

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the System's deposits may not be recovered. The System does not have a policy for custodial credit risk of deposits. As of December 31, 2015, the System is not exposed to custodial credit risk.

Investments Summary

The System's investments at December 31, 2015 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years) Less Than 1</u>
<u>External Investment Pools:</u>		
Pension Reserve Investment Trust.....	\$ 278,986,859	\$ 278,986,859
Massachusetts Municipal Depository Trust.....	<u>10,313,359</u>	<u>10,313,359</u>
Total investments.....	<u>\$ 289,300,218</u>	<u>\$ 289,300,218</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, 2015, 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, 2016

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, 2015, the System's debt security investments were in external investment pools unrated by national credit rating organizations.

Investments – Fair Value Measurements – System

The System is a participating retirement system in the PRIT fund. The System owns units, or shares in the PRIT fund, which is a pooled investment trust. The investments made by the System are governed by Chapter 32 of the MGL. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the System's ownership in the pool.

Note 4 - Receivables

At June 30, 2016, 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.....	\$ 7,028,438	\$ (491,623)	\$ 6,536,815
Real estate tax deferrals.....	3,020,590	-	3,020,590
Tax liens.....	8,554,586	-	8,554,586
Motor vehicle excise taxes.....	2,563,625	(1,351,450)	1,212,175
Community preservation surcharges.....	39,965	-	39,965
User charges.....	594,922	-	594,922
Special assessments.....	342,493	-	342,493
Departmental and other.....	8,781,008	(3,782,935)	4,998,073
Intergovernmental.....	3,463,647	-	3,463,647
	<u> </u>	<u> </u>	<u> </u>
	\$ 34,389,274	\$ (5,626,008)	\$ 28,763,266
	<u> </u>	<u> </u>	<u> </u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

At June 30, 2016, receivables for the Enterprise Funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Charges for services.....	\$ 15,854,187	\$ (157,957)	\$ 15,696,230
Utility liens.....	227,918	-	227,918
Special assessments.....	20,781	-	20,781
Intergovernmental.....	1,144,803	-	1,144,803
	<u>\$ 17,247,689</u>	<u>\$ (157,957)</u>	<u>\$ 17,089,732</u>

Note 5 – Capital Assets

Capital asset activity for governmental activities for the fiscal year ended June 30, 2016 was as follows:

	July 1, 2015			June 30, 2016
	Balance	Increases	Decreases	Balance
Governmental activities:				
Capital assets not being depreciated:				
Land.....	\$ 25,046,952	\$ 5,987,200	\$ -	\$ 31,034,152
Intangible assets.....	2,238,261	-	-	2,238,261
Construction in progress.....	27,452,476	15,021,365	(23,357,853)	19,115,988
Sub-total	<u>54,737,689</u>	<u>21,008,565</u>	<u>(23,357,853)</u>	<u>52,388,401</u>
Capital assets being depreciated:				
Buildings and improvements.....	462,033,980	56,020,110	-	518,054,090
Equipment and machinery.....	78,790,102	6,212,572	(403,068)	84,599,606
Road network.....	86,040,682	5,993,340	-	92,034,022
Sub-total.....	<u>626,864,764</u>	<u>68,226,022</u>	<u>(403,068)</u>	<u>694,687,718</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(141,872,369)	(12,420,429)	-	(154,292,798)
Equipment and machinery.....	(54,482,562)	(5,197,156)	337,268	(59,342,450)
Road network.....	(28,269,060)	(2,250,150)	-	(30,519,210)
Sub-total.....	<u>(224,623,991)</u>	<u>(19,867,735)</u>	<u>337,268</u>	<u>(244,154,458)</u>
Capital assets being depreciated, net.....	<u>402,240,773</u>	<u>48,358,287</u>	<u>(65,800)</u>	<u>450,533,260</u>
Governmental capital assets, net.....	<u>\$ 456,978,462</u>	<u>\$ 69,366,852</u>	<u>\$ (23,423,653)</u>	<u>\$ 502,921,661</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

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

Legislative & executive.....	\$ 7,223
Administrative support.....	207,395
Public building maintenance and operations.....	250,104
Police.....	662,810
Fire.....	965,235
Inspectional services.....	4,085
Education.....	13,275,349
Streets and sidewalks.....	2,896,178
Control of snow and ice.....	78,302
Solid waste.....	998
Health & human services.....	2,822
Senior services.....	5,404
Libraries.....	1,018,899
Parks and recreation.....	480,386
Newton history museum.....	12,545
Total depreciation expense - governmental activities....	<u>\$ 19,867,735</u>

Capital asset activity for individual enterprise funds for the fiscal year ended June 30, 2016 is as follows:

	July 1, 2015			June 30, 2016
	Balance	Increases	Decreases	Balance
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	407,371	-	13,906,301
Water system.....	51,660,497	2,928,313	-	54,588,810
Sub-total.....	<u>67,614,919</u>	<u>3,335,684</u>	<u>-</u>	<u>70,950,603</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(1,205,882)	(45,762)	-	(1,251,644)
Equipment and machinery.....	(5,943,620)	(729,979)	-	(6,673,599)
Water system.....	(12,917,281)	(1,056,069)	-	(13,973,350)
Sub-total.....	<u>(20,066,783)</u>	<u>(1,831,810)</u>	<u>-</u>	<u>(21,898,593)</u>
Capital assets being depreciated, net.....	<u>47,548,136</u>	<u>1,503,874</u>	<u>-</u>	<u>49,052,010</u>
Water system capital assets, net.....	\$ <u>47,811,021</u>	\$ <u>1,503,874</u>	\$ <u>-</u>	\$ <u>49,314,895</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

	July 1, 2015			June 30, 2016
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</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.....	3,211,590	299,020	-	3,510,610
Sanitary sewer system.....	58,122,901	5,046,739	-	63,169,640
Sub-total.....	<u>63,202,150</u>	<u>5,345,759</u>	<u>-</u>	<u>68,547,909</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(820,520)	(39,127)	-	(859,647)
Equipment and machinery.....	(1,832,975)	(195,003)	-	(2,027,978)
Sanitary sewer system.....	(20,033,810)	(1,154,425)	-	(21,188,235)
Sub-total.....	<u>(22,687,305)</u>	<u>(1,388,555)</u>	<u>-</u>	<u>(24,075,860)</u>
Capital assets being depreciated, net.....	<u>40,514,845</u>	<u>3,957,204</u>	<u>-</u>	<u>44,472,049</u>
Sewer system capital assets, net.....	\$ <u>40,541,090</u>	\$ <u>3,957,204</u>	\$ <u>-</u>	\$ <u>44,498,294</u>

	July 1, 2015			June 30, 2016
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Stormwater system				
Capital assets not being depreciated:				
Construction in progress.....	\$ -	\$ 59,464	\$ -	\$ 59,464
Capital assets being depreciated:				
Storm drainage system.....	3,429,542	-	-	3,429,542
Less: accumulated depreciation				
Storm drainage system.....	(1,386,342)	(75,298)	-	(1,461,640)
Capital assets being depreciated, net.....	<u>2,043,200</u>	<u>(75,298)</u>	<u>-</u>	<u>1,967,902</u>
Stormwater system capital assets, net.....	\$ <u>2,043,200</u>	\$ <u>(15,834)</u>	\$ <u>-</u>	\$ <u>2,027,366</u>

Capital asset activity for the Newton Commonwealth Foundation component unit for the fiscal year ended June 30, 2016 is as follows:

	Beginning			Ending
	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
Golf course:				
Capital assets being depreciated:				
Land improvements.....	\$ 3,386,281	\$ 195,340	\$ -	\$ 3,581,621
Buildings and improvements.....	94,420	6,061	-	100,481
Equipment and machinery.....	71,838	15,023	-	86,861
Sub-total.....	<u>3,552,539</u>	<u>216,424</u>	<u>-</u>	<u>3,768,963</u>
Less: accumulated depreciation:				
Land improvements.....	(1,470,779)	(163,417)	-	(1,634,196)
Buildings and improvements.....	(60,399)	(1,702)	-	(62,101)
Equipment and machinery.....	(56,707)	(5,107)	-	(61,814)
Sub-total.....	<u>(1,587,885)</u>	<u>(170,226)</u>	<u>-</u>	<u>(1,758,111)</u>
Golf course, net.....	\$ <u>1,964,654</u>	\$ <u>46,198</u>	\$ <u>-</u>	\$ <u>2,010,852</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

Note 6 – Net Investment in Capital Assets

Net investment in capital assets at June 30, 2016 is summarized as follows:

Governmental Activities

Capital assets, net of accumulated depreciation.....	\$	502,921,661
Less: total long-term debt outstanding.....		(265,560,962)
Add: long-term debt outstanding not related to asset acquisition.....		497,400
Less: total short-term debt outstanding.....		(761,000)
Add: unspent BAN/bond proceeds.....		<u>23,666,393</u>
Net investment in capital assets.....	\$	<u><u>260,763,492</u></u>

Business-Type Activities

	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>	<u>Total Enterprise Funds/ Business-Type Activities</u>
Capital assets, net of accumulated depreciation.....	\$ 49,314,895	\$ 44,498,294	\$ 2,027,366	\$ 95,840,555
Less: total long-term debt outstanding.....	(14,288,488)	(13,188,014)	(816,756)	(28,293,258)
Add: unspent BAN/bond proceeds.....	<u>5,274,691</u>	<u>15,935,605</u>	<u>668,509</u>	<u>21,878,805</u>
Net investment in capital assets.....	<u>\$ 40,301,098</u>	<u>\$ 47,245,885</u>	<u>\$ 1,879,119</u>	<u>\$ 89,426,102</u>

Note 7 – Inter-fund Receivables, Payables and Transfers

Receivables and payables between funds at June 30, 2016, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Street Improvements Fund - non major governmental fund	\$ 463,839 {1}
General Fund	School Federal Grant Fund - non major governmental fund	<u>163,490 {1}</u>
	Total	<u>\$ 627,329</u>

{1} Advance funding pending receipt of grant reimbursement

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

Inter-fund transfer activity for the fiscal year ended June 30, 2016 consisted of the following:

	General Fund	Angier School Improvements Fund	Nonmajor Governmental Funds	Water Enterprise Fund	Sewer Enterprise Fund	Stormwater Enterprise Fund	Internal Service Funds	Total All Funds
Solid Waste Program receipts reserved - FY 2016 operating budget	\$ 162,000	\$ -	\$ (162,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Parking Meter receipts reserved - FY 2016 operating budget	1,527,000	-	(1,527,000)	-	-	-	-	-
BAA Marathon receipts reserved - FY 2016 operating budget	162,750	-	(162,750)	-	-	-	-	-
Sale of Recycling Materials receipts reserved - FY 2016 operating budget	25,000	-	(25,000)	-	-	-	-	-
CATV licensing fees receipts reserved - FY 2016 operating budget	215,378	-	(215,378)	-	-	-	-	-
NCGF golf day receipts reserved - FY 2016 operating budget	28,787	-	(28,787)	-	-	-	-	-
Sewer fund indirect cost reimbursement - FY 2016 operating budget	1,213,730	-	-	-	(1,213,730)	-	-	-
Water fund indirect cost reimbursement - FY 2016 operating budget	1,226,332	-	-	(1,226,332)	-	-	-	-
Stormwater fund indirect cost reimbursement - FY 2016 operating budget	150,854	-	-	-	-	(150,854)	-	-
Water fund indirect cost reimbursement to Sewer fund - FY 2015 operating budget	-	-	-	(531,892)	-	-	-	(531,892)
Water fund indirect cost reimbursement to Sewer fund - FY 2015 operating budget	-	-	-	-	531,892	-	-	531,892
Angier Debt exclusion bond premium appropriation (reduce borrowing)	(351,159)	351,159	-	-	-	-	-	-
Cabot Debt exclusion bond premium appropriation (reduce borrowing)	(17,865)	-	17,865	-	-	-	-	-
Federal Grant Fund (FEMA reimbursement) Snow & ice control	939,987	-	(939,987)	-	-	-	-	-
ISD training (Violation Fines Reserved for Appropriation)	12,061	-	(12,061)	-	-	-	-	-
Bond sale issuance costs (Sewer Fund)	1,395	-	-	-	(1,395)	-	-	-
Bond sale issuance costs (Stormwater Fund)	2,419	-	-	-	-	(2,419)	-	-
E-rate Receipts reserved - School technology	116,913	-	(116,913)	-	-	-	-	-
CATV licensing fees receipts reserved - Municipal technology improvements	500,000	-	(500,000)	-	-	-	-	-
Development mitigation funds (Lower Falls traffic mitigation)	50,508	-	(50,508)	-	-	-	-	-
Development mitigation funds (Commonwealth Ave beautification)	20,900	-	(20,900)	-	-	-	-	-
Legal Settlement (Liability Self Insurance Fund)	125,000	-	-	-	-	-	(125,000)	-
Legal Settlement (Liability Self Insurance Fund)	9,363	-	-	-	-	-	(9,363)	-
Energy Conservation improvements (Capital Stabilization Fund)	(905,046)	-	-	-	-	-	-	(905,046)
Energy Conservation improvements (Municipal Building Improvement Fund)	-	-	905,046	-	-	-	-	905,046
Auburdale Square Traffic Improvements (Free Cash)	(278,569)	-	278,569	-	-	-	-	-
Auburdale Square Traffic Improvements (Traffic Mitigation Funds)	-	-	(136,711)	-	-	-	-	(136,711)
Auburdale Square Traffic Improvements (Traffic Mitigation Funds)	-	-	136,711	-	-	-	-	136,711
Auburdale Square Traffic Improvements (School Building Improvement Fund)	-	-	(308,278)	-	-	-	-	(308,278)
Auburdale Square Traffic Improvements	-	-	308,278	-	-	-	-	308,278
Auburdale Square Traffic Improvements (Municipal Building Improvement Fund)	-	-	(19,475)	-	-	-	-	(19,475)
Auburdale Square Traffic Improvements	-	-	19,475	-	-	-	-	19,475
Auburdale Square Traffic Improvements (Capital Stabilization Fund)	(40,813)	-	-	-	-	-	-	(40,813)
Auburdale Square Traffic Improvements	-	-	40,813	-	-	-	-	40,813
Aquinas window project (Capital Stabilization Fund)	(397,800)	-	-	-	-	-	-	(397,800)
Aquinas window project (School Building Improvement Fund)	-	-	397,800	-	-	-	-	397,800
Newton Public Schools Athletic Revolving Fund Subsidy	(1,021,000)	-	1,021,000	-	-	-	-	-
Close out special appropriation balances to Development Mitigation receipts reserved	(34,429)	-	34,429	-	-	-	-	-
Transfers from other funds	<u>6,490,377</u>	<u>351,159</u>	<u>3,159,986</u>	<u>-</u>	<u>531,892</u>	<u>-</u>	<u>-</u>	<u>10,533,414</u>
Transfers to other funds	<u>(3,046,681)</u>	<u>-</u>	<u>(4,225,748)</u>	<u>(1,758,224)</u>	<u>(1,215,125)</u>	<u>(153,273)</u>	<u>(134,363)</u>	<u>(10,533,414)</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, 2016

Details related to the short-term debt activity for the fiscal year ended June 30, 2016 is as follows:

Notes Payable – Governmental Funds

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at 6/30/2015	Increases	Decreases	Balance at 6/30/2016
BAN	Zervas Elementary Construction.....	06/25/15	03/15/16	1.25%	\$ 1,250,000	\$ -	\$ (1,250,000)	\$ -
BAN	General Obligation BAN.....	06/29/16	02/17/17	0.51%	-	761,000	-	761,000
Total.....					\$ 1,250,000	\$ 761,000	\$ (1,250,000)	\$ 761,000

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, 2016:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016	Current Portion
Governmental Activities:					
Bonds and notes payable.....	\$ 215,267,032	\$ 81,335,508	\$ (31,041,578)	\$ 265,560,962	\$ 12,674,889
Landfill closure and other environmental....	723,350	108,853	(179,600)	652,603	82,368
Workers' compensation.....	8,423,539	1,475,827	(1,599,149)	8,300,217	1,474,065
Compensated absences.....	8,828,309	-	(80,106)	8,748,203	3,220,491
Net pension liability.....	288,734,674	18,236,390	-	306,971,064	-
Net OPEB obligation.....	226,833,234	48,020,979	(19,256,806)	255,597,407	-
Total.....	\$ 748,810,138	\$ 149,177,557	\$ (52,157,239)	\$ 845,830,456	\$ 17,451,813
Business-type Activities:					
Bonds and notes payable.....	\$ 29,228,797	\$ 3,571,737	\$ (4,507,276)	\$ 28,293,258	\$ 4,551,261
Compensated absences.....	335,136	34,496	-	369,632	36,963
Net pension liability.....	9,996,324	104,258	-	10,100,582	-
Net OPEB obligation.....	5,526,310	1,146,528	(507,350)	6,165,488	-
Total.....	\$ 45,086,567	\$ 4,857,019	\$ (5,014,626)	\$ 44,928,960	\$ 4,588,224

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, \$8,300,217 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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

Note 10 - Long-Term Debt

Information on the City's long term debt at June 30, 2016, along with future year debt service requirements, is presented as follows.

Bonds Payable – Governmental Funds

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2015	Issued	Redeemed	Outstanding June 30, 2016
MCWT landfill closure.....	2/15/1998	4.6%	\$ 653,700	\$ -	\$ (156,300)	\$ 497,400
School renovations.....	2/15/2006	3.0-4.3%	595,000	-	(595,000)	-
Road improvements.....	2/15/2006	3.0-4.3%	50,000	-	(50,000)	-
Public works equipment.....	2/15/2006	3.0-4.3%	60,000	-	(60,000)	-
Fire equipment.....	2/15/2006	3.0-4.3%	55,000	-	(55,000)	-
School renovations.....	2/01/2007	4.0-5.0%	960,000	-	(480,000)	480,000
Fire station improvements.....	2/01/2007	4.0-5.0%	40,000	-	(20,000)	20,000
Public works equipment.....	2/01/2007	4.0-5.0%	100,000	-	(50,000)	50,000
Rogers St. Land acquisition (CPA).....	11/01/2007	3.98%	510,000	-	(255,000)	255,000
Fire station improvements.....	11/01/2007	3.98%	110,000	-	(35,000)	75,000
School renovations.....	11/01/2007	3.98%	30,000	-	(10,000)	20,000
School new construction.....	11/01/2007	3.98%	2,850,000	-	(950,000)	1,900,000
School new construction.....	6/15/2008	4.37%	20,265,000	-	(19,155,000)	1,110,000
School renovations.....	6/15/2008	3.80%	1,430,000	-	(1,210,000)	220,000
Fire equipment.....	6/15/2008	3.80%	240,000	-	(180,000)	60,000
Public works equipment.....	6/15/2008	3.80%	320,000	-	(240,000)	80,000
School new construction.....	4/1/2009	2.0-5.0%	66,385,000	-	(1,570,000)	64,815,000
School renovations.....	4/1/2009	2.0-5.0%	1,400,000	-	(100,000)	1,300,000
School renovations.....	4/1/2009	2.0-5.0%	135,000	-	(10,000)	125,000
School renovations.....	4/1/2009	2.0-5.0%	535,000	-	(40,000)	495,000
School athletic fields.....	4/1/2009	2.0-5.0%	1,925,000	-	(215,000)	1,710,000
Fire station improvements.....	4/1/2009	2.0-5.0%	1,465,000	-	(170,000)	1,295,000
City Hall boiler.....	4/1/2009	2.0-5.0%	140,000	-	(10,000)	130,000
Road improvements.....	4/1/2009	2.0-5.0%	65,000	-	(20,000)	45,000
Fire equipment.....	4/1/2009	2.0-5.0%	470,000	-	(55,000)	415,000
Parks equipment.....	4/1/2009	2.0-5.0%	50,000	-	(10,000)	40,000
Public works equipment.....	4/1/2009	2.0-5.0%	360,000	-	(40,000)	320,000
School new construction.....	4/27/2010	3.0-4.0%	9,700,000	-	(390,000)	9,310,000
Fire station renovations.....	4/27/2010	2.0-4.0%	3,375,000	-	(225,000)	3,150,000
Underground fuel tanks.....	4/27/2010	2.0-4.0%	225,000	-	(45,000)	180,000
Modular classrooms.....	4/27/2010	2.0-4.0%	925,000	-	(95,000)	830,000
School renovations.....	4/27/2010	2.0-4.0%	850,000	-	(110,000)	740,000
Energy conservation.....	4/27/2010	2.0-4.0%	2,445,000	-	(245,000)	2,200,000
Fire equipment.....	4/27/2010	2.0-4.0%	250,000	-	(50,000)	200,000
Public works equipment.....	4/27/2010	2.0-4.0%	950,000	-	(190,000)	760,000
School new construction.....	3/30/2011	2.00%	9,533,332	-	(366,667)	9,166,665
School renovations.....	4/14/2011	3.0-4.5%	1,770,000	-	(125,000)	1,645,000
City Hall windows.....	4/14/2011	3.0-4.5%	70,000	-	(15,000)	55,000
Public works equipment.....	4/14/2011	3.0-4.5%	145,000	-	(70,000)	75,000
Elementary modular classrooms.....	4/12/2012	2.0 - 3.0%	725,000	-	(65,000)	660,000
Elementary modular classrooms.....	4/12/2012	2.0 - 3.0%	60,000	-	(5,000)	55,000
Elementary sprinkler design.....	4/12/2012	2.0 - 3.0%	70,000	-	(10,000)	60,000
Elementary sprinkler systems.....	4/12/2012	2.0 - 3.0%	1,170,000	-	(100,000)	1,070,000
FA Day Middle School design.....	4/12/2012	2.0 - 3.0%	250,000	-	(125,000)	125,000
School accessibility upgrades.....	4/12/2012	2.0 - 3.0%	240,000	-	(20,000)	220,000
School electrical system upgrades.....	4/12/2012	2.0 - 3.0%	155,000	-	(15,000)	140,000
School generator replacement.....	4/12/2012	2.0 - 3.0%	240,000	-	(20,000)	220,000
School heating system improvements.....	4/12/2012	2.0 - 3.0%	360,000	-	(30,000)	330,000
Public works equipment.....	4/12/2012	2.0 - 3.0%	60,000	-	(30,000)	30,000

(continued)

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

Bonds Payable – Governmental Funds (Continued)

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2015	Issued	Redeemed	Outstanding June 30, 2016
Public works equipment.....	4/12/2012	2.0 - 3.0%	210,000	-	(10,000)	200,000
Gath Pool improvements.....	4/12/2012	2.0 - 3.0%	70,000	-	(10,000)	60,000
Braceland Park improvements.....	4/12/2012	2.0 - 3.0%	120,000	-	(10,000)	110,000
Fire engine replacement.....	4/12/2012	2.0 - 3.0%	420,000	-	(60,000)	360,000
School advance refunding.....	4/12/2013	2.0 - 4.0%	4,750,000	-	(475,000)	4,275,000
School renovations.....	4/12/2013	2.0 - 4.0%	7,380,000	-	(410,000)	6,970,000
Public works equipment.....	4/12/2013	2.0 - 4.0%	130,000	-	(20,000)	110,000
Gath Pool improvements.....	4/12/2013	2.0 - 4.0%	120,000	-	(15,000)	105,000
City Hall improvements.....	4/12/2013	2.0 - 4.0%	530,000	-	(35,000)	495,000
Crafts St DPW garage improvements.....	4/12/2013	2.0 - 4.0%	190,000	-	(35,000)	155,000
Energy conservation.....	4/12/2013	2.0 - 4.0%	240,000	-	(80,000)	160,000
Fire equipment.....	4/12/2013	2.0 - 4.0%	860,000	-	(70,000)	790,000
Elementary modular classrooms.....	3/06/2014	2.75% - 5.0%	2,240,000	-	(160,000)	2,080,000
Mason Rice School sprinklers.....	3/06/2014	2.75% - 5.0%	445,000	-	(35,000)	410,000
Carr School renovatons.....	3/06/2014	2.75% - 5.0%	11,540,000	-	(215,000)	11,325,000
Angier demoliton & construction.....	3/06/2014	2.75% - 5.0%	4,910,000	-	(90,000)	4,820,000
Community Ctr renovations.....	3/06/2014	2.75% - 5.0%	255,000	-	(20,000)	235,000
DPW equipment.....	3/06/2014	2.75% - 5.0%	250,000	-	(30,000)	220,000
Snow melting equipment.....	3/06/2014	2.75% - 5.0%	225,000	-	(25,000)	200,000
Salt shed & garage.....	3/06/2014	2.75% - 5.0%	475,000	-	(25,000)	450,000
School renovation adv refunding.....	1/29/2015	2.0-3.0%	5,274,500	-	-	5,274,500
DPW equip adv refunding.....	1/29/2015	2.0-3.0%	244,000	-	-	244,000
Fire ladder adv refunding.....	1/29/2015	2.0-3.0%	268,400	-	-	268,400
School renovation adv refunding.....	1/29/2015	2.0-3.0%	3,842,890	-	-	3,842,890
Fire station adv refunding.....	1/29/2015	2.0-3.0%	99,200	-	-	99,200
DPW equip adv refunding.....	1/29/2015	2.0-3.0%	198,200	-	-	198,200
Fire station adv refunding.....	1/29/2015	2.0-3.0%	169,500	-	-	169,500
School construction adv 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	-	(200,000)	790,000
Bigelow staircase.....	1/29/2015	2.0-5.0%	465,000	-	(50,000)	415,000
Angier construction.....	1/29/2015	2.0-5.0%	15,000,000	-	(185,000)	14,815,000
Fire station #10 renovations.....	1/29/2015	2.0-5.0%	6,100,000	-	(305,000)	5,795,000
Publ Bldg Energy Conservation.....	1/29/2015	2.0-5.0%	2,610,000	-	(135,000)	2,475,000
DPW equipment.....	1/29/2015	2.0-5.0%	340,000	-	(35,000)	305,000
North High School adv refunding.....	1/28/2016	3.0 - 5.0%	-	18,301,050	-	18,301,050
Brown Windows adv refunding.....	1/28/2016	3.0 - 5.0%	-	983,800	-	983,800
Fire Pumper adv refunding.....	1/28/2016	3.0 - 5.0%	-	139,450	-	139,450
DPW Equipment adv refunding.....	1/28/2016	3.0 - 5.0%	-	185,700	-	185,700
Zervas Elementary construction.....	1/28/2016	3.0 - 5.0%	-	20,000,000	-	20,000,000
Angier Elementary construction.....	1/28/2016	3.0 - 5.0%	-	4,955,000	-	4,955,000
Aquinas Acquisition.....	1/28/2016	3.0 - 5.0%	-	17,350,000	-	17,350,000
FA Day Hot Water Heater.....	1/28/2016	3.0 - 5.0%	-	150,000	-	150,000
NNHS Baseball Backstop.....	1/28/2016	3.0 - 5.0%	-	350,000	-	350,000
Fire Station #3 Improvements.....	1/28/2016	3.0 - 5.0%	-	3,645,000	-	3,645,000
Senior Center HVAC.....	1/28/2016	3.0 - 5.0%	-	150,000	-	150,000
City Hall War Memorial Elevator.....	1/28/2016	3.0 - 5.0%	-	1,140,000	-	1,140,000
Manet Rd Communications Building.....	1/28/2016	3.0 - 5.0%	-	766,000	-	766,000
Main Library Improvements.....	1/28/2016	3.0 - 5.0%	-	250,000	-	250,000
City Hall Roof Trace Wiring.....	1/28/2016	3.0 - 5.0%	-	100,000	-	100,000
DPW Snowblower.....	1/28/2016	3.0 - 5.0%	-	150,000	-	150,000
Library Automated Circulation Eqmt.....	1/28/2016	3.0 - 5.0%	-	203,000	-	203,000
Fire Pumper.....	1/28/2016	3.0 - 5.0%	-	650,000	-	650,000
Fire SCBA Equipment.....	1/28/2016	3.0 - 5.0%	-	504,000	-	504,000
Fire Bucket Truck.....	1/28/2016	3.0 - 5.0%	-	227,000	-	227,000
NSHS Tennis Courts.....	1/28/2016	3.0 - 5.0%	-	750,000	-	750,000
Traffic Signal Improvements.....	1/28/2016	3.0 - 5.0%	-	800,000	-	800,000
Auburndale Sq Traffic Improvements.....	1/28/2016	3.0 - 5.0%	-	1,200,000	-	1,200,000
Eliot St Bridge Replacement.....	1/28/2016	3.0 - 5.0%	-	2,000,000	-	2,000,000
Subtotal.....			\$ 215,267,032	\$ 74,950,000	\$ (30,827,967)	\$ 259,389,065
Unamortized Premiums.....			-	6,385,508	(213,611)	6,171,897
Total Governmental Funds.....			\$ 215,267,032	\$ 81,335,508	\$ (31,041,578)	\$ 265,560,962

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

Advanced Refunding – January 2016

The City issued \$19,610,000 of general obligation refunding bonds (with a premium of \$2,430,245) 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 \$20,080,000 of previously issued general obligation bonds relating to school construction as well as fire department and public works vehicles. 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 \$1,960,245. This amount was expensed in the current fiscal year. This advance refunding was undertaken to reduce total debt service payments over the next 14 years by \$3,050,487 and resulted in an economic gain of \$2,080,733.

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

Fiscal Year Ending	Principal	Interest	Total
2017	\$ 12,247,667	\$ 9,812,583	\$ 22,060,250
2018	11,922,467	9,506,954	21,429,421
2019	11,737,267	9,068,702	20,805,969
2020	11,696,667	8,617,573	20,314,240
2021	11,286,667	8,160,138	19,446,805
2022	11,281,667	7,700,654	18,982,321
2023	11,326,667	7,243,587	18,570,254
2024	11,446,667	6,806,587	18,253,254
2025	11,181,667	6,336,617	17,518,284
2026	10,316,667	5,936,094	16,252,761
2027	9,576,667	5,538,931	15,115,598
2028	9,346,667	5,173,054	14,519,721
2029	8,686,667	4,816,539	13,503,206
2030	8,641,667	4,457,475	13,099,142
2031	8,691,667	4,120,616	12,812,283
2032	8,736,667	3,780,634	12,517,301
2033	9,056,667	3,421,471	12,478,138
2034	9,346,667	3,077,330	12,423,997
2035	9,651,667	2,719,352	12,371,019
2036	9,551,667	2,352,726	11,904,393
2037	9,691,667	1,977,780	11,669,447
2038	10,066,667	1,593,521	11,660,188
2039	8,696,667	1,192,656	9,889,323
2040	4,226,667	827,024	5,053,691
2041	3,951,657	686,714	4,638,371
2042	3,705,000	558,963	4,263,963
2043	3,835,000	434,500	4,269,500
2044	3,960,000	302,938	4,262,938
2045	3,145,000	166,969	3,311,969
2046	2,380,000	77,350	2,457,350
Total	\$ 259,389,065	\$ 126,466,034	\$ 385,855,099

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

Bonds Payable – Water Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2015	Issued	Redeemed	Outstanding June 30, 2016
MWRA Water	5/18/2006	0.00	\$ 258,601	\$ -	\$ (258,601)	\$ -
MWRA Water	5/31/2007	0.00	517,203	-	(258,602)	258,601
Water Meters.....	4/1/2009	2.0-5.0	2,400,000	-	(600,000)	1,800,000
MWRA Water	5/21/2009	0.00	1,440,000	-	(360,000)	1,080,000
MWRA Water	5/20/2010	0.00	1,112,200	-	(222,440)	889,760
MWRA Water	2/15/2011	0.00	1,160,193	-	(193,366)	966,827
Water Meters.....	4/14/2011	3.0-4.5	1,800,000	-	(300,000)	1,500,000
MWRA Water	5/14/2012	0.00	952,140	-	(136,020)	816,120
MWRA Water	8/20/2012	0.00	1,088,160	-	(136,020)	952,140
Water Mains.....	4/12/2013	2.0-4.0	2,428,980	-	(135,000)	2,293,980
Water Garage.....	4/12/2013	2.0-4.0	62,500	-	(5,000)	57,500
MWRA Water	8/15/2013	0.00	1,225,200	-	(136,020)	1,089,180
MWRA Water	11/17/2014	0.00	1,360,200	-	(136,020)	1,224,180
MWRA Water	11/19/2015	0.00	-	1,360,200	-	1,360,200
Total Water.....			\$ 15,805,377	\$ 1,360,200	\$ (2,877,089)	\$ 14,288,488

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, 2016, the City was the recipient of a \$1,360,200 ten-year interest free water system rehabilitation loan.

At June 30, 2016, the City had \$7,670,181 in MWRA water rehabilitation loans outstanding. Interest subsidies on these loans for the year ended June 30, 2016 totaled \$292,043.

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

Fiscal Year Ending	Principal	Interest	Total
2017	\$ 2,754,507	\$ 200,993	\$ 2,955,500
2018	2,495,906	166,794	2,662,700
2019	2,495,905	129,693	2,625,598
2020	1,535,905	91,094	1,626,999
2021	1,313,465	71,993	1,385,458
2022	820,100	52,894	872,994
2023	684,080	47,293	731,373
2024	548,060	41,694	589,754
2025	412,040	36,093	448,133
2026	276,020	32,944	308,964
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	\$ 14,288,488	\$ 986,368	\$ 15,274,856

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

Bonds Payable – Sewer Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2015	Issued	Redeemed	Outstanding June 30, 2016
MCWT Sewer.....	10/06/1999	5.16%	\$ 1,990,000	\$ -	\$ (370,000)	\$ 1,620,000
MCWT Sewer.....	11/10/2000	5.20%	2,791,000	-	(431,000)	2,360,000
MCWT Sewer.....	7/03/2002	-	60,000	-	(5,000)	55,000
Sewer system improvements.....	4/27/2010	2.0-4.0%	375,000	-	(25,000)	350,000
MWRA Sewer.....	8/25/2011	-	230,120	-	(115,060)	115,060
Sewer system improvements.....	4/3/2012	2.0-3.0%	1,930,000	-	(115,000)	1,815,000
Sewer I& I removal.....	4/12/2013	2.0-4.0%	3,805,000.00	-	(215,000)	3,590,000
Water Garage.....	4/12/2013	2.0-4.0%	62,500	-	(5,000)	57,500
MWRA Sewer.....	8/18/2014	-	1,262,800	-	(252,560)	1,010,240
MWRA Sewer.....	12/15/2014	-	917,000	-	(91,700)	825,300
MWRA Sewer.....	11/19/2015	-	-	917,000	-	917,000
Sewer Vehicle.....	1/20/2016	3.0 -5.0%	-	400,000	-	400,000
Subtotal.....			\$ 13,423,420	\$ 1,317,000	\$ (1,625,320)	\$ 13,115,100
Unamortized Premium.....			-	75,428	(2,514)	72,914
Total Sewer.....			\$ 13,423,420	\$ 1,392,428	\$ (1,627,834)	\$ 13,188,014

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, 2016, the City had \$2,867,600 in MWRA sewer infiltration/inflow reduction loans outstanding. During fiscal year 2016, the City was the recipient of MWRA grants totaling \$2,751,000 and ten year interest free sewer infiltration/flow reduction loans totaling \$917,000.

The City has also entered into (3) ten-year subsidized loan agreements with the Massachusetts Clean Water Trust (MCWT) for additional sanitary sewer system infiltration and inflow reduction projects. At June 30, 2016 the City had \$4,035,000 in loans outstanding under this project. Interest and principal subsidies on these loans for the year ended June 30, 2016 were \$248,883 and \$233,347, respectively.

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

Fiscal Year	Principal	Interest	Total
Ending 2017	\$ 1,762,020	\$ 382,779	\$ 2,144,799
2018	1,681,960	325,242	2,007,202
2019	1,711,960	269,923	1,981,883
2020	1,731,960	214,344	1,946,304
2021	1,069,400	164,608	1,234,008
2022	573,400	137,601	711,001
2023	573,400	123,375	696,775
2024	563,400	110,226	673,626
2025	563,400	96,498	659,898
2026	476,700	86,787	563,487
2027	385,000	74,962	459,962
2028	377,500	63,137	440,637
2029	380,000	51,237	431,237
2030	380,000	39,162	419,162
2031	355,000	27,162	382,162
2032	320,000	16,162	336,162
2033	210,000	6,562	216,562
Total	\$ 13,115,100	\$ 2,189,767	\$ 15,304,867

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

Bonds Payable – Stormwater Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2015	Issued	Redeemed	Outstanding June 30, 2016
Dedham St Drainage.....	1/20/2016	3.0 -5.0%	\$ -	\$ 725,000	\$ -	\$ 725,000
Unamortized Premium.....			-	94,109	(2,353)	91,756
Total Stormwater.....			\$ -	\$ 819,109	\$ (2,353)	\$ 816,756

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

Fiscal Year Ending	Principal	Interest	Total
2017	\$ 25,000	\$ 28,820	\$ 53,820
2018	25,000	28,900	53,900
2019	25,000	27,900	52,900
2020	25,000	26,650	51,650
2021	25,000	25,400	50,400
2022	30,000	24,150	54,150
2023	30,000	22,650	52,650
2024	30,000	21,450	51,450
2025	35,000	19,950	54,950
2026	35,000	18,550	53,550
2027	35,000	16,800	51,800
2028	40,000	15,050	55,050
2029	40,000	13,050	53,050
2030	40,000	11,050	51,050
2031	45,000	9,450	54,450
2032	45,000	7,650	52,650
2033	45,000	5,850	50,850
2034	50,000	4,500	54,500
2035	50,000	3,000	53,000
2036	50,000	1,500	51,500
Total	\$ 725,000	\$ 332,320	\$ 1,057,320

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

Authorized and Unissued Debt

At June 30, 2016 the City had a total of \$42,240,877 in authorized (by the City Council) and unissued debt, which is summarized as follows:

	Beginning of Year	Increases	Decreases	End of Year
School improvements.....	\$ 53,246,036	1,760,000	(25,666,159)	29,339,877
Public works equipment.....	-	150,000	(150,000)	-
Sewer system improvements	536,655	1,317,000	(1,853,655)	-
Storm drainage improvement.....	-	725,000	(725,000)	-
Water main rehabilitation - MWRA.....	8,161,200	-	(1,360,200)	6,801,000
Water main improvement.....	-	2,700,000	-	2,700,000
Fire engine and station repairs.....	3,658,119	4,781,000	(5,039,119)	3,400,000
Tennis court reconstruction.....	-	750,000	(750,000)	-
Public works improvements.....	-	3,200,000	(3,200,000)	-
Public building improvements.....	-	1,319,000	(1,319,000)	-
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.....	85,192,010	16,702,000	(59,653,133)	42,240,877

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

Subsequent Event

Advanced Refunding – July 2016

The City advance refunded \$63,620,000 in general obligation bonds with a final maturity of April 1, 2039. In order to defease the debt, the City issued \$65,775,000 in general obligation refunding bonds dated July 28, 2016, with a final maturity of April 1, 2039. The refunding bonds will generate debt service savings of \$12,925,377 over the remaining life of the bonds, with an economic gain of \$10,226,706.

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 \$652,603 at June 30, 2016 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, 2016, the latest actuarial valuation, is as follows:

Active employees.....	2,442
Retired employees and beneficiaries.....	<u>2,791</u>
Total.....	<u>5,233</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, 2016

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.....	\$	54,630
Interest on net OPEB obligation.....		4,787
Adjustment to annual required contribution.....		<u>(10,250)</u>
Annual OPEB cost.....		49,167
Contributions made.....		<u>(19,764)</u>
Increase in net OPEB obligation.....		29,403
Net OPEB obligation at beginning of year.....		<u>232,360</u>
Net OPEB obligation at end of year.....	\$	<u><u>261,763</u></u>

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

Fiscal Year Ending	Dollar Amounts in Thousands		
	Annual OPEB Cost (AOPEBC)	Percentage of AOPEBC Contributed	Net OPEB Obligation
June 30, 2014.....	\$ 42,134	40.5%	\$ 202,591
June 30, 2015.....	48,071	38.1%	232,360
June 30, 2016.....	49,167	40.2%	261,763

Funded Status and Funding Progress – The funded status of the Plan at June 30, 2016, the most recent actuarial valuation, was as follows:

Dollar Amounts in Thousands						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
06/30/16	\$ 3,570	\$ 722,762	\$ 719,192	0.5%	\$ 210,597	342%

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

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, 2016
Actuarial cost method:	Entry Age Normal
Amortization method:	Level dollar
Remaining amortization period:	30 years (open)
Interest discount rate:	2.06%
Healthcare/Medical cost trend rate:	7.93% for 2017; 7.47% for 2018; 7.00% for 2019; 6.54% starting in 2020 to an ultimate level of 6.08% per year.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

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

Governmental Activities:

Legislative & Executive.....	\$ 573,791
Financial administration.....	585,329
Administrative support.....	664,128
Planning & development.....	267,051
Public building maintenance & operation.....	587,815
Police.....	4,672,301
Fire.....	4,824,241
Inspectional services.....	289,042
Education.....	30,610,518
Streets & sidewalks.....	1,424,995
Collection & disposal of solid waste.....	109,171
Equipment maintenance.....	390,633
Engineering.....	229,692
Administration & support.....	235,854
Public health.....	686,617
Senior services.....	45,649
Veteran services.....	24,309
Libraries.....	942,579
Parks & recreation.....	832,229
Newton history museum.....	<u>25,035</u>
Total AOPEBC - governmental activities.....	<u>48,020,979</u>

Business-Type Activities:

Water.....	608,008
Stormwater.....	86,243
Sewer.....	<u>452,277</u>
Total AOPEBC - business-type activities.....	<u>1,146,528</u>
Total AOPEBC.....	<u>\$ 49,167,507</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, 2016

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, 2016, the City's health claims liability totaled \$4,655,547 and is based on approximately one month claims paid average. Changes in the reported liability since July 1, 2014 are as follows:

	Balance at Beginning of Fiscal Year		Current Year Claims and Changes in Estimate		Claims Payments		Balance at Fiscal Year-end
Fiscal year 2015.....	\$ 3,333,157	\$	51,314,952	\$	(51,114,241)	\$	3,533,868
Fiscal year 2016.....	3,533,868		55,261,029		(54,139,350)		4,655,547

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 \$8,300,217 at June 30, 2016, of which \$1,474,065 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, 2017. The liability includes an estimate of the IBNR claims.

The June 30, 2016 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, 2014 are as follows:

	Balance at Beginning of Fiscal Year		Current Year Claims and Changes in Estimate		Claims Payments		Balance at Fiscal Year-end
Fiscal year 2015.....	\$ 8,099,755	\$	1,992,661	\$	(1,668,877)	\$	8,423,539
Fiscal year 2016.....	8,423,539		1,475,827		(1,599,149)		8,300,217

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

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.....	\$ -	\$ -	\$ -	\$ 397,049	\$ 397,049
Restricted:					
Debt service.....	2,803,983	-	-	-	2,803,983
General government.....	-	-	-	4,004,343	4,004,343
Public safety.....	-	-	-	1,150,088	1,150,088
Education.....	-	-	-	2,260,433	2,260,433
School construction.....	-	-	895,175	13,079,779	13,974,954
Pre-school program.....	-	-	-	145,199	145,199
Summer school.....	-	-	-	244,659	244,659
Continuing education.....	-	-	-	1,018,430	1,018,430
Public works.....	-	-	-	3,680,200	3,680,200
Health and human services.....	-	-	-	417,846	417,846
Culture and recreation.....	-	-	-	2,786,014	2,786,014
Recreation activities/classes.....	-	-	-	838,610	838,610
Camp programs.....	-	-	-	1,654,372	1,654,372
Community preservation.....	-	8,794,993	-	-	8,794,993
CPA- community housing.....	-	2,931,001	-	-	2,931,001
CPA- historic resources.....	-	2,278,991	-	-	2,278,991
CPA- community recreation.....	-	1,344,769	-	-	1,344,769
Capital.....	10,285	-	-	-	10,285
School lunch.....	-	-	-	143,485	143,485
Insurance proceeds.....	-	-	-	7,010	7,010
Receipts reserved.....	-	-	-	2,637,924	2,637,924
Sub-total - Restricted.....	<u>2,814,268</u>	<u>15,349,754</u>	<u>895,175</u>	<u>34,068,392</u>	<u>53,127,589</u>
Committed:					
Subsequent year's expenditures.....	1,598,546	-	-	-	1,598,546
Capital.....	2,168,821	-	-	-	2,168,821
Continuing appropriations.....	5,084,436	-	-	-	5,084,436
Receipts reserved.....	-	-	-	1,554,522	1,554,522
Sub-total - Committed.....	<u>8,851,803</u>	<u>-</u>	<u>-</u>	<u>1,554,522</u>	<u>10,406,325</u>
Assigned:					
Encumbrances.....	1,881,754	-	-	-	1,881,754
Capital.....	294,350	-	-	-	294,350
Sub-total - Assigned.....	<u>2,176,104</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,176,104</u>
Unassigned.....	<u>43,616,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,616,522</u>
Total.....	<u>\$ 57,458,697</u>	<u>\$ 15,349,754</u>	<u>\$ 895,175</u>	<u>\$ 36,019,963</u>	<u>\$ 109,723,589</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

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 City Council. Investment income is retained by the funds.

The balance of the capital and rainy day stabilization funds at June 30, 2016 total \$2,473,456 and \$18,841,239 respectively, and are reported in the general fund as restricted (\$10,285), committed (\$2,168,821), assigned (\$294,350) and unassigned (\$18,841,239).

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, 2015, the System’s membership consisted of the following:

Active members.....	1,732
Inactive - entitled to or receiving benefits.....	36
Inactive - not entitled to or not receiving benefits.....	586
Retirees and beneficiaries currently receiving benefits.....	<u>1,305</u>
Total members.....	<u><u>3,659</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, 2016

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, 2015, active member contributions totaled \$8,842,379 and employer contributions totaled \$21,670,552. Contributions to the System from the City were \$21,453,967 for the year ended June 30, 2016.

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, 2015, were as follows:

Total pension liability	\$ 610,204,160
Plan fiduciary net position	<u>(289,931,569)</u>
Net pension liability	<u>\$ 320,272,591</u>
Plan fiduciary net position as a percentage of the total pension liability	47.51%

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

At June 30, 2016, the City reported a liability of \$317,071,646 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was also determined by an actuarial valuation as of December 31, 2015. 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, 2015, actuarially determined. At December 31, 2015, the City's proportion was 99.000556 percent.

For the year ended June 30, 2016, the City recognized pension expense of \$33,474,806 associated with the System. At June 30, 2016, the City reported deferred outflows of resources related to pensions of \$32,289,080, and deferred inflows of resources of \$3,219,181 from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual experience.....	\$ 1,396,129	\$ 3,161,863
Changes of assumptions.....	15,410,515	-
Net difference between projected and actual earnings on System investments.....	15,482,436	-
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	-	57,318
	<u>\$ 32,289,080</u>	<u>\$ 3,219,181</u>

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

<u>Year Ended June 30:</u>	<u>Amount</u>
2017	\$ 8,688,987
2018	8,688,987
2019	8,688,984
2020	3,002,941

Actuarial Assumptions – The total pension liability in the December 31, 2015 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 9.60% per year
Remaining amortization period:	13 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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

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
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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2015 to December 31, 2015.

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, 2015, the annual money-weighted rate of return on System investments, net of investment expense, was 0.74%. 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 7.35% 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:

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	20.0%	6.49%
International Equity - Developed Markets	16.0%	7.16%
International Equity - Emerging Markets	6.0%	9.46%
Core Fixed Income	17.5%	1.68%
High-Yield Fixed Income	5.5%	4.76%
Real Estate	10.0%	4.37%
Commodities	4.0%	4.13%
Hedge Funds	11.0%	3.60%
Private Equity	10.0%	11.04%
Cash	0.0%	1.11%

Discount Rate - The discount rate used to measure the total pension liability was 7.35 percent; which was the same discount rate used to measure the total pension liability in the prior year. 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 (6.35%)	Current Discount Rate (7.35%)	1% Increase (8.35%)
System's net pension liability	\$ 386,789,315	\$ 320,272,591	\$ 264,170,764

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 (6.35%)	Current Discount Rate (7.35%)	1% Increase (8.35%)
City's proportionate share of the net pension liability	\$ 382,923,572	\$ 317,071,646	\$ 261,530,525

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

Legally Required Reserve Accounts – The balance in the System’s legally required reserves as of December 31, 2015 are as follows:

Description	Amount	Purpose
Annuity Savings Fund.....	\$ 89,207,262	Active members' contribution balance
Annuity Reserve Fund....	29,126,575	Retired members' contribution account
Military Service Fund.....	65,603	Military leave of absence contribution balance
Pension Fund.....	<u>171,532,129</u>	Remaining net reserves
Total.....	<u>\$ 289,931,569</u>	

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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

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, 2016. The Commonwealth's net pension liability associated with the City was \$337,530,133.

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, 2015 rolled forward to June 30, 2015.

For the year ended June 30, 2016, the City recognized pension expense of \$16,834,464 associated with MTRS and revenue of the same amount for support provided by the Commonwealth.

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

Investment rate of return:	7.50%
Salary increases:	Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service
Mortality Rates:	Pre-retirement - reflects RP-2014 Employees table projected generationally with Scale BB and a base year of 2014 (gender distinct) Post-retirement – reflects RP-2014 Healthy Annuitant table projected generationally with a Scale BB and a base year of 2014 (gender distinct) Disability – assumed to be in accordance with the RP-2014 Healthy Annuitant Table projected generationally with Scale BB and a base year 2014 set forward 4 years
Other:	3.50% interest rate credited to the annuity savings fund 3.00% 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:

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	40.00%	6.90%
Core Fixed Income	13.00%	2.40%
Private Equity	10.00%	8.50%
Real Estate	10.00%	6.50%
Value Added Fixed Income	10.00%	5.80%
Hedge Funds	9.00%	5.80%
Portfolio Completion Strategies	4.00%	5.50%
Timber/Natural Resources	4.00%	6.60%
Totals	<u>100.00%</u>	

Discount rate - The discount rate used to measure the MTRS' total pension liability was 7.50%. 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.

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, 2016, totaled \$6,966,190 and \$6,192,435, 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 2016, 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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2016

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, 2016 cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the City at June 30, 2016.

Note 20 – Prior Period Restatement

In the previous fiscal year, the City’s stormwater fund was reported as a nonmajor governmental fund. Effective July 1, 2015, the City implemented new user charge policies for its stormwater fund which were based upon full cost recovery. As such, effective July 1, 2015, the fund met the criteria of GASB Statement No. 34 to be presented as an enterprise fund. This requires the restatement of the June 30, 2015 net position of the governmental activities, business-type activities, and stormwater enterprise fund and the restatement of the June 30, 2015 fund balance of the nonmajor governmental funds, as shown as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Nonmajor Governmental Funds</u>	<u>Stormwater Enterprise Fund</u>
Net Position (Deficit), June 30, 2015, as Previously Reported.....	\$ (144,095,636)	\$ 94,014,054	\$ 17,107,938	\$ -
Cumulative Affect of Restatement.....	<u>(1,609,485)</u>	<u>1,609,485</u>	<u>(257,592)</u>	<u>1,609,485</u>
Net Position (Deficit), June 30, 2015, as Restated.....	<u><u>\$ (145,705,121)</u></u>	<u><u>\$ 95,623,539</u></u>	<u><u>\$ 16,850,346</u></u>	<u><u>\$ 1,609,485</u></u>



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Required Supplementary Information

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2016

PENSION PLAN SCHEDULES

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

	<u>2015</u>	<u>2014</u>
<u>Total pension liability</u>		
Service cost	\$ 11,948,894	\$ 10,445,973
Interest	43,307,330	41,588,936
Differences between expected and actual experience	(3,992,229)	2,350,371
Changes of assumptions	-	25,943,483
Benefit payments, including refunds of member contributions	<u>(36,652,624)</u>	<u>(35,872,446)</u>
Net change in total pension liability	14,611,371	44,456,317
Total pension liability - beginning	<u>595,592,789</u>	<u>551,136,472</u>
Total pension liability - ending (a)	<u><u>\$ 610,204,160</u></u>	<u><u>\$ 595,592,789</u></u>
<u>Plan fiduciary net position</u>		
Contributions - employer	\$ 21,670,552	\$ 19,972,859
Contributions - member	8,842,379	8,661,238
Net investment income	2,146,925	20,748,803
Benefit payments, including refunds of member contributions	<u>(36,652,624)</u>	<u>(35,872,446)</u>
Net change in plan fiduciary net position	(3,992,768)	13,510,454
Plan fiduciary net position - beginning	<u>293,924,337</u>	<u>280,413,883</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 289,931,569</u></u>	<u><u>\$ 293,924,337</u></u>
Net pension liability - ending (a) - (b)	<u><u>\$ 320,272,591</u></u>	<u><u>\$ 301,668,452</u></u>
Plan fiduciary net position as a percentage of the total pension liability	47.51%	49.35%
Covered-employee payroll	\$ 92,136,867	\$ 86,807,549
Net pension liability as a percentage of covered-employee payroll	347.61%	347.51%

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2016

SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 21,670,552	19,972,859	18,363,516	16,343,094	16,252,351
Contributions in relation to the actuarially determined contribution	<u>21,670,552</u>	<u>19,972,859</u>	<u>18,363,516</u>	<u>16,343,094</u>	<u>16,252,351</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 92,136,867	86,807,549	86,807,549	82,970,000	80,337,000
Contributions as a percentage of covered-employee payroll	23.52%	23.01%	21.15%	19.70%	20.23%
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	\$ 15,029,827	13,547,778	12,843,635	11,747,762	10,667,820
Contributions in relation to the actuarially determined contribution	<u>15,029,827</u>	<u>13,547,778</u>	<u>12,843,635</u>	<u>11,747,762</u>	<u>10,667,820</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 81,378,000	83,844,000	82,014,000	79,206,000	74,197,000
Contributions as a percentage of covered-employee payroll	18.47%	16.16%	15.66%	14.83%	14.38%

SCHEDULE OF INVESTMENT RETURNS (SYSTEM)

	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	0.74%	7.51%

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2016

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

	<u>2016*</u>	<u>2015*</u>
City's proportion of the net pension liability	99.000556%	99.026264%
City's proportionate share of the net pension liability	317,071,646	298,730,998
City's covered-employee payroll	90,939,864	85,643,310
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	348.66%	348.81%
Plan fiduciary net position as a percentage of the total pension liability	47.51%	49.35%

*The amounts presented were determined as of 12/31/15 and 12/31/14

SCHEDULE OF CITY'S CONTRIBUTIONS (SYSTEM)

	<u>2016</u>	<u>2015</u>
Actuarially Required Contribution	\$ 21,453,967	\$ 19,778,376
Contributions in Relation to the Actuarially Required Contribution	21,453,967	19,778,376
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
City's Covered-Employee Payroll	\$ 90,939,864	\$ 85,643,310
Contributions as a Percentage of Covered Employee Payroll	23.59%	23.09%

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

	<u>2016*</u>	<u>2015*</u>
City's proportion of the net pension liability	0.00%	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>337,530,133</u>	<u>260,194,376</u>
Total	<u>\$ 337,530,133</u>	<u>\$ 260,194,376</u>
City's covered-employee payroll	\$ 104,421,833	\$ 100,361,397
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	55.38%	61.64%

*The amounts presented were determined as of June 30, 2015 and June 30, 2014.

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2016

SCHEDULE OF CITY'S CONTRIBUTIONS (MTRS)

	<u>2016*</u>	<u>2015*</u>
Contractually required contribution	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 104,421,833	\$ 100,361,397
Contributions as a percentage of covered-employee payroll	N/A	N/A

*The amounts presented were determined as of June 30, 2015 and June 30, 2014.

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2016

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)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
06/30/16	\$ 3,570	\$ 722,762	\$ 719,192	0.5%	\$ 210,597	342%
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%

CITY OF NEWTON, MASSACHUSETTS
Notes to Required Supplementary Information
Fiscal Year Ended June 30, 2016

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 (2006-2015):	Entry Age Normal
Amortization method (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
Amortization method (2015):	Payment increases 9.60% per year
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
Remaining amortization period (2015):	13 years
Asset valuation method (2006-2007):	5-year smoothed market value
Asset valuation method (2008-2009):	Market value
Asset valuation method (2010-2015):	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 (2006-2012):	3.0%
Inflation (2013):	2.0 – 2.5%
Inflation (2014-2015):	2.5%
Salary increases (2006-2008):	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 (2014-2015):	3.5%
Investment rate of return (2006-2009):	8.00%
Investment rate of return (2010-2012):	7.75%
Investment rate of return (2013):	7.65%
Investment rate of return (2014-2015):	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 cannot 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 City Council 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 City Council.

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 City Council, for specific purposes and can only be spent with the prior appropriation of the City Council. 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 City Council 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 City Council 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 Council.

Municipal State Grant Fund

This fund is used to account for a variety of categorical municipal state grants other than ARRA grants. The City Council 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 Council.

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 City Council and School Committee.

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) other than school-related projects. Financing is generally derived from the issuance of bonds or notes. City Council appropriations are for the term of the projects. 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.

School Building Improvements Fund

This fund is used to account for the acquisition, construction, reconstruction, and/or major renovation of school-related buildings (and related fields and facilities). Financing is generally derived from the issuance of bonds or notes. City Council 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, City Council 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, 2016

Special Revenue Funds

ASSETS	School Lunch	Revolving	Receipts Reserved	Community Development Block Grant	Municipal Federal Grant
Cash and cash equivalents.....	\$ -	\$ -	\$ 1,554,522	\$ -	\$ -
Restricted cash and cash equivalents.....	1,109,238	6,559,006	2,637,924	513,752	247,933
Restricted investments.....	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:					
Charges for services.....	-	558,914	-	-	-
Special assessments.....	-	106,064	-	-	-
Departmental and other.....	-	-	-	-	-
Intergovernmental.....	54,628	-	-	3,200	181,389
Other assets.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 1,163,866	\$ 7,223,984	\$ 4,192,446	\$ 516,952	\$ 429,322
LIABILITIES					
Warrants payable.....	\$ 34	\$ 234,914	\$ -	\$ 2,888	\$ 204,401
Accrued liabilities.....	732,948	30,124	-	273	35,154
Accrued payroll.....	-	254,790	-	7,054	881
Other liabilities.....	287,399	-	-	1,143	1,042
Due to other funds.....	-	-	-	-	-
Short-term notes payable.....	-	-	-	-	-
TOTAL LIABILITIES.....	1,020,381	519,828	-	11,358	241,478
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	-	286,276	-	-	-
FUND BALANCES					
Nonspendable.....	-	-	-	-	-
Restricted.....	143,485	6,417,880	2,637,924	505,594	187,844
Committed.....	-	-	1,554,522	-	-
TOTAL FUND BALANCES.....	143,485	6,417,880	4,192,446	505,594	187,844
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 1,163,866	\$ 7,223,984	\$ 4,192,446	\$ 516,952	\$ 429,322

Special Revenue Funds

Municipal State Grant	School State Grant	School Federal Grant	Gift	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ 1,554,522
329,517	788,703	-	997,362	13,183,435
-	-	-	-	-
-	-	-	-	558,914
-	-	-	-	106,064
-	-	-	-	-
172,226	76,920	454,513	-	942,876
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 501,743</u>	<u>\$ 865,623</u>	<u>\$ 454,513</u>	<u>\$ 997,362</u>	<u>\$ 16,345,811</u>
\$ 25,819	\$ 4,898	\$ 41,384	\$ 31,080	\$ 545,418
-	150	-	3,209	801,858
17,401	195,645	232,076	4,635	712,482
-	-	-	-	289,584
-	-	163,490	-	163,490
-	-	-	-	-
<u>43,220</u>	<u>200,693</u>	<u>436,950</u>	<u>38,924</u>	<u>2,512,832</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>286,276</u>
-	-	-	-	-
458,523	664,930	17,563	958,438	11,992,181
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,554,522</u>
<u>458,523</u>	<u>664,930</u>	<u>17,563</u>	<u>958,438</u>	<u>13,546,703</u>
<u>\$ 501,743</u>	<u>\$ 865,623</u>	<u>\$ 454,513</u>	<u>\$ 997,362</u>	<u>\$ 16,345,811</u>

(Continued)

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

JUNE 30, 2016

Capital Projects Funds

ASSETS	Public Building Improvements	School Building Improvements	Street Improvements	Municipal Equipment Replacement	Sub-total
Cash and cash equivalents.....	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents.....	3,766,629	15,897,901	4,073,938	1,100,097	24,838,565
Restricted investments.....	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:					
Charges for services.....	-	-	-	-	-
Special assessments.....	-	-	-	-	-
Departmental and other.....	-	-	-	-	-
Intergovernmental.....	-	-	642,426	-	642,426
Other assets.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 3,766,629	\$ 15,897,901	\$ 4,716,364	\$ 1,100,097	\$ 25,480,991
LIABILITIES					
Warrants payable.....	\$ 685,031	\$ 105,418	\$ 161,949	\$ 87,045	\$ 1,039,443
Accrued liabilities.....	204,136	1,951,706	264,271	-	2,420,113
Accrued payroll.....	-	-	-	-	-
Other liabilities.....	-	-	-	-	-
Due to other funds.....	-	-	463,839	-	463,839
Short-term notes payable.....	-	761,000	-	-	761,000
TOTAL LIABILITIES.....	889,167	2,818,124	890,059	87,045	4,684,395
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	-	-	-	-	-
FUND BALANCES:					
Nonspendable.....	-	-	-	-	-
Restricted.....	2,877,462	13,079,777	3,826,305	1,013,052	20,796,596
Committed.....	-	-	-	-	-
TOTAL FUND BALANCES.....	2,877,462	13,079,777	3,826,305	1,013,052	20,796,596
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 3,766,629	\$ 15,897,901	\$ 4,716,364	\$ 1,100,097	\$ 25,480,991

Permanent Funds

Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 1,554,522
607,172	533,523	1,140,695	39,162,695
-	527,012	527,012	527,012
-	-	-	558,914
-	-	-	106,064
-	645	645	645
-	-	-	1,585,302
<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
<u>\$ 637,172</u>	<u>\$ 1,061,180</u>	<u>\$ 1,698,352</u>	<u>\$ 43,525,154</u>
\$ 21,688	\$ -	\$ 21,688	\$ 1,606,549
-	-	-	3,221,971
-	-	-	712,482
-	-	-	289,584
-	-	-	627,329
<u>-</u>	<u>-</u>	<u>-</u>	<u>761,000</u>
<u>21,688</u>	<u>-</u>	<u>21,688</u>	<u>7,218,915</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>286,276</u>
397,049	-	397,049	397,049
218,435	1,061,180	1,279,615	34,068,392
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,554,522</u>
<u>615,484</u>	<u>1,061,180</u>	<u>1,676,664</u>	<u>36,019,963</u>
<u>\$ 637,172</u>	<u>\$ 1,061,180</u>	<u>\$ 1,698,352</u>	<u>\$ 43,525,154</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, 2016

Special Revenue Funds

	School Lunch	Revolving	Receipts Reserved	Community Development Block Grant	Municipal Federal Grant
REVENUES					
Licenses and permits.....	\$ -	\$ -	\$ 1,240,119	\$ -	\$ -
Intergovernmental	684,960	5,278	-	3,001,790	2,738,336
Charges for services.....	2,357,166	14,536,252	1,644,716	-	-
Fines and forfeitures.....	-	233,525	12,650	-	-
Investment income (loss).....	2,781	3,816	286	-	-
Contributions and donations.....	-	212,579	136,000	-	-
Miscellaneous.....	-	63,027	148,584	-	-
Special assessments.....	-	123,894	-	-	-
TOTAL REVENUES.....	3,044,907	15,178,371	3,182,355	3,001,790	2,738,336
EXPENDITURES					
Current:					
General government:					
Legislative & executive.....	-	1,801	-	-	-
Planning & development.....	-	102,801	-	2,821,084	1,777,893
Public building maintenance & operations.....	-	3,074	-	-	-
Public safety:					
Police.....	-	3,666,613	-	-	153,546
Fire.....	-	307,673	-	-	-
Inspectional services.....	-	6,306	-	-	-
Education.....	2,995,200	7,742,077	-	-	-
Public works:					
Streets & sidewalks.....	-	233,590	-	-	-
Vehicle maintenance.....	-	2,390	-	-	-
Engineering.....	-	125,420	-	-	-
Health and human services:					
Health & human services.....	-	37	-	-	89,162
Senior services.....	-	156,659	-	-	-
Veteran services.....	-	-	-	-	-
Culture and recreation:					
Libraries.....	-	33,585	-	-	14,209
Parks & recreation.....	-	2,764,429	-	-	-
Newton History museum.....	-	2,164	-	-	-
TOTAL EXPENDITURES.....	2,995,200	15,148,619	-	2,821,084	2,034,810
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	49,707	29,752	3,182,355	180,706	703,526
OTHER FINANCING SOURCES (USES)					
Transfers in.....	-	1,021,000	34,429	-	-
Issuance of general obligation bonds.....	-	-	-	-	-
Proceeds of refunding bonds.....	-	-	-	-	-
Premium from issuance of refunding bonds.....	-	-	-	-	-
Sale of assets.....	-	44,179	-	-	-
Transfers out.....	-	-	(2,958,008)	-	(939,987)
Payments to refunding bond escrow agent.....	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	1,065,179	(2,923,579)	-	(939,987)
NET CHANGE IN FUND BALANCES.....	49,707	1,094,931	258,776	180,706	(236,461)
FUND BALANCES AT BEGINNING OF YEAR.....	93,778	5,322,949	3,933,670	324,888	424,305
FUND BALANCES AT END OF YEAR.....	\$ 143,485	\$ 6,417,880	\$ 4,192,446	\$ 505,594	\$ 187,844

Special Revenue Funds

Municipal State Grant	School State Grant	School Federal Grant	Gift	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ 1,240,119
1,238,991	7,926,659	5,141,711	-	20,737,725
-	-	-	-	18,538,134
-	-	-	-	246,175
31	-	-	772	7,686
-	-	-	543,513	892,092
-	-	-	-	211,611
-	-	-	-	123,894
<u>1,239,022</u>	<u>7,926,659</u>	<u>5,141,711</u>	<u>544,285</u>	<u>41,997,436</u>
18,034	-	-	-	19,835
69,498	-	-	18,350	4,789,626
246,718	-	-	-	249,792
284,151	-	-	1,890	4,106,200
41,828	-	-	-	349,501
-	-	-	-	6,306
-	8,816,380	5,155,456	412,178	25,121,291
-	-	-	-	233,590
-	-	-	-	2,390
-	-	-	-	125,420
146,568	-	-	3,954	239,721
209,084	-	-	3,611	369,354
-	-	-	4,928	4,928
22,536	-	-	-	70,330
15,337	-	-	165,529	2,945,295
-	-	-	-	2,164
<u>1,053,754</u>	<u>8,816,380</u>	<u>5,155,456</u>	<u>610,440</u>	<u>38,635,743</u>
<u>185,268</u>	<u>(889,721)</u>	<u>(13,745)</u>	<u>(66,155)</u>	<u>3,361,693</u>
-	-	-	-	1,055,429
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	44,179
-	-	-	-	(3,897,995)
-	-	-	-	-
-	-	-	-	(2,798,387)
185,268	(889,721)	(13,745)	(66,155)	563,306
<u>273,255</u>	<u>1,554,651</u>	<u>31,308</u>	<u>1,024,593</u>	<u>12,983,397</u>
<u>\$ 458,523</u>	<u>\$ 664,930</u>	<u>\$ 17,563</u>	<u>\$ 958,438</u>	<u>\$ 13,546,703</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, 2016

Capital Projects Funds

	Public Building Improvements	School Building Improvements	Street Improvements	Municipal Equipment Replacement	Sub-total
REVENUES					
Licenses and permits.....	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental.....	-	154,981	4,210,097	-	4,365,078
Charges for services.....	-	338	-	-	338
Fines and forfeitures.....	-	-	-	-	-
Investment income (loss).....	-	-	-	-	-
Contributions and donations.....	-	-	-	-	-
Miscellaneous.....	-	-	-	-	-
Special assessments.....	-	-	-	-	-
TOTAL REVENUES.....	-	155,319	4,210,097	-	4,365,416
EXPENDITURES					
Current:					
General government:					
Legislative & executive.....	-	-	-	-	-
Planning & development.....	-	-	-	-	-
Public building maintenance & operations.....	6,463,289	-	-	-	6,463,289
Public safety:					
Police.....	-	-	-	-	-
Fire.....	-	-	-	481,070	481,070
Inspectional services.....	-	-	-	-	-
Education.....	-	24,670,980	-	-	24,670,980
Public works:					
Streets & sidewalks.....	-	-	5,300,286	477,820	5,778,106
Vehicle maintenance.....	-	-	-	-	-
Engineering.....	-	-	-	-	-
Health and human services:					
Health & human services.....	-	-	-	-	-
Senior services.....	-	-	-	-	-
Veteran services.....	-	-	-	-	-
Culture and recreation:					
Libraries.....	-	-	-	203,000	203,000
Parks & recreation.....	534,086	-	-	-	534,086
Newton History museum.....	-	-	-	-	-
TOTAL EXPENDITURES.....	6,997,375	24,670,980	5,300,286	1,161,890	38,130,531
EXCESS (DEFICIENCY) OF REVENUES					
OVER EXPENDITURES.....	(6,997,375)	(24,515,661)	(1,090,189)	(1,161,890)	(33,765,115)
OTHER FINANCING SOURCES (USES)					
Transfers in.....	905,046	415,665	783,846	-	2,104,557
Issuance of general obligation bonds.....	6,801,000	37,850,000	4,000,000	1,734,000	50,385,000
Proceeds of refunding bonds.....	-	983,800	-	325,150	1,308,950
Premium from issuance of refunding bonds.....	-	121,512	-	48,605	170,117
Sale of assets.....	-	-	-	-	-
Transfers out.....	(19,475)	(308,278)	-	-	(327,753)
Payments to refunding bond escrow agent.....	-	(1,105,312)	-	(373,755)	(1,479,067)
TOTAL OTHER FINANCING SOURCES (USES).....	7,686,571	37,957,387	4,783,846	1,734,000	52,161,804
NET CHANGE IN FUND BALANCES.....	689,196	13,441,726	3,693,657	572,110	18,396,689
FUND BALANCES AT BEGINNING OF YEAR.....	2,188,266	(361,949)	132,648	440,942	2,399,907
FUND BALANCES AT END OF YEAR.....	\$ 2,877,462	\$ 13,079,777	\$ 3,826,305	\$ 1,013,052	\$ 20,796,596

Permanent Funds

Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 1,240,119
-	-	-	25,102,803
1,333	-	1,333	18,539,805
-	-	-	246,175
673	(6,917)	(6,244)	1,442
200,000	354,877	554,877	1,446,969
-	-	-	211,611
-	-	-	123,894
<u>202,006</u>	<u>347,960</u>	<u>549,966</u>	<u>46,912,818</u>
-	-	-	19,835
-	-	-	4,789,626
757	-	757	6,713,838
-	-	-	4,106,200
-	-	-	830,571
-	-	-	6,306
-	-	-	49,792,271
-	-	-	6,011,696
-	-	-	2,390
-	-	-	125,420
-	-	-	239,721
-	-	-	369,354
-	-	-	4,928
-	299,587	299,587	572,917
40,000	-	40,000	3,519,381
-	-	-	2,164
<u>40,757</u>	<u>299,587</u>	<u>340,344</u>	<u>77,106,618</u>
<u>161,249</u>	<u>48,373</u>	<u>209,622</u>	<u>(30,193,800)</u>
-	-	-	3,159,986
-	-	-	50,385,000
-	-	-	1,308,950
-	-	-	170,117
-	-	-	44,179
-	-	-	(4,225,748)
-	-	-	(1,479,067)
-	-	-	49,363,417
161,249	48,373	209,622	19,169,617
<u>454,235</u>	<u>1,012,807</u>	<u>1,467,042</u>	<u>16,850,346</u>
<u>\$ 615,484</u>	<u>\$ 1,061,180</u>	<u>\$ 1,676,664</u>	<u>\$ 36,019,963</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 City Council.

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, 2016

ASSETS	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
Current assets:					
Restricted cash and cash equivalents.....	\$ 19,815,320	\$ 441,376	\$ -	\$ 4,401	\$ 20,261,097
Restricted investments.....	-	10,203,014	-	-	10,203,014
Interest and dividends.....	-	13,881	-	-	13,881
Receivables, net of allowance for uncollectible amounts:					
Departmental and other.....	177,066	-	-	-	177,066
Working capital deposit.....	398,015	-	-	-	398,015
Total assets.....	<u>20,390,401</u>	<u>10,658,271</u>	<u>-</u>	<u>4,401</u>	<u>31,053,073</u>
LIABILITIES					
Current liabilities:					
Warrants payable.....	54,115	18,226	-	-	72,341
Accrued liabilities.....	212,186	46,300	-	-	258,486
Accrued payroll.....	-	14,019	-	-	14,019
Other liabilities.....	1,816,058	-	-	-	1,816,058
Accrued health claims payable.....	4,655,547	-	-	-	4,655,547
Workers' compensation claims.....	-	1,474,065	-	-	1,474,065
Total current liabilities.....	<u>6,737,906</u>	<u>1,552,610</u>	<u>-</u>	<u>-</u>	<u>8,290,516</u>
Noncurrent liabilities:					
Workers' compensation claims.....	-	6,826,152	-	-	6,826,152
Total liabilities.....	<u>6,737,906</u>	<u>8,378,762</u>	<u>-</u>	<u>-</u>	<u>15,116,668</u>
FUND NET POSITION					
Unrestricted.....	<u>\$ 13,652,495</u>	<u>\$ 2,279,509</u>	<u>\$ -</u>	<u>\$ 4,401</u>	<u>\$ 15,936,405</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, 2016

	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
OPERATING REVENUES					
Employer contributions.....	\$ 45,845,341	\$ 1,650,000	\$ -	\$ -	\$ 47,495,341
Plan member contributions.....	12,228,686	-	-	-	12,228,686
TOTAL OPERATING REVENUES.....	58,074,027	1,650,000	-	-	59,724,027
OPERATING EXPENSES					
Change in incurred but not reported liability.....	209,448	(91,292)	-	-	118,156
Self insurance claims.....	54,877,455	1,599,148	-	-	56,476,603
Administrative expenses.....	3,872,360	111,131	-	-	3,983,491
TOTAL OPERATING EXPENSES.....	58,959,263	1,618,987	-	-	60,578,250
OPERATING INCOME (LOSS).....	(885,236)	31,013	-	-	(854,223)
NONOPERATING REVENUES (EXPENSES)					
Investment income.....	240,644	(178,113)	-	70	62,601
INCOME (LOSS) BEFORE TRANSFERS.....	(644,592)	(147,100)	-	70	(791,622)
TRANSFERS					
Transfers out.....	-	-	-	(134,363)	(134,363)
CHANGE IN FUND NET POSITION.....	(644,592)	(147,100)	-	(134,293)	(925,985)
FUND NET POSITION AT BEGINNING OF YEAR.....	14,297,087	2,426,609	-	138,694	16,862,390
FUND NET POSITION AT END OF YEAR.....	\$ 13,652,495	\$ 2,279,509	\$ -	\$ 4,401	\$ 15,936,405

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users.....	\$ 12,228,686	\$ -	\$ -	\$ -	\$ 12,228,686
Receipts from interfund services provided.....	45,668,275	1,650,000	-	-	47,318,275
Payments to vendors/providers.....	(57,779,982)	(1,822,869)	-	-	(59,602,851)
NET CASH FROM OPERATING ACTIVITIES.....	116,979	(172,869)	-	-	(55,890)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out.....	-	-	-	(134,363)	(134,363)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase and sales of investments, net.....	-	218,119	-	-	218,119
Investment income.....	240,644	(174,498)	-	70	66,216
NET CASH FROM INVESTING ACTIVITIES.....	240,644	43,621	-	70	284,335
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	357,623	(129,248)	-	(134,293)	94,082
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (restricted).....	19,457,697	570,624	-	138,694	20,167,015
CASH AND CASH EQUIVALENTS AT END OF YEAR (restricted).....	\$ 19,815,320	\$ 441,376	\$ -	\$ 4,401	\$ 20,261,097
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (loss).....	\$ (885,236)	\$ 31,013	\$ -	\$ -	\$ (854,223)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Changes in assets and liabilities:					
Departmental and other.....	(177,066)	-	-	-	(177,066)
Working capital deposit.....	(46,130)	-	-	-	(46,130)
Prepaid expenses.....	57,445	-	-	-	57,445
Warrants payable.....	(174,125)	(82,180)	-	-	(256,305)
Accrued payroll.....	-	(8,680)	-	-	(8,680)
Other liabilities.....	8,226	-	-	-	8,226
Accrued liabilities.....	212,186	10,300	-	-	222,486
Accrued health claims payable.....	1,121,679	-	-	-	1,121,679
Workers' compensation.....	-	(123,322)	-	-	(123,322)
Total adjustments.....	1,002,215	(203,882)	-	-	798,333
NET CASH FROM OPERATING ACTIVITIES.....	\$ 116,979	\$ (172,869)	\$ -	\$ -	\$ (55,890)



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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, 2016

	Chaffin Education	Scovell Education	Cousens Welfare	School Scholarship
ASSETS				
Cash and cash equivalents.....	\$ 208,132	\$ 37,324	\$ 394,932	\$ 628,930
Investments:				
Fixed Income.....	1,410,774	467,853	549,192	269,679
Equities.....	3,562,891	745,318	1,309,151	412,548
Interest and dividends.....	2,375	2,391	5,855	904
Total assets.....	5,184,173	1,252,886	2,259,131	1,312,059
LIABILITIES				
Warrants payable.....	19,050	-	-	1,750
NET POSITION				
Assets held in trust for other purposes.....	\$ 5,165,123	\$ 1,252,886	\$ 2,259,131	\$ 1,310,309

<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>
\$ 3,135	\$ 43,557	\$ 4,703	\$ 38,361	\$ 1,470	\$ 3,638	\$ 1,364,182
-	-	-	-	-	-	2,697,498
-	-	-	-	-	-	6,029,908
-	-	-	-	-	-	11,525
<u>3,135</u>	<u>43,557</u>	<u>4,703</u>	<u>38,361</u>	<u>1,470</u>	<u>3,638</u>	<u>10,103,113</u>
-	-	-	-	-	-	20,800
<u>\$ 3,135</u>	<u>\$ 43,557</u>	<u>\$ 4,703</u>	<u>\$ 38,361</u>	<u>\$ 1,470</u>	<u>\$ 3,638</u>	<u>\$ 10,082,313</u>

CITY OF NEWTON, MASSACHUSETTS
PRIVATE PURPOSE TRUST FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Chaffin Education	Scovell Education	Cousens Welfare	School Scholarship
ADDITIONS				
Contributions:				
Private donations.....	\$ 200	\$ -	\$ 10,300	\$ 146,109
Net investment income:				
Interest.....	(55,778)	(2,590)	94,512	(1,633)
TOTAL ADDITIONS.....	(55,578)	(2,590)	104,812	144,476
DEDUCTIONS				
Administration expense.....	1,176	-	29,296	-
Educational scholarships & awards.....	202,500	26,000	35,574	100,846
TOTAL DEDUCTIONS.....	203,676	26,000	64,870	100,846
CHANGE IN NET POSITION.....	(259,254)	(28,590)	39,942	43,630
NET POSITION AT BEGINNING OF YEAR.....	5,424,377	1,281,476	2,219,189	1,266,679
NET POSITION AT END OF YEAR.....	\$ 5,165,123	\$ 1,252,886	\$ 2,259,131	\$ 1,310,309

<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>
\$ -	\$ -	\$ -	\$ -	\$ 1,716	\$ -	\$ 158,325
<u>7</u>	<u>147</u>	<u>15</u>	<u>124</u>	<u>6</u>	<u>25</u>	<u>34,835</u>
<u>7</u>	<u>147</u>	<u>15</u>	<u>124</u>	<u>1,722</u>	<u>25</u>	<u>193,160</u>
-	-	-	-	-	-	30,472
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,201</u>	<u>8,729</u>	<u>374,850</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,201</u>	<u>8,729</u>	<u>405,322</u>
7	147	15	124	521	(8,704)	(212,162)
<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>
<u>\$ 3,135</u>	<u>\$ 43,557</u>	<u>\$ 4,703</u>	<u>\$ 38,361</u>	<u>\$ 1,470</u>	<u>\$ 3,638</u>	<u>\$ 10,082,313</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, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
ASSETS				
Cash and cash equivalents.....	\$ 2,953,519	\$ 145,059,464	\$ (144,989,273)	\$ 3,023,710
	<u>2,953,519</u>	<u>145,059,464</u>	<u>(144,989,273)</u>	<u>3,023,710</u>
LIABILITIES				
Payroll withholdings.....	\$ 618,015	\$ 142,705,344	\$ (142,739,253)	\$ 584,106
Other liabilities.....	2,335,504	2,354,120	(2,250,020)	2,439,604
	<u>2,335,504</u>	<u>2,354,120</u>	<u>(2,250,020)</u>	<u>2,439,604</u>
Total liabilities.....	\$ 2,953,519	\$ 145,059,464	\$ (144,989,273)	\$ 3,023,710
	<u>2,953,519</u>	<u>145,059,464</u>	<u>(144,989,273)</u>	<u>3,023,710</u>



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General Fund

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Encumbrances/ Continued Appropriations	FY 2016 Original Budget	FY 2016 Budget Revisions
City Clerk/Clerk of the Board			
Personal Services	\$ -	\$ 1,267,813	\$ 48,663
Expenses	9,935	170,408	10,570
Capital Outlay	-	5,000	3,900
Fringe Benefits	-	319,067	625
Total City Clerk/Clerk of the Board	<u>9,935</u>	<u>1,762,288</u>	<u>63,758</u>
Executive			
Personal Services	-	841,527	-
Expenses	-	64,990	-
Fringe Benefits	-	134,529	(18,231)
Total Mayor's Office	<u>-</u>	<u>1,041,046</u>	<u>(18,231)</u>
Comptroller's Office/Property Insurance/Audit			
Personal Services	-	451,379	-
Expenses	69,597	566,800	-
Fringe Benefits	-	79,354	1,685
Total Comptroller's Office/Property Insurance	<u>69,597</u>	<u>1,097,533</u>	<u>1,685</u>
Purchasing/General Services			
Personal Services	-	342,427	-
Expenses	28	49,130	-
Fringe Benefits	-	80,344	2,933
Total Purchasing/General Services	<u>28</u>	<u>471,901</u>	<u>2,933</u>
Assessing Department			
Personal Services	-	1,084,076	25,000
Expenses	-	58,025	-
Capital Outlay	10,000	-	-
Fringe Benefits	-	124,851	4,219
Total Assessing Department	<u>10,000</u>	<u>1,266,952</u>	<u>29,219</u>
Treasury & Collection Department			
Personal Services	-	685,170	-
Expenses	4,525	471,550	225,583
Capital Outlay	-	-	28,226
Fringe Benefits	-	109,132	(16,575)
Total Treasury & Collection Department	<u>4,525</u>	<u>1,265,852</u>	<u>237,234</u>
City Solicitor/Judgments & Settlements			
Personal Services	-	1,178,855	(25,000)
Expenses	2,727	212,320	298,468
Fringe Benefits	-	155,611	(30,900)
Total City Solicitor's Office/Settlements	<u>2,727</u>	<u>1,546,786</u>	<u>242,568</u>

FY 2016 Budget As Amended	Total Revised FY 2016 Budget	Expenditures and Transfers	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ 1,316,476	\$ 1,316,476	\$ 1,263,791	\$ -	\$ 52,685
180,978	190,913	162,502	26,591	1,820
8,900	8,900	8,290	532	78
319,692	319,692	310,894	-	8,798
<u>1,826,046</u>	<u>1,835,981</u>	<u>1,745,477</u>	<u>27,123</u>	<u>63,381</u>
841,527	841,527	781,755	-	59,772
64,990	64,990	57,811	-	7,179
116,298	116,298	101,149	-	15,149
<u>1,022,815</u>	<u>1,022,815</u>	<u>940,715</u>	<u>-</u>	<u>82,100</u>
451,379	451,379	443,763	-	7,616
566,800	636,397	542,341	93,711	345
81,039	81,039	81,037	-	2
<u>1,099,218</u>	<u>1,168,815</u>	<u>1,067,141</u>	<u>93,711</u>	<u>7,963</u>
342,427	342,427	339,670	-	2,757
49,130	49,158	28,431	29	20,698
83,277	83,277	83,226	-	51
<u>474,834</u>	<u>474,862</u>	<u>451,327</u>	<u>29</u>	<u>23,506</u>
1,109,076	1,109,076	1,077,895	-	31,181
58,025	58,025	40,843	-	17,182
-	10,000	7,278	-	2,722
129,070	129,070	125,999	-	3,071
<u>1,296,171</u>	<u>1,306,171</u>	<u>1,252,015</u>	<u>-</u>	<u>54,156</u>
685,170	685,170	627,265	-	57,905
697,133	701,658	621,830	4,743	75,085
28,226	28,226	-	28,226	-
92,557	92,557	86,765	-	5,792
<u>1,503,086</u>	<u>1,507,611</u>	<u>1,335,860</u>	<u>32,969</u>	<u>138,782</u>
1,153,855	1,153,855	1,079,657	-	74,198
510,788	513,515	489,434	19,695	4,386
124,711	124,711	116,849	-	7,862
<u>1,789,354</u>	<u>1,792,081</u>	<u>1,685,940</u>	<u>19,695</u>	<u>86,446</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, 2016

	Encumbrances/ Continued Appropriations	FY 2016 Original Budget	FY 2016 Budget Revisions
Human Resources Department			
Personal Services	-	595,317	25,000
Expenses	16,859	160,972	133,133
Fringe Benefits	-	231,187	30,900
Total Human Resources Department	<u>16,859</u>	<u>987,476</u>	<u>189,033</u>
Information Technology Department			
Personal Services	-	855,153	50,000
Expenses	4,630	232,970	-
Capital Outlay	29,019	200,000	-
Fringe Benefits	-	147,834	(776)
Total Information Technology Department	<u>33,649</u>	<u>1,435,957</u>	<u>49,224</u>
Financial Information Systems			
Personal Services	-	332,281	25,000
Expenses	4,630	208,100	-
Fringe Benefits	-	45,362	16,600
Total Financial Information Systems	<u>4,630</u>	<u>585,743</u>	<u>41,600</u>
Planning & Development Department			
Personal Services	-	1,176,363	(200,000)
Expenses	375,035	126,343	-
Capital Outlay	73,487	25,000	-
Fringe Benefits	-	196,230	(3,079)
Total Planning & Development Department	<u>448,522</u>	<u>1,523,936</u>	<u>(203,079)</u>
Public Building Department			
Personal Services	-	2,366,357	(90,000)
Expenses	36,977	1,334,505	92,523
Capital Outlay	47,322	79,375	-
Fringe Benefits	-	446,065	-
Total Public Building Department	<u>84,299</u>	<u>4,226,302</u>	<u>2,523</u>
GENERAL GOVERNMENT TOTAL			
	<u>684,771</u>	<u>17,211,772</u>	<u>638,467</u>
Police Department			
Personal Services	-	16,134,874	277,000
Expenses	-	863,954	23,000
Capital Outlay	-	408,000	-
Fringe Benefits	-	2,630,444	-
Total Police Department	<u>-</u>	<u>20,037,272</u>	<u>300,000</u>

<u>FY 2016 Budget As Amended</u>	<u>Total Revised FY 2016 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
620,317	620,317	590,983	-	29,334
294,105	310,964	265,162	39,640	6,162
262,087	262,087	228,834	-	33,253
<u>1,176,509</u>	<u>1,193,368</u>	<u>1,084,979</u>	<u>39,640</u>	<u>68,749</u>
905,153	905,153	817,579	-	87,574
232,970	237,600	234,693	2,907	-
200,000	229,019	223,318	3,940	1,761
147,058	147,058	143,336	-	3,722
<u>1,485,181</u>	<u>1,518,830</u>	<u>1,418,926</u>	<u>6,847</u>	<u>93,057</u>
357,281	357,281	321,922	-	35,359
208,100	212,730	175,747	6,025	30,958
61,962	61,962	61,929	-	33
<u>627,343</u>	<u>631,973</u>	<u>559,598</u>	<u>6,025</u>	<u>66,350</u>
976,363	976,363	903,133	-	73,230
126,343	501,378	396,073	94,711	10,594
25,000	98,487	38,766	59,721	-
193,151	193,151	149,674	-	43,477
<u>1,320,857</u>	<u>1,769,379</u>	<u>1,487,646</u>	<u>154,432</u>	<u>127,301</u>
2,276,357	2,276,357	2,271,793	-	4,564
1,427,028	1,464,005	1,418,102	45,471	432
79,375	126,697	126,204	-	493
446,065	446,065	410,132	-	35,933
<u>4,228,825</u>	<u>4,313,124</u>	<u>4,226,231</u>	<u>45,471</u>	<u>41,422</u>
<u>17,850,239</u>	<u>18,535,010</u>	<u>17,255,855</u>	<u>425,942</u>	<u>853,213</u>
16,411,874	16,411,874	16,249,921	-	161,953
886,954	886,954	878,065	-	8,889
408,000	408,000	402,816	-	5,184
2,630,444	2,630,444	2,571,310	-	59,134
<u>20,337,272</u>	<u>20,337,272</u>	<u>20,102,112</u>	<u>-</u>	<u>235,160</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, 2016

	Encumbrances/ Continued Appropriations	FY 2016 Original Budget	FY 2016 Budget Revisions
Fire Department			
Personal Services	-	15,788,999	700,000
Expenses	42,047	918,743	21,898
Capital Outlay	82,328	167,000	-
Fringe Benefits	-	2,497,798	9,394
Total Fire Department	<u>124,375</u>	<u>19,372,540</u>	<u>731,292</u>
Inspectional Services Department			
Personal Services	-	1,068,249	150,000
Expenses	17,711	68,999	-
Fringe Benefits	-	208,810	-
Total Inspectional Services Department	<u>17,711</u>	<u>1,346,058</u>	<u>150,000</u>
PUBLIC SAFETY TOTAL	<u>142,086</u>	<u>40,755,870</u>	<u>1,181,292</u>
NEWTON PUBLIC SCHOOLS	<u>616,367</u>	<u>203,710,912</u>	<u>(986,000)</u>
Public Works Department			
Personal Services	-	7,861,082	(73,879)
Expenses	457,018	10,814,105	2,850,014
Capital Outlay	154,507	170,000	-
Fringe Benefits	-	1,712,136	(26,335)
Total Public Works Department	<u>611,525</u>	<u>20,557,323</u>	<u>2,749,800</u>
PUBLIC WORKS TOTAL	<u>611,525</u>	<u>20,557,323</u>	<u>2,749,800</u>

<u>FY 2016 Budget As Amended</u>	<u>Total Revised FY 2016 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
16,488,999	16,488,999	16,402,127	-	86,872
940,641	982,688	811,356	22,027	149,305
167,000	249,328	81,301	168,027	-
2,507,192	2,507,192	2,507,192	-	-
<u>20,103,832</u>	<u>20,228,207</u>	<u>19,801,976</u>	<u>190,054</u>	<u>236,177</u>
1,218,249	1,218,249	1,081,840	-	136,409
68,999	86,710	69,961	1,202	15,547
208,810	208,810	194,523	-	14,287
<u>1,496,058</u>	<u>1,513,769</u>	<u>1,346,324</u>	<u>1,202</u>	<u>166,243</u>
<u>41,937,162</u>	<u>42,079,248</u>	<u>41,250,412</u>	<u>191,256</u>	<u>637,580</u>
<u>202,724,912</u>	<u>203,341,279</u>	<u>202,612,822</u>	<u>727,580</u>	<u>877</u>
7,787,203	7,787,203	7,388,299	-	398,904
13,664,119	14,121,137	13,538,374	348,195	234,568
170,000	324,507	262,345	62,091	71
1,685,801	1,685,801	1,559,498	-	126,303
<u>23,307,123</u>	<u>23,918,648</u>	<u>22,748,516</u>	<u>410,286</u>	<u>759,846</u>
<u>23,307,123</u>	<u>23,918,648</u>	<u>22,748,516</u>	<u>410,286</u>	<u>759,846</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, 2016

	Encumbrances/ Continued Appropriations	FY 2016 Original Budget	FY 2016 Budget Revisions
Health & Human Services Department			
Personal Services	-	2,578,632	-
Expenses	-	418,130	-
Fringe Benefits	-	436,316	26,335
Total Public Health Department	<u>-</u>	<u>3,433,078</u>	<u>26,335</u>
Senior Services Department			
Personal Services	-	267,959	-
Expenses	-	288,163	-
Fringe Benefits	-	50,851	4,379
Total Human Services Department	<u>-</u>	<u>606,973</u>	<u>4,379</u>
Veteran Services Department			
Personal Services	-	91,338	(20,000)
Expenses	-	256,135	67,500
Fringe Benefits	-	20,275	(1,497)
Total Veteran Services Department	<u>-</u>	<u>367,748</u>	<u>46,003</u>
<hr/>			
HEALTH & HUMAN SERVICES TOTAL	<u>-</u>	<u>4,407,799</u>	<u>76,717</u>
<hr/>			
Newton Public Library			
Personal Services	-	3,728,355	(44,823)
Expenses	4,295	1,024,925	42,300
Capital Outlay	409	6,000	-
Fringe Benefits	-	642,714	373
Total Newton Public Library	<u>4,704</u>	<u>5,401,994</u>	<u>(2,150)</u>
Parks & Recreation Department			
Personal Services	-	3,223,853	(31,720)
Expenses	9,919	1,803,288	555,585
Capital Outlay	-	210,000	-
Fringe Benefits	-	568,317	(6,000)
Total Parks & Recreation Department	<u>9,919</u>	<u>5,805,458</u>	<u>517,865</u>
Newton History Museum			
Personal Services	-	221,629	-
Expenses	484	24,417	-
Fringe Benefits	-	13,183	6,001
Total Newton History Museum	<u>484</u>	<u>259,229</u>	<u>6,001</u>
<hr/>			
CULTURE & RECREATION TOTAL	<u>15,107</u>	<u>11,466,681</u>	<u>521,716</u>

<u>FY 2016 Budget As Amended</u>	<u>Total Revised FY 2016 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
2,578,632	2,578,632	2,424,332	-	154,300
418,130	418,130	364,159	5,839	48,132
462,651	462,651	443,724	-	18,927
<u>3,459,413</u>	<u>3,459,413</u>	<u>3,232,215</u>	<u>5,839</u>	<u>221,359</u>
267,959	267,959	265,764	-	2,195
288,163	288,163	288,163	-	-
55,230	55,230	55,175	-	55
<u>611,352</u>	<u>611,352</u>	<u>609,102</u>	<u>-</u>	<u>2,250</u>
71,338	71,338	68,931	-	2,407
323,635	323,635	322,490	-	1,145
18,778	18,778	1,011	-	17,767
<u>413,751</u>	<u>413,751</u>	<u>392,432</u>	<u>-</u>	<u>21,319</u>
<u>4,484,516</u>	<u>4,484,516</u>	<u>4,233,749</u>	<u>5,839</u>	<u>244,928</u>
3,683,532	3,683,532	3,679,534	-	3,998
1,067,225	1,071,520	1,071,011	189	320
6,000	6,409	6,318	-	91
643,087	643,087	643,012	-	75
<u>5,399,844</u>	<u>5,404,548</u>	<u>5,399,875</u>	<u>189</u>	<u>4,484</u>
3,192,133	3,192,133	3,103,141	-	88,992
2,358,873	2,368,792	2,271,584	91,630	5,578
210,000	210,000	180,968	29,032	-
562,317	562,317	537,515	-	24,802
<u>6,323,323</u>	<u>6,333,242</u>	<u>6,093,208</u>	<u>120,662</u>	<u>119,372</u>
221,629	221,629	203,798	-	17,831
24,417	24,901	21,415	-	3,486
19,184	19,184	16,622	-	2,562
<u>265,230</u>	<u>265,714</u>	<u>241,835</u>	<u>-</u>	<u>23,879</u>
<u>11,988,397</u>	<u>12,003,504</u>	<u>11,734,918</u>	<u>120,851</u>	<u>147,735</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, 2016

	Encumbrances/ Continued Appropriations	FY 2016 Original Budget	FY 2016 Budget Revisions
DEBT SERVICE (PRINCIPAL & INTEREST)			
Debt Service	-	19,064,717	-
RETIREMENT			
Personal Services	-	215,109	-
Expenses	-	77,280	-
Fringe Benefits	-	31,279,257	(100,050)
Total Retirement	-	31,571,646	(100,050)
APPROPRIATED RESERVES			
Wage & Salary Reserve	-	750,000	(650,000)
Reserve Fund (Budget Reserve)	-	500,000	(492,133)
Reserve Fund (Snow & Ice)	-	2,500,000	(2,500,000)
Total Budgetary Reserves	-	3,750,000	(3,642,133)
STATE & COUNTY ASSESSMENTS	-	6,000,544	26,157
SPECIAL APPROPRIATIONS	2,475,220	200,000	4,174,974
TOTAL EXPENDITURES	4,545,076	358,697,264	4,640,940
TRANSFERS TO OTHER FUNDS:			
Workers Comp Self Insurance Fund - Municipal	-	800,000	-
Workers Comp Self Insurance Fund - School	-	-	350,000
School Athletic Revolving Fund - School	-	-	1,021,000
Angier Elementary Improvement Fund	-	-	351,159
Cabot Capital Project Fund	-	-	17,865
Capital Stabilization Fund	-	2,400,000	10,285
Rainy Day Stabilization Fund	-	100,000	1,336,831
Traffic Mitigation Receipts Reserved Fund	-	-	34,429
Street Improvement Fund	-	-	278,569
Total Transfers to Other Funds	-	3,300,000	3,400,138
TOTAL EXPENDITURES AND TRANSFERS	\$ 4,545,076	\$ 361,997,264	\$ 8,041,078

<u>FY 2016 Budget As Amended</u>	<u>Total Revised FY 2016 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
<u>19,064,717</u>	<u>19,064,717</u>	<u>18,595,065</u>	<u>-</u>	<u>469,652</u>
215,109	215,109	215,109	-	-
77,280	77,280	77,280	-	-
<u>31,179,207</u>	<u>31,179,207</u>	<u>30,943,097</u>	<u>-</u>	<u>236,110</u>
<u>31,471,596</u>	<u>31,471,596</u>	<u>31,235,486</u>	<u>-</u>	<u>236,110</u>
100,000	100,000	-	-	100,000
7,867	7,867	-	-	7,867
-	-	-	-	-
<u>107,867</u>	<u>107,867</u>	<u>-</u>	<u>-</u>	<u>107,867</u>
<u>6,026,701</u>	<u>6,026,701</u>	<u>6,113,282</u>	<u>-</u>	<u>(86,581)</u>
<u>4,374,974</u>	<u>6,850,194</u>	<u>1,765,758</u>	<u>5,084,436</u>	<u>-</u>
<u>363,338,204</u>	<u>367,883,280</u>	<u>357,545,863</u>	<u>6,966,190</u>	<u>3,371,227</u>
800,000	800,000	800,000	-	-
350,000	350,000	350,000	-	-
1,021,000	1,021,000	1,021,000	-	-
351,159	351,159	351,159	-	-
17,865	17,865	17,865	-	-
2,410,285	2,410,285	2,410,285	-	-
1,436,831	1,436,831	1,436,831	-	-
34,429	34,429	34,429	-	-
<u>278,569</u>	<u>278,569</u>	<u>278,569</u>	<u>-</u>	<u>-</u>
<u>6,700,138</u>	<u>6,700,138</u>	<u>6,700,138</u>	<u>-</u>	<u>-</u>
<u>370,038,342</u> \$	<u>374,583,418</u> \$	<u>364,246,001</u> \$	<u>6,966,190</u> \$	<u>3,371,227</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 City Council 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, 2016

	Encumbrances/ Continued Appropriations	Current Year Appropriations	Original Budget
Administration & operations	\$ -	\$ 150,485	\$ 150,485
2016 CPA appropriation reserve	-	2,080,905	2,080,905
Open space:			
Open space reserve	-	357,251	357,251
Historic resources:			
Historic preservation reserve	-	357,251	357,251
Historical burial grounds restoration	2,048	-	2,048
Historical burial grounds restoration Phase Iia	8,337	-	8,337
Newton History Museum Archives Project	861,143	-	861,143
City Archives Strategic Plan	20,000	-	20,000
Nathan Allen House Preservation/Rehabilitation	31,587	-	31,587
East Parish Burial Ground Restoration	202,539	-	202,539
New Arts Center Renovation Plan Grant	-	-	-
M. Compris Mural Restoration - NNHS	-	-	-
Total - Historic preservation	<u>1,125,654</u>	<u>357,251</u>	<u>1,482,905</u>
Community housing:			
Community housing reserve	-	357,251	357,251
12 & 18-20 Curve St. Affordable Housing	910,179	-	910,179
Newton Homebuyer Assistance Program II	55,771	-	55,771
Newton Homebuyer Assistance Program III	475,000	-	475,000
Taft Ave housing	584,029	-	584,029
Newton Homebuyer Assistance Program - IV - Planning	1,057,000	-	1,057,000
Crescent Street site assessment	-	-	-
10-12 Cambria St Housing	-	-	-
Total - community housing	<u>3,081,979</u>	<u>357,251</u>	<u>3,439,230</u>
Community recreation:			
20 Rogers Street debt service - Treasury	-	269,344	269,344
Newton Highlands Playground Strategic Design	181,000	-	181,000
Farlow Park Preservation/Restoration	476,780	-	476,780
Waban Hill Reservoir Land Acquisition	545,200	-	545,200
Crescent Street site assessment	-	-	-
Total - community recreation	<u>1,202,980</u>	<u>269,344</u>	<u>1,472,324</u>
TOTAL CPA FUND	<u>\$ 5,410,613</u>	<u>\$ 3,572,487</u>	<u>\$ 8,983,100</u>

Budget Revisions	Final Budget	Expended	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ -	\$ 150,485	\$ 114,200	\$ 4,925	\$ 31,360
(113,866)	1,967,039	-		1,967,039
-	357,251	-	-	357,251
(357,251)	-	-	-	-
-	2,048	-	2,048	-
-	8,337	275	8,062	-
93,491	954,634	918,494	36,140	-
-	20,000	20,000	-	-
2,000,000	2,031,587	31,587	2,000,000	-
-	202,539	114,138	88,401	-
72,652	72,652	-	72,652	-
114,900	114,900	43,212	71,688	-
1,923,792	3,406,697	1,127,706	2,278,991	-
(357,251)	-	-	-	-
-	910,179	8,835	901,344	-
-	55,771	2,002	53,769	-
-	475,000	-	475,000	-
-	584,029	376,703	207,326	-
-	1,057,000	-	1,057,000	-
50,000	50,000	39,228	10,772	-
471,117	471,117	245,327	225,790	-
163,866	3,603,096	672,095	2,931,001	-
-	269,344	269,344	-	-
-	181,000	171,000	10,000	-
-	476,780	7,730	469,050	-
-	545,200	96,732	448,468	-
50,000	50,000	-	50,000	-
50,000	1,522,324	544,806	977,518	-
\$ 2,023,792	\$ 11,006,892	\$ 2,458,807	\$ 6,192,435	\$ 2,355,650



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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, 2016

	Continued Appropriations	FY 2016 Appropriations	Transfers
School Building Improvement Fund:			
Newton South High Athletic Field Improvements - 2009	\$ 72,189	\$ -	\$ (72,189)
Mason-Rice Sprinkler System - 2013	13,269	-	(13,269)
Carr Elementary Evaluation/Design - 2012	1,674	-	-
Carr Elementary Renovations - 2013	231,886	-	(196,459)
Bigelow Middle School Staircase Replacement - 2014	1,361	-	(1,361)
Land Acquisition: 15 Walnut Park (Aquinas) - 2015	17,350,000	-	-
FA Day Water Heater	50,046	-	(25,000)
Aquinas Window Replacement - 2016	-	-	397,800
NNHS Baseball Backstop - 2016	-	350,000	-
Total School Building Improvement Fund	17,720,425	350,000	89,522
Angier School Improvement Fund			
Angier Elementary School Construction	23,036,401	-	-
Zervas School Improvement Fund			
Zervas Elementary Renovation	35,370,195	-	-
1316 Beacon Street Land Taking	15,000	-	-
1330 Beacon Street Land Taking	13,974	-	-
Total Zervas School Improvement Fund	35,399,169	-	-
Cabot School Improvement Fund			
Cabot Elementary School Feasibility Study	510,791	-	-
Cabot Elementary School Design - 2016	-	400,000	-
23 Parkview Ave Land Taking - 2016	-	1,010,000	-
Total Cabot School Improvement Fund	510,791	1,410,000	-
Municipal Building Improvement Fund			
Manet Rd Communications Building Replacement - 2014	6,662	-	-
Main Library HVAC Repairs - 2013	32,096	-	-
Crafts St Garage Masonry & Roof Design Svs - 2013	10,485	-	(10,485)
Fire Station #3/HQ Design - 2014	12,033	-	-
Fire Station #3/HQ Design - 2015	3,614,402	(823)	-
Fire Station #3/HQ Design - 2016	-	3,400,000	-
City Hall Window Replacement/Repairs - 2011	85,594	-	-
Public Building Energy Conservation - 2014	1,273,027	-	-
Fire Station #10 Renovations	1,031,848	(12,296)	-
City Hall War Memorial Elevator - 2015	1,091,171	-	-
Senior Center HVAC improvements - 2015	103,787	-	-
Energy Conservation Improvements - 2016	-	-	905,046
City Hall Roof Heat Trace Wiring - 2016	-	100,000	-
Main Library Improvements - 2016	-	250,000	-
Manet Road Public Safety Communications Building - 2016	-	766,000	-
Total Municipal Building Improvement Fund	7,270,650	4,502,881	885,571

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
\$ -	\$ -	\$ -
-	-	-
-	-	1,674
-	-	35,427
-	-	-
15,760,932	1,589,068	-
-	-	25,046
161,721	-	236,079
278,372	-	71,628
<u>16,201,025</u>	<u>1,589,068</u>	<u>369,854</u>
<u>20,201,437</u>	<u>1,290,505</u>	<u>1,544,459</u>
7,031,704	24,882,112	3,456,379
15,000	-	-
13,974	-	-
<u>7,060,678</u>	<u>24,882,112</u>	<u>3,456,379</u>
409,505	96,060	5,226
-	-	400,000
999,772	-	10,228
<u>1,409,277</u>	<u>96,060</u>	<u>415,454</u>
6,662	-	-
32,096	-	-
-	-	-
4,646	-	7,387
2,199,962	1,408,980	4,637
12,280	2,919,512	468,208
-	-	85,594
1,243,246	-	29,781
741,500	5,637	272,415
1,051,044	1,903	38,224
59,796	-	43,991
455,102	366,612	83,332
36,269	-	63,731
133,399	111,688	4,913
486,732	250,105	29,163
<u>6,463,289</u>	<u>5,064,437</u>	<u>1,131,376</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, 2016

	Continued Appropriations	FY 2016 Appropriations	Transfers
CH 90 Highway Improvement Fund:			
Unallocated	123,077	-	(83,693)
Approved projects	4,477,621	2,323,422	83,693
Total CH 90 Highway Improvement Fund	4,600,698	2,323,422	-
Massworks Road Improvement Fund:			
2016 Grant Award	1,675,000	-	-
Municipal Equipment Replacement Fund:			
DPW Construction Equipment Replacement - 2014	340,000	-	-
Fire Ladder Replacement - 2013	28,630	-	-
Fire Engine Replacement - 2012	72,312	-	-
DPW Snow Equipment - 2016	-	150,000	-
Sewer Cleaner Equipment - 2016	-	400,000	-
Library Automation Equipment - 2016	-	203,000	-
Fire Pumper Replacement - 2016	-	650,000	-
Fire SCBA Replacement - 2016	-	504,000	-
Fire Bucket Truck Replacement - 2016	-	227,000	-
Total Municipal Equipment Replacement Fund	440,942	2,134,000	-
Street Improvement Fund			
Traffic Signal & Other Improvements - 2015	800,000	-	-
Auburndale Square Traffic Improvements - 2016	-	1,200,000	783,846
Elliot St. Bridge Replacement - 2016	-	2,000,000	-
LED Street Lighting - 2014	40	-	-
Total Street Improvement Fund	800,040	3,200,000	783,846
Park Improvement Fund			
Lower Falls Community Ctr Accessibility - 2013	4,492	-	-
Braceland Playground Improvements - 2012	8,243	-	-
NSHS Tennis Courts - 2016	-	750,000	-
Total Park Improvement Fund	12,735	750,000	-
Water System Improvement Fund:			
MWRA - Water System - Accumulated Interest Income	54,304	7,416	-
MWRA - Water System Improvements - Loan of 2011	10,921	-	-
MWRA - Water System Improvements - Loan of 2013	584	-	-
MWRA - Water System Improvements - Loan of 2014	314,602	-	-
MWRA - Water System Improvements - Loan of 2015	1,346,066	-	-
MWRA - Water System Improvements - Loan of 2016	-	1,360,200	-
Water Meter Replacement - 2009	133,928	-	-
Water Main Cleaning & Relining - 2013	124,984	-	-
Water Main Cleaning & Relining - 2014	1,126,311	-	-
Water Main Improvements - 2015	2,700,000	-	-
Water Main Improvements - 2016	-	2,700,000	-
Waban Hill Reservoir Improvements - 2001/2003	250,467	-	-
Total Water System Improvement Fund	6,062,167	4,067,616	-

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
-	-	39,384
<u>4,181,783</u>	<u>2,327,647</u>	<u>375,306</u>
<u>4,181,783</u>	<u>2,327,647</u>	<u>414,690</u>
<u>28,315</u>	<u>29,521</u>	<u>1,617,164</u>
340,000	-	-
-	28,630	-
-	72,312	-
137,820	-	12,180
-	359,590	40,410
203,000	-	-
-	517,258	132,742
481,070	3,920	19,010
-	213,175	13,825
<u>1,161,890</u>	<u>1,194,885</u>	<u>218,167</u>
486,637	-	313,363
335,577	1,648,269	-
267,934	1,732,066	-
40	-	-
<u>1,090,188</u>	<u>3,380,335</u>	<u>313,363</u>
-	-	4,492
-	-	8,243
<u>534,086</u>	<u>127,768</u>	<u>88,146</u>
<u>534,086</u>	<u>127,768</u>	<u>100,881</u>
-	-	61,720
-	-	10,921
-	-	584
125,758	-	188,844
372,624	971,177	2,265
-	-	1,360,200
91,630	8,500	33,798
124,984	-	-
781,253	7,699	337,359
1,450,245	1,079,670	170,085
-	-	2,700,000
-	-	250,467
<u>2,946,494</u>	<u>2,067,046</u>	<u>5,116,243</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, 2016

	Continued Appropriations	FY 2016 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	19,886	-	-
Sewer Improvements - 2011	-	-	207,745
Central Avenue Sewer Improvements - 2011	13,684	-	(13,684)
Old Farm Rd Sewer Improvements - 2011	511	-	(511)
Aspen Ave /Hawthorne Ave/Studio Ed Ext - 2011	253,637	-	-
Quinobequin Rd Sewer Repairs - 2011	27,132	-	(27,132)
Grodon Rd Sewer Repairs - 2011	6,419	-	(6,419)
Wood End Rd Sewer Repairs - 2011	160,000	-	(160,000)
Phase I Underground Infrastructure Impv Plan - 2012	453,726	-	-
Project Area II (Local Share) - 2014	2,249,195	-	-
Project Area III & IV - 2014	8,732	-	1
Project Area III/IV/V - 2015	5,400,000	-	-
Sewer I&I - 2016	-	-	1,666,556
MWRA - Sewer I&I - Accumulated Interest Income	35,508	37,984	-
MWRA - Infiltration/Inflow - 2007	-	-	-
MWRA - Infiltration/Inflow - 2007	-	-	-
MWRA - Infiltration/Inflow - 2009	-	-	-
MWRA - Infiltration/Inflow - 2010	34,807	-	-
MWRA - Infiltration/Inflow - 2011	281,633	-	-
MWRA - Infiltration/Inflow - 2014 (Project Area II)	2,296,000	-	-
MWRA - Infiltration/Inflow - 2015 (Project Area II - V)	3,388,448	-	-
MWRA - Infiltration/Inflow - 2015 (Project Area II & IV)	-	3,668,000	-
Total Sanitary Sewer Improvement Fund	<u>14,774,796</u>	<u>3,705,984</u>	<u>1,666,556</u>
Storm Drainage Improvement Fund			
Dedham Street Storm Drainage Improvements	-	725,000	-
Capital Stabilization Fund:			
Reserved for Debt Funded Projects	13,752	-	(13,752)
Designated for Fire Station Renovations	10,830	5,566	-
Designated for Energy Conservation Projects	905,046	319,350	(930,046)
Designated for 2013 Override Capital Projects	676,164	-	1,476,261
Designated for Ordinary Capital Appropriations	27,061	-	(16,776)
Total Capital Stabilization Fund	<u>1,632,853</u>	<u>324,916</u>	<u>515,687</u>
Total Capital Projects Funds	<u>\$ 113,936,667</u>	<u>\$ 23,493,819</u>	<u>\$ 3,941,182</u>

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
-	-	10,000
-	-	135,478
19,886	-	-
137,023	62,578	8,144
-	-	-
-	-	-
253,637	-	-
-	-	-
-	-	-
-	-	-
217,971	33,357	202,398
2,043,860	205,335	-
-	1,631	7,102
103,500	103,500	5,193,000
-	-	1,666,556
-	-	73,492
-	-	-
-	-	-
-	-	-
34,807	-	-
56,708	-	224,925
1,948,053	347,947	-
229,121	3,159,327	-
2,172	3,618,507	47,321
<u>5,046,738</u>	<u>7,532,182</u>	<u>7,568,416</u>
<u>59,464</u>	<u>-</u>	<u>665,536</u>
-	-	-
-	-	16,396
-	-	294,350
-	1,442,340	710,085
-	-	10,285
<u>-</u>	<u>1,442,340</u>	<u>1,031,116</u>
<u>\$ 66,384,664</u>	<u>\$ 51,023,906</u>	<u>\$ 23,963,098</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, 2016

	Continued <u>Appropriations</u>	FY 2016 <u>Original Budget</u>	FY 2016 <u>Budget Revisions</u>
Sewer Maintenance & Operation			
Personal Services	\$ -	\$ 1,783,409	\$ -
Expenses	440,342	1,171,809	-
Capital Outlay	1,428,341	949,500	-
Fringe Benefits	-	399,178	-
Total	<u>1,868,683</u>	<u>4,303,896</u>	<u>-</u>
MWRA Sewer Assessment			
Intergovernmental	<u>-</u>	<u>19,913,984</u>	<u>-</u>
Legal settlements	<u>44,500</u>	<u>50,000</u>	<u>-</u>
Debt Maturities & Interest	<u>-</u>	<u>1,642,445</u>	<u>-</u>
Retirement	<u>-</u>	<u>471,042</u>	<u>-</u>
Operating Reserve	<u>-</u>	<u>1,627,374</u>	<u>(1,334)</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>250,000</u>	<u>-</u>
Transfer - Sewer Capital Project Fund	<u>-</u>	<u>1,666,556</u>	<u>-</u>
Transfer - General Fund	<u>-</u>	<u>1,213,790</u>	<u>1,334</u>
Total Sewer Enterprise Fund	<u>\$ 1,913,183</u>	<u>\$ 31,139,087</u>	<u>\$ -</u>

<u>FY 2016 Budget As Amended</u>	<u>Total Revised FY 2016 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 1,783,409	\$ 1,783,409	\$ 1,316,179	\$ -	\$ 467,230
1,612,151	1,612,151	903,327	516,493	192,331
2,377,841	2,377,841	712,360	1,633,391	32,090
399,178	399,178	331,352	-	67,826
<u>6,172,579</u>	<u>6,172,579</u>	<u>3,263,218</u>	<u>2,149,884</u>	<u>759,477</u>
<u>19,913,984</u>	<u>19,913,984</u>	<u>19,710,607</u>	<u>-</u>	<u>203,377</u>
<u>50,000</u>	<u>94,500</u>	<u>-</u>	<u>44,500</u>	<u>50,000</u>
<u>1,642,445</u>	<u>1,642,445</u>	<u>1,637,575</u>	<u>-</u>	<u>4,870</u>
<u>471,042</u>	<u>471,042</u>	<u>455,313</u>	<u>-</u>	<u>15,729</u>
<u>1,626,040</u>	<u>1,626,040</u>	<u>-</u>	<u>-</u>	<u>1,626,040</u>
<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
<u>1,666,556</u>	<u>1,666,556</u>	<u>1,666,556</u>	<u>-</u>	<u>-</u>
<u>1,215,124</u>	<u>1,215,124</u>	<u>1,215,124</u>	<u>-</u>	<u>-</u>
<u>\$ 33,007,770</u>	<u>\$ 33,052,270</u>	<u>\$ 28,198,393</u>	<u>\$ 2,194,384</u>	<u>\$ 2,659,493</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Continued <u>Appropriations</u>	FY 2016 <u>Original Budget</u>	FY 2016 <u>Budget Revisions</u>
Water Maintenance & Operation			
Personal Services	\$ -	\$ 2,250,024	\$ -
Expenses	114,703	1,432,750	-
Capital Outlay	729,866	335,000	-
Fringe Benefits	-	391,059	-
Total	<u>844,569</u>	<u>4,408,833</u>	<u>-</u>
Debt Maturities & Interest	<u>-</u>	<u>3,112,283</u>	<u>-</u>
Retirement	<u>-</u>	<u>602,389</u>	<u>-</u>
MWRA/DEP Assessments & Charges	<u>-</u>	<u>12,243,271</u>	<u>-</u>
Operating Reserve	<u>-</u>	<u>1,500,000</u>	<u>-</u>
Transfer - Sewer Fund	<u>-</u>	<u>531,892</u>	<u>-</u>
Transfer - General Fund	<u>-</u>	<u>1,226,332</u>	<u>-</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>250,000</u>	<u>-</u>
Total Water Enterprise Fund	<u>\$ 844,569</u>	<u>\$ 23,875,000</u>	<u>\$ -</u>

	<u>FY 2016 Budget As Amended</u>	<u>Total Revised FY 2016 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$	2,250,024	\$ 2,250,024	\$ 2,197,747	\$ -	\$ 52,277
	1,547,453	1,547,453	980,430	486,690	80,333
	1,064,866	1,064,866	428,583	636,283	-
	391,059	391,059	385,036	-	6,023
	<u>5,253,402</u>	<u>5,253,402</u>	<u>3,991,796</u>	<u>1,122,973</u>	<u>138,633</u>
	<u>3,112,283</u>	<u>3,112,283</u>	<u>3,112,283</u>	<u>-</u>	<u>-</u>
	<u>602,389</u>	<u>602,389</u>	<u>583,961</u>	<u>-</u>	<u>18,428</u>
	<u>12,243,271</u>	<u>12,243,271</u>	<u>12,232,897</u>	<u>-</u>	<u>10,374</u>
	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
	<u>531,892</u>	<u>531,892</u>	<u>531,892</u>	<u>-</u>	<u>-</u>
	<u>1,226,332</u>	<u>1,226,332</u>	<u>1,226,332</u>	<u>-</u>	<u>-</u>
	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
\$	<u><u>24,719,569</u></u>	\$ <u><u>24,719,569</u></u>	\$ <u><u>21,929,161</u></u>	\$ <u><u>1,122,973</u></u>	\$ <u><u>1,667,435</u></u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Continued <u>Appropriations</u>	FY 2016 <u>Original Budget</u>	FY 2016 <u>Budget Revisions</u>
Stormwater Maintenance & Operation			
Personal Services	\$ -	\$ 770,403	\$ -
Expenses	97,892	600,328	(132,260)
Capital Outlay	9,005	27,792	132,260
Fringe Benefits	-	159,453	-
Total	<u>106,897</u>	<u>1,557,976</u>	<u>-</u>
Retirement	<u>-</u>	<u>91,170</u>	<u>-</u>
Operating Reserve	<u>-</u>	<u>150,000</u>	<u>(2,419)</u>
Transfer - General Fund	<u>-</u>	<u>150,854</u>	<u>2,419</u>
Total Stormwater Enterprise Fund	<u>\$ 106,897</u>	<u>\$ 1,950,000</u>	<u>\$ -</u>

<u>FY 2016 Budget As Amended</u>	<u>Total Revised FY 2016 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 770,403	\$ 770,403	\$ 710,247	\$ -	\$ 60,156
565,960	565,960	359,557	190,563	15,840
169,057	169,057	-	169,005	52
159,453	159,453	95,639	-	63,814
<u>1,664,873</u>	<u>1,664,873</u>	<u>1,165,443</u>	<u>359,568</u>	<u>139,862</u>
<u>91,170</u>	<u>91,170</u>	<u>46,620</u>	<u>-</u>	<u>44,550</u>
<u>147,581</u>	<u>147,581</u>	<u>-</u>	<u>-</u>	<u>147,581</u>
<u>153,273</u>	<u>153,273</u>	<u>153,273</u>	<u>-</u>	<u>-</u>
<u>\$ 2,056,897</u>	<u>\$ 2,056,897</u>	<u>\$ 1,365,336</u>	<u>\$ 359,568</u>	<u>\$ 331,993</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

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

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

Debt Capacity

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

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

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities					
Net investment in capital assets.....	\$ 167,543,474	\$ 174,706,210	\$ 150,650,131	\$ 194,301,691	\$ 211,763,420
Restricted.....	13,842,544	35,459,940	104,838,430	52,363,403	34,096,760
Unrestricted.....	<u>67,671,362</u>	<u>39,781,710</u>	<u>(2,265,544)</u>	<u>(27,083,933)</u>	<u>(65,309,262)</u>
Total governmental activities net position.....	<u>\$ 249,057,380</u>	<u>\$ 249,947,860</u>	<u>\$ 253,223,017</u>	<u>\$ 219,581,161</u>	<u>\$ 180,550,918</u>
Business-Type Activities					
Net investment in capital assets.....	\$ 43,120,013	\$ 52,946,101	\$ 48,352,902	\$ 52,125,768	\$ 54,124,183
Unrestricted.....	<u>13,295,771</u>	<u>9,359,270</u>	<u>12,871,360</u>	<u>9,980,661</u>	<u>15,055,372</u>
Total business-type activities net position.....	<u>\$ 56,415,784</u>	<u>\$ 62,305,371</u>	<u>\$ 61,224,262</u>	<u>\$ 62,106,429</u>	<u>\$ 69,179,554</u>
Primary Government					
Net investment in capital assets.....	\$ 210,663,487	\$ 227,652,311	\$ 183,345,085	\$ 232,929,470	\$ 258,565,946
Restricted.....	13,842,544	35,459,940	120,496,378	65,861,392	41,418,417
Unrestricted.....	<u>80,967,133</u>	<u>49,140,980</u>	<u>10,605,816</u>	<u>(17,103,272)</u>	<u>(50,253,891)</u>
Total primary government net position.....	<u>\$ 305,473,164</u>	<u>\$ 312,253,231</u>	<u>\$ 314,447,279</u>	<u>\$ 281,687,590</u>	<u>\$ 249,730,472</u>

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 227,091,798	\$ 238,374,247	\$ 248,739,230	\$ 258,490,143	\$ 260,763,492
27,700,568	27,981,384	29,816,361	32,723,876	34,250,976
<u>(93,548,399)</u>	<u>(122,355,108)</u>	<u>(138,654,442)</u>	<u>(436,919,140)</u>	<u>(455,531,782)</u>
<u>\$ 161,243,967</u>	<u>\$ 144,000,523</u>	<u>\$ 139,901,149</u>	<u>\$ (145,705,121)</u>	<u>\$ (160,517,314)</u>
\$ 55,890,406	\$ 56,271,350	\$ 66,943,719	\$ 83,521,987	\$ 89,426,102
<u>21,130,465</u>	<u>26,098,363</u>	<u>23,050,090</u>	<u>12,101,552</u>	<u>20,314,782</u>
<u>\$ 77,020,871</u>	<u>\$ 82,369,713</u>	<u>\$ 89,993,809</u>	<u>\$ 95,623,539</u>	<u>\$ 109,740,884</u>
\$ 269,287,104	\$ 294,645,597	\$ 315,682,949	\$ 342,012,130	\$ 350,189,594
41,395,668	27,981,384	29,816,361	32,723,876	34,250,976
<u>(72,417,934)</u>	<u>(96,256,745)</u>	<u>(115,604,352)</u>	<u>(424,817,588)</u>	<u>(435,217,000)</u>
<u>\$ 238,264,838</u>	<u>\$ 226,370,236</u>	<u>\$ 229,894,958</u>	<u>\$ (50,081,582)</u>	<u>\$ (50,776,430)</u>

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

LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011
Expenses					
General government.....	\$ 20,617,999	\$ 25,791,496	\$ 22,581,716	\$ 24,623,302	\$ 26,974,952
Public safety.....	44,207,931	48,896,370	52,614,816	52,168,801	55,800,259
Education.....	188,026,627	218,716,994	236,024,500	245,946,308	252,413,006
Public works.....	21,643,562	25,208,763	27,229,098	26,138,843	28,410,758
Health and human services.....	9,273,626	9,980,301	10,463,388	10,672,057	10,757,372
Culture and recreation.....	13,471,254	15,864,538	16,806,140	16,245,112	15,092,035
Other.....	-	24,080	-	-	-
Debt service - interest.....	2,237,287	2,494,422	4,375,013	7,234,167	7,670,746
Total expenses.....	<u>299,478,286</u>	<u>346,976,964</u>	<u>370,094,671</u>	<u>383,028,590</u>	<u>397,119,128</u>
Program Revenues					
Charges for services.....	22,854,391	21,185,123	21,413,394	20,969,889	21,915,225
Operating grants and contributions.....	54,150,398	60,500,259	66,344,326	65,706,164	66,976,636
Capital grants and contributions.....	11,118,572	21,684,895	30,179,116	1,960,084	1,764,258
Total program revenues.....	<u>88,123,361</u>	<u>103,370,277</u>	<u>117,936,836</u>	<u>88,636,137</u>	<u>90,656,119</u>
Net (expense)/revenue.....	<u>(211,354,925)</u>	<u>(243,606,687)</u>	<u>(252,157,835)</u>	<u>(294,392,453)</u>	<u>(306,463,009)</u>
General Revenues and Other Changes in Net Position					
Real estate and personal property taxes.....	209,105,186	211,886,334	226,800,860	232,774,689	239,761,554
Motor vehicle and other excise taxes.....	10,396,428	10,859,789	10,479,922	9,860,220	10,541,624
Hotel/motel taxes.....	1,138,921	1,103,549	1,108,199	1,168,095	1,588,882
Meal taxes.....	-	-	-	382,934	1,308,191
Penalties and interest on taxes.....	1,049,712	1,055,344	1,223,300	1,026,507	1,038,225
Payments in lieu of taxes.....	2,851,122	767,439	273,359	3,270,902	515,471
Community preservation surcharges.....	2,032,942	2,114,805	2,193,701	2,288,314	2,352,389
Grants and contributions not restricted to specific programs.....	9,289,181	8,705,545	7,435,280	5,891,287	5,596,391
Unrestricted investment income.....	4,757,698	4,306,424	2,610,098	934,313	454,365
Gain (Loss) on sale of capital assets.....	-	-	-	24,347	32,280
Other.....	1,302,478	2,522,970	1,761,048	1,752,802	3,002,856
Transfers, net.....	<u>1,223,658</u>	<u>1,264,968</u>	<u>1,457,225</u>	<u>1,376,187</u>	<u>1,240,538</u>
Total general revenues and other changes in net position.....	<u>243,147,326</u>	<u>244,587,167</u>	<u>255,342,992</u>	<u>260,750,597</u>	<u>267,432,766</u>
Change in net position.....	<u>\$ 31,792,401</u>	<u>\$ 980,480</u>	<u>\$ 3,185,157</u>	<u>\$ (33,641,856)</u>	<u>\$ (39,030,243)</u>

	2012	2013	2014	2015	2016
\$	21,992,988	\$ 22,997,802	\$ 22,716,559	\$ 26,440,640	\$ 28,489,575
	56,061,495	56,962,698	61,290,201	68,685,178	74,526,967
	252,922,994	264,655,220	272,447,586	273,738,170	287,559,898
	24,221,365	28,194,390	29,223,056	33,419,187	29,698,488
	10,684,932	11,323,484	11,328,446	11,625,318	12,319,296
	16,216,945	16,177,118	15,164,811	17,759,803	20,385,376
	-	-	-	-	-
	<u>7,559,469</u>	<u>7,989,634</u>	<u>7,714,546</u>	<u>9,906,400</u>	<u>10,945,881</u>
	<u>389,660,188</u>	<u>408,300,346</u>	<u>419,885,205</u>	<u>441,574,696</u>	<u>463,925,481</u>
	25,732,684	28,970,340	28,321,486	28,572,429	32,651,120
	65,780,261	69,319,711	74,285,730	64,031,611	67,774,244
	<u>2,519,356</u>	<u>5,975,327</u>	<u>5,053,677</u>	<u>3,703,180</u>	<u>4,232,242</u>
	<u>94,032,301</u>	<u>104,265,378</u>	<u>107,660,893</u>	<u>96,307,220</u>	<u>104,657,606</u>
	<u>(295,627,887)</u>	<u>(304,034,968)</u>	<u>(312,224,312)</u>	<u>(345,267,476)</u>	<u>(359,267,875)</u>
	249,340,011	258,590,398	278,426,655	289,075,613	309,686,267
	10,514,832	11,404,708	11,953,727	12,670,852	13,061,883
	1,814,792	2,051,414	2,218,759	2,330,724	2,444,007
	1,403,261	1,407,803	1,557,737	1,786,617	1,880,428
	1,146,496	1,011,590	1,160,092	1,509,583	1,282,596
	529,294	524,906	557,065	476,899	461,586
	2,431,863	2,501,875	2,697,187	2,818,748	2,945,936
	5,263,525	6,276,114	5,716,482	5,968,282	6,309,128
	278,106	202,473	230,699	265,809	483,866
	-	-	-	-	-
	2,169,238	1,492,956	1,622,541	2,304,964	3,305,255
	<u>1,429,518</u>	<u>1,640,260</u>	<u>1,983,994</u>	<u>2,088,882</u>	<u>2,594,730</u>
	<u>276,320,936</u>	<u>287,104,497</u>	<u>308,124,938</u>	<u>321,296,973</u>	<u>344,455,682</u>
\$	<u>(19,306,951)</u>	<u>(16,930,471)</u>	<u>(4,099,374)</u>	<u>(23,970,503)</u>	<u>(14,812,193)</u>

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

LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011
Expenses					
Sewer.....	\$ 20,033,778	\$ 21,208,637	\$ 21,879,634	\$ 23,347,392	\$ 23,468,371
Water.....	11,467,754	12,212,234	13,623,595	13,780,687	14,260,631
Stormwater.....	-	-	-	-	-
Total expenses.....	<u>31,501,532</u>	<u>33,420,871</u>	<u>35,503,229</u>	<u>37,128,079</u>	<u>37,729,002</u>
Program Revenues					
Charges for services.....	33,084,089	39,034,143	33,761,633	38,405,378	45,171,479
Operating grants and contributions.....	835,397	814,428	857,561	732,948	847,004
Capital grants and contributions.....	1,544,708	726,855	1,260,151	245,331	24,182
Total program revenues.....	<u>35,464,194</u>	<u>40,575,426</u>	<u>35,879,345</u>	<u>39,383,657</u>	<u>46,042,665</u>
Net (expense)/revenue.....	<u>3,962,662</u>	<u>7,154,555</u>	<u>376,116</u>	<u>2,255,578</u>	<u>8,313,663</u>
General Revenues and Transfers					
Gain on sale of capital asset.....	-	-	-	2,776	-
Transfers, net.....	<u>(1,223,658)</u>	<u>(1,264,968)</u>	<u>(1,457,225)</u>	<u>(1,376,187)</u>	<u>(1,240,538)</u>
Change in net position.....	<u>\$ 2,739,004</u>	<u>\$ 5,889,587</u>	<u>\$ (1,081,109)</u>	<u>\$ 882,167</u>	<u>\$ 7,073,125</u>

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$	24,953,457	\$ 25,359,689	\$ 25,557,836	\$ 26,254,561	\$ 24,958,975
	15,185,784	15,896,034	16,702,263	17,503,699	19,439,528
	-	-	-	1,118,476	1,295,988
	<u>40,139,241</u>	<u>41,255,723</u>	<u>42,260,099</u>	<u>44,876,736</u>	<u>45,694,491</u>
	48,273,768	47,175,932	51,347,815	54,741,671	59,064,372
	646,975	1,059,085	514,894	506,547	545,793
	<u>489,333</u>	<u>9,808</u>	<u>5,480</u>	<u>3,797,829</u>	<u>2,796,401</u>
	<u>49,410,076</u>	<u>48,244,825</u>	<u>51,868,189</u>	<u>59,046,047</u>	<u>62,406,566</u>
	<u>9,270,835</u>	<u>6,989,102</u>	<u>9,608,090</u>	<u>14,169,311</u>	<u>16,712,075</u>
	-	-	-	-	-
	<u>(1,429,518)</u>	<u>(1,640,260)</u>	<u>(1,983,994)</u>	<u>(2,088,882)</u>	<u>(2,594,730)</u>
\$	<u><u>7,841,317</u></u>	<u><u>5,348,842</u></u>	<u><u>7,624,096</u></u>	<u><u>12,080,429</u></u>	<u><u>14,117,345</u></u>

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

LAST TEN FISCAL YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total expenses.....	\$ 330,979,818	\$ 380,397,835	\$ 405,597,900	\$ 420,156,669	\$ 434,848,130
Total program revenues.....	<u>123,587,555</u>	<u>143,945,703</u>	<u>153,816,181</u>	<u>128,019,794</u>	<u>136,698,784</u>
Net (expense)/revenue.....	(207,392,263)	(236,452,132)	(251,781,719)	(292,136,875)	(298,149,346)
Total general revenues, transfers and other changes in net position.....	<u>241,923,668</u>	<u>243,322,199</u>	<u>253,885,767</u>	<u>259,377,186</u>	<u>266,192,228</u>
Change in net position.....	\$ <u>34,531,405</u>	\$ <u>6,870,067</u>	\$ <u>2,104,048</u>	\$ <u>(32,759,689)</u>	\$ <u>(31,957,118)</u>

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$	429,799,429	449,556,069	\$ 462,145,304	\$ 486,451,432	\$ 509,619,972
	<u>143,442,377</u>	<u>152,510,203</u>	<u>159,529,082</u>	<u>155,353,267</u>	<u>167,064,172</u>
	(286,357,052)	(297,045,866)	(302,616,222)	(331,098,165)	(342,555,800)
	<u>274,891,418</u>	<u>285,464,237</u>	<u>306,140,944</u>	<u>319,208,091</u>	<u>341,860,952</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>	<u><u>(694,848)</u></u>

GOVERNMENTAL FUNDS
FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011 (1)
General Fund					
Reserved.....	\$ 3,884,714	\$ 3,091,164	\$ 4,595,043	\$ 5,746,263	\$ -
Unreserved.....	19,724,693	16,342,052	15,574,235	13,566,282	-
Restricted.....	-	-	-	-	928,722
Committed.....	-	-	-	-	14,877,088
Assigned.....	-	-	-	-	844,441
Unassigned.....	-	-	-	-	14,123,323
Total general fund.....	<u>\$ 23,609,407</u>	<u>\$ 19,433,216</u>	<u>\$ 20,169,278</u>	<u>\$ 19,312,545</u>	<u>\$ 30,773,574</u>
All Other Governmental Funds					
Reserved.....	\$ 6,181,855	\$ 7,904,778	\$ 8,153,969	\$ 25,926,689	\$ -
Unreserved, reported in:					
Special revenue funds.....	7,213,248	10,478,029	13,253,604	10,704,933	-
Capital projects funds.....	17,319,824	38,560,162	93,303,737	28,167,213	-
Permanent funds.....	925,527	817,614	736,678	740,024	-
Nonspendable.....	-	-	-	-	445,570
Restricted.....	-	-	-	-	28,989,163
Committed.....	-	-	-	-	886,894
Unassigned.....	-	-	-	-	(354,498)
Total all other governmental funds.....	<u>\$ 31,640,454</u>	<u>\$ 57,760,583</u>	<u>\$ 115,447,988</u>	<u>\$ 65,538,859</u>	<u>\$ 29,967,129</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.

	2012	2013	2014	2015	2016
\$	-	-	-	-	-
	-	-	-	-	-
	938,274	3,164,616	2,849,507	3,006,074	2,814,268
	9,816,666	5,348,800	4,889,216	5,308,421	8,851,803
	2,583,061	3,110,521	2,677,990	2,451,384	2,176,104
	<u>14,886,340</u>	<u>21,091,447</u>	<u>26,259,064</u>	<u>27,757,785</u>	<u>43,616,522</u>
\$	<u>28,224,341</u>	<u>32,715,384</u>	<u>36,675,777</u>	<u>38,523,664</u>	<u>57,458,697</u>
\$	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	446,818	447,206	397,250	397,170	397,049
	28,617,216	26,869,665	30,289,935	38,421,915	50,313,321
	1,745,209	1,718,332	1,736,249	1,281,577	1,554,522
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>30,809,243</u>	<u>29,035,203</u>	<u>32,423,434</u>	<u>40,100,662</u>	<u>52,264,892</u>

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

LAST TEN FISCAL YEARS

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

	2012	2013	2014	2015	2016
\$	248,503,570	\$ 257,225,856	\$ 277,636,527	\$ 288,700,477	\$ 308,965,868
	10,567,479	11,351,368	12,057,191	12,486,356	13,122,277
	1,814,792	2,051,414	2,218,759	2,330,724	2,444,007
	1,403,261	1,407,803	1,557,737	1,786,617	1,880,428
	479,617	521,643	475,741	465,822	476,083
	2,427,905	2,508,969	2,689,198	2,814,155	2,946,847
	17,340,467	17,702,424	19,090,133	19,628,195	20,126,506
	73,036,706	81,971,057	83,629,746	53,128,480	60,527,637
	350,639	224,503	189,547	190,603	169,588
	1,146,496	1,011,591	1,160,091	1,508,259	1,282,596
	6,081,388	9,291,263	7,538,284	7,621,990	10,483,024
	2,017,085	2,029,860	1,889,935	1,808,854	2,046,389
	1,299,748	833,888	1,112,823	1,016,439	1,446,969
	271,250	257,726	328,015	270,552	490,874
	1,222,231	593,712	737,709	1,606,532	1,127,899
	<u>367,962,634</u>	<u>388,983,077</u>	<u>412,311,436</u>	<u>395,364,055</u>	<u>427,536,992</u>
	21,216,365	18,961,966	22,784,656	27,381,322	30,839,020
	39,687,309	40,232,455	42,177,396	43,368,473	46,354,662
	196,486,485	210,372,992	230,391,740	236,571,691	273,044,983
	21,918,256	28,939,827	31,082,397	33,411,422	29,034,856
	4,123,498	4,358,995	4,656,637	4,545,590	4,924,260
	13,839,046	13,634,682	12,443,344	13,867,205	16,256,351
	56,055,483	57,813,067	60,134,090	29,199,509	31,235,486
	1,559,274	1,722,006	1,778,619	2,000,027	1,618,006
	58,504	128,950	171,221	232,282	244,752
	-	-	-	-	-
	-	-	-	-	-
	5,503,956	5,722,550	5,783,939	5,875,034	6,113,282
	9,408,367	9,596,167	10,367,425	9,824,367	10,747,967
	7,574,440	7,568,326	7,411,724	8,009,057	8,177,639
	<u>377,430,983</u>	<u>399,051,983</u>	<u>429,183,188</u>	<u>414,285,979</u>	<u>458,591,264</u>
	<u>(9,468,349)</u>	<u>(10,068,906)</u>	<u>(16,871,752)</u>	<u>(18,921,924)</u>	<u>(31,054,272)</u>
	8,413,437	7,732,178	10,802,542	9,399,205	10,001,522
	5,734,000	10,812,558	20,936,000	25,505,000	55,340,000
	131,379	590,740	749,963	1,197,352	3,955,263
	-	-	-	19,635,000	19,610,000
	-	-	-	1,759,523	2,430,245
	67,610	55,325	27,419	13,300	129,179
	(6,585,196)	(6,091,919)	(8,295,548)	(7,264,297)	(7,272,429)
	-	-	-	(21,798,044)	(22,040,245)
	<u>7,761,230</u>	<u>13,098,882</u>	<u>24,220,376</u>	<u>28,447,039</u>	<u>62,153,535</u>
	<u>-</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>\$ 9,525,115</u>	<u>\$ 31,099,263</u>
	4.5%	4.3%	4.1%	4.3%	4.1%

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

LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value (2)			Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value (3)	Assessed Value as a Percentage of Actual Value
	Residential Real Property	Commercial and Industrial Real Property	Personal Property				
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%
2016	21,618,642,652	2,285,453,048	417,722,300	24,321,818,000	12.31	26,223,773,800	92.75%

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)
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
2016	11.38	21.94	21.94	12.31

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	2016			2007		
	Assessed Valuation	Rank	Percentage of Total Tax Levy	Assessed Valuation	Rank	Percentage of Total Tax Levy
NStar Electric	\$ 3,185,306	1	1.04%	\$ 992,391	3	0.48%
Hines Global REIT	2,947,716	2	0.97%	N/A	N/A	N/A
Chestnut Hill Shopping Center, LLC	2,640,558	3	0.86%	N/A	N/A	N/A
Mall at Chestnut Hill, LLC	2,316,814	4	0.76%	N/A	N/A	N/A
CHS Commercial Owner LLC	2,134,801	5	0.70%	N/A	N/A	N/A
Chesapeake Hotel Lmt Partnership	1,836,641	6	0.60%	613,775	6	0.30%
Boston Gas/National Grid	1,493,969	7	0.49%	N/A	N/A	N/A
Thomas J. White TRS	1,397,150	8	0.46%	619,995	5	0.30%
Avalon Upper Falls LLC	835,630	9	0.27%	459,162	9	0.22%
NS Wells Aquistic	811,089	10	0.27%	530,006	7	0.26%
Riverside Project LLC	N/A	N/A	N/A	1,816,113	1	0.88%
Atrium Mall	N/A	N/A	N/A	1,196,332	2	0.58%
Julian Cohen & Daniel Rothenberg Trust	N/A	N/A	N/A	815,184	4	0.40%
Daniel Rothenberg	N/A	N/A	N/A	481,574	8	0.23%
Daniel Rothenberg	N/A	N/A	N/A	454,717	10	0.22%
Total	\$ 19,599,674		6.42%	\$ 7,979,249		3.87%

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)
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%	2,225,400	214,007,757	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%	1,510,261	230,372,259	99.96%
2011	238,752,520	237,347,484	99.41%	2,108,169	239,455,653	100.29%
2012	247,532,017	246,717,069	99.67%	1,733,289	248,450,358	100.37%
2013	256,559,763	255,584,775	99.62%	2,050,596	257,635,371	100.42%
2014	275,166,240	274,820,049	99.87%	2,259,541	277,079,590	100.70%
2015	286,813,970	286,945,789	100.05%	2,692,105	289,637,894	100.98%
2016	299,404,279	300,308,851	100.30%	-	300,308,851	100.30%

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	General Obligation Bonds	General Obligation Bonds	MWRA/ MCWT Loans		
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	
2016	265,560,962	12,753,651	15,539,608	293,854,221	3,309	

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		
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%
2016	265,560,962	(2,803,983)	262,756,979	1.00%	4.59%

(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, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Massachusetts Water Resources Authority.....	\$ 5,775,115,000	5.10%	\$ <u>294,280,990</u>
City direct debt.....			<u>293,854,221</u>
Total direct and overlapping debt.....			<u>\$ 588,135,211</u>

Sources: MWRA, City of Newton Treasurer's Office

LEGAL DEBT MARGIN INFORMATION

LAST FIVE FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Equalized valuation.....	\$ 26,223,773,800	\$ 22,305,253,800	\$ 22,305,253,800	\$ 21,744,090,700	\$ 21,744,090,700
Normal debt limit (5% of equalized valuation).....	1,311,188,690	1,115,262,690	1,115,262,690	1,087,204,535	1,087,204,535
Debt applicable to limit:					
Total bonded debt.....	293,854,221	244,495,829	229,858,228	222,612,428	217,646,450
Less: General obligation bonds exempted by authority of state legislature.....	<u>(14,230,992)</u>	<u>(37,987,881)</u>	<u>(17,377,352)</u>	<u>(17,643,162)</u>	<u>(19,699,017)</u>
Total net debt applicable to limit.....	<u>279,623,229</u>	<u>206,507,948</u>	<u>212,480,876</u>	<u>204,969,266</u>	<u>197,947,433</u>
Legal debt margin.....	<u>\$ 1,031,565,461</u>	<u>\$ 908,754,742</u>	<u>\$ 902,781,814</u>	<u>\$ 882,235,269</u>	<u>\$ 889,257,102</u>
Total net debt applicable to the limit as a percentage of normal debt limit.....	<u>21.3%</u>	<u>18.5%</u>	<u>19.1%</u>	<u>18.9%</u>	<u>18.2%</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 (%)
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%
2015	88,817	41.9	64,475	5,726,476,075	118,639	12,508	3.3%

Sources: Population from City census

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

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

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

EMPLOYEES BY FUNCTION/PROGRAM

LAST FIVE FISCAL YEARS

<u>Employees as of June 30</u>					
<u>Function/Program</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General government.....	135	136	138	128	131
Public safety.....	403	380	372	364	371
Education.....	1,427	1,455	1,406	1,334	1,285
Public works	115	127	136	131	126
Health and human services.....	47	45	42	45	45
Culture and recreation.....	97	81	82	80	79
Water.....	29	28	29	28	29
Sewer.....	25	25	25	28	27
Total.....	<u>2,278</u>	<u>2,277</u>	<u>2,230</u>	<u>2,138</u>	<u>2,093</u>

Source: City of Newton payroll

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST FIVE FISCAL YEARS

Function/Program	Fiscal Year				
	2016	2015	2014	2013	2012
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	595	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
Stormwater					
Stormdrains (miles).....	324	324	324	324	324

Sources: Various departments of the City of Newton