

City of Newton, Massachusetts

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017



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For the Fiscal Year Ended June 30, 2017



Prepared by the Comptroller's Office

CITY OF NEWTON, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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INTRODUCTORY SECTION



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sdzikowski@newtonma.gov

SUSAN DZIKOWSKI
COMPTROLLER

January 30, 2018

Members of the City Council
Mayor Ruthanne Fuller
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, 2017. 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, 2017 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 oversees 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 shortly after 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 2017 with a fund balance of \$19.7 million - \$833,000 or 4.4% 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 anticipated 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. The increase in the unfunded liability from January 1, 2016 to January 1, 2017 was greater than anticipated resulting in final payment in 2030; the year-over-year increase stemmed from demographic and investment losses, as well as an allowance for administrative expenses. Return assumptions for funding purposes are long term projections and subject to review every three to five years.

The OPEB trust ended fiscal year 2017 with assets of \$5.9 million, \$2.3 million or 64% 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, a new OPEB actuary was engaged in 2017 to prepare a funding plan that provides for meaningful funding to begin in fiscal year 2031, 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 111 - 136 of this report.

The City's books on fiscal year 2017 were closed within 120 days of year end and on November 15, 2017 the Massachusetts Department of Revenue certified the City's July 1, 2017 free cash (General Fund fund balance available for appropriation) at \$11.2 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) Statements 45 and now Statement 74, 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 \$289.8 million increase in expenses in the government-wide financial statements and a corresponding decline in unrestricted net assets. This represents 40.3% 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, and then again to the current rate of 3.25%. Please refer to note 12 (pages 66-71) and OPEB Required Supplementary Information (page 86) for more detailed information on the City's health benefit obligations.

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 2017. A complete accounting of the work of the Audit Committee is documented on their page of the City web site.

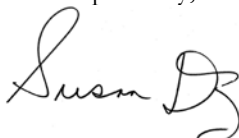
Awards and Acknowledgments

During the fiscal year ended June 30, 2017, the City maintained an Aaa credit rating with Moody's Investor Service and also achieved the same rating from S&P.

It is with infinite gratitude that I mention David C. Wilkinson, former long-standing Comptroller of the City of Newton and wonderful teacher and mentor. Nary has a day gone by in City Hall these past eleven months without his name coming up; he is missed by many, but leaves an honorable legacy of thinking through complex issues and doing the right thing.

The Comptroller's Office is able to function because of the exceptional analytical skills and professional commitment of staff including Regina Zegarelli, Stephen Curley, Denise King, Juiling De Los Reyes, Maria Mastroianni and Mary Santos. I am grateful to the Chair of the Finance Committee, Councilor Leonard Gentile, for his insightful guidance and to the members of the Finance Committee for their support. I have learned so much more about city finance from Maureen Lemieux, Chief Financial Officer of Newton, and see no stronger role model than she. I look forward to working with Mayor-elect Ruthanne Fuller in 2018. Thank you to the public accounting firm of CliftonLarsonAllen, LLP for the efficient completion of this year's audit and for answering many questions during the preparation of this report and over the course of the year.

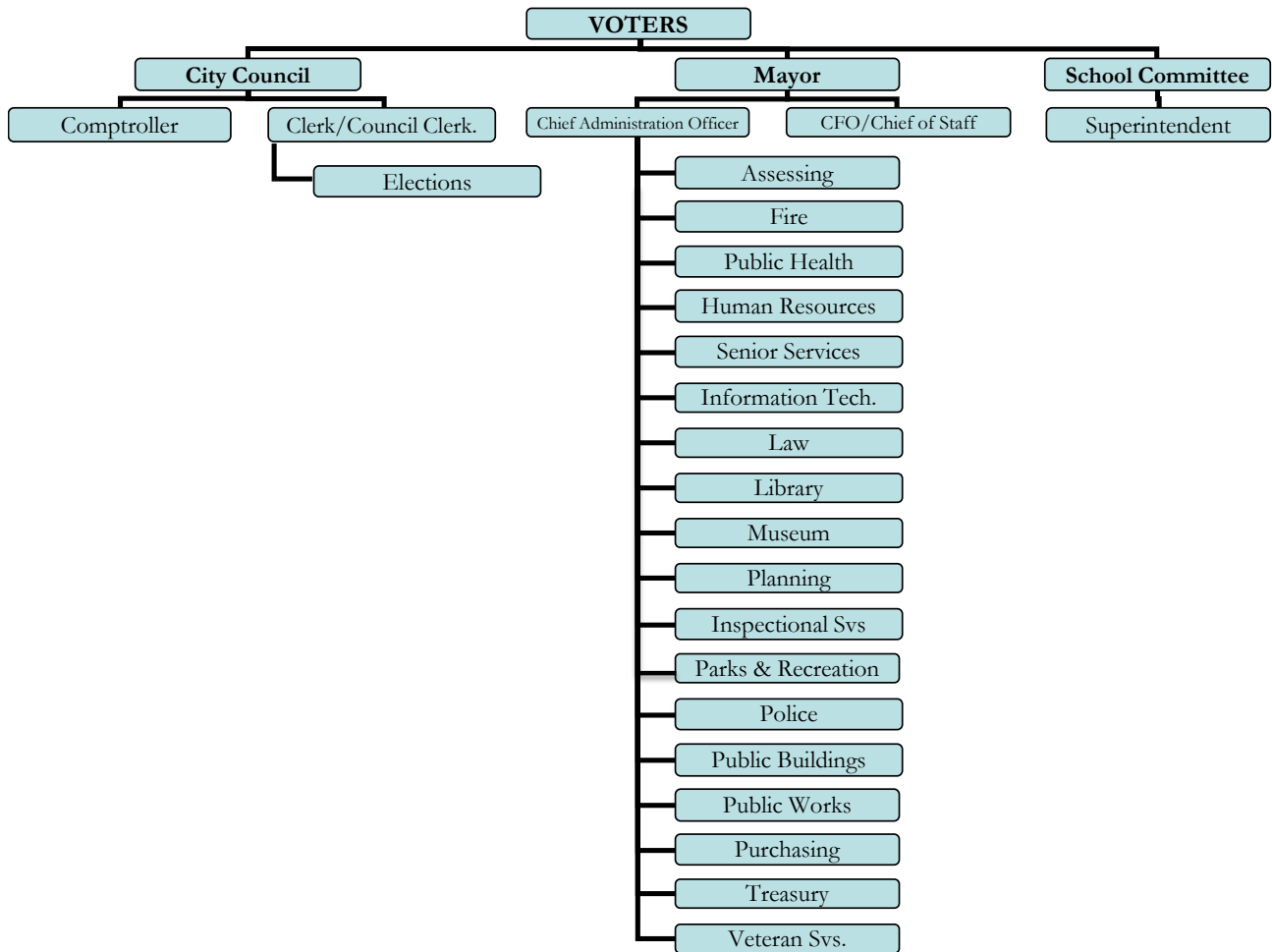
Respectfully,

A handwritten signature in cursive script, appearing to read "Susan Dzikowski". The signature is fluid and connected, with a large initial "S" and a stylized "D".

Susan Dzikowski
Comptroller

CITY OF NEWTON, MASSACHUSETTS

ORGANIZATIONAL CHART



CITY OF NEWTON, MASSACHUSETTS

ELECTED OFFICIALS AND DEPARTMENT HEADS

CITY COUNCIL

Marc. C. Laredo, President
David Kalis, Vice President
R. Lisle Baker, President Emeritus
Susan Albright
Jacob D. Auchincloss
Allan Ciccone, Jr., Finance Committee
James R. Cote, Finance Committee
Deborah Crossley
Victoria Danberg
Andreae Downs
Leonard J. Gentile, Finance Committee Chair
Barbara Brousal-Glaser
Maria Scibelli Greenberg
Rebecca Walker Grossman, Finance Committee
Andrea W. Kelley
Joshua Krintzman
Cheryl Lappin, Finance Committee Vice-Chair
Alison M. Leary
Richard A. Lipof
Christopher J. Markiewicz
Brenda Noel, Finance Committee
Emily Norton, Finance Committee
John Rice, Finance Committee
Gregory Schwartz

SCHOOL COMMITTEE

Ruth Goldman, Chair
Margaret Albright
Bridget Ray-Canada
Diana Fisher Gomberg
Matthew Miller
Anping Shen
Kathy Shields
Steven Siegel
Mayor Ruthanne Fuller, Ex Officio Member
Dr. David A. Fleishman, Superintendent of Schools
Liam Hurley, Asst. Superintendent/Chief Financial & Admin. Officer

EXECUTIVE

Mayor Ruthanne Fuller
Maureen Lemieux, Chief of Staff & Chief Financial Officer
Jonathan Yeo, Chief Operating Officer

DEPARTMENT HEADS

Accounting: Susan Dzikowski, Comptroller
Assessing: Elizabeth Dromey, Director and Chair, Board of Assessors
City Clerk/Clerk of Board: David A. Olson, City Clerk/Clerk of the Board
Elections: David A. Olson, City Clerk/Clerk of the Board
Fire: Bruce Proia, Fire Chief
Health & Human Services: Deborah Youngblood PHD, Commissioner
Human Resources: Teri Struth, Acting Deputy Director
Financial Information Systems: Karen Griffey, Acting Director
Information Technology: Joe Mulvey, Chief Information Officer
Inspectional Services: John Lojek, Commissioner
Newton History Museum: Lisa Dady, Director
Law: Ouida Young, Acting City Solicitor
Library: Philip McNulty, Director
Parks & Recreation: Robert J. DeRubeis, Commissioner
Planning & Development: Barney Heath, Director
Police: David MacDonald, Police Chief
Public Buildings: Josh Morse, Commissioner
Public Works: James McGonagle, Commissioner
Purchasing: Nicholas Read, Chief Procurement Officer
Senior Service: Jayne Colino, Director
Treasury: James Reardon, Treasurer & Collector
Veteran Services: Seth Bai, Veteran Services Officer

CONTRIBUTORY RETIREMENT BOARD

Kimberly A. Fletcher, Chair & Appointed Member
Paul Bianchi, Elected Member
Thomas Lopez, Elected Member
Tony Logalbo, Mayor's Appointee
Susan Dzikowski, Ex Officio 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, 2017 (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, 2016), 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 41.0%, 40.6%, and 99.9%, 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, 2017 (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, 2016) and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Community Preservation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the basic financial statements, during the fiscal year ended June 30, 2017, the City adopted GASB Statement No. 74, *Accounting and Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. Our auditors' opinion was not modified with respect to this matter.

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 82 through 89) 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 January 30, 2018, 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

Boston, MA

January 30, 2018



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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, 2017.

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 \$58.8 million – an increase of \$8.0 million or 1.7% in negative net position from June 30, 2016. The negative (\$58.8) million net position for June 30, 2017 consisted of (\$180.1) in negative net position in governmental activities and a positive \$121.3 million in the City's business type activities.
- Unrestricted governmental net position decreased by \$29.8 million to (\$485.3) million at June 30, 2017. The decline in unrestricted governmental activities net position resulted entirely from the recognition of \$27.4 million in new OPEB liabilities and \$9.9 million in new defined benefit pension plan liabilities.
- The total cost of all City services (primary government) for fiscal year 2017 was \$540.9 million, \$493.6 million (91%) of which was for governmental services, and \$47.3 million (9%) of which was for business type services. The total cost of City services increased by \$31.3 million or 6.2% from the total cost of services in the previous fiscal year.
- A total of \$118.2 million or 25.0% of governmental services were financed from program revenue, leaving 75.0% 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 90.2% of 2017 governmental services funding.
- At June 30, 2017, the City's governmental funds reported a combined fund balance of \$109.1 million. The combined governmental funds fund balance decreased by \$0.6 million (0.5%) from the prior year's ending fund balance.
- The City's general fund reported total fund balance of \$67.1 million at the end of fiscal year 2017, a \$9.6 million (16.7%) increase from the total fund balance at June 30 of the prior fiscal year. The unassigned portion of the fund balance increased by \$2.6 million to \$46.2 million or 10.8% of total general fund revenues and other financing sources. The unassigned fund balance includes \$19.7 million that the City has set aside over the course of the six most recent fiscal years as a "Rainy Day Stabilization" fund and \$11.2 million in "Free Cash" that has been certified as being available for appropriation by the Massachusetts Department of Revenue.

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 138-145 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 90 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 146 through 149 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 100 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 104 of this report. The fiduciary funds financial statements can be found on pages 31 and 32 of this report.

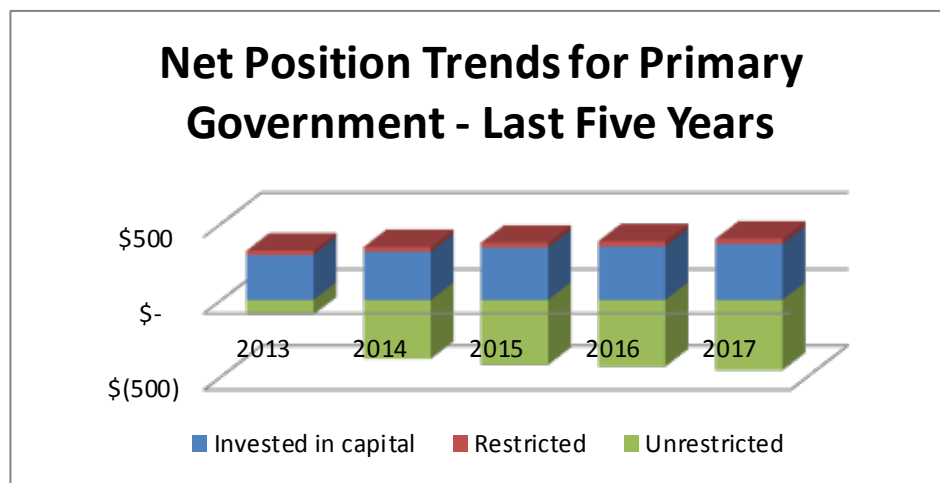
Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-81 of this report. A brief description of fund 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 73.

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 82 to 89 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 \$58.8 million at June 30, 2017. This represents an increase of \$8.0 million or 1.7% 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, 2015.



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>	
	2017	2016	2017	2016	2017	2016
Assets						
Current assets.....	\$ 195,489,845	\$ 192,331,410	\$ 69,909,871	\$ 59,166,868	\$ 265,399,716	\$ 251,498,278
Noncurrent assets (excluding capital assets).....	7,861,285	7,678,596	720,391	929,325	8,581,676	8,607,921
Capital assets (net).....	<u>544,210,714</u>	<u>502,921,661</u>	<u>102,464,499</u>	<u>95,840,555</u>	<u>646,675,213</u>	<u>598,762,216</u>
Total assets.....	<u>747,561,844</u>	<u>702,931,667</u>	<u>173,094,761</u>	<u>155,936,748</u>	<u>920,656,605</u>	<u>858,868,415</u>
Deferred Outflows of Resources	<u>32,686,775</u>	<u>31,260,484</u>	<u>852,908</u>	<u>1,028,596</u>	<u>33,539,683</u>	<u>32,289,080</u>
Liabilities						
Current liabilities (excluding debt).....	48,141,173	49,778,301	3,813,854	2,229,914	51,955,027	52,008,215
Noncurrent liabilities (excluding debt).....	612,761,504	575,492,570	16,930,647	16,598,739	629,692,151	592,091,309
Current debt.....	13,785,909	13,435,889	4,799,870	4,551,261	18,585,779	17,987,150
Noncurrent debt.....	<u>283,343,385</u>	<u>252,886,073</u>	<u>26,998,577</u>	<u>23,741,997</u>	<u>310,341,962</u>	<u>276,628,070</u>
Total liabilities.....	<u>958,031,971</u>	<u>891,592,833</u>	<u>52,542,948</u>	<u>47,121,911</u>	<u>1,010,574,919</u>	<u>938,714,744</u>
Deferred Inflows of Resources	<u>2,315,196</u>	<u>3,116,632.00</u>	<u>71,649</u>	<u>102,549</u>	<u>2,386,845</u>	<u>3,219,181</u>
Net Position						
Net investment in capital assets....	271,665,564	260,763,492	94,552,211	89,426,102	366,217,775	350,189,594
Restricted.....	33,507,464	34,250,976	-	-	33,507,464	34,250,976
Unrestricted.....	<u>(485,271,576)</u>	<u>(455,531,782)</u>	<u>26,780,861</u>	<u>20,314,782</u>	<u>(458,490,715)</u>	<u>(435,217,000)</u>
Total net position.....	<u>\$ (180,098,548)</u>	<u>\$ (160,517,314)</u>	<u>\$ 121,333,072</u>	<u>\$ 109,740,884</u>	<u>\$ (58,765,476)</u>	<u>\$ (50,776,430)</u>

The largest single components of the City's negative total net position are \$326.7 million in unfunded pension benefits (Net Pension Liabilities) and \$289.8 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 2017. 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 yet to formally adopt a funding plan for its OPEB liabilities, a new OPEB actuary was engaged in 2017 to prepare a funding plan that provides for meaningful funding to begin in fiscal year 2031, after the defined benefit plan is scheduled to be actuarially funded. The plan projects full actuarial funding of OPEB obligations by fiscal year 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, \$33.5 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 (47.5%) 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.

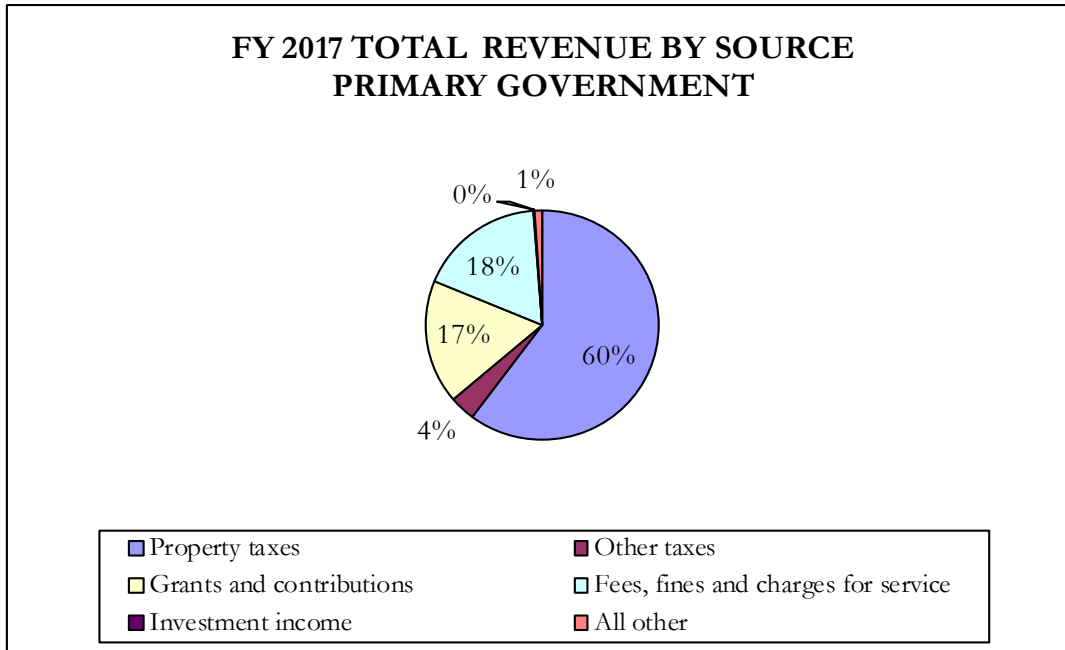
Changes in net position:

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>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
<i>Program Revenues:</i>						
Fees, fines and charges for services.....	\$ 32,016,871	\$ 32,651,120	\$ 61,488,035	\$ 59,064,372	\$ 93,504,906	\$ 91,715,492
Operating grants and contributions.....	83,577,037	67,774,244	464,271	545,793	84,041,308	68,320,037
Capital grants and contributions.....	2,616,320	4,232,242	91,567	2,796,401	2,707,887	7,028,643
<i>General Revenues:</i>						
Real estate and personal property taxes.....	321,041,250	309,686,267	-	-	321,041,250	309,686,267
Motor vehicle and other excise taxes.....	13,392,891	13,061,883	-	-	13,392,891	13,061,883
Hotel room occupancy taxes.....	2,263,279	2,444,007	-	-	2,263,279	2,444,007
Meals taxes.....	1,938,182	1,880,428	-	-	1,938,182	1,880,428
Penalties and interest on taxes.....	1,409,030	1,282,596	-	-	1,409,030	1,282,596
Payments in lieu of taxes.....	443,150	461,586	-	-	443,150	461,586
Community preservation surcharges.....	3,085,259	2,945,936	-	-	3,085,259	2,945,936
Grants and contributions not restricted to specific programs.....	6,160,868	6,309,128	-	-	6,160,868	6,309,128
Unrestricted investment income.....	909,764	483,866	-	-	909,764	483,866
Gain/(loss) on sales/disposals of capital assets.....	119,489	-	(55,259)	-	64,230	-
Other.....	1,966,066	3,305,255	-	-	1,966,066	3,305,255
Total revenues.....	<u>470,939,456</u>	<u>446,518,558</u>	<u>61,988,614</u>	<u>62,406,566</u>	<u>532,928,070</u>	<u>508,925,124</u>
Expenses						
General government.....	30,363,602	28,489,575	-	-	30,363,602	28,489,575
Public safety.....	77,684,860	74,526,967	-	-	77,684,860	74,526,967
Education.....	309,135,770	287,559,898	-	-	309,135,770	287,559,898
Public works.....	32,690,317	29,698,488	-	-	32,690,317	29,698,488
Health and human services.....	12,650,838	12,319,296	-	-	12,650,838	12,319,296
Culture and recreation.....	20,368,611	20,385,376	-	-	20,368,611	20,385,376
Debt service - interest.....	10,725,817	10,945,881	-	-	10,725,817	10,945,881
Water.....	-	-	20,212,470	19,439,528	20,212,470	19,439,528
Sewer.....	-	-	26,159,136	24,958,975	26,159,136	24,958,975
Stormwater.....	-	-	925,695	1,295,988	925,695	1,295,988
Total expenses.....	<u>493,619,815</u>	<u>463,925,481</u>	<u>47,297,301</u>	<u>45,694,491</u>	<u>540,917,116</u>	<u>509,619,972</u>
Change in net position before transfers.....	(22,680,359)	(17,406,923)	14,691,313	16,712,075	(7,989,046)	(694,848)
Transfers, net.....	<u>3,099,125</u>	<u>2,594,730</u>	<u>(3,099,125)</u>	<u>(2,594,730)</u>	<u>-</u>	<u>-</u>
Change in net position.....	(19,581,234)	(14,812,193)	11,592,188	14,117,345	(7,989,046)	(694,848)
Net position - beginning of year.....	<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>
Net position - end of year.....	<u>\$ (180,098,548)</u>	<u>\$ (160,517,314)</u>	<u>\$ 121,333,072</u>	<u>\$ 109,740,884</u>	<u>\$ (58,765,476)</u>	<u>\$ (50,776,430)</u>

Total revenue for the year ended June 30, 2017 amounted to \$532.9 million, an increase of \$24.0 million or 4.7% from the prior year. Real estate tax revenue, the City's largest revenue source, accounted for \$11.4 million or 47.5% of the revenue growth.

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

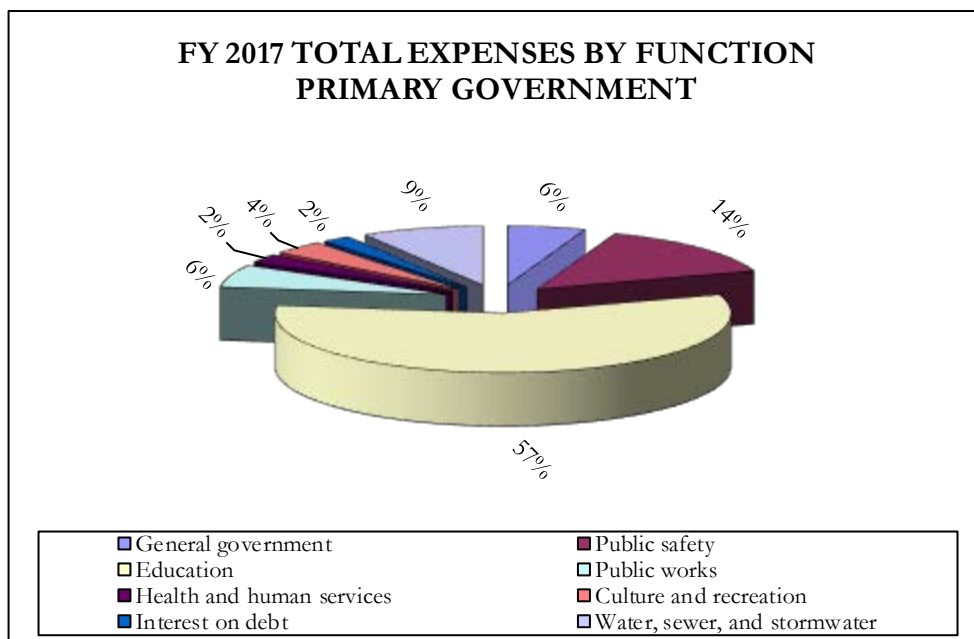


Total expenses increased by \$31.3 million or 6.1% during the year.

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, 2017, total spending for education purposes was \$309.1 million or 57% of total spending, 63% of governmental activity spending and \$21.5 million or 7% 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, 2017.



Governmental activities – Governmental activities decreased the City’s net position by \$19.6 million or 12.3% during fiscal 2017 due to the recognition of \$9.8 million in pension and \$27.4 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 2017. Inspectional service department program revenues exceeded total program expenses by \$6.1 million for the year. In the fiscal year ending June 30, 2016, Inspectional services department program revenue exceeded program expenses by \$6.1 million.

Business-type activities – Business-type activities increased the City’s net position by \$11.6 million or 10.6% during fiscal year 2017.

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, 2017, the City’s governmental funds reported a combined fund balance totaling \$109.1 million, a \$0.6 million or 0.5% decrease from the prior year reported financial position.

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

The General fund is the primary operating fund of the City and at June 30, 2017 reported a total fund balance of \$67.1 million, \$9.6 million or 16.7% greater than the total fund balance for the previous fiscal year. The unassigned portion of fund balance continued to improve, increasing from \$43.6 million or approximately 11.5% of total fund revenues and other financing sources at June 30, 2016 to \$46.2 million or 10.8% of fund revenues and other financing sources at June 30, 2017. The City’s Rainy Day (fiscal/economic stabilization) Fund accounts for \$19.7 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 2017 and (5) previous fiscal years

	2017	2016	2015	2014	2013	2012
Total fund balance	\$ 67,050,624	\$ 57,458,697	\$ 38,523,664	\$ 36,675,777	\$ 32,715,384	\$ 28,224,341
Less: Fund balance restrictions for:						
Debt service.....	2,442,053	2,803,983	2,992,322	2,835,755	2,896,430	617,572
Capital.....	1,115,477	10,285	13,752	13,752	268,186	7,729
Other postemployment benefits (1).....	-	-	-	-	-	312,973
Less: Fund balance committed for:						
Subsequent year's expenditures.....	1,600,564	1,598,546	1,595,628	1,595,130	300,000	2,565,748
Capital.....	1,070,580	2,168,821	714,055	714,835	2,149,216	5,049,725
Continued appropriations.....	12,197,805	5,084,436	2,998,738	2,579,251	2,899,584	2,201,193
Less: Fund balance assigned for:						
Encumbrances.....	2,365,805	1,881,754	1,546,338	2,556,214	2,977,415	2,435,508
Capital.....	10,678	294,350	905,046	121,776	133,106	147,553
Unassigned fund balance.....	46,247,662	43,616,522	27,757,785	26,259,064	21,091,447	14,886,340
Total revenues & other financing sources.....	\$ 428,920,940	\$ 380,459,215	\$ 352,531,003	\$ 370,804,386	\$ 349,844,773	\$ 329,962,477
Total fund balance as % total revenues and ofs.....	15.6%	15.1%	10.9%	9.9%	9.4%	8.6%
Unassigned fund balance as % total revenues and ofs..	10.8%	11.5%	7.9%	7.1%	6.0%	4.5%

(1) 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 \$48.5 million or 12.7%, during fiscal year 2017 principally as a result of real estate and personal property tax collection and intergovernmental revenues.

Property tax revenue growth of \$11.0 million accounted for 21.1% of all revenue growth for the year. The 3.6% increase in property tax revenue resulted from a combination of the normal increase authorized by Proposition 2 ½ and new growth. The City also collected 99.9% 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 \$926,915 or 0.3% of the tax levy for the year. A tax refund payable liability of \$1.5 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 \$3.8 million less than the June 30, 2016 estimate due to favorable court decisions.

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.....	\$ 319,976,273	74.5%	\$ 11,010,405	3.6%
Motor vehicle excise taxes.....	13,486,831	3.1%	364,554	2.8%
Hotel room occupancy taxes.....	2,263,279	0.5%	(180,728)	-7.4%
Meals taxes.....	1,938,182	0.5%	57,754	3.1%
Penalties and interest on taxes.....	1,409,030	0.3%	126,434	9.9%
Licenses and permits.....	9,336,783	2.2%	93,878	1.0%
Intergovernmental.....	67,408,538	15.7%	39,588,364	142.3%
Charges for services.....	2,651,737	0.6%	1,065,036	67.1%
Fines and forfeitures.....	1,668,567	0.4%	(131,647)	-7.3%
Investment income.....	787,668	0.2%	350,072	80.0%
Payments in lieu of taxes.....	415,835	0.1%	(60,248)	-12.7%
Special assessments.....	56,906	0.0%	11,212	24.5%
Other.....	604,506	0.1%	(219,526)	-26.6%
Total revenues.....	422,004,135	98.4%	52,075,560	14.1%
Premium from issuance of refunding bonds.....	245,691	0.1%	245,691	100.0%
Sale of capital assets.....	63,760	0.0%	(21,240)	-25.0%
Transfers from other funds.....	6,607,354	1.5%	116,977	1.8%
Total revenues and other financing sources.....	\$ 428,920,940	100.0%	\$ 48,461,725	12.7%

Total general fund expenditures and transfers to other funds totaled \$419.3 million, an increase of \$57.8 million or 16.0% from the previous fiscal year.

	Amount	% of Total	Increase/ (Decrease)	% Change
General government.....	\$ 18,031,746	4.3%	\$ 515,612	2.9%
Public safety.....	44,793,968	10.7%	3,382,383	8.2%
Education.....	248,382,376	59.2%	45,678,002	22.5%
Public works.....	26,603,565	6.3%	3,708,215	16.2%
Health and human services.....	4,490,333	1.1%	180,076	4.2%
Culture and recreation.....	12,569,927	3.0%	797,914	6.8%
Retirement benefits.....	33,521,494	8.0%	2,286,008	7.3%
Workers' compensation insurance.....	1,450,000	0.3%	300,000	26.1%
Property and liability insurance.....	481,586	0.1%	13,580	2.9%
Claims and judgements.....	157,075	0.0%	(87,677)	-35.8%
State assessments and charges.....	6,143,354	1.5%	30,072	0.5%
Debt service				
Principal.....	11,992,667	2.9%	1,499,700	14.3%
Interest.....	8,320,360	2.0%	157,065	1.9%
Total expenditures.....	416,938,451	99.4%	58,460,950	16.3%
Transfers to other funds.....	2,390,562	0.6%	(656,119)	-21.5%
Total expenditures and transfers.....	\$ 419,329,013	100.0%	\$ 57,804,831	16.0%

The \$3.7 million (16%) increase in public works spending is a function of the fact that snow and ice requirements for the most recent fiscal year were nearly double what was required for the previous fiscal year.

The \$46 million or 22.5% increase in education spending resulted principally from the recognition of on-behalf payments from the Massachusetts Teachers' Retirement System 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, 2017, the City realized \$3.8 million in CPA fund revenue, \$3.1 million (80.8%) of which came from the local property tax surcharge. State matching funds amounted to \$0.6 million. Fund expenditures totaled \$3.7 million for the year, \$0.6 million of which was for historic resources preservation; \$1.2 million of which was for community housing; \$1.8 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 \$5.9 million to \$68.9 million at June 30, 2017. Unrestricted fund net position increased by \$1.8 million or 11.5% to \$17.5 million at June 30, 2017.

The financial position of the City's water fund also improved during the last fiscal year from \$44.4 million at June 30, 2016 to \$48.7 million at June 30, 2017. Unrestricted fund net position was \$7.6 million.

The City's storm water management fund ended the year with a net position of \$3.6 million – an increase of \$1.3 million or 52% from June 30, 2016. Unrestricted net position amounted to \$1.7 million.

The financial position of the City's Internal Service Funds increased by \$5.9 million, or 36.9% during the year ended June 30, 2017. 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 100-103.

The financial position of the City's workers compensation self-insurance fund increased by \$2.5 million during the year as a result of the \$1.5 million increase in the fair value of fund investments and \$2.0 million of employer contributions.

The financial position of the group health self-insurance fund increased by \$3.4 million or 24.9% as a result of a \$2.4 million (5.1%) increase in employer contributions during the year. The \$17.0 million year-end net position represents approximately 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 increased by \$16 million (5.5%) to \$305.9 million during the system's fiscal year that ended December 31, 2016, as a result of the fact that investment income earnings for the year (net of investment management fees) were \$19.4 million. According to the Commonwealth of Massachusetts Public Employee Retirement Administration Commission's 2016 Annual Report, the Newton Contributory Retirement System's investment portfolio returned 8.12% for the year (compared to a long term return assumption of 7.50% for funding and 7.35% for financial reporting). The plan's thirty year average annual return is 8.53%.

The funded status of the defined benefit retirement plan at January 1, 2017 on an actuarial funding basis was 48.10%. Based upon a new funding schedule that was formally adopted by the City, the plan is expected to be fully funded in the fiscal year ending June 30, 2030. The new funding schedule assumes a 9.6% annual increase in City appropriations to the defined benefit trust; average annual investment returns of 7.5%; 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 74-78 of this report.

The net position of the City's OPEB fund increased from \$3.6 million to \$6.0 million during fiscal year 2017, 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 2017.

General Fund Budgetary Highlights:

The difference between the original General Fund budget of \$385.9 million (including prior year encumbrances and continuing appropriations) and the final amended budget of \$399.7 million amounts to 3.6% and can be summarized as follows:

Description	Amount
Capital outlay and improvements.....	\$ 11,166,175
Rainy Day Stabilization fund.....	539,887
Newton Public Schools.....	499,653
All other.....	<u>1,574,309</u>
 Total supplemental appropriations.....	 <u>\$ 13,780,024</u>

There were no deficits incurred in the appropriations of the various departments of the City. All but \$0.9 million (0.2%) of total appropriations were expended, encumbered, or continued into fiscal year 2017 for completion of the appropriated purposes at June 30, 2017. Please refer to pages 112–121 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 \$314.3 million, as of June 30, 2017, amounts to \$646.7 million. The investment in capital assets includes land and land improvements, intangible assets, buildings and improvements, machinery and equipment, infrastructure and construction in progress.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2017	2016	2017	2016	2017	2016
Land and improvements.....	\$ 31,144,152	\$ 31,034,152	\$ 284,785	\$ 284,785	\$ 31,428,937	\$ 31,318,937
Intangible assets.....	2,238,261	2,238,261	-	-	2,238,261	2,238,261
Buildings and improvements..	406,114,635	363,761,292	2,145,918	2,211,860	408,260,553	365,973,152
Machinery and equipment.....	27,236,575	25,257,156	8,698,446	8,715,334	35,935,021	33,972,490
Infrastructure.....	67,254,964	61,514,812	91,145,777	84,564,767	158,400,741	146,079,579
Construction in progress.....	<u>10,222,127</u>	<u>19,115,988</u>	<u>189,573</u>	<u>63,809</u>	<u>10,411,700</u>	<u>19,179,797</u>
Total capital assets.....	<u>\$ 544,210,714</u>	<u>\$ 502,921,661</u>	<u>\$ 102,464,499</u>	<u>\$ 95,840,555</u>	<u>\$ 646,675,213</u>	<u>\$ 598,762,216</u>

Total capital assets, net of accumulated depreciation, increased by \$47.9 million or 8.0%. Major capital asset events during 2017 included the following:

- Business-type activity net capital assets increased by \$6.6 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 \$41.3 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, 2017, the City had total long term debt outstanding of \$316.4 million, \$284.8 million for governmental activities and \$31.6 million for business-type activities. The City had no bond anticipation notes outstanding at June 30, 2017. All debt is a general obligation of the City, although water and sewer debt service payments are made from the resources of the enterprise funds and community preservation fund project debt service payments are made from resources of the community preservation fund.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Education Buildings.....	\$ 234,672,148	\$ 206,992,215	\$ -	\$ -	\$ 234,672,148	\$ 206,992,215
Municipal buildings.....	42,136,700	46,668,150	-	-	42,136,700	46,668,150
Departmental equipment...	7,649,650	4,931,300	-	-	7,649,650	4,931,300
Landfill closure.....	336,400	497,400	-	-	336,400	497,400
Street reconstruction.....	30,000	45,000	-	-	30,000	45,000
Land acquisition.....	-	255,000	-	-	-	255,000
Other.....	-	-	-	-	-	-
Water system.....	-	-	19,526,681	14,288,488	19,526,681	14,288,488
Sanitary sewer system.....	-	-	11,353,080	13,115,100	11,353,080	13,115,100
Stormwater system.....	-	-	700,000	725,000	700,000	725,000
Total bonds and notes.....	<u>\$ 284,824,898</u>	<u>\$ 259,389,065</u>	<u>\$ 31,579,761</u>	<u>\$ 28,128,588</u>	<u>\$ 316,404,659</u>	<u>\$ 287,517,653</u>

During the year just ended, the City added \$116.4 million in new bonds and notes and retired \$81.3 million in existing bonds, and notes including \$65.6 million in advance refunding bonds that were issued to defease \$63.6 million in existing debt, with a resulting future debt service savings of \$12.9 million. General fund interest and principal payments amounted to \$20.3 million or 4.7% of fund revenues and other financing sources. Community Preservation Fund interest and principal payments amounted to \$0.3 million, or 6.8%, of fund revenues.

A total of \$160.0 million or 45.9% of existing bonded debt will be retired within ten years; \$261.1 million or 79.4% will be retired within twenty years; and all existing debt will be extinguished by June 30, 2047.

At June 30, 2017 the City’s authorized and unissued long term debt amounted to \$60.0 million, an increase of \$17.8 million (42.1%) from June 30, 2016.

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 58-65 of this report. In addition, debt trend information is available on pages 154-157 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 \$127,402. This compares favorably with the Massachusetts median household income of \$70,954, and the U.S. median household income of \$55,322.
- According to Homefacts.com, the unemployment rate for the City for September 2017 was 2.6%, which compared favorably with the statewide unemployment rate of 3.3% and the national unemployment rate of 4.1%.
- The City of Newton’s fiscal year 2018 general fund original operating budget amounts to \$395.3 million.

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 sdzikowski@newtonma.gov.

Basic Financial Statements

CITY OF NEWTON
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Current Assets:				
Cash and Cash Equivalents.....	\$ 87,096,591	\$ 30,272,378	\$ 117,368,969	\$ 840,227
Restricted Cash and Cash Equivalents.....	75,008,651	23,886,159	98,894,810	4,530
Restricted Investments.....	12,366,529	-	12,366,529	-
Interest and Dividends.....	15,527	-	15,527	495,102
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate and Personal Property Taxes.....	7,477,910	-	7,477,910	-
Tax and utility liens.....	8,505,407	331,879	8,837,286	-
Motor Vehicle and Other Excise Taxes.....	848,761	-	848,761	-
Community Preservation Surcharges.....	43,898	-	43,898	-
User Charges.....	713,081	15,177,056	15,890,137	-
Departmental and Other.....	773,814	-	773,814	-
Intergovernmental.....	2,213,462	242,399	2,455,861	-
Special Assessments.....	747	-	747	-
Loans.....	-	-	-	38,894
Other Assets.....	30,000	-	30,000	-
Prepaid Expenses.....	-	-	-	3,716
Working Capital Deposit.....	395,467	-	395,467	-
Total Current Assets.....	195,489,845	69,909,871	265,399,716	1,382,469
Noncurrent Assets:				
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate Tax Deferrals.....	3,287,208	-	3,287,208	-
Departmental and Other.....	4,226,898	-	4,226,898	-
Intergovernmental.....	44,347	666,145	710,492	-
Special Assessments.....	302,832	54,246	357,078	-
Loans.....	-	-	-	3,740,211
Capital assets:				
Nondepreciable.....	43,604,540	474,358	44,078,898	-
Depreciable, net of accumulated depreciation.....	500,606,174	101,990,141	602,596,315	2,131,420
Total Noncurrent Assets.....	552,071,999	103,184,890	655,256,889	5,871,631
Total Assets.....	747,561,844	173,094,761	920,656,605	7,254,100
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding.....	5,126,817	-	5,126,817	-
Related to Pension.....	27,559,958	852,908	28,412,866	-
Total Deferred Outflows of Resources.....	32,686,775	852,908	33,539,683	-
LIABILITIES				
Current Liabilities:				
Warrants Payable.....	10,437,093	712,469	11,149,562	54,200
Accrued Liabilities.....	4,440,204	2,067,115	6,507,319	-
Accrued Payroll.....	17,824,488	56,736	17,881,224	-
Revenue Refunds Payable.....	1,464,974	-	1,464,974	-
Health Claims Payable.....	4,177,547	-	4,177,547	-
Other Liabilities.....	1,616,857	-	1,616,857	-
Accrued Interest.....	3,055,772	229,964	3,285,736	-
Abandoned Property.....	646,531	-	646,531	-
Liabilities payable from restricted assets.....	274,419	714,051	988,470	-
Bonds Payable.....	13,785,909	4,799,870	18,585,779	-
Landfill Closure and Other Environmental Liabilities.....	53,658	-	53,658	-
Compensated Absences.....	3,211,599	33,519	3,245,118	-
Workers' Compensation Claims.....	938,031	-	938,031	-
Total Current Liabilities.....	61,927,082	8,613,724	70,540,806	54,200

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

JUNE 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Noncurrent Liabilities:				
Bonds Payable.....	283,343,385	26,998,577	310,341,962	-
Landfill Closure and Other Environmental Liabilities.....	526,171	-	526,171	-
Compensated Absences.....	5,567,911	301,663	5,869,574	-
Net Pension Liability.....	316,862,742	9,806,069	326,668,811	-
Net OPEB Obligation.....	283,008,502	6,822,915	289,831,417	-
Workers' Compensation Claims.....	6,796,178	-	6,796,178	-
Total Noncurrent Liabilities.....	896,104,889	43,929,224	940,034,113	-
Total Liabilities.....	958,031,971	52,542,948	1,010,574,919	54,200
DEFERRED INFLOWS OF RESOURCES				
Related to Pension.....	2,315,196	71,649	2,386,845	-
NET POSITION				
Net Investment in Capital Assets.....	271,665,564	94,552,211	366,217,775	2,131,420
Restricted for:				
Community preservation activities.....	15,931,480	-	15,931,480	-
Education activities.....	3,751,187	-	3,751,187	-
Debt service.....	2,442,053	-	2,442,053	-
Receipts reserved.....	797,560	-	797,560	-
Community development block grant.....	438,828	-	438,828	-
Municipal federal grants.....	843,328	-	843,328	-
Municipal state grants.....	432,216	-	432,216	-
Permanent Funds:				
Expendable.....	1,310,237	-	1,310,237	-
Nonexpendable.....	396,932	-	396,932	-
Other Specific Purposes.....	7,163,643	-	7,163,643	-
Unrestricted.....	(485,271,576)	26,780,861	(458,490,715)	5,068,480
Total Net Position.....	\$ (180,098,548)	\$ 121,333,072	\$ (58,765,476)	\$ 7,199,900

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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.....	\$ 4,030,462	\$ 261,638	\$ 15,252	\$ -	\$ (3,753,572)
Financial administration.....	5,432,404	173,617	4,058	-	(5,254,729)
Administrative support.....	5,888,071	447,228	21	-	(5,440,822)
Planning & development.....	8,186,904	826,414	4,461,872	-	(2,898,618)
Public building maintenance & operation.....	6,825,761	11,317	332,107	-	(6,482,337)
Public Safety					
Police.....	38,878,326	6,114,444	338,548	-	(32,425,334)
Fire.....	36,690,704	778,966	521,690	-	(35,390,048)
Inspectional services.....	2,115,830	8,234,152	-	-	6,118,322
Education.....	309,135,770	9,401,609	75,339,563	-	(224,394,598)
Public Works					
Streets & sidewalks.....	15,730,525	2,144,318	-	2,616,320	(10,969,887)
Control of snow & ice.....	5,961,686	-	11,994	-	(5,949,692)
Sanitation.....	8,771,116	2,700	17,438	-	(8,750,978)
Engineering.....	2,226,990	69,647	-	-	(2,157,343)
Health and Human Services					
Public health & human services.....	11,046,548	137,697	237,685	-	(10,671,166)
Senior services.....	1,096,847	9,324	331,924	-	(755,599)
Veteran services.....	507,443	-	203,160	-	(304,283)
Culture and Recreation					
Libraries.....	8,211,297	131,279	602,893	-	(7,477,125)
Parks & recreation.....	11,816,419	3,272,521	275,073	-	(8,268,825)
Newton History museum.....	340,895	-	1,733	-	(339,162)
Debt Service-Interest.....	10,725,817	-	882,026	-	(9,843,791)
Total Governmental Activities.....	493,619,815	32,016,871	83,577,037	2,616,320	(375,409,587)
Business-Type Activities:					
Water.....	20,212,470	26,272,729	244,740	24,269	6,329,268
Sewer.....	26,159,136	32,407,666	214,826	67,298	6,530,654
Stormwater.....	925,695	2,807,640	4,705	-	1,886,650
Total Business-Type Activities.....	47,297,301	61,488,035	464,271	91,567	14,746,572
Total Primary Government.....	\$ 540,917,116	\$ 93,504,906	\$ 84,041,308	\$ 2,707,887	\$ (360,663,015)
Component Units:					
Newton Commonwealth Foundation, Inc.....	\$ 274,080	\$ 411,615	\$ 4,916	\$ -	\$ 142,451
Newton Community Development Authority.....	145,589	138	40,355	-	(105,096)
Total Component Units.....	\$ 419,669	\$ 411,753	\$ 45,271	\$ -	\$ 37,355

CITY OF NEWTON, MASSACHUSETTS
STATEMENT OF ACTIVITIES (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
CHANGES IN NET POSITION				
Net (Expense) Revenue (From Previous Page).....	\$ (375,409,587)	\$ 14,746,572	\$ (360,663,015)	\$ 37,355
General Revenues:				
Real estate and personal property taxes, levied for general purposes.....	321,041,250	-	321,041,250	-
Real estate and personal property taxes, levied for community preservation purposes.....	3,085,259	-	3,085,259	-
Motor Vehicle and Other Excise Taxes.....	13,392,891	-	13,392,891	-
Hotel Room Occupancy Taxes.....	2,263,279	-	2,263,279	-
Meals Taxes.....	1,938,182	-	1,938,182	-
Penalties and Interest on Taxes.....	1,409,030	-	1,409,030	-
Payments in Lieu of Taxes.....	443,150	-	443,150	-
Grants and Contributions not Restricted to				
Specific Programs.....	6,160,868	-	6,160,868	-
Unrestricted Investment Income.....	909,764	-	909,764	-
Gain (Loss) on Sale of Capital Assets.....	119,489	(55,259)	64,230	-
Other.....	1,966,066	-	1,966,066	-
Transfers, Net.....	3,099,125	(3,099,125)	-	-
Total General Revenues and Transfers.....	355,828,353	(3,154,384)	352,673,969	-
CHANGE IN NET POSITION	(19,581,234)	11,592,188	(7,989,046)	37,355
Net Position - Beginning of Year.....	(160,517,314)	109,740,884	(50,776,430)	7,162,545
NET POSITION - END OF YEAR.....	\$ (180,098,548)	\$ 121,333,072	\$ (58,765,476)	\$ 7,199,900

CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017

ASSETS	General	Community Preservation	High School Improvements	Angier School Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents.....	\$ 85,417,480	\$ -	\$ -	\$ -	\$ 1,679,111	\$ 87,096,591
Receivables, Net of Allowance for Uncollectible Amounts:						
Real Estate and Personal Property Taxes.....	7,477,910	-	-	-	-	7,477,910
Real Estate Tax Deferrals.....	3,287,208	-	-	-	-	3,287,208
Tax Liens.....	8,505,407	-	-	-	-	8,505,407
Motor Vehicle and Other Excise Taxes.....	848,761	-	-	-	-	848,761
Community Preservation Surcharges.....	-	43,898	-	-	-	43,898
User Charges.....	38,830	-	-	-	674,251	713,081
Departmental and Other.....	4,848,770	-	-	-	-	4,848,770
Intergovernmental.....	1,014,739	463,828	-	90,307	688,935	2,257,809
Special Assessments.....	220,453	-	-	-	83,126	303,579
Due from Other Funds.....	3,052	-	-	-	-	3,052
Other Assets.....	-	-	-	-	30,000	30,000
Restricted Assets:						
Cash and Cash Equivalents.....	3,557,530	15,562,774	-	966,579	31,840,335	51,927,218
Investments.....	-	-	-	-	634,180	634,180
Total Assets.....	<u>\$ 115,220,140</u>	<u>\$ 16,070,500</u>	<u>\$ -</u>	<u>\$ 1,056,886</u>	<u>\$ 35,629,938</u>	<u>\$ 167,977,464</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Warrants Payable.....	\$ 3,863,042	\$ 125,018	\$ -	\$ -	\$ 6,338,942	\$ 10,327,002
Accrued Liabilities.....	1,352,989	12,800	-	-	2,653,274	4,019,063
Accrued Payroll.....	17,163,222	1,202	-	-	633,554	17,797,978
Revenue Refunds Payable.....	1,464,974	-	-	-	-	1,464,974
Other Liabilities.....	236,063	-	-	-	294,684	530,747
Abandoned Property.....	646,531	-	-	-	-	646,531
Liabilities Due Depositors.....	274,419	-	-	-	-	274,419
Due to Other Funds.....	-	-	-	-	3,052	3,052
Total Liabilities.....	<u>25,001,240</u>	<u>139,020</u>	<u>-</u>	<u>-</u>	<u>9,923,506</u>	<u>35,063,766</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue.....	<u>23,168,276</u>	<u>493,216</u>	<u>-</u>	<u>-</u>	<u>131,022</u>	<u>23,792,514</u>
FUND BALANCES						
Nonspendable.....	-	-	-	-	396,932	396,932
Restricted.....	3,557,530	15,438,264	-	1,056,886	23,499,367	43,552,047
Committed.....	14,868,949	-	-	-	1,679,111	16,548,060
Assigned.....	2,376,483	-	-	-	-	2,376,483
Unassigned.....	46,247,662	-	-	-	-	46,247,662
Total Fund Balances.....	<u>67,050,624</u>	<u>15,438,264</u>	<u>-</u>	<u>1,056,886</u>	<u>25,575,410</u>	<u>109,121,184</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 115,220,140</u>	<u>\$ 16,070,500</u>	<u>\$ -</u>	<u>\$ 1,056,886</u>	<u>\$ 35,629,938</u>	<u>\$ 167,977,464</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, 2017

Total Governmental Fund Balances	\$	109,121,184
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		544,210,714
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.....		23,792,514
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.....		(3,055,772)
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.....		(297,129,294)
Landfill Post-Closure.....		(579,829)
Compensated Absences.....		(8,779,510)
Net OPEB Obligation.....		(283,008,502)
Net Pension Liability.....		(316,862,742)
In the statement of net position, deferred outflows of resources are reported for amounts related to pensions.....		27,559,958
In the statement of net position, deferred inflows of resources are reported for the loss on advanced refunding transactions.....		5,126,817
In the statement of net position, deferred inflows of resources are reported for amounts related to pensions.....		(2,315,196)
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>21,821,110</u>
Net Position of Governmental Activities.....	\$	<u><u>(180,098,548)</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, 2017

	General	Community Preservation	High School Improvements	Angier School Improvement	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Real Estate and Personal Property Taxes.....	\$ 319,976,273	\$ -	\$ -	\$ -	\$ -	\$ 319,976,273
Motor Vehicle and Other Excise Taxes.....	13,486,831	-	-	-	-	13,486,831
Hotel/Motel Tax.....	2,263,279	-	-	-	-	2,263,279
Meals Taxes.....	1,938,182	-	-	-	-	1,938,182
Payments in Lieu of Taxes.....	415,835	-	-	-	-	415,835
Community Preservation Surcharges.....	-	3,081,837	-	-	-	3,081,837
Charges for Services.....	2,651,737	-	-	-	17,751,742	20,403,479
Intergovernmental.....	67,408,538	608,243	-	499,095	22,689,021	91,204,897
Special Assessments.....	56,906	-	-	-	136,332	193,238
Penalties and Interest on Taxes.....	1,409,030	-	-	-	-	1,409,030
Licenses and Permits.....	9,336,783	-	-	-	747,836	10,084,619
Fines and Forfeitures.....	1,668,567	-	-	-	93,526	1,762,093
Contributions.....	-	-	-	-	1,336,660	1,336,660
Investment Income (loss).....	787,668	122,095	-	-	126,650	1,036,413
Other.....	604,506	-	-	-	225,682	830,188
Total Revenues.....	422,004,135	3,812,175	-	499,095	43,107,449	469,422,854
EXPENDITURES						
Current:						
General Government						
Legislative & Executive.....	2,820,989	-	-	-	26,225	2,847,214
Financial Administration.....	4,007,961	-	-	-	3,960	4,011,921
Administrative Support.....	4,597,389	-	-	-	-	4,597,389
Planning & Development.....	1,555,356	1,810,268	-	-	4,191,495	7,557,119
Public Building Maintenance & Operations..	5,050,051	73,172	-	-	14,807,222	19,930,445
Public Safety						
Police.....	21,393,487	-	-	-	4,487,242	25,880,729
Fire.....	21,963,128	-	-	-	2,587,952	24,551,080
Inspectional Services.....	1,437,353	-	-	-	11,849	1,449,202
Education.....	248,382,376	-	-	598,750	51,322,947	300,304,073
Public Works						
Streets & Sidewalks.....	8,397,323	-	-	-	7,085,905	15,483,228
Control of Snow & Ice.....	5,486,851	-	-	-	-	5,486,851
Sanitation.....	7,920,032	-	-	-	4,864	7,924,896
Vehicle Maintenance.....	2,171,427	-	-	-	1,872	2,173,299
Engineering.....	1,338,526	-	-	-	70,455	1,408,981
Administration & Support.....	1,289,406	-	-	-	-	1,289,406
Health and Human Services						
Health and Human Services.....	3,473,664	-	-	-	244,269	3,717,933
Senior Services.....	639,665	-	-	-	430,105	1,069,770
Veteran Services.....	377,004	-	-	-	7,379	384,383
Culture and Recreation						
Libraries.....	5,521,389	-	-	-	465,169	5,986,558
Parks & Recreation.....	6,788,206	1,568,936	-	-	3,483,252	11,840,394
Newton History Museum.....	260,332	11,508	-	-	39	271,879
Retirement Benefits.....	33,521,494	-	-	-	-	33,521,494
Worker's Compensation Insurance.....	1,450,000	-	-	-	-	1,450,000
Property and Liability Insurance.....	481,586	-	-	-	-	481,586
Claims and Judgments.....	157,075	-	-	-	-	157,075
State and County Charges.....	6,143,354	-	-	-	-	6,143,354
Debt Service:						
Principal.....	11,992,667	255,000	-	-	-	12,247,667
Interest.....	8,320,360	4,781	-	-	-	8,325,141
Total Expenditures.....	416,938,451	3,723,665	-	598,750	89,232,201	510,493,067
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	5,065,684	88,510	-	(99,655)	(46,124,752)	(41,070,213)
OTHER FINANCING SOURCES (USES)						
Proceeds of Bonds and Notes.....	-	-	-	-	35,528,500	35,528,500
Premium from Issuance of Bonds and Notes.....	-	-	-	-	1,479,298	1,479,298
Proceeds of Refunding Bonds.....	-	-	62,035,000	-	3,740,000	65,775,000
Premium from Issuance of Refunding Bonds.....	245,691	-	4,988,560	-	300,975	5,535,226
Sale of Capital Assets.....	63,760	-	-	-	51,434	115,194
Transfers In.....	6,607,354	-	-	261,366	2,235,083	9,103,803
Transfers Out.....	(2,390,562)	-	-	-	(3,614,116)	(6,004,678)
Payments to Refunding Bonds Escrow.....	-	-	(67,023,560)	-	(4,040,975)	(71,064,535)
Total Other Financing Sources (Uses).....	4,526,243	-	-	261,366	35,680,199	40,467,808
NET CHANGE IN FUND BALANCES.....	9,591,927	88,510	-	161,711	(10,444,553)	(602,405)
Fund Balances - Beginning of Year.....	57,458,697	15,349,754	-	895,175	36,019,963	109,723,589
FUND BALANCES - END OF YEAR.....	\$ 67,050,624	\$ 15,438,264	\$ -	\$ 1,056,886	\$ 25,575,410	\$ 109,121,184

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, 2017

Net Change in Fund Balances - Total Governmental Funds.....	\$	(602,405)
<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.....		62,208,700
Depreciation.....		(20,800,158)
<p>In the statement of activities, the gain 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>		
		(119,489)
<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>		
		532,282
<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.....		(35,528,500)
Proceeds of Refunding Bonds.....		(65,775,000)
Retirement of Refunded Bonds.....		63,620,000
Bond Maturities.....		12,247,667
Bond Premiums.....		(7,014,524)
Net Amortization of Bond Premiums.....		882,025
<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>		
		(82,958)
<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.....		72,774
Compensated Absences.....		(31,307)
Net OPEB Obligation.....		(27,411,095)
Net Pension Liability.....		(9,891,678)
<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>		
		(3,700,526)
<p>In the statement of activities, deferred outflows related to the loss on advanced refunding transactions are amortized and recognized as interest expense. This amount represents the net change in deferred outflows related to advanced refunding transactions.....</p>		
		5,126,817
<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>		
		801,436
<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>		
		5,884,705
Changes in Net Position of Governmental Activities.....	\$	(19,581,234)

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, 2017

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
REVENUES				
Real estate and personal property taxes.....	\$ 313,757,758	313,076,020	\$ 316,183,756	\$ 3,107,736
Motor vehicle excise taxes.....	13,103,000	12,900,000	13,756,305	856,305
Hotel room occupancy taxes.....	2,475,000	2,444,000	2,263,279	(180,721)
Meals tax.....	1,800,000	1,857,000	1,938,182	81,182
Penalties and interest on taxes.....	1,150,000	1,280,000	1,409,030	129,030
Licenses and permits.....	6,503,930	6,503,930	9,336,783	2,832,853
Intergovernmental.....	27,768,336	28,478,944	29,018,121	539,177
Charges for services.....	1,482,709	1,456,709	2,651,737	1,195,028
Fines and forfeitures.....	1,596,000	1,685,000	1,668,567	(16,433)
Investment income.....	225,000	225,000	644,856	419,856
Payments in lieu of taxes.....	407,000	407,000	415,835	8,835
Miscellaneous.....	321,500	562,350	359,756	(202,594)
Special assessments.....	61,000	45,000	56,906	11,906
TOTAL REVENUES.....	370,651,233	370,920,953	379,703,113	8,782,160
EXPENDITURES				
Current:				
General government:				
Legislative & executive.....	2,955,359	3,007,657	2,820,989	186,668
Financial administration.....	4,898,769	5,912,198	4,007,961	1,904,237
Administrative support.....	5,179,296	5,017,585	4,597,388	420,197
Planning & development.....	2,188,533	2,032,695	1,555,356	477,339
Public building maintenance & operations.....	5,056,242	6,175,622	5,050,049	1,125,573
Public safety:				
Police.....	20,809,842	22,230,720	22,109,835	120,885
Fire.....	21,636,219	23,258,377	21,963,130	1,295,247
Inspectional services.....	1,643,397	1,506,468	1,437,354	69,114
Education.....	212,023,966	210,854,423	210,049,818	804,605
Public works:				
Streets & sidewalks.....	9,578,163	14,971,237	8,397,324	6,573,913
Control of snow & ice.....	1,961,997	6,621,087	5,486,851	1,134,236
Sanitation.....	7,412,161	7,935,076	7,920,032	15,044
Vehicle maintenance.....	2,403,726	2,319,337	2,171,427	147,910
Engineering.....	1,186,238	1,374,825	1,338,526	36,299
Administration & support.....	1,284,026	1,350,729	1,346,240	4,489
Health and human services:				
Health & human services.....	3,577,041	3,582,014	3,473,664	108,350
Senior services.....	649,493	650,811	639,665	11,146
Veteran services.....	436,177	433,875	377,003	56,872
Culture and recreation:				
Libraries.....	5,726,684	5,574,318	5,521,389	52,929
Parks & recreation.....	6,874,378	7,592,344	6,788,205	804,139
Newton History museum.....	288,991	267,171	260,333	6,838
Retirement benefits.....	33,859,984	33,524,023	33,521,494	2,529
Workers' compensation insurance.....	1,450,000	1,450,000	1,450,000	-
Property and liability insurance.....	533,574	533,574	481,586	51,988
Claims and judgments.....	106,533	172,989	157,075	15,914
Reserve fund.....	4,055,375	5,375	-	5,375
State assessments & charges.....	6,175,334	6,168,127	6,143,354	24,773
Debt service:				
Principal.....	10,475,888	11,975,228	11,975,228	-
Interest.....	11,281,727	8,279,940	8,279,940	-
TOTAL EXPENDITURES.....	385,709,113	394,777,825	379,321,216	15,456,609
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(15,057,880)	(23,856,872)	381,897	24,238,769
OTHER FINANCING SOURCES (USES)				
Transfers in.....	6,719,465	8,984,016	8,984,016	-
Premium from issuance of refunding bonds.....	-	-	245,691	245,691
Sale of assets.....	-	-	63,760	63,760
Transfers out.....	(226,321)	(4,937,633)	(4,935,642)	1,991
TOTAL OTHER FINANCING SOURCES (USES).....	6,493,144	4,046,383	4,357,825	311,442
NET CHANGE IN FUND BALANCE.....	(8,564,736)	(19,810,489)	4,739,722	24,550,211
FUND BALANCE AT BEGINNING OF YEAR.....	41,080,693	41,080,693	41,080,693	-
FUND BALANCE AT END OF YEAR.....	\$ 32,515,957	\$ 21,270,204	\$ 45,820,415	\$ 24,550,211

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, 2017

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
REVENUES				
Community preservation surcharges.....	\$ 2,915,002	\$ 2,915,002	\$ 3,081,326	\$ 166,324
Intergovernmental	426,586	426,586	608,243	181,657
Investment income.....	-	-	122,095	122,095
Miscellaneous.....	-	-	-	-
TOTAL REVENUES.....	3,341,588	3,341,588	3,811,664	470,076
EXPENDITURES				
Current:				
General government:				
Legislative & executive.....	20,000	20,000	-	20,000
Planning & development.....	5,541,609	5,438,231	1,810,268	3,627,963
Public building maintenance & operations.....	757,356	757,357	73,172	684,185
Culture and recreation:				
Parks & recreation.....	927,518	3,427,518	1,568,936	1,858,582
Newton History museum.....	96,463	96,463	11,508	84,955
Reserve fund.....	2,531,767	196,522	-	196,522
Debt service:				
Principal.....	255,000	255,000	255,000	-
Interest.....	4,781	4,781	4,781	-
TOTAL EXPENDITURES.....	10,134,494	10,195,872	3,723,665	6,472,207
NET CHANGE IN FUND BALANCE.....	(6,792,906)	(6,854,284)	87,999	6,942,283
FUND BALANCE AT BEGINNING OF YEAR.....	15,335,754	15,335,754	15,335,754	-
FUND BALANCE AT END OF YEAR.....	\$ 8,542,848	\$ 8,481,470	\$ 15,423,753	\$ 6,942,283

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF FUND NET POSITION
 JUNE 30, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Nonmajor Stormwater	Total	
ASSETS					
Current Assets:					
Cash and Cash Equivalents.....	\$ 18,067,267	\$ 10,895,302	\$ 1,309,809	\$ 30,272,378	\$ -
Restricted Cash and Cash Equivalents.....	13,573,282	10,249,732	63,145	23,886,159	23,081,433
Restricted Investments.....	-	-	-	-	11,732,349
Interest and Dividends.....	-	-	-	-	15,527
Receivables, Net of Allowance for Uncollectible Amounts:					
User Charges.....	8,039,520	6,416,560	720,976	15,177,056	-
Utility Liens.....	176,106	148,240	7,533	331,879	-
Departmental and Other.....	-	-	-	-	151,942
Intergovernmental.....	242,399	-	-	242,399	-
Working Capital Deposit.....	-	-	-	-	395,467
Total Current Assets.....	<u>40,098,574</u>	<u>27,709,834</u>	<u>2,101,463</u>	<u>69,909,871</u>	<u>35,376,718</u>
Noncurrent Assets:					
Receivables, Net of Allowance for Uncollectible Amounts:					
Special Assessments.....	54,246	-	-	54,246	-
Intergovernmental.....	666,145	-	-	666,145	-
Capital Assets					
Nondepreciable.....	26,245	262,885	185,228	474,358	-
Depreciable, Net of Accumulated Depreciation.....	49,208,679	50,203,231	2,578,231	101,990,141	-
Total Noncurrent Assets.....	<u>49,955,315</u>	<u>50,466,116</u>	<u>2,763,459</u>	<u>103,184,890</u>	<u>-</u>
Total Assets.....	<u>90,053,889</u>	<u>78,175,950</u>	<u>4,864,922</u>	<u>173,094,761</u>	<u>35,376,718</u>
DEFERRED OUTFLOWS OF RESOURCES					
Related to Pension.....	<u>399,524</u>	<u>438,280</u>	<u>15,104</u>	<u>852,908</u>	<u>-</u>
LIABILITIES					
Current Liabilities:					
Warrants Payable.....	494,480	212,901	5,088	712,469	110,091
Accrued Liabilities.....	1,566,844	487,648	12,623	2,067,115	421,141
Accrued Payroll.....	19,150	28,679	8,907	56,736	26,510
Other Liabilities.....	-	-	-	-	1,086,110
Liabilities Payable from Restricted Assets.....	165,670	548,381	-	714,051	-
Accrued Interest.....	84,405	132,415	13,144	229,964	-
Accrued Health Claims Payable.....	-	-	-	-	4,177,547
Workers' Compensation Claims.....	-	-	-	-	938,031
Compensated Absences.....	15,782	15,117	2,620	33,519	-
Long-Term Bonds and Notes Payable.....	1,686,989	3,083,176	29,705	4,799,870	-
Total Current Liabilities.....	<u>4,033,319</u>	<u>4,508,317</u>	<u>72,088</u>	<u>8,613,724</u>	<u>6,759,430</u>
Noncurrent Liabilities:					
Workers' Compensation Claims.....	-	-	-	-	6,796,178
Compensated Absences.....	142,034	136,050	23,579	301,663	-
Net Pension Liability.....	4,593,408	5,039,004	173,657	9,806,069	-
Net OPEB Obligation.....	3,061,316	3,660,571	101,028	6,822,915	-
Long-Term Bonds and Notes Payable.....	9,733,976	16,507,255	757,346	26,998,577	-
Total Noncurrent Liabilities.....	<u>17,530,734</u>	<u>25,342,880</u>	<u>1,055,610</u>	<u>43,929,224</u>	<u>6,796,178</u>
Total Liabilities.....	<u>21,564,053</u>	<u>29,851,197</u>	<u>1,127,698</u>	<u>52,542,948</u>	<u>13,555,608</u>
DEFERRED INFLOWS OF RESOURCES					
Related to Pension.....	<u>33,562</u>	<u>36,818</u>	<u>1,269</u>	<u>71,649</u>	<u>-</u>
FUND NET POSITION					
Net Investment in Capital Assets.....	51,387,241	41,125,417	2,039,553	94,552,211	-
Unrestricted.....	17,468,557	7,600,798	1,711,506	26,780,861	21,821,110
Total Net Position.....	<u>\$ 68,855,798</u>	<u>\$ 48,726,215</u>	<u>\$ 3,751,059</u>	<u>\$ 121,333,072</u>	<u>\$ 21,821,110</u>

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds				Internal Service Funds
	Sewer	Water	Nonmajor Stormwater	Total	
OPERATING REVENUES					
Charges for Services.....	\$ 32,359,949	\$ 26,272,729	\$ 2,807,640	\$ 61,440,318	\$ -
Special Assessments.....	47,717	-	-	47,717	-
Employer Contributions.....	-	-	-	-	50,151,159
Plan Member Contributions.....	-	-	-	-	13,000,738
Total Operating Revenues.....	32,407,666	26,272,729	2,807,640	61,488,035	63,151,897
OPERATING EXPENSES					
Salaries, Wages and Employee Benefits.....	2,660,712	3,602,334	806,601	7,069,647	-
Other Operating Expense.....	794,563	1,083,469	-	1,878,032	4,339,129
MWRA Assessment.....	20,518,241	12,950,552	-	33,468,793	-
Worker's Compensation.....	252,537	250,000	-	502,537	-
Self Insurance Claims.....	-	-	-	-	54,622,447
Depreciation.....	1,513,910	1,896,051	89,290	3,499,251	-
Total Operating Expenses.....	25,724,287	19,742,823	895,891	46,363,001	58,961,576
OPERATING INCOME (LOSS).....	6,683,379	6,529,906	1,911,749	15,125,034	4,190,321
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental	209,797	240,990	-	450,787	-
Premium from Issuance of Bonds and Notes.....	5,029	3,750	4,705	13,484	-
Interest Income.....	67,298	24,269	-	91,567	1,694,384
Interest Expense.....	(434,849)	(469,647)	(29,804)	(934,300)	-
Loss on Sale of Capital Assets.....	(15,676)	(39,583)	-	(55,259)	-
Total Nonoperating Revenues (Expenses), Net.....	(168,401)	(240,221)	(25,099)	(433,721)	1,694,384
INCOME (LOSS) BEFORE TRANSFERS.....	6,514,978	6,289,685	1,886,650	14,691,313	5,884,705
TRANSFERS					
Transfers In.....	665,144	-	-	665,144	-
Transfers Out.....	(1,244,073)	(1,922,134)	(598,062)	(3,764,269)	-
Total Transfers.....	(578,929)	(1,922,134)	(598,062)	(3,099,125)	-
CHANGE IN FUND NET POSITION.....	5,936,049	4,367,551	1,288,588	11,592,188	5,884,705
Fund Net Position - Beginning of Year.....	62,919,749	44,358,664	2,462,471	109,740,884	15,936,405
FUND NET POSITION - END OF YEAR.....	\$ 68,855,798	\$ 48,726,215	\$ 3,751,059	\$ 121,333,072	\$ 21,821,110

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	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.....	\$ 32,752,959	\$ 26,438,944	\$ 2,677,882	\$ 61,869,785	\$ 13,000,738
Receipts from Interfund Services Provided.....	-	-	-	-	50,176,283
Payments to Vendors/Providers.....	(20,982,114)	(15,448,301)	(545,226)	(36,975,641)	(60,520,088)
Payments to Employees.....	(1,212,774)	(1,975,916)	(654,121)	(3,842,811)	-
Net Cash Provided by Operating Activities.....	<u>10,558,071</u>	<u>9,014,727</u>	<u>1,478,535</u>	<u>21,051,333</u>	<u>2,656,933</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In.....	665,144	-	-	665,144	-
Transfers Out.....	(1,244,073)	(1,922,134)	(598,062)	(3,764,269)	-
Net Cash Provided by Noncapital Financing Activities.....	<u>(578,929)</u>	<u>(1,922,134)</u>	<u>(598,062)</u>	<u>(3,099,125)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the Issuance of Bonds and Notes.....	-	7,992,700	-	7,992,700	-
Premium from the Issuance of Bonds and Notes.....	-	67,500	-	67,500	-
Acquisition and Construction of Capital Assets.....	(6,266,216)	(3,086,855)	(825,383)	(10,178,454)	-
Principal Payments on Bonds and Notes.....	(1,525,760)	(2,754,507)	(25,000)	(4,305,267)	-
Interest Expense.....	(238,364)	(200,994)	(28,820)	(468,178)	-
Net Cash Used by Capital and Related Financing Activities.....	<u>(8,030,340)</u>	<u>2,017,844</u>	<u>(879,203)</u>	<u>(6,891,699)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase and sales of Investments, net.....	-	-	-	-	(1,529,335)
Investment Income.....	67,298	24,269	-	91,567	1,692,738
Net Cash Provided by Investing Activities.....	<u>67,298</u>	<u>24,269</u>	<u>-</u>	<u>91,567</u>	<u>163,403</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	2,016,100	9,134,706	1,270	11,152,076	2,820,336
Cash and Cash Equivalents - Beginning 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
CASH AND CASH EQUIVALENTS AT END OF YEAR (Includes \$13,573,282, \$10,249,732, \$63,145, and \$23,081,433 Reported as Restricted in the Sewer, Water, and Stormwater Enterprise Funds and Internal Service Funds Respectively).....	<u>\$ 31,640,549</u>	<u>\$ 21,145,034</u>	<u>\$ 1,372,954</u>	<u>\$ 54,158,537</u>	<u>\$ 23,081,433</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating Income (Loss).....	\$ 6,683,379	\$ 6,529,906	\$ 1,911,749	\$ 15,125,034	\$ 4,190,321
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Changes in Assets and Liabilities not Requiring Current Cash Flows:					
Depreciation.....	1,513,910	1,896,051	89,290	3,499,251	-
Net Pension Liability.....	197,094	119,192	(466,013)	(149,727)	-
Net OPEB Obligation.....	259,338	348,636	49,453	657,427	-
Effect of Changes in Operating Assets and Liabilities:					
Utility Liens.....	(50,345)	(50,548)	(3,068)	(103,961)	-
User Charges.....	429,103	216,763	(126,691)	519,175	-
Special Assessments.....	(33,464)	-	-	(33,464)	-
Departmental and Other.....	-	-	-	-	25,124
Working Capital Deposit.....	-	-	-	-	2,548
Warrants Payable.....	414,006	(373,027)	3,946	44,925	37,750
Accrued Liabilities.....	1,148,307	229,378	9,650	1,387,335	162,655
Accrued Payroll.....	(10,767)	(17,129)	(687)	(28,583)	12,491
Other Liabilities.....	(373)	-	-	(373)	(729,948)
Liabilities payable from restricted assets.....	-	168,744	-	168,744	-
Accrued Health Claims Payable.....	-	-	-	-	(478,000)
Workers' Compensation Claims.....	-	-	-	-	(566,008)
Compensated Absences.....	7,884	(53,239)	10,905	(34,450)	-
Total Adjustments.....	<u>3,874,692</u>	<u>2,484,821</u>	<u>(433,214)</u>	<u>5,926,299</u>	<u>(1,533,388)</u>
Net Cash Provided by Operating Activities.....	<u>\$ 10,558,071</u>	<u>\$ 9,014,727</u>	<u>\$ 1,478,535</u>	<u>\$ 21,051,333</u>	<u>\$ 2,656,933</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Intergovernmental Debt Subsidies (MCWT).....	\$ 446,056	\$ 240,990	\$ -	\$ 687,046	\$ -

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2017

ASSETS	Pension Trust Fund (As of 12/31/16)	OPEB Trust Fund	Private Purpose Trust Funds	Agency Funds
Cash and Cash Equivalents.....	\$ 11,921,066	\$ 321,369	\$ 1,240,583	\$ 4,505,883
Investments:				
Fixed Income	-	-	2,796,978	-
Equities.....	-	-	6,670,150	-
External Investment Pool.....	293,696,096	5,657,329	-	-
Interest and Dividends.....	-	-	10,316	-
Receivables, Net of Allowance for Uncollectible Amounts:				
Intergovernmental.....	253,949	-	-	-
Prepaid Expenses.....	6,781	-	-	-
	<u>305,877,892</u>	<u>5,978,698</u>	<u>10,718,027</u>	<u>\$ 4,505,883</u>
LIABILITIES				
Warrants Payable.....	7,500	-	34,250	-
Payroll Withholding.....	-	-	-	2,076,825
Other Liabilities.....	-	-	-	2,429,058
	<u>7,500</u>	<u>-</u>	<u>34,250</u>	<u>\$ 4,505,883</u>
NET POSITION				
Restricted for Pensions, Other Post Employment Benefits and Other Purposes.....	<u>\$ 305,870,392</u>	<u>\$ 5,978,698</u>	<u>\$ 10,683,777</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, 2017

	Pension Trust Fund (As of 12/31/16)	OPEB Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Employer.....	\$ 23,566,725	\$ 20,872,070	\$ -
Plan Members.....	9,282,992	-	-
Private Donations.....	-	-	88,202
Total Contributions.....	<u>32,849,717</u>	<u>20,872,070</u>	<u>88,202</u>
Net Investment Income:			
Net Appreciation in Fair Value of Investments.....	14,199,049	-	-
Interest and Dividends.....	6,773,319	554,860	944,895
Total Investment Income.....	20,972,368	554,860	944,895
Less: Investment Expense.....	<u>(1,537,084)</u>	<u>-</u>	<u>-</u>
Net Investment Income.....	<u>19,435,284</u>	<u>554,860</u>	<u>944,895</u>
Other.....	4,495,637	-	-
Total Additions.....	<u>56,780,638</u>	<u>21,426,930</u>	<u>1,033,097</u>
DEDUCTIONS			
Administration.....	320,246	-	27,195
Retirement Benefits and Refunds.....	37,883,262	19,017,966	-
Transfers to Other Systems.....	2,638,307	-	-
Scholarships Awarded.....	-	-	404,438
Total Deductions.....	<u>40,841,815</u>	<u>19,017,966</u>	<u>431,633</u>
CHANGE IN NET POSITION.....	15,938,823	2,408,964	601,464
Net Position - Beginning of Year.....	<u>289,931,569</u>	<u>3,569,734</u>	<u>10,082,313</u>
NET POSITION - END OF YEAR.....	\$ <u>305,870,392</u>	\$ <u>5,978,698</u>	\$ <u>10,683,777</u>

See notes to basic financial statements.

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

JUNE 30, 2017

	Component Units		
	Newton Commonwealth Foundation, Inc. (As of 12/31/16)	Newton Community Development Authority	Total
ASSETS			
Current assets:			
Cash and cash equivalents.....	\$ 840,227	\$ -	\$ 840,227
Restricted cash and cash equivalents.....	-	4,530	4,530
Interest and dividends.....	-	495,102	495,102
Receivables, net of allowance for uncollectibles:			
Loans.....	-	38,894	38,894
Prepaid expenses.....	3,716	-	3,716
Total current assets.....	<u>843,943</u>	<u>538,526</u>	<u>1,382,469</u>
Noncurrent assets:			
Receivables, net of allowance for uncollectible amounts:			
Loans.....	-	3,740,211	3,740,211
Capital assets:			
Depreciable, net of accumulated depreciation.....	<u>2,131,420</u>	<u>-</u>	<u>2,131,420</u>
Total noncurrent assets.....	<u>2,131,420</u>	<u>3,740,211</u>	<u>5,871,631</u>
Total assets.....	<u>2,975,363</u>	<u>4,278,737</u>	<u>7,254,100</u>
LIABILITIES			
Current liabilities:			
Warrants payable.....	<u>54,200</u>	<u>-</u>	<u>54,200</u>
FUND NET POSITION			
Net investment in capital assets.....	2,131,420	-	2,131,420
Unrestricted.....	<u>789,743</u>	<u>4,278,737</u>	<u>5,068,480</u>
Total fund net position.....	<u>\$ 2,921,163</u>	<u>\$ 4,278,737</u>	<u>\$ 7,199,900</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, 2017

	Component Units		
	Newton Commonwealth Foundation, Inc. (As of 12/31/16)	Newton Community Development Authority	Total
OPERATING REVENUES			
Charges for services.....	\$ 411,615	\$ -	\$ 411,615
Other.....	-	138	138
TOTAL OPERATING REVENUES.....	411,615	138	411,753
OPERATING EXPENSES			
Salaries, wages and employee benefits.....	40,883	-	40,883
Other operating expenses.....	50,000	145,589	195,589
Depreciation.....	183,197	-	183,197
TOTAL OPERATING EXPENSES.....	274,080	145,589	419,669
OPERATING INCOME (LOSS).....	137,535	(145,451)	(7,916)
NONOPERATING REVENUES (EXPENSES)			
Investment/interest income.....	4,916	40,355	45,271
CHANGE IN FUND NET POSITION.....	142,451	(105,096)	37,355
FUND NET POSITION AT BEGINNING OF YEAR.....	2,778,712	4,383,833	7,162,545
FUND NET POSITION AT END OF YEAR.....	\$ 2,921,163	\$ 4,278,737	\$ 7,199,900

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

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, 2017

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, 2017

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, 2017

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, 2017, the City implemented the following pronouncements issued by the GASB:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- GASB Statement No. 77, *Tax Abatement Disclosures*
- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*
- GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*
- GASB Statement No. 82, *Pension Issues- an amendment of GASB Statements No. 67, No. 68, and No. 73*

The implementation of GASB Statement No. 74 required the presentation of certain disclosures and required supplementary information related to the City's Other Postemployment Benefits Trust Fund.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

The implementation of GASB Statement No. 77 had no reporting impact for the City because the City does not have any material tax abatement agreements as defined in this statement.

The implementation of GASB Statement No.'s 78, 80, and 82 had no reporting impact for the City.

D. Assets, Liabilities and Equity

Cash and Cash Equivalents and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value; with the exception of money market mutual funds and external investment pools which are carried at amortized cost.

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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

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.

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 two items that qualify for reporting in this category. They are 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, 2017

- The deferred loss on refunding of long term debt is reported in the government-wide financial statement of net position.

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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

- Other specific purposes represent restrictions placed on assets by other outside parties.

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

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

Governmental Funds Statements (Fund Balances)

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

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

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, 2017

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, 2017

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 2017 General Fund and Community Preservation Fund budgets authorized \$385,935,434 and \$10,134,494 (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 \$13,780,024, and \$61,378, for total budgets of \$399,715,458 and \$10,195,872, respectively.

Total General Fund expenditures and transfers to other funds totaled \$384,256,858, and \$14,563,610 in appropriation balances were carried forward into fiscal year 2018 to support encumbrances and continuing appropriations.

Total Community Preservation Fund expenditures and transfers to other funds were \$3,723,665 and \$5,607,071 in appropriation balances were carried forward into fiscal year 2018 to support encumbrances and continuing appropriations.

B. Deficit Net Position

At June 30, 2017, the net position of governmental activities and the primary government have a deficit balance of \$180,098,548 and \$58,765,476 respectively. The primary causes of the deficits are the net pension liability and net OPEB obligation. At June 30, 2017, these liabilities total \$599,871,244 and \$616,500,228 for governmental activities and the primary government, respectively.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

C. Budget to GAAP Reconciliation

Accounting principles followed for purposes of preparing the financial statements on a budgetary basis differ from those used to present financial statements in accordance with GAAP. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund and Community Preservation Fund for the fiscal year ended June 30, 2017 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.....	\$ 379,703,113	\$ 379,321,216	\$ 4,357,825
<u>Reclassifications</u>			
Activity of stabilization fund recorded in the general fund for GAAP purposes.....	142,812	-	168,418
<u>Adjustments</u>			
Net change in recording 60-day receipts.....	(269,474)	-	-
Net change in recording tax refunds payable.....	3,792,520	-	-
To record activity for landfill closure subsidy.....	57,859	57,859	-
To record activity of MTRS on-behalf payments.....	38,332,559	38,332,559	-
Net change in recording other revenues.....	244,746	-	-
Net change in recording other expenditures.....	-	(773,183)	-
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ 422,004,135	\$ 416,938,451	\$ 4,526,243

CPA Fund

Revenues

Budgetary basis as reported on the statement of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 3,811,664
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Adjustment

Net change in recording 60-day receipts.....	511
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GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ 3,812,175
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CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

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, 2017, \$98,258,003 of the City's bank balance of \$124,076,686 was uninsured and uncollateralized.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

Investments Summary

The City's investments at June 30, 2017 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.....	\$ 1,019,151	\$ -	\$ 246,949	\$ 251,175	\$ 521,027
U.S. Agencies.....	215,230	-	115,197	100,033	-
Corporate bonds.....	175,253	-	175,253	-	-
Money market mutual funds.....	695,789	695,789	-	-	-
Mutual bond funds.....	4,551,127	4,551,127	-	-	-
External investment pools.....	110,628,521	110,628,521	-	-	-
Total debt securities.....	117,285,071	\$ 115,875,437	\$ 537,399	\$ 351,208	\$ 521,027
<u>Other Investments:</u>					
Equity mutual funds.....	5,104,927				
Equity securities.....	7,421,030				
International equities.....	3,690,528				
Total other investments.....	16,216,485				
Total investments.....	\$ 133,501,556				

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, 2017

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, 2017, \$22,873,035 of the City's investments of \$133,501,556 were uninsured, not registered in the name of the City and exposed to custodial credit risk as follows:

<u>Investment Type</u>	<u>Total Amount</u>	<u>Held by Counterparty</u>	<u>Held by Counterparty's Trust or Agent</u>
U.S. Treasuries.....	\$ 1,019,151	\$ -	\$ 1,019,151
U.S. Agencies.....	215,230	-	215,230
Corporate bonds.....	175,253	-	175,253
Money market mutual funds	695,789	695,789	-
Mutual bond funds.....	4,551,127	-	4,551,127
Equity mutual funds.....	5,104,927	-	5,104,927
Equity securities.....	7,421,030	-	7,421,030
International equities.....	<u>3,690,528</u>	<u>-</u>	<u>3,690,528</u>
Total.....	<u>\$ 22,873,035</u>	<u>\$ 695,789</u>	<u>\$ 22,177,246</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, 2017, the credit quality ratings of the City's investments in debt securities are as follows:

<u>Investment Type</u>	<u>Total Amount</u>	<u>Quality Ratings *</u>				
		<u>AA+</u>	<u>AA-</u>	<u>A+</u>	<u>A-</u>	<u>Unrated</u>
Corporate bonds.....	\$ 175,253	\$ 30,281	\$ 32,047	\$ 82,600	\$ 30,325	\$ -
Money market mutual funds	695,789	-	-	-	-	695,789
Mutual bond funds.....	4,551,127	-	-	-	-	4,551,127
External investment pools..	<u>110,628,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,628,521</u>
Total.....	<u>\$ 116,050,690</u>	<u>\$ 30,281</u>	<u>\$ 32,047</u>	<u>\$ 82,600</u>	<u>\$ 30,325</u>	<u>\$ 115,875,437</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, 2017

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, 2017:

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.....	\$ 1,019,151	\$ 1,019,151	\$ -	\$ -
U.S. Agencies.....	215,230	215,230	-	-
Corporate bonds.....	175,253	175,253	-	-
Mutual bond funds.....	4,551,127	4,551,127	-	-
Total Debt Securities.....	<u>5,960,761</u>	<u>5,960,761</u>	<u>-</u>	<u>-</u>
<u>Equity Securities:</u>				
Equity mutual funds.....	5,104,927	5,104,927	-	-
Equity securities.....	7,421,030	7,421,030	-	-
International equities.....	3,690,528	3,690,528	-	-
Total Equity Securities	<u>16,216,485</u>	<u>16,216,485</u>	<u>-</u>	<u>-</u>
Total Investments by Fair Value Level	<u>22,177,246</u>	<u>\$ 22,177,246</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Investments measured at the net asset value (NAV)</u>				
PRIT Fund.....	<u>5,657,329</u>			
Total Investments measured at Fair Value ...	<u>\$ 27,834,575</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, 2017

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, 2016, the System is not exposed to custodial credit risk.

Investments Summary

The System's investments at December 31, 2016 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

<u>Investment Type</u>	<u>Total Amount</u>	<u>Investment Maturities (in Years) Less Than 1</u>
<u>External Investment Pools:</u>		
Pension Reserve Investment Trust.....	\$ 293,896,236	\$ 293,896,236
Massachusetts Municipal Depository Trust.	<u>11,720,926</u>	<u>11,720,926</u>
 Total investments.....	 <u>\$ 305,617,162</u>	 <u>\$ 305,617,162</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, 2016, 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, 2017

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, 2016, 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, 2017, receivables for the individual major governmental funds and non-major governmental, internal service and fiduciary funds in the aggregate, including applicable allowances for amounts estimated to be uncollectible, are as follows:

	Gross	Allowance	Net
	Amount	for	Amount
	<u>Amount</u>	<u>Uncollectibles</u>	<u>Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 8,047,463	\$ (569,553)	\$ 7,477,910
Real estate tax deferrals.....	3,287,208	-	3,287,208
Tax liens.....	8,505,407	-	8,505,407
Motor vehicle excise taxes.....	2,215,823	(1,367,062)	848,761
Community preservation surcharges.....	43,898	-	43,898
User charges.....	713,081	-	713,081
Special assessments.....	303,579	-	303,579
Departmental and other.....	8,996,793	(3,996,081)	5,000,712
Intergovernmental.....	2,511,758	-	2,511,758
	<u>\$ 34,625,010</u>	<u>\$ (5,932,696)</u>	<u>\$ 28,692,314</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

At June 30, 2017, receivables for the Enterprise Funds consist of the following:

	<u>Gross</u>	<u>Allowance</u>	<u>Net</u>
	<u>Amount</u>	<u>for</u>	<u>Amount</u>
		<u>Uncollectibles</u>	
Receivables:			
Charges for services.....	\$ 15,329,383	\$ (152,327)	\$ 15,177,056
Utility liens.....	331,879	-	331,879
Special assessments.....	54,246	-	54,246
Intergovernmental.....	<u>908,544</u>	<u>-</u>	<u>908,544</u>
	<u>\$ 16,624,052</u>	<u>\$ (152,327)</u>	<u>\$ 16,471,725</u>

Note 5 – Capital Assets

Capital asset activity for governmental activities for the fiscal year ended June 30, 2017 was as follows:

	<u>July 1, 2016</u>			<u>June 30, 2017</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land.....	\$ 31,034,152	\$ 110,000	\$ -	\$ 31,144,152
Intangible assets.....	2,238,261	-	-	2,238,261
Construction in progress.....	<u>19,115,988</u>	<u>7,499,880</u>	<u>(16,393,741)</u>	<u>10,222,127</u>
Sub-total	<u>52,388,401</u>	<u>7,609,880</u>	<u>(16,393,741)</u>	<u>43,604,540</u>
Capital assets being depreciated:				
Buildings and improvements.....	518,054,090	55,043,644	-	573,097,734
Equipment and machinery.....	84,599,606	7,745,751	(1,567,337)	90,778,020
Road network.....	<u>92,034,022</u>	<u>8,203,166</u>	<u>-</u>	<u>100,237,188</u>
Sub-total.....	<u>694,687,718</u>	<u>70,992,561</u>	<u>(1,567,337)</u>	<u>764,112,942</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(154,292,798)	(12,690,301)	-	(166,983,099)
Equipment and machinery.....	(59,342,450)	(5,646,843)	1,447,848	(63,541,445)
Road network.....	<u>(30,519,210)</u>	<u>(2,463,014)</u>	<u>-</u>	<u>(32,982,224)</u>
Sub-total.....	<u>(244,154,458)</u>	<u>(20,800,158)</u>	<u>1,447,848</u>	<u>(263,506,768)</u>
Capital assets being depreciated, net.....	<u>450,533,260</u>	<u>50,192,403</u>	<u>(119,489)</u>	<u>500,606,174</u>
Governmental capital assets, net.....	<u>\$ 502,921,661</u>	<u>\$ 57,802,283</u>	<u>\$ (16,513,230)</u>	<u>\$ 544,210,714</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

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

Legislative & executive	\$	13,802
Administrative support		340,346
Public building maintenance and operations		313,604
Police		760,931
Fire		1,230,861
Inspectional services		4,085
Education		13,379,664
Streets and sidewalks		3,125,992
Control of snow and ice		78,302
Solid waste		998
Health & human services		2,822
Senior services		5,404
Libraries		990,885
Parks and recreation		517,081
Newton history museum		35,381
Total Govt. Fund depreciation expense	\$	<u>20,800,158</u>

Capital asset activity for individual enterprise funds for the fiscal year ended June 30, 2017 is as follows:

	July 1, 2016			June 30, 2017	
	<u>Balance</u>	<u>Increases</u>		<u>Decreases</u>	<u>Balance</u>
Water system:					
Capital assets not being depreciated:					
Land.....	\$ 258,540	\$ -	\$ -	\$ -	\$ 258,540
Construction in progress.....	4,345	-	-	-	4,345
Sub-total	<u>262,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,885</u>
Capital assets being depreciated:					
Buildings and improvements.....	2,455,492	-	-	-	2,455,492
Equipment and machinery.....	13,906,301	41,608	(170,133)	-	13,777,776
Water system.....	54,588,810	3,045,247	-	-	57,634,057
Sub-total.....	<u>70,950,603</u>	<u>3,086,855</u>	<u>(170,133)</u>	<u>-</u>	<u>73,867,325</u>
Less: accumulated depreciation:					
Buildings and improvements.....	(1,251,644)	(45,762)	-	-	(1,297,406)
Equipment and machinery.....	(6,673,599)	(733,315)	130,550	-	(7,276,364)
Water system.....	(13,973,350)	(1,116,974)	-	-	(15,090,324)
Sub-total.....	<u>(21,898,593)</u>	<u>(1,896,051)</u>	<u>130,550</u>	<u>-</u>	<u>(23,664,094)</u>
Capital assets being depreciated, net.....	<u>49,052,010</u>	<u>1,190,804</u>	<u>(39,583)</u>	<u>-</u>	<u>50,203,231</u>
Water system capital assets, net.....	\$ <u>49,314,895</u>	\$ <u>1,190,804</u>	\$ <u>(39,583)</u>	\$ <u>-</u>	\$ <u>50,466,116</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

	July 1, 2016			June 30, 2017
	<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	19,943	-	1,887,602
Equipment and machinery.....	3,510,610	943,384	(60,849)	4,393,145
Sanitary sewer system.....	63,169,640	5,302,889	-	68,472,529
Sub-total.....	<u>68,547,909</u>	<u>6,266,216</u>	<u>(60,849)</u>	<u>74,753,276</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(859,647)	(40,123)	-	(899,770)
Equipment and machinery.....	(2,027,978)	(213,306)	45,173	(2,196,111)
Sanitary sewer system.....	<u>(21,188,235)</u>	<u>(1,260,481)</u>	-	<u>(22,448,716)</u>
Sub-total.....	<u>(24,075,860)</u>	<u>(1,513,910)</u>	<u>45,173</u>	<u>(25,544,597)</u>
Capital assets being depreciated, net.....	<u>44,472,049</u>	<u>4,752,306</u>	<u>(15,676)</u>	<u>49,208,679</u>
Sewer system capital assets, net.....	\$ <u>44,498,294</u>	\$ <u>4,752,306</u>	\$ <u>(15,676)</u>	\$ <u>49,234,924</u>

	July 1, 2016			June 30, 2017
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Stormwater system				
Capital assets not being depreciated:				
Construction in progress.....	\$ 59,464.00	\$ 185,228	\$ (59,464)	\$ 185,228
Capital assets being depreciated:				
Storm drainage system.....	3,429,542	699,619	-	4,129,161
Less: accumulated depreciation				
Storm drainage system.....	<u>(1,461,640)</u>	<u>(89,290)</u>	-	<u>(1,550,930)</u>
Capital assets being depreciated, net.....	<u>1,967,902</u>	<u>610,329</u>	-	<u>2,578,231</u>
Stormwater system capital assets, net.....	\$ <u>2,027,366</u>	\$ <u>795,557</u>	\$ <u>(59,464)</u>	\$ <u>2,763,459</u>

Capital asset activity for the Newton Commonwealth Foundation component unit for the fiscal year ended December 31, 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.....	\$ 3,581,621	\$ 228,715	\$ -	\$ 3,810,336
Buildings and improvements.....	100,481	31,052	-	131,533
Equipment and machinery.....	86,861	43,998	-	130,859
Sub-total.....	<u>3,768,963</u>	<u>303,765</u>	<u>-</u>	<u>4,072,728</u>
Less: accumulated depreciation:				
Land improvements.....	(1,634,196)	(175,869)	-	(1,810,065)
Buildings and improvements.....	(62,101)	(1,832)	-	(63,933)
Equipment and machinery.....	<u>(61,814)</u>	<u>(5,496)</u>	-	<u>(67,310)</u>
Sub-total.....	<u>(1,758,111)</u>	<u>(183,197)</u>	<u>-</u>	<u>(1,941,308)</u>
Golf course, net.....	\$ <u>2,010,852</u>	\$ <u>120,568</u>	\$ <u>-</u>	\$ <u>2,131,420</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

Note 6 – Net Investment in Capital Assets

Net investment in capital assets at June 30, 2017 is summarized as follows:

Governmental Activities

Capital assets, net of accumulated depreciation.....	\$	544,210,714
Less: total long-term debt outstanding.....		(297,129,294)
Add: long-term debt outstanding not related to asset acquisition..		336,400
Add: deferred loss on advance refunding.....		5,126,817
Add: unspent BAN/bond proceeds.....		<u>19,120,927</u>
Net investment in capital assets.....	\$	<u><u>271,665,564</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.....	\$ 50,466,116	\$ 49,234,924	\$ 2,763,459	\$ 102,464,499
Less: total long-term debt outstanding.....	(19,590,431)	(11,420,965)	(787,051)	(31,798,447)
Add: unspent BAN/bond proceeds.....	<u>10,249,732</u>	<u>13,573,282</u>	<u>63,145</u>	<u>23,886,159</u>
Net investment in capital assets.....	<u>\$ 41,125,417</u>	<u>\$ 51,387,241</u>	<u>\$ 2,039,553</u>	<u>\$ 94,552,211</u>

Note 7 – Inter-fund Receivables, Payables and Transfers

Receivables and payables between funds at June 30, 2017, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Mass Works Roadway Grant Fund - non major governmental fund	\$ <u><u>3,052</u></u> {1}

{1} Advance funding pending receipt of grant reimbursement

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

Inter-fund transfer activity for the fiscal year ended June 30, 2017 consisted of the following:

	General Fund	Angier School Improvements Fund	Nonmajor Governmental Funds	Water Enterprise Fund	Sewer Enterprise Fund	Stormwater Enterprise Fund	Total All Funds
Solid Waste Program receipts reserved - FY 2017 operating budget.....	\$ 120,000	\$ -	\$ (120,000)	\$ -	\$ -	\$ -	\$ -
Parking Meter receipts reserved - FY 2017 operating budget.....	1,515,000	-	(1,515,000)	-	-	-	-
BAA Marathon receipts reserved - FY 2017 operating budget.....	118,000	-	(118,000)	-	-	-	-
Sale of Recycling Materials receipts reserved - FY 2017 operating budget.....	10,000	-	(10,000)	-	-	-	-
CATV licensing fees receipts reserved - FY 2017 operating budget.....	400,000	-	(400,000)	-	-	-	-
NCGF golf day receipts reserved - FY 2017 operating budget.....	15,000	-	(15,000)	-	-	-	-
Sewer fund admin overhead support - FY 2017 operating budget.....	1,244,073	-	-	-	(1,244,073)	-	-
Water fund admin overhead support - FY 2017 operating budget.....	1,256,990	-	-	(1,256,990)	-	-	-
Stormwater fund admin overhead support - FY 2017 operating budget.....	598,062	-	-	-	-	(598,062)	-
Water fund indirect cost reimbursement to Sewer fund - FY 2017 operating budget.....	-	-	-	(665,144)	665,144	-	-
NSHS Modulars.....	(600,000)	-	600,000	-	-	-	-
Angier Debt exclusion bond premium appropriation (reduce borrowing).....	(261,366)	261,366	-	-	-	-	-
Operation Access (from Receipts Reserved Handicap parking fines).....	9,000	-	(9,000)	-	-	-	-
15 Walnut Park (Aquinas College) Land Acquisition (from budget reserve).....	(110,000)	-	110,000	-	-	-	-
Aquinas Window Bond Authorization (from Capital Stabilization).....	(300,000)	-	300,000	-	-	-	-
Wells/Nahanton/Winchester Traffic Improvement (from Receipts Reserved).....	67,500	-	(67,500)	-	-	-	-
Treasury Expenses (from Bond Premium Receipts Reserved).....	164,166	-	(164,166)	-	-	-	-
NCAC-HD Upgrade Chamber (from CATV Receipts Reserved).....	48,984	-	(48,984)	-	-	-	-
Accelerated Roads Program (from Parking Meter Receipts Reserved).....	982,903	-	(982,903)	-	-	-	-
School Technology (from E-rate receipts Reserved).....	57,676	-	(57,676)	-	-	-	-
School Lunch (from School Operating to cover bad debt per DESE).....	(46,811)	-	46,811	-	-	-	-
Community Ed (from NNHS Summer School via School Comm vote).....	-	-	105,887	-	-	-	105,887
NNHS Summer School (to Community Ed via School Comm vote).....	-	-	(105,887)	-	-	-	(105,887)
Newton Public Schools Athletic Revolving Fund Subsidy.....	(1,072,385)	-	1,072,385	-	-	-	-
Transfers from other funds	<u>\$ 6,607,354</u>	<u>\$ 261,366</u>	<u>\$ 2,235,083</u>	<u>\$ -</u>	<u>\$ 665,144</u>	<u>\$ -</u>	<u>\$ 9,768,947</u>
Transfers to other funds	<u>\$ (2,390,562)</u>	<u>\$ -</u>	<u>\$ (3,614,116)</u>	<u>\$ (1,922,134)</u>	<u>\$ (1,244,073)</u>	<u>\$ (598,062)</u>	<u>\$ (9,768,947)</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.

Details related to the short-term debt activity for the fiscal year ended June 30, 2017 is as follows:

Notes Payable – Governmental Funds

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at 6/30/2016	Increases	Decreases	Balance at 6/30/2017
BAN	General Obligation BAN.....	06/29/16	02/17/17	0.51%	\$ 761,000	\$ -	\$ (761,000)	\$ -

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

Note 9 - Long-Term Obligations

The following represents a summary of changes that occurred in long-term obligations during the fiscal year ended June 30, 2017:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017	Current Portion
Governmental Activities:					
Bonds and notes payable.....	\$ 265,560,962	\$ 108,318,024	\$ (76,749,692)	\$ 297,129,294	\$ 13,785,909
Landfill closure and other environmental	652,603	80,269	(153,043)	579,829	53,658
Workers' compensation.....	8,300,217	938,031	(1,504,039)	7,734,209	938,031
Compensated absences.....	8,748,203	31,307	-	8,779,510	3,211,599
Net pension liability.....	306,971,064	9,891,678	-	316,862,742	-
Net OPEB obligation.....	<u>255,597,407</u>	<u>47,798,729</u>	<u>(20,387,634)</u>	<u>283,008,502</u>	<u>-</u>
Total.....	<u>\$ 845,830,456</u>	<u>\$ 167,058,038</u>	<u>\$ (98,794,408)</u>	<u>\$ 914,094,086</u>	<u>\$ 17,989,197</u>
Business-type Activities:					
Bonds and notes payable.....	\$ 28,293,258	\$ 8,060,200	\$ (4,555,011)	\$ 31,798,447	\$ 4,799,870
Compensated absences.....	369,632	-	(34,450)	335,182	33,519
Net pension liability.....	10,100,582	-	(294,513)	9,806,069	-
Net OPEB obligation.....	<u>6,165,488</u>	<u>1,141,222</u>	<u>(483,795)</u>	<u>6,822,915</u>	<u>-</u>
Total.....	<u>\$ 44,928,960</u>	<u>\$ 9,201,422</u>	<u>\$ (5,367,769)</u>	<u>\$ 48,762,613</u>	<u>\$ 4,833,389</u>

Internal service funds predominantly serve the governmental funds. Accordingly, the internal service fund's long-term liabilities are included as part of the governmental activities totals above. At fiscal year-end, \$7,734,209 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, 2017

Note 10 - Long-Term Debt

Information on the City's long term debt at June 30, 2017, along with future year debt service requirements, is presented as follows.

Bonds Payable – Governmental Funds

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2016	Issued	Redeemed	Outstanding June 30, 2017
MCWT landfill closure.....	2/15/1998	4.6%	\$ 497,400	\$ -	\$ (161,000)	\$ 336,400
School renovations.....	2/01/2007	4.0-5.0%	480,000	-	(480,000)	-
Fire station improvements.....	2/01/2007	4.0-5.0%	20,000	-	(20,000)	-
Public works equipment.....	2/01/2007	4.0-5.0%	50,000	-	(50,000)	-
Rogers St. Land acquisition (CPA).....	11/01/2007	3.98%	255,000	-	(255,000)	-
Fire station improvements.....	11/01/2007	3.98%	75,000	-	(35,000)	40,000
School renovations.....	11/01/2007	3.98%	20,000	-	(10,000)	10,000
School new construction.....	11/01/2007	3.98%	1,900,000	-	(950,000)	950,000
School new construction.....	6/15/2008	4.37%	1,110,000	-	(545,000)	565,000
School renovations.....	6/15/2008	3.80%	220,000	-	(110,000)	110,000
Fire equipment.....	6/15/2008	3.80%	60,000	-	(30,000)	30,000
Public works equipment.....	6/15/2008	3.80%	80,000	-	(40,000)	40,000
School new construction.....	4/1/2009	2.0-5.0%	64,815,000	-	(61,345,000)	3,470,000
School renovations.....	4/1/2009	2.0-5.0%	1,300,000	-	(1,100,000)	200,000
School renovations.....	4/1/2009	2.0-5.0%	125,000	-	(105,000)	20,000
School renovations.....	4/1/2009	2.0-5.0%	495,000	-	(415,000)	80,000
School athletic fields.....	4/1/2009	2.0-5.0%	1,710,000	-	(1,280,000)	430,000
Fire station improvements.....	4/1/2009	2.0-5.0%	1,295,000	-	(965,000)	330,000
City Hall boiler.....	4/1/2009	2.0-5.0%	130,000	-	(110,000)	20,000
Road improvements.....	4/1/2009	2.0-5.0%	45,000	-	(15,000)	30,000
Fire equipment.....	4/1/2009	2.0-5.0%	415,000	-	(305,000)	110,000
Parks equipment.....	4/1/2009	2.0-5.0%	40,000	-	(30,000)	10,000
Public works equipment.....	4/1/2009	2.0-5.0%	320,000	-	(240,000)	80,000
School new construction.....	4/27/2010	3.0-4.0%	9,310,000	-	(390,000)	8,920,000
Fire station renovations.....	4/27/2010	2.0-4.0%	3,150,000	-	(225,000)	2,925,000
Underground fuel tanks.....	4/27/2010	2.0-4.0%	180,000	-	(45,000)	135,000
Modular classrooms.....	4/27/2010	2.0-4.0%	830,000	-	(95,000)	735,000
School renovations.....	4/27/2010	2.0-4.0%	740,000	-	(110,000)	630,000
Energy conservation.....	4/27/2010	2.0-4.0%	2,200,000	-	(245,000)	1,955,000
Fire equipment.....	4/27/2010	2.0-4.0%	200,000	-	(50,000)	150,000
Public works equipment.....	4/27/2010	2.0-4.0%	760,000	-	(190,000)	570,000
School new construction.....	3/30/2011	2.00%	9,166,665	-	(366,667)	8,799,998
School renovations.....	4/14/2011	3.0-4.5%	1,645,000	-	(125,000)	1,520,000
City Hall windows.....	4/14/2011	3.0-4.5%	55,000	-	(15,000)	40,000
Public works equipment.....	4/14/2011	3.0-4.5%	75,000	-	(15,000)	60,000
Elementary modular classrooms.....	4/12/2012	2.0 - 3.0%	660,000	-	(60,000)	600,000
Elementary modular classrooms.....	4/12/2012	2.0 - 3.0%	55,000	-	(5,000)	50,000
Elementary sprinkler design.....	4/12/2012	2.0 - 3.0%	60,000	-	(10,000)	50,000
Elementary sprinkler systems.....	4/12/2012	2.0 - 3.0%	1,070,000	-	(100,000)	970,000
FA Day Middle School design.....	4/12/2012	2.0 - 3.0%	125,000	-	(125,000)	-
School accessibility upgrades.....	4/12/2012	2.0 - 3.0%	220,000	-	(20,000)	200,000
School electrical system upgrades.....	4/12/2012	2.0 - 3.0%	140,000	-	(15,000)	125,000
School generator replacement.....	4/12/2012	2.0 - 3.0%	220,000	-	(20,000)	200,000
School heating system improvements.....	4/12/2012	2.0 - 3.0%	330,000	-	(30,000)	300,000
Public works equipment.....	4/12/2012	2.0 - 3.0%	30,000	-	(10,000)	20,000
Public works equipment.....	4/12/2012	2.0 - 3.0%	200,000	-	(30,000)	170,000
Gath Pool improvements.....	4/12/2012	2.0 - 3.0%	60,000	-	(10,000)	50,000
Braceland Park improvements.....	4/12/2012	2.0 - 3.0%	110,000	-	(10,000)	100,000
Fire engine replacement.....	4/12/2012	2.0 - 3.0%	360,000	-	(60,000)	300,000

(continued)

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

Bonds Payable – Governmental Funds (Continued)

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2016	Issued	Redeemed	Outstanding June 30, 2017
School advance refunding	4/12/2013	2.0 - 4.0%	4,275,000	-	(475,000)	3,800,000
School renovations.....	4/12/2013	2.0 -4.0%	6,970,000	-	(415,000)	6,555,000
Public works equipment.....	4/12/2013	2.0 -4.0%	110,000	-	(20,000)	90,000
Gath Pool improvements.....	4/12/2013	2.0 -4.0%	105,000	-	(15,000)	90,000
City Hall improvements.....	4/12/2013	2.0 -4.0%	495,000	-	(35,000)	460,000
Crafts St DPW garage improvements.....	4/12/2013	2.0 -4.0%	155,000	-	(30,000)	125,000
Energy conservation	4/12/2013	2.0 -4.0%	160,000	-	(80,000)	80,000
Fire equipment.....	4/12/2013	2.0 -4.0%	790,000	-	(70,000)	720,000
Elementary modular classrooms.....	3/06/2014	2.75% - 5.0%	2,080,000	-	(160,000)	1,920,000
Mason Rice School sprinklers.....	3/06/2014	2.75% - 5.0%	410,000	-	(35,000)	375,000
Carr School renovations.....	3/06/2014	2.75% - 5.0%	11,325,000	-	(225,000)	11,100,000
Angier demolition & construction.....	3/06/2014	2.75% - 5.0%	4,820,000	-	(95,000)	4,725,000
Community Ctr renovations.....	3/06/2014	2.75% - 5.0%	235,000	-	(20,000)	215,000
DPW equipment.....	3/06/2014	2.75% - 5.0%	220,000	-	(30,000)	190,000
Snow melting equipment.....	3/06/2014	2.75% - 5.0%	200,000	-	(25,000)	175,000
Salt shed & garage.....	3/06/2014	2.75% - 5.0%	450,000	-	(25,000)	425,000
School renovation adv refunding.....	1/29/2015	2.0-3.0%	5,274,500	-	(601,100)	4,673,400
DPW equip adv refunding.....	1/29/2015	2.0-3.0%	244,000	-	(49,000)	195,000
Fire ladder adv refunding.....	1/29/2015	2.0-3.0%	268,400	-	(55,000)	213,400
School renovation adv refunding.....	1/29/2015	2.0-3.0%	3,842,890	-	(690)	3,842,200
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	-	(39,210)	9,499,100
Cabot Feasibility study.....	1/29/2015	2.0-5.0%	790,000	-	(200,000)	590,000
Bigelow staircase.....	1/29/2015	2.0-5.0%	415,000	-	(50,000)	365,000
Angier construction.....	1/29/2015	2.0-5.0%	14,815,000	-	(310,000)	14,505,000
Fire station #10 renovations.....	1/29/2015	2.0-5.0%	5,795,000	-	(305,000)	5,490,000
Publ Bldg Energy Conservation.....	1/29/2015	2.0-5.0%	2,475,000	-	(135,000)	2,340,000
DPW equipment	1/29/2015	2.0-5.0%	305,000	-	(35,000)	270,000
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	-	(375,000)	19,625,000
Angier Elementary construction.....	1/28/2016	3.0 -5.0%	4,955,000	-	(90,000)	4,865,000
Aquinas Acquisition.....	1/28/2016	3.0 -5.0%	17,350,000	-	(320,000)	17,030,000
FA Day Hot Water Heater.....	1/28/2016	3.0 -5.0%	150,000	-	(10,000)	140,000
NNHS Baseball Backstop.....	1/28/2016	3.0 -5.0%	350,000	-	(15,000)	335,000
Fire Station #3 Improvements.....	1/28/2016	3.0 -5.0%	3,645,000	-	(65,000)	3,580,000
Senior Center HVAC.....	1/28/2016	3.0 -5.0%	150,000	-	(10,000)	140,000
City Hall War Memorial Elevator.....	1/28/2016	3.0 -5.0%	1,140,000	-	(40,000)	1,100,000
Manet Rd Communications Building.....	1/28/2016	3.0 -5.0%	766,000	-	(16,000)	750,000
Main Library Improvements.....	1/28/2016	3.0 -5.0%	250,000	-	(20,000)	230,000
City Hall Roof Trace Wiring.....	1/28/2016	3.0 -5.0%	100,000	-	(10,000)	90,000
DPW Snowblower.....	1/28/2016	3.0 -5.0%	150,000	-	(10,000)	140,000
Library Automated Circulation Eqmt.....	1/28/2016	3.0 -5.0%	203,000	-	(18,000)	185,000
Fire Pumper.....	1/28/2016	3.0 -5.0%	650,000	-	(30,000)	620,000
Fire SCBA Equipment.....	1/28/2016	3.0 -5.0%	504,000	-	(44,000)	460,000
Fire Bucket Truck.....	1/28/2016	3.0 -5.0%	227,000	-	(22,000)	205,000
NSHS Tennis Courts.....	1/28/2016	3.0 -5.0%	750,000	-	(35,000)	715,000
Traffic Signal Improvements.....	1/28/2016	3.0 -5.0%	800,000	-	(65,000)	735,000
Auburndale Sq Traffic Improvements.....	1/28/2016	3.0 -5.0%	1,200,000	-	(100,000)	1,100,000
Eliot St Bridge Replacement.....	1/28/2016	3.0 -5.0%	2,000,000	-	(65,000)	1,935,000

(continued)

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

Bonds Payable – Governmental Funds (Continued)

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2016	Issued	Redeemed	Outstanding June 30, 2017
North High School Construction.....	7/28/2016	3.0 -4.0%	-	62,035,000	-	62,035,000
FA Day HVAC.....	7/28/2016	3.0 -4.0%	-	952,500	-	952,500
Underwood Boiler.....	7/28/2016	3.0 -4.0%	-	90,100	-	90,100
Brown Windows.....	7/28/2016	3.0 -4.0%	-	357,500	-	357,500
NSHS Athletic Fields.....	7/28/2016	3.0 -4.0%	-	1,020,400	-	1,020,400
Fire Station #4 Renovations.....	7/28/2016	3.0 -4.0%	-	766,500	-	766,500
City Hall Boiler.....	7/28/2016	3.0 -4.0%	-	95,000	-	95,000
Fire Ladder Truck.....	7/28/2016	3.0 -4.0%	-	240,000	-	240,000
Parks Vehicles.....	7/28/2016	3.0 -4.0%	-	25,000	-	25,000
DPW Equipment.....	7/28/2016	3.0 -4.0%	-	193,000	-	193,000
Zervas Elementary Construction.....	1/25/2017	3.0 -4.0%	-	12,677,800	-	12,677,800
Cabot Land Acquisition.....	1/25/2017	3.0 -5.0%	-	983,600	-	983,600
Cabot Design.....	1/25/2017	3.0 -4.0%	-	390,700	-	390,700
Cabot Construction.....	1/25/2017	3.0 -5.0%	-	5,940,000	-	5,940,000
Fire Station #3 Improvements.....	1/25/2017	3.0 -4.0%	-	3,315,400	-	3,315,400
Fire Station #3 Improvements.....	1/25/2017	3.0 -5.0%	-	10,556,100	-	10,556,100
DPW Construction Vehicle.....	1/25/2017	3.0 -4.0%	-	229,500	-	229,500
DPW Streetsweeper.....	1/25/2017	3.0 -5.0%	-	197,800	-	197,800
Fire Pumper.....	1/25/2017	3.0 -4.0%	-	595,800	-	595,800
Police Dispatch Consoles.....	1/25/2017	3.0 -5.0%	-	641,800	-	641,800
Subtotal.....			\$ 259,389,065	\$ 101,303,500	\$ (75,867,667)	\$ 284,824,898
Unamortized Premiums.....			6,171,897	7,014,524	(882,025)	12,304,396
Total Governmental Funds.....			\$ 265,560,962	\$ 108,318,024	\$ (76,749,692)	\$ 297,129,294

Advanced Refunding – July 2016

The City issued \$65,775,000 of general obligation bonds (with a premium of \$5,535,226) to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust for the purposes of generating resources for all future debt service payments of \$63,620,000 of previously issued general obligation bonds relating to school construction as well as public safety projects and 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 \$7,690,226; of which \$2,563,409 was amortized as a component of interest expense, and \$5,126,817 is reported as a deferred loss on refunding in the government-wide financial statement of net position. This advance refunding was undertaken to reduce total debt service payments over the next 22 years by \$12,925,377, and resulted in an economic gain of \$10,226,706.

Subsequent Event

Issuance of Bonds - December 2017

The City issued \$38,930,000 in general obligation bonds dated December 21, 2017, with a final maturity of January 1, 2047. Of this amount, \$26,852,000 represents new bonds and \$12,078,000 represents advance refunding bonds. The refunding bonds will generate debt service savings of \$1,597,736 over the remaining life of the bonds, with an economic gain of \$1,016,552.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

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

Fiscal Year				
Ending	Principal	Interest	Total	
2018	\$ 12,855,967	\$ 10,084,812	\$ 22,940,779	
2019	12,697,267	9,622,246	22,319,513	
2020	12,926,667	11,937,498	24,864,165	
2021	12,546,667	11,357,263	23,903,930	
2022	12,571,667	10,770,779	23,342,446	
2023	12,661,667	10,182,312	22,843,979	
2024	12,821,667	9,608,512	22,430,179	
2025	12,641,667	8,995,942	21,637,609	
2026	11,826,667	8,445,413	20,272,080	
2027	11,141,667	7,891,644	19,033,311	
2028	10,761,667	7,362,348	18,124,015	
2029	10,141,667	6,847,414	16,989,081	
2030	10,141,667	6,347,350	16,489,017	
2031	10,206,667	5,865,141	16,071,808	
2032	10,241,667	5,399,109	15,640,776	
2033	10,561,667	4,884,246	15,445,913	
2034	10,831,667	4,379,005	15,210,672	
2035	11,116,667	3,865,740	14,982,407	
2036	10,996,667	3,338,901	14,335,568	
2037	11,101,667	2,796,405	13,898,072	
2038	10,686,667	2,233,446	12,920,113	
2039	9,251,667	1,682,656	10,934,323	
2040	5,206,667	1,153,424	6,360,091	
2041	4,966,657	973,914	5,940,571	
2042	4,760,000	805,563	5,565,563	
2043	4,930,000	638,900	5,568,900	
2044	5,095,000	469,013	5,564,013	
2045	4,320,000	293,319	4,613,319	
2046	3,595,000	162,575	3,757,575	
2047	1,220,000	42,700	1,262,700	
Total	\$ <u>284,824,898</u>	\$ <u>158,437,591</u>	\$ <u>443,262,489</u>	

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

Bonds Payable – Water Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2016	Issued	Redeemed	Outstanding June 30, 2017
MWRA Water	5/18/2006	0.00	\$ -	\$ -	\$ -	\$ -
MWRA Water	5/31/2007	0.00	258,601	-	(258,601)	-
Water Meters.....	4/1/2009	2.0-5.0	1,800,000	-	(600,000)	1,200,000
MWRA Water	5/21/2009	0.00	1,080,000	-	(360,000)	720,000
MWRA Water	5/20/2010	0.00	889,760	-	(222,440)	667,320
MWRA Water	2/15/2011	0.00	966,827	-	(193,366)	773,461
Water Meters.....	4/14/2011	3.0-4.5	1,500,000	-	(300,000)	1,200,000
MWRA Water	5/14/2012	0.00	816,120	-	(136,020)	680,100
MWRA Water	8/20/2012	0.00	952,140	-	(136,020)	816,120
Water Mains.....	4/12/2013	2.0-4.0	2,293,980	-	(135,000)	2,158,980
Water Garage.....	4/12/2013	2.0-4.0	57,500	-	(5,000)	52,500
MWRA Water	8/15/2013	0.00	1,089,180	-	(136,020)	953,160
MWRA Water	11/17/2014	0.00	1,224,180	-	(136,020)	1,088,160
MWRA Water	11/19/2015	0.00	1,360,200	-	(136,020)	1,224,180
MWRA Water	11/19/2016	0.00	-	1,360,200	-	1,360,200
MWRA Water	1/25/2017	3.0-4.0	-	2,632,500	-	2,632,500
MWRA Lead.....	5/15/2017	0.00	-	4,000,000	-	4,000,000
Subtotal.....			\$ 14,288,488	\$ 7,992,700	\$ (2,754,507)	\$ 19,526,681
Unamortized Premium.....			-	67,500	(3,750)	63,750
Total Water.....			\$ 14,288,488	\$ 8,060,200	\$ (2,758,257)	\$ 19,590,431

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, 2017, the City was the recipient of \$7,992,700 in MWRA loans.

At June 30, 2017, the City had \$14,915,201 in MWRA water rehabilitation loans outstanding. Interest subsidies on these loans for the year ended June 30, 2017 totaled \$240,990.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

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

Fiscal Year Ending	Principal	Interest	Total
2018	\$ 3,079,426	\$ 264,603	\$ 3,344,029
2019	3,081,926	226,349	3,308,275
2020	2,121,924	186,250	2,308,174
2021	1,904,485	165,149	2,069,634
2022	1,411,120	143,850	1,554,970
2023	1,280,100	136,049	1,416,149
2024	1,144,080	128,050	1,272,130
2025	1,013,060	120,049	1,133,109
2026	877,040	114,300	991,340
2027	746,020	107,500	853,520
2028	207,500	100,500	308,000
2029	210,000	93,575	303,575
2030	210,000	86,525	296,525
2031	215,000	79,475	294,475
2032	220,000	72,225	292,225
2033	220,000	64,775	284,775
2034	90,000	57,156	147,156
2035	90,000	54,231	144,231
2036	95,000	51,306	146,306
2037	100,000	48,100	148,100
2038	100,000	44,600	144,600
2039	105,000	41,100	146,100
2040	110,000	36,900	146,900
2041	115,000	32,500	147,500
2042	120,000	27,900	147,900
2043	125,000	23,100	148,100
2044	130,000	18,725	148,725
2045	130,000	14,175	144,175
2046	135,000	9,625	144,625
2047	140,000	4,900	144,900
Total	\$ 19,526,681	\$ 2,553,542	\$ 22,080,223

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

Bonds Payable – Sewer Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2016	Issued	Redeemed	Outstanding June 30, 2017
MCWT Sewer.....	10/06/1999	5.16%	\$ 1,620,000	\$ -	\$ (385,000)	\$ 1,235,000
MCWT Sewer.....	11/10/2000	5.20%	2,360,000	-	(441,000)	1,919,000
MCWT Sewer.....	7/03/2002	-	55,000	-	(5,000)	50,000
Sewer system improvements.....	4/27/2010	2.0-4.0%	350,000	-	(25,000)	325,000
MWRA Sewer.....	8/25/2011	-	115,060	-	(115,060)	-
Sewer system improvements.....	4/3/2012	2.0-3.0%	1,815,000	-	(115,000)	1,700,000
Sewer I& I removal.....	4/12/2013	2.0-4.0%	3,590,000	-	(215,000)	3,375,000
Water Garage.....	4/12/2013	2.0-4.0%	57,500	-	(5,000)	52,500
MWRA Sewer.....	8/18/2014	-	1,010,240	-	(252,560)	757,680
MWRA Sewer.....	12/15/2014	-	825,300	-	(91,700)	733,600
MWRA Sewer.....	11/19/2015	-	917,000	-	(91,700)	825,300
Sewer Vehicle.....	1/20/2016	3.0 -5.0%	400,000	-	(20,000)	380,000
Subtotal.....			\$ 13,115,100	\$ -	\$ (1,762,020)	\$ 11,353,080
Unamortized Premium.....			72,914	-	(5,029)	67,885
Total Sewer.....			\$ 13,188,014	\$ -	\$ (1,767,049)	\$ 11,420,965

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, 2017, the City had \$2,316,580 in MWRA sewer infiltration/inflow reduction loans outstanding.

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, 2017 the City had \$3,204,000 in loans outstanding under this project. Interest and principal subsidies on these loans for the year ended June 30, 2017 were \$209,796 and \$236,260, respectively.

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

Fiscal Year Ending	Principal	Interest	Total
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	\$ 11,353,080	\$ 1,806,988	\$ 13,160,068

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

Bonds Payable – Stormwater Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2016	Issued	Redeemed	Outstanding June 30, 2017
Dedham St Drainage.....	1/20/2016	3.0 -5.0%	\$ 725,000	\$ -	\$ (25,000)	\$ 700,000
Unamortized Premium.....			91,756	-	(4,705)	87,051
Total Stormwater.....			\$ <u>816,756</u>	\$ <u>-</u>	\$ <u>(29,705)</u>	\$ <u>787,051</u>

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

Fiscal Year Ending	Principal	Interest	Total
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	\$ <u>700,000</u>	\$ <u>303,500</u>	\$ <u>1,003,500</u>

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, 2017 the City had a total of \$60,027,599 in authorized (by the City Council) and unissued debt, which is summarized as follows:

	Beginning of Year	Increases	Decreases	End of Year
School improvements.....	\$ 29,339,877	\$ 46,940,000	\$ (30,922,143)	\$ 45,357,734
Water main rehabilitation - MWRA.....	6,801,000	-	(1,360,200)	5,440,800
Water main improvement.....	2,700,000	2,700,000	(2,700,000)	2,700,000
Fire engine and station repairs.....	3,400,000	13,129,065	(14,525,000)	2,004,065
Public works equipment.....	-	466,000	(466,000)	-
Public works infrastructure.....	-	3,050,000	-	3,050,000
Fire pumper.....	-	650,000	(650,000)	-
Police dispatch console replacement....	-	700,000	(700,000)	-
Lead line replacement.....	-	4,000,000	(4,000,000)	-
Newton Free Library children's room..	-	75,000	-	75,000
Traffic signal improvements.....	-	1,400,000	-	1,400,000
Total.....	\$ <u>42,240,877</u>	\$ <u>73,110,065</u>	\$ <u>(55,323,343)</u>	\$ <u>60,027,599</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

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 \$579,829 at June 30, 2017 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 (OPEB)

A - General Information about the OPEB Plan

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, 2017, the latest actuarial valuation, is as follows:

Inactive plan members and beneficiaries currently receiving benefit payments.....	2,776
Inactive plan members entitled to but not yet receiving benefit payments.....	-
Active plan members.....	<u>2,441</u>
Total.....	<u><u>5,217</u></u>

B – Benefits Provided

The City provides health and life insurance coverage for its retirees and their survivors. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions.

C – Contributions

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.

For the fiscal year ended June 30, 2017, employer contributions totaled \$20,872,070. The OPEB Trust Fund did not receive contributions from any other sources.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

D – Net OPEB Liability (Plan)

The components of the net OPEB liability of the Plan as of June 30, 2017 were as follows:

Total OPEB liability.....	\$	644,805,424
Fiduciary Net Position.....		<u>(5,978,698)</u>
Net OPEB Liability.....	\$	<u>638,826,726</u>
Fiduciary net position as a percentage of the total OPEB liability		0.93%

The OPEB trust fund reported in the fiduciary funds financial statements is reported using the flow of economic resources measurement focus and uses the accrual basis of accounting. Contributions are recognized as additions in the period when they become due pursuant to formal commitments, statutory or contractual requirements. Benefit payments and refunds are recognized as deductions when incurred.

Methods and Assumptions – Projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations, are based upon 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 the assets, consistent with the long-term perspective of the calculations.

The significant methods and assumptions used to measure the total OPEB liability as of the latest actuarial valuation are as follows:

Valuation date:	June 30, 2017
Inflation rate:	2.75%
Actuarial cost method:	Entry Age Normal
Amortization method:	Level dollar
Remaining amortization period:	30 years from July 1, 2016
Salary increases:	3.5% for Group 1 (excluding Teachers) and Group 4 Service-related increases for Teachers: 7.50% decreasing over 20 years to an ultimate level of 4.0%
Interest discount rate:	3.58%
Investment rate of return:	7.25%

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

Healthcare/Medical cost trend rates:	Under 65: 7.0% decreasing by 0.5% for 5 years to an ultimate level of 4.5% per year
	Over 65 – Medicare Supplement: 4.5%
	Over 65 – Medicare Advantage: 7.5% decreasing by 0.5% for 6 years to an ultimate level of 4.5% per year
	Prescription drug: 9.0% decreasing by 0.5% for 9 years to an ultimate level of 4.5% per year
	Administrative expenses: 3.0%
	Contributions: 7.5% decreasing by 0.5% for 6 years to an ultimate level of 4.5% per year
Mortality:	Pre-Retirement (Non-Teachers): RP-2000 Employee Mortality Table projected generationally from 2005 with Scale BB2D
	Healthy (Non-Teachers): RP-2000 Healthy Annuitant Mortality Table projected generationally from 2005 with Scale BB2D
	Disabled (Non-Teachers): RP-2000 Healthy Annuitant Mortality Table set forward three years projected generationally from 2005 with Scale BB2D
	Pre-Retirement (Teachers): RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016
	Healthy (Teachers): RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2016
	Disabled (Teachers): RP-2014 Healthy Annuitant Mortality Table set forward 4 years projected generationally with scale BB2D from 2014

Investment Policies and Rates of Return – The OPEB trust fund investments are in PRIT, an external investment pool that 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.

For the fiscal year ended June 30, 2017, the money-weighted rate of return on the Trust Fund’s investments, net of investment expense, was 15.93%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns 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 and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized below:

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Rate of Return</u>
Domestic Equity.....	18.0%	6.44%
International Equity - Developed Markets..	16.0%	7.40%
International Equity - Emerging Markets..	6.0%	9.42%
Core Fixed Income.....	13.0%	2.02%
High-Yield Fixed Income.....	10.0%	4.43%
Real Estate.....	10.0%	5.00%
Commodities.....	4.0%	4.43%
Hedge Funds.....	13.0%	3.75%
Private Equity.....	10.0%	10.47%
	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability was 3.58%. The discount rate is equal to the yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher reported on the Bond Buyer’s 20 bond index. Based on the current assets in the OPEB Trusts and City’s funding policy to contribute approximately \$2,000,000 in fiscal 2018, increasing by \$250,000 per year, there are insufficient assets to cover projected benefit payments. Accordingly, the Bond Buyer’s 20 bond index rates were applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability calculated using the current discount rate of 3.58 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate 1 percentage point lower (2.58 percent) or 1 percentage point higher (4.58 percent) than the current rate:

	<u>1% Decrease (2.58%)</u>	<u>Current Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Net OPEB Liability.....	\$ 746,449,627	\$ 638,826,726	\$ 552,972,948

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability calculated using the current healthcare cost trend rate as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
Net OPEB Liability.....	\$ 550,378,441	\$ 638,826,726	\$ 753,279,497

Annual OPEB Cost and Net OPEB Obligation (City) - 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, 2017

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

	Amount <u>(in thousands)</u>
Annual required contribution..... \$	55,095
Interest on net OPEB obligation.....	5,392
Adjustment to annual required contribution.....	<u>(11,547)</u>
Annual OPEB cost.....	48,940
Contributions made.....	<u>(20,872)</u>
Increase in net OPEB obligation.....	28,068
Net OPEB obligation at beginning of year.....	<u>261,763</u>
Net OPEB obligation at end of year..... \$	<u><u>289,831</u></u>

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

	<u>Dollar Amounts in Thousands</u>		
Fiscal Year Ending	Annual OPEB Cost (AOPEBC)	Percentage of AOPEBC Contributed	Net OPEB Obligation
June 30, 2015.....	\$ 48,071	38.1%	\$ 232,360
June 30, 2016.....	49,167	40.2%	261,763
June 30, 2017.....	48,940	42.6%	289,831

Funded Status and Funding Progress – The funded status of the Plan at June 30, 2016, the most recent actuarial valuation under GASB Statement No. 45, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial 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	0.49%	\$ 210,597	341.5%

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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

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:	8.39% in 2016 graded down to 6.08% in 2021 and thereafter.

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

Governmental Activities:	
Legislative & Executive.....	\$ 571,136
Financial administration.....	582,620
Administrative support.....	661,055
Planning & development.....	265,815
Public building maintenance & operation.....	585,094
Police.....	4,650,676
Fire.....	4,801,914
Inspectional services.....	287,704
Education.....	30,468,847
Streets & sidewalks.....	1,418,400
Collection & disposal of solid waste.....	108,666
Equipment maintenance.....	388,825
Engineering.....	228,629
Administration & support.....	234,763
Public health.....	683,439
Senior services.....	45,437
Veteran services.....	24,197
Libraries.....	938,216
Parks & recreation.....	828,377
Newton history museum.....	<u>24,919</u>
Total AOPEBC - governmental activities.....	<u>47,798,729</u>
Business-Type Activities:	
Water.....	605,194
Stormwater.....	85,844
Sewer.....	<u>450,184</u>
Total AOPEBC - business-type activities.....	<u>1,141,222</u>
Total AOPEBC.....	\$ <u><u>48,939,951</u></u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

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.

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, 2017, the City’s health claims liability totaled \$4,177,547 and is based on approximately one month claims paid average. Changes in the reported liability since July 1, 2015 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 2016.....	\$ 3,533,868	\$ 55,261,029	\$ (54,139,350)	\$ 4,655,547
Fiscal year 2017.....	4,655,547	52,941,374	(53,419,374)	4,177,547

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 \$7,734,209 at June 30, 2017, of which \$938,031 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, 2017 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, 2015 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 2016.....	\$ 8,423,539	\$ 1,475,827	\$ (1,599,149)	\$ 8,300,217
Fiscal year 2017.....	8,300,217	938,031	(1,504,039)	7,734,209

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

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.....	\$ -	\$ -	\$ -	\$ 396,932	\$ 396,932
Restricted:					
Debt service.....	2,442,053	-	-	-	2,442,053
General government.....	-	-	-	4,675,778	4,675,778
Public safety.....	-	-	-	963,729	963,729
Education.....	-	-	-	2,072,277	2,072,277
School construction.....	-	-	1,056,886	7,380,379	8,437,265
Pre-school program.....	-	-	-	187,175	187,175
Summer school.....	-	-	-	165,859	165,859
Continuing education.....	-	-	-	1,321,771	1,321,771
Public works.....	-	-	-	359,870	359,870
Health and human services.....	-	-	-	300,350	300,350
Culture and recreation.....	-	-	-	2,826,071	2,826,071
Recreation activities/classes.....	-	-	-	818,680	818,680
Camp programs.....	-	-	-	1,619,729	1,619,729
Community preservation.....	-	8,986,004	-	-	8,986,004
CPA- community housing.....	-	2,122,476	-	-	2,122,476
CPA- historic resources.....	-	2,067,504	-	-	2,067,504
CPA- community recreation.....	-	2,262,280	-	-	2,262,280
Capital.....	1,115,477	-	-	-	1,115,477
School lunch.....	-	-	-	9,782	9,782
Insurance proceeds.....	-	-	-	357	357
Receipts reserved.....	-	-	-	797,560	797,560
Sub-total -	<u>3,557,530</u>	<u>15,438,264</u>	<u>1,056,886</u>	<u>23,499,367</u>	<u>43,552,047</u>
Committed:					
Subsequent year's expenditures.....	1,600,564	-	-	-	1,600,564
Capital.....	1,070,580	-	-	-	1,070,580
Continuing appropriations.....	12,197,805	-	-	-	12,197,805
Receipts reserved.....	-	-	-	1,679,111	1,679,111
Sub-total -	<u>14,868,949</u>	<u>-</u>	<u>-</u>	<u>1,679,111</u>	<u>16,548,060</u>
Assigned:					
Encumbrances.....	2,365,805	-	-	-	2,365,805
Capital.....	10,678	-	-	-	10,678
Sub-total -	<u>2,376,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,376,483</u>
Unassigned.....	<u>46,247,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,247,662</u>
Total.....	<u>\$ 67,050,624</u>	<u>\$ 15,438,264</u>	<u>\$ 1,056,886</u>	<u>\$ 25,575,410</u>	<u>\$ 109,121,184</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

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, 2017 total \$2,196,735 and \$19,673,938 respectively, and are reported in the general fund as restricted (\$1,115,477), committed (\$1,070,580), assigned (\$10,678) and unassigned (\$19,673,938).

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, 2016, the System’s membership consisted of the following:

Active members.....	1,633
Inactive - entitled to or receiving benefits.....	34
Inactive - not entitled to or not receiving benefits.....	621
Retirees and beneficiaries currently receiving benefits.	<u>1,310</u>
Total members.....	<u><u>3,598</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, 2017

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, 2016, active member contributions totaled \$9,282,992 and employer contributions totaled \$23,566,725. Contributions to the System from the City were \$23,329,608 for the year ended June 30, 2017.

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, 2016, were as follows:

Total pension liability	\$ 635,859,393
Plan fiduciary net position	<u>(305,870,392)</u>
Net pension liability	<u>\$ 329,989,001</u>
Plan fiduciary net position as a percentage of the total pension liability	48.10%

At June 30, 2017, the City reported a liability of \$326,668,811 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was also determined by an actuarial valuation as of December 31, 2016. 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, 2016, actuarially determined. At December 31, 2016, the City’s proportion was 98.993848 percent; compared to a proportion of 99.000556 percent at December 31, 2015.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

For the year ended June 30, 2017, the City recognized pension expense of \$36,027,967 associated with the System. At June 30, 2017, the City reported deferred outflows of resources related to pensions of \$28,412,866, and deferred inflows of resources of \$2,386,845 from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience.....	\$ 6,428,936	\$ 2,371,237
Changes of assumptions.....	10,272,980	-
Net difference between projected and actual earnings on System investments.....	11,710,950	-
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	-	15,608
	<u>\$ 28,412,866</u>	<u>\$ 2,386,845</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>
2018	\$ 10,210,235
2019	10,210,232
2020	4,466,787
2021	1,419,057

Actuarial Assumptions – The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method:	Entry Age Normal
Amortization method:	Increasing payments 8.75% per year
Remaining amortization period:	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
Inflation rate:	2.5% per year
Salary increases:	3.5% per year
Cost of living adjustment:	3.0% on the first \$12,000 in benefits

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2016 to December 31, 2016.

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, 2016, the annual money-weighted rate of return on System investments, net of investment expense, was 6.77%. 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	18.0%	6.44%
International Equity - Developed Markets	16.0%	7.40%
International Equity - Emerging Markets	6.0%	9.42%
Core Fixed Income	13.0%	2.02%
High-Yield Fixed Income	10.0%	4.43%
Real Estate	10.0%	5.00%
Commodities	4.0%	4.43%
Hedge Funds	13.0%	3.75%
Private Equity	10.0%	10.47%
	<u>100.0%</u>	

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

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 <u>(6.35%)</u>	Current Discount Rate <u>(7.35%)</u>	1% Increase <u>(8.35%)</u>
System's net pension liability	\$ 399,168,659	\$ 329,989,001	\$ 271,627,368

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

	1% Decrease <u>(6.35%)</u>	Current Discount Rate <u>(7.35%)</u>	1% Increase <u>(8.35%)</u>
City's proportionate share of the net pension liability	\$ 395,152,416	\$ 326,668,811	\$ 268,894,384

Legally Required Reserve Accounts - The balance in the System's legally required reserves as of December 31, 2016 are as follows:

<u>Description</u>	<u>Amount</u>	<u>Purpose</u>
Annuity Savings Fund.....	\$ 93,117,428	Active members' contribution balance
Annuity Reserve Fund....	28,256,292	Retired members' contribution account
Military Service Fund.....	54,667	Military leave of absence contribution balance
Pension Fund.....	<u>184,442,005</u>	Remaining net reserves
Total.....	\$ <u>305,870,392</u>	

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

Note 18 – Pension Plan (Massachusetts Teachers Retirement System)

A - General Information about the Pension Plan

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

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

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

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

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

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

Since the City does not contribute directly to MTRS, the City does not report a proportionate share of the net pension liability of the MTRS at June 30, 2017. The Commonwealth's net pension liability associated with the City was \$375,785,250.

The MTRS' net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016 rolled forward to June 30, 2016.

For the year ended June 30, 2017, the City recognized pension expense of \$38,332,559 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, 2016 measurement date was determined by an actuarial valuation as of January 1, 2016 rolled forward to June 30, 2016. This valuation used the following assumptions:

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Global Equity	40.00%	6.90%
Core Fixed Income	13.00%	1.60%
Private Equity	10.00%	8.70%
Real Estate	10.00%	4.60%
Value Added Fixed Income	10.00%	4.80%
Hedge Funds	9.00%	4.00%
Portfolio Completion Strategies	4.00%	3.60%
Timber/Natural Resources	4.00%	5.40%
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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2017

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, 2017, totaled \$14,563,610 and \$5,607,071, 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 2017, the City was not obligated to reimburse the Commonwealth for any debt service related to the IDAA.

The City participates in a number of state and federal award programs. These programs are still subject to separate financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although it is expected such amounts, if any, will be immaterial.

Various additional legal actions and claims are pending. Litigation is subject to many uncertainties and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any at June 30, 2017 cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the City at June 30, 2017.

Required Supplementary Information

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2017

PENSION PLAN SCHEDULES

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Total pension liability</u>			
Service cost	\$ 12,238,508	\$ 11,948,894	\$ 10,445,973
Interest	44,357,326	43,307,330	41,588,936
Differences between expected and actual experience	6,942,661	(3,992,229)	2,350,371
Changes of assumptions	-	-	25,943,483
Benefit payments, including refunds of member contributions	<u>(37,883,262)</u>	<u>(36,652,624)</u>	<u>(35,872,446)</u>
Net change in total pension liability	25,655,233	14,611,371	44,456,317
Total pension liability - beginning	<u>610,204,160</u>	<u>595,592,789</u>	<u>551,136,472</u>
Total pension liability - ending (a)	<u>\$ 635,859,393</u>	<u>\$ 610,204,160</u>	<u>\$ 595,592,789</u>
<u>Plan fiduciary net position</u>			
Contributions - employer	\$ 23,566,725	\$ 21,670,552	\$ 19,972,859
Contributions - member	9,282,992	8,842,379	8,661,238
Net investment income	20,972,368	2,146,925	20,748,803
Benefit payments, including refunds of member contributions	<u>(37,883,262)</u>	<u>(36,652,624)</u>	<u>(35,872,446)</u>
Net change in plan fiduciary net position	15,938,823	(3,992,768)	13,510,454
Plan fiduciary net position - beginning	<u>289,931,569</u>	<u>293,924,337</u>	<u>280,413,883</u>
Plan fiduciary net position - ending (b)	<u>\$ 305,870,392</u>	<u>\$ 289,931,569</u>	<u>\$ 293,924,337</u>
Net pension liability - ending (a) - (b)	<u>\$ 329,989,001</u>	<u>\$ 320,272,591</u>	<u>\$ 301,668,452</u>
Plan fiduciary net position as a percentage of the total pension liability	48.10%	47.51%	49.35%
Covered-employee payroll	\$ 94,881,278	\$ 92,136,867	\$ 86,807,549
Net pension liability as a percentage of covered-employee payroll	347.79%	347.61%	347.51%

(A) - Data is accumulating annually to present 10 years of the reported information.

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2017

PENSION PLAN SCHEDULES (CONTINUED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 23,566,725	21,670,552	19,972,859	18,363,516	16,343,094
Contributions in relation to the actuarially determined contribution	<u>23,566,725</u>	<u>21,670,552</u>	<u>19,972,859</u>	<u>18,363,516</u>	<u>16,343,094</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Covered-employee payroll	\$ 94,881,278	92,136,867	86,807,549	86,807,549	82,970,000
Contributions as a percentage of covered-employee payroll	24.84%	23.52%	23.01%	21.15%	19.70%

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ 16,252,351	15,029,827	13,547,778	12,843,635	11,747,762
Contributions in relation to the actuarially determined contribution	<u>16,252,351</u>	<u>15,029,827</u>	<u>13,547,778</u>	<u>12,843,635</u>	<u>11,747,762</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Covered-employee payroll	\$ 80,337,000	81,378,000	83,844,000	82,014,000	79,206,000
Contributions as a percentage of covered-employee payroll	20.23%	18.47%	16.16%	15.66%	14.83%

SCHEDULE OF INVESTMENT RETURNS (SYSTEM) (A)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	6.77%	0.74%	7.51%

(A) - Data is accumulating annually to present 10 years of the reported information.

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2017

PENSION PLAN SCHEDULES (CONTINUED)

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

	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
City's proportion of the net pension liability	98.993848%	99.000556%	99.026264%
City's proportionate share of the net pension liability	326,668,811	317,071,646	298,730,998
City's covered-employee payroll	93,926,628	90,939,864	85,643,310
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	347.79%	348.66%	348.81%
Plan fiduciary net position as a percentage of the total pension liability	48.10%	47.51%	49.35%

*The amounts presented were determined as of 12/31/16, 12/31/15 and 12/31/14

SCHEDULE OF CITY'S CONTRIBUTIONS (SYSTEM) (A)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Required Contribution	\$ 23,329,608	\$ 21,453,967	\$ 19,778,376
Contributions in Relation to the Actuarially Required Contribution	<u>23,329,608</u>	<u>21,453,967</u>	<u>19,778,376</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered-Employee Payroll	\$ 93,926,628	\$ 90,939,864	\$ 85,643,310
Contributions as a Percentage of Covered Employee Payroll	24.84%	23.59%	23.09%

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

	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
City's proportion of the net pension liability	0.00%	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>375,785,250</u>	<u>337,530,133</u>	<u>260,194,376</u>
Total	<u>\$ 375,785,250</u>	<u>\$ 337,530,133</u>	<u>\$ 260,194,376</u>
City's covered-employee payroll	\$ 110,555,252	\$ 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	N/A
Plan fiduciary net position as a percentage of the total pension liability	52.73%	55.38%	61.64%

*The amounts presented were determined as of June 30, 2016, June 30, 2015 and June 30, 2014.

(A) – Data is accumulating annually to present 10 years of the reported information.

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2017

PENSION PLAN SCHEDULES (CONTINUED)

SCHEDULE OF CITY'S CONTRIBUTIONS (MTRS) (A)

	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
Contractually required contribution	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 110,555,252	\$ 104,421,833	\$ 100,361,397
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A

*The amounts presented were determined as of June 30, 2016, June 30, 2015 and June 30, 2014.

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2017

OTHER POSTEMPLOYMENT BENEFITS SCHEDULES

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

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS (PLAN) (A)

	<u>2017</u>
<u>Total OPEB liability</u>	
Service cost	\$ 30,190,353
Interest	20,240,435
Changes of assumptions	(76,049,934)
Benefit payments	<u>(19,017,966)</u>
Net change in total OPEB liability	(44,637,112)
Total OPEB liability - beginning	<u>689,442,536</u>
Total OPEB liability - ending (a)	<u>\$ 644,805,424</u>
<u>Plan fiduciary net position</u>	
Contributions - employer	\$ 20,872,070
Net investment income	554,860
Benefit payments	<u>(19,017,966)</u>
Net change in plan fiduciary net position	2,408,964
Plan fiduciary net position - beginning	<u>3,569,734</u>
Plan fiduciary net position - ending (b)	<u>\$ 5,978,698</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 638,826,726</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.93%
Covered-employee payroll	\$ 227,381,047
Net OPEB liability as a percentage of covered-employee payroll	280.95%

(A) – Data is accumulating annually to present 10 years of the reported information.

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2017

OTHER POSTEMPLOYMENT BENEFITS SCHEDULES (CONTINUED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS (PLAN) (A)

	<u>2017</u>
Actuarially Required Contribution	\$ 55,094,130
Contributions in Relation to the Actuarially Required Contribution	<u>20,872,070</u>
Contribution Deficiency (Excess)	<u>\$ 34,222,060</u>
City's Covered-Employee Payroll	\$ 227,381,047
Contributions as a Percentage of Covered Employee Payroll	9.18%

SCHEDULE OF INVESTMENT RETURNS (PLAN) (A)

	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	15.93%

(A) – Data is accumulating annually to present 10 years of the reported information.

SCHEDULES OF FUNDING PROGRESS (CITY)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial 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, 2017

Note A – Methods and Assumptions Used in Calculations of Actuarially Determined Contributions (Pension Plan)

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 (2007-2016):	Entry Age Normal
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 (2015-2016)	Payment increases 9.60% per year
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 (2015-2016):	13 years
Asset valuation method (2007):	5-year smoothed market value
Asset valuation method (2008-2009):	Market value
Asset valuation method (2010-2016):	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 (2007-2012):	3.0%
Inflation (2013):	2.0 – 2.5%
Inflation (2014-2016):	2.5%
Salary increases (2007-2008):	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 (2014-2016):	3.5%
Investment rate of return (2007-2009):	8.00%
Investment rate of return (2010-2012):	7.75%
Investment rate of return (2013):	7.35%
Investment rate of return (2014-2015):	7.35%
Investment rate of return (2016):	7.50%

CITY OF NEWTON, MASSACHUSETTS
Notes to Required Supplementary Information
Fiscal Year Ended June 30, 2017

Note B – Methods and Assumptions Used in Calculations of Actuarially Determined Contributions (OPEB Plan)

The actuarially determined contribution rates in the schedules of contributions are calculated as of June 30, 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 (2017):	Entry Age Normal
Amortization method (2017):	Level dollar
Remaining amortization period (2017):	30 years (open)
Interest discount rate (2017):	2.06%
Healthcare/Medical cost trend rate (2017):	8.39% in 2016 graded down to 6.08% in 2021 and thereafter.

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, 2017

Special Revenue Funds

ASSETS	School Lunch	Revolving	Receipts Reserved	Community Development Block Grant	Municipal Federal Grant
Cash and cash equivalents.....	\$ -	\$ -	\$ 1,679,111	\$ -	\$ -
Restricted cash and cash equivalents.....	545,299	7,200,887	797,559	503,376	834,512
Restricted investments.....	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:					
User charges.....	-	674,251	-	-	-
Special assessments.....	-	83,126	-	-	-
Intergovernmental.....	139,469	-	-	-	42,912
Other assets.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 684,768	\$ 7,958,264	\$ 2,476,670	\$ 503,376	\$ 877,424
LIABILITIES					
Warrants payable.....	\$ 716	\$ 311,577	\$ -	\$ -	\$ 825
Accrued liabilities.....	379,965	58,992	-	56,211	32,946
Accrued payroll.....	2,410	438,793	-	5,807	66
Other liabilities.....	291,895	-	-	2,530	259
Due to other funds.....	-	-	-	-	-
TOTAL LIABILITIES.....	674,986	809,362	-	64,548	34,096
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	-	131,022	-	-	-
FUND BALANCES					
Nonspendable.....	-	-	-	-	-
Restricted.....	9,782	7,017,880	797,559	438,828	843,328
Committed.....	-	-	1,679,111	-	-
TOTAL FUND BALANCES.....	9,782	7,017,880	2,476,670	438,828	843,328
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 684,768	\$ 7,958,264	\$ 2,476,670	\$ 503,376	\$ 877,424

Special Revenue Funds

Municipal State Grant	School State Grant	School Federal Grant	Gift	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ 1,679,111
422,726	769,848	39,034	1,265,575	12,378,816
-	-	-	-	-
-	-	-	-	674,251
-	-	-	-	83,126
41,802	-	272,415	-	496,598
-	-	-	-	-
<u>464,528</u>	<u>769,848</u>	<u>311,449</u>	<u>1,265,575</u>	<u>15,311,902</u>
\$ 15,998	\$ 86,070	\$ 8,066	\$ 2,204	\$ 425,456
1,191	192	1,266	682	531,445
15,123	75,761	88,389	7,205	633,554
-	-	-	-	294,684
-	-	-	-	-
<u>32,312</u>	<u>162,023</u>	<u>97,721</u>	<u>10,091</u>	<u>1,885,139</u>
-	-	-	-	131,022
-	-	-	-	-
432,216	607,825	213,728	1,255,484	11,616,630
-	-	-	-	1,679,111
<u>432,216</u>	<u>607,825</u>	<u>213,728</u>	<u>1,255,484</u>	<u>13,295,741</u>
<u>464,528</u>	<u>769,848</u>	<u>311,449</u>	<u>1,265,575</u>	<u>15,311,902</u>

(Continued)

CITY OF NEWTON, MASSACHUSETTS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2017

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.....	4,927,610	12,495,715	264,182	731,023	18,418,530
Restricted investments.....	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:					
Charges for services.....	-	-	-	-	-
Special assessments.....	-	-	-	-	-
Intergovernmental.....	-	-	192,337	-	192,337
Other assets.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 4,927,610	\$ 12,495,715	\$ 456,519	\$ 731,023	\$ 18,610,867
LIABILITIES					
Warrants payable.....	\$ 1,534,034	\$ 3,689,810	\$ 160,095	\$ 529,547	\$ 5,913,486
Accrued liabilities.....	658,548	1,425,526	37,755	-	2,121,829
Accrued payroll.....	-	-	-	-	-
Other liabilities.....	-	-	-	-	-
Due to other funds.....	-	-	3,052	-	3,052
TOTAL LIABILITIES.....	2,192,582	5,115,336	200,902	529,547	8,038,367
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	-	-	-	-	-
FUND BALANCES:					
Nonspendable.....	-	-	-	-	-
Restricted.....	2,735,028	7,380,379	255,617	201,476	10,572,500
Committed.....	-	-	-	-	-
TOTAL FUND BALANCES.....	2,735,028	7,380,379	255,617	201,476	10,572,500
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 4,927,610	\$ 12,495,715	\$ 456,519	\$ 731,023	\$ 18,610,867

Permanent Funds

Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 1,679,111
433,227	609,762	1,042,989	31,840,335
-	634,180	634,180	634,180
-	-	-	674,251
-	-	-	83,126
-	-	-	688,935
<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
<u>\$ 463,227</u>	<u>\$ 1,243,942</u>	<u>\$ 1,707,169</u>	<u>\$ 35,629,938</u>
\$ -	\$ -	\$ -	\$ 6,338,942
-	-	-	2,653,274
-	-	-	633,554
-	-	-	294,684
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,052</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>9,923,506</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>131,022</u>
396,932	-	396,932	396,932
66,295	1,243,942	1,310,237	23,499,367
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,679,111</u>
<u>463,227</u>	<u>1,243,942</u>	<u>1,707,169</u>	<u>25,575,410</u>
<u>\$ 463,227</u>	<u>\$ 1,243,942</u>	<u>\$ 1,707,169</u>	<u>\$ 35,629,938</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, 2017

Special Revenue Funds

	School Lunch	Revolving	Receipts Reserved	Community Development Block Grant	Municipal Federal Grant
REVENUES					
Licenses and permits.....	\$ -	\$ -	\$ 747,836	\$ -	\$ -
Intergovernmental.....	668,403	27,635	-	1,591,618	3,627,805
Charges for services.....	2,280,397	14,876,348	594,888	-	-
Fines and forfeitures.....	-	73,706	19,820	-	-
Investment income.....	5,424	10,570	217	-	-
Contributions and donations.....	-	208,880	133,000	-	-
Miscellaneous.....	-	93,467	129,894	-	-
Special assessments.....	-	136,332	-	-	-
TOTAL REVENUES.....	2,954,224	15,426,938	1,625,655	1,591,618	3,627,805
EXPENDITURES					
Current:					
General government:					
Legislative & executive.....	-	1,130	-	-	-
Financial administration.....	-	-	-	-	-
Planning & development.....	-	83,650	-	1,658,384	2,428,563
Public building maintenance & operations.....	-	5,360	-	-	-
Public safety:					
Police.....	-	4,167,268	-	-	69,177
Fire.....	-	307,361	-	-	426,430
Inspectional services.....	-	11,849	-	-	-
Education.....	3,134,738	7,849,073	-	-	-
Public works:					
Streets & sidewalks.....	-	60,400	-	-	-
Sanitation.....	-	-	-	-	-
Vehicle maintenance.....	-	1,872	-	-	-
Engineering.....	-	70,455	-	-	-
Health and human services:					
Health & human services.....	-	170	-	-	45,651
Senior services.....	-	204,973	-	-	-
Veteran services.....	-	-	-	-	-
Culture and recreation:					
Libraries.....	-	34,865	-	-	2,500
Parks & recreation.....	-	3,152,292	-	-	-
Newton History museum.....	-	39	-	-	-
TOTAL EXPENDITURES.....	3,134,738	15,950,757	-	1,658,384	2,972,321
EXCESS (DEFICIENCY) OF REVENUES					
OVER EXPENDITURES.....	(180,514)	(523,819)	1,625,655	(66,766)	655,484
OTHER FINANCING SOURCES (USES)					
Transfers in.....	46,811	1,178,272	-	-	-
Issuance of general obligation bonds.....	-	-	-	-	-
Premium from issuance of bonds and notes.....	-	-	166,798	-	-
Proceeds of refunding bonds.....	-	-	-	-	-
Premium from issuance of refunding bonds.....	-	-	-	-	-
Sale of assets.....	-	51,434	-	-	-
Transfers out.....	-	(105,887)	(3,508,229)	-	-
Payments to refunding bond escrow agent.....	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	46,811	1,123,819	(3,341,431)	-	-
NET CHANGE IN FUND BALANCES.....	(133,703)	600,000	(1,715,776)	(66,766)	655,484
FUND BALANCES AT BEGINNING OF YEAR.....	143,485	6,417,880	4,192,446	505,594	187,844
FUND BALANCES AT END OF YEAR.....	\$ 9,782	\$ 7,017,880	\$ 2,476,670	\$ 438,828	\$ 843,328

Special Revenue Funds

Municipal State Grant	School State Grant	School Federal Grant	Gift	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ 747,836
1,178,173	7,935,085	5,043,982	-	20,072,701
-	-	-	-	17,751,633
-	-	-	-	93,526
49	-	-	1,722	17,982
-	-	-	651,520	993,400
-	-	-	2,321	225,682
-	-	-	-	136,332
<u>1,178,222</u>	<u>7,935,085</u>	<u>5,043,982</u>	<u>655,563</u>	<u>40,039,092</u>
25,095	-	-	-	26,225
3,960	-	-	-	3,960
20,309	-	-	589	4,191,495
250,000	-	-	-	255,360
248,310	-	-	2,487	4,487,242
60,151	-	-	-	793,942
-	-	-	-	11,849
-	7,992,190	4,847,817	289,731	24,113,549
-	-	-	4,931	65,331
4,864	-	-	-	4,864
-	-	-	-	1,872
-	-	-	-	70,455
195,548	-	-	2,900	244,269
221,360	-	-	3,772	430,105
-	-	-	7,379	7,379
160,295	-	-	-	197,660
14,637	-	-	46,728	3,213,657
-	-	-	-	39
<u>1,204,529</u>	<u>7,992,190</u>	<u>4,847,817</u>	<u>358,517</u>	<u>38,119,253</u>
<u>(26,307)</u>	<u>(57,105)</u>	<u>196,165</u>	<u>297,046</u>	<u>1,919,839</u>
-	-	-	-	1,225,083
-	-	-	-	-
-	-	-	-	166,798
-	-	-	-	-
-	-	-	-	-
-	-	-	-	51,434
-	-	-	-	(3,614,116)
-	-	-	-	-
-	-	-	-	(2,170,801)
(26,307)	(57,105)	196,165	297,046	(250,962)
<u>458,523</u>	<u>664,930</u>	<u>17,563</u>	<u>958,438</u>	<u>13,546,703</u>
\$ <u>432,216</u>	\$ <u>607,825</u>	\$ <u>213,728</u>	\$ <u>1,255,484</u>	\$ <u>13,295,741</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, 2017

Capital Projects Funds

	Public Building Improvements	School Building Improvements	Street Improvements	Municipal Equipment Replacement	Sub-total
REVENUES					
Licenses and permits.....	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	2,616,320	-	2,616,320
Charges for services.....	-	-	-	-	-
Fines and forfeitures.....	-	-	-	-	-
Investment income (loss).....	-	-	-	-	-
Contributions and donations.....	-	-	-	-	-
Miscellaneous.....	-	-	-	-	-
Special assessments.....	-	-	-	-	-
TOTAL REVENUES.....	-	-	2,616,320	-	2,616,320
EXPENDITURES					
Current:					
General government:					
Legislative & executive.....	-	-	-	-	-
Financial administration.....	-	-	-	-	-
Planning & development.....	-	-	-	-	-
Public building maintenance & operations.....	14,551,862	-	-	-	14,551,862
Public safety:					
Police.....	-	-	-	-	-
Fire.....	-	-	-	1,794,010	1,794,010
Inspectional services.....	-	-	-	-	-
Education.....	-	27,209,398	-	-	27,209,398
Public works:					
Streets & sidewalks.....	-	-	6,187,008	833,566	7,020,574
Sanitation.....	-	-	-	-	-
Vehicle maintenance.....	-	-	-	-	-
Engineering.....	-	-	-	-	-
Health and human services:					
Health & human services.....	-	-	-	-	-
Senior services.....	-	-	-	-	-
Veteran services.....	-	-	-	-	-
Culture and recreation:					
Libraries.....	-	-	-	-	-
Parks & recreation.....	115,572	-	-	-	115,572
Newton History museum.....	-	-	-	-	-
TOTAL EXPENDITURES.....	14,667,434	27,209,398	6,187,008	2,627,576	50,691,416
EXCESS (DEFICIENCY) OF REVENUES					
OVER EXPENDITURES.....	(14,667,434)	(27,209,398)	(3,570,688)	(2,627,576)	(48,075,096)
OTHER FINANCING SOURCES (USES)					
Transfers in.....	-	1,010,000	-	-	1,010,000
Issuance of general obligation bonds.....	13,871,500	19,992,100	-	1,664,900	35,528,500
Premium from issuance of bonds and notes.....	653,500	507,900	-	151,100	1,312,500
Proceeds of refunding bonds.....	861,500	2,420,500	-	458,000	3,740,000
Premium from issuance of refunding bonds.....	69,293	194,655	-	37,027	300,975
Sale of assets.....	-	-	-	-	-
Transfers out.....	-	-	-	-	-
Payments to refunding bond escrow agent.....	(930,793)	(2,615,155)	-	(495,027)	(4,040,975)
TOTAL OTHER FINANCING SOURCES (USES).....	14,525,000	21,510,000	-	1,816,000	37,851,000
NET CHANGE IN FUND BALANCES.....	(142,434)	(5,699,398)	(3,570,688)	(811,576)	(10,224,096)
FUND BALANCES AT BEGINNING OF YEAR.....	2,877,462	13,079,777	3,826,305	1,013,052	20,796,596
FUND BALANCES AT END OF YEAR.....	\$ 2,735,028	\$ 7,380,379	\$ 255,617	\$ 201,476	\$ 10,572,500

Permanent Funds

Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 747,836
-	-	-	22,689,021
109	-	109	17,751,742
-	-	-	93,526
1,657	107,011	108,668	126,650
-	343,260	343,260	1,336,660
-	-	-	225,682
-	-	-	136,332
<u>1,766</u>	<u>450,271</u>	<u>452,037</u>	<u>43,107,449</u>
-	-	-	26,225
-	-	-	3,960
-	-	-	4,191,495
-	-	-	14,807,222
-	-	-	4,487,242
-	-	-	2,587,952
-	-	-	11,849
-	-	-	51,322,947
-	-	-	7,085,905
-	-	-	4,864
-	-	-	1,872
-	-	-	70,455
-	-	-	244,269
-	-	-	430,105
-	-	-	7,379
-	267,509	267,509	465,169
154,023	-	154,023	3,483,252
-	-	-	39
<u>154,023</u>	<u>267,509</u>	<u>421,532</u>	<u>89,232,201</u>
<u>(152,257)</u>	<u>182,762</u>	<u>30,505</u>	<u>(46,124,752)</u>
-	-	-	2,235,083
-	-	-	35,528,500
-	-	-	1,479,298
-	-	-	3,740,000
-	-	-	300,975
-	-	-	51,434
-	-	-	(3,614,116)
-	-	-	(4,040,975)
<u>-</u>	<u>-</u>	<u>-</u>	<u>35,680,199</u>
<u>(152,257)</u>	<u>182,762</u>	<u>30,505</u>	<u>(10,444,553)</u>
<u>615,484</u>	<u>1,061,180</u>	<u>1,676,664</u>	<u>36,019,963</u>
<u>\$ 463,227</u>	<u>\$ 1,243,942</u>	<u>\$ 1,707,169</u>	<u>\$ 25,575,410</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, 2017

ASSETS	Health Insurance	Workers' Compensation Insurance	Liability Insurance	Total
Current assets:				
Restricted cash and cash equivalents.....	\$ 22,162,852	\$ 914,146	\$ 4,435	\$ 23,081,433
Restricted investments.....	-	11,732,349	-	11,732,349
Interest and dividends.....	-	15,527	-	15,527
Receivables, net of allowance for uncollectible amounts:				
Departmental and other.....	151,942	-	-	151,942
Working capital deposit.....	395,467	-	-	395,467
Total assets.....	<u>22,710,261</u>	<u>12,662,022</u>	<u>4,435</u>	<u>35,376,718</u>
LIABILITIES				
Current liabilities:				
Warrants payable.....	25,670	84,421	-	110,091
Accrued liabilities.....	373,648	47,493	-	421,141
Accrued payroll.....	-	26,510	-	26,510
Other liabilities.....	1,086,110	-	-	1,086,110
Accrued health claims payable.....	4,177,547	-	-	4,177,547
Workers' compensation claims.....	-	938,031	-	938,031
Total current liabilities.....	<u>5,662,975</u>	<u>1,096,455</u>	<u>-</u>	<u>6,759,430</u>
Noncurrent liabilities:				
Workers' compensation claims.....	-	6,796,178	-	6,796,178
Total liabilities.....	<u>5,662,975</u>	<u>7,892,633</u>	<u>-</u>	<u>13,555,608</u>
FUND NET POSITION				
Unrestricted.....	<u>\$ 17,047,286</u>	<u>\$ 4,769,389</u>	<u>\$ 4,435</u>	<u>\$ 21,821,110</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, 2017

	Health Insurance	Workers' Compensation Insurance	Liability Insurance	Total
OPERATING REVENUES				
Employer contributions.....	\$ 48,201,159	\$ 1,950,000	\$ -	\$ 50,151,159
Plan member contributions.....	13,000,738	-	-	13,000,738
TOTAL OPERATING REVENUES.....	61,201,897	1,950,000	-	63,151,897
OPERATING EXPENSES				
Change in incurred but not reported liability.....	(509,066)	(554,809)	-	(1,063,875)
Self insurance claims.....	54,182,284	1,504,038	-	55,686,322
Administrative expenses.....	4,293,715	45,414	-	4,339,129
TOTAL OPERATING EXPENSES.....	57,966,933	994,643	-	58,961,576
OPERATING INCOME (LOSS).....	3,234,964	955,357	-	4,190,321
NONOPERATING REVENUES (EXPENSES)				
Investment income.....	159,827	1,534,523	34	1,694,384
CHANGE IN FUND NET POSITION.....	3,394,791	2,489,880	34	5,884,705
FUND NET POSITION AT BEGINNING OF YEAR.....	13,652,495	2,279,509	4,401	15,936,405
FUND NET POSITION AT END OF YEAR.....	\$ 17,047,286	\$ 4,769,389	\$ 4,435	\$ 21,821,110

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Health Insurance	Workers' Compensation Insurance	Liability Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users.....	\$ 13,000,738	\$ -	\$ -	\$ 13,000,738
Receipts from interfund services provided.....	48,226,283	1,950,000	-	50,176,283
Payments to vendors/providers.....	(59,039,316)	(1,480,772)	-	(60,520,088)
NET CASH FROM OPERATING ACTIVITIES.....	2,187,705	469,228	-	2,656,933
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase and sales of investments, net.....	-	(1,529,335)	-	(1,529,335)
Investment income.....	159,827	1,532,877	34	1,692,738
NET CASH FROM INVESTING ACTIVITIES.....	159,827	3,542	34	163,403
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	2,347,532	472,770	34	2,820,336
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (restricted).....	19,815,320	441,376	4,401	20,261,097
CASH AND CASH EQUIVALENTS AT END OF YEAR (restricted).....	\$ 22,162,852	\$ 914,146	\$ 4,435	\$ 23,081,433
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss).....	\$ 3,234,964	\$ 955,357	\$ -	\$ 4,190,321
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Changes in assets and liabilities:				
Departmental and other.....	25,124	-	-	25,124
Working capital deposit.....	2,548	-	-	2,548
Warrants payable.....	(28,445)	66,195	-	37,750
Accrued payroll.....	-	12,491	-	12,491
Other liabilities.....	(729,948)	-	-	(729,948)
Accrued liabilities.....	161,462	1,193	-	162,655
Accrued health claims payable.....	(478,000)	-	-	(478,000)
Workers' compensation.....	-	(566,008)	-	(566,008)
Total adjustments.....	(1,047,259)	(486,129)	-	(1,533,388)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 2,187,705	\$ 469,228	\$ -	\$ 2,656,933



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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.

Newton North High School Scholarship Fund

This fund is used to account for Newton North High 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, 2017

	Chaffin Education	Scovell Education	Cousens Welfare	Newton North High School Scholarship
ASSETS				
Cash and cash equivalents.....	\$ 142,897	\$ 28,118	\$ 386,980	\$ 588,713
Investments:				
Fixed Income.....	1,423,370	464,993	637,434	271,181
Equities.....	4,029,405	888,208	1,257,575	494,962
Interest and dividends.....	1,317	2,575	5,403	1,021
Total assets.....	<u>5,596,989</u>	<u>1,383,894</u>	<u>2,287,392</u>	<u>1,355,877</u>
LIABILITIES				
Warrants payable.....	<u>26,800</u>	<u>7,450</u>	-	-
NET POSITION				
Assets held in trust for other purposes.....	<u>\$ 5,570,189</u>	<u>\$ 1,376,444</u>	<u>\$ 2,287,392</u>	<u>\$ 1,355,877</u>

	<u>Kendrick Welfare</u>	<u>Read Charity</u>	<u>Spear Infirmary</u>	<u>Mabel Riley Senior</u>	<u>Elderly Tax Relief</u>	<u>Arnold Daniels Fund</u>	<u>Total</u>
\$	3,159	\$ 43,892	\$ 4,739	\$ 38,656	\$ 3,429	-	\$ 1,240,583
	-	-	-	-	-	-	2,796,978
	-	-	-	-	-	-	6,670,150
	-	-	-	-	-	-	10,316
	<u>3,159</u>	<u>43,892</u>	<u>4,739</u>	<u>38,656</u>	<u>3,429</u>	<u>-</u>	<u>10,718,027</u>
	-	-	-	-	-	-	34,250
\$	<u>3,159</u>	\$ <u>43,892</u>	\$ <u>4,739</u>	\$ <u>38,656</u>	\$ <u>3,429</u>	\$ <u>-</u>	\$ <u>10,683,777</u>

CITY OF NEWTON, MASSACHUSETTS
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Chaffin Education	Scovell Education	Cousens Welfare	Newton North High School Scholarship
ADDITIONS				
Contributions:				
Private donations.....	\$ 200	\$ -	\$ 9,559	\$ 76,505
Net investment income:				
Interest.....	616,032	145,558	94,636	87,951
TOTAL ADDITIONS.....	616,232	145,558	104,195	164,456
DEDUCTIONS				
Administration expense.....	1,166	-	26,029	-
Educational scholarships & awards.....	210,000	22,000	49,905	118,888
TOTAL DEDUCTIONS.....	211,166	22,000	75,934	118,888
CHANGE IN NET POSITION.....	405,066	123,558	28,261	45,568
NET POSITION AT BEGINNING OF YEAR.....	5,165,123	1,252,886	2,259,131	1,310,309
NET POSITION AT END OF YEAR.....	\$ 5,570,189	\$ 1,376,444	\$ 2,287,392	\$ 1,355,877

<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>
\$ -	\$ -	\$ -	\$ -	\$ 1,938	\$ -	\$ 88,202
<u>24</u>	<u>335</u>	<u>36</u>	<u>295</u>	<u>21</u>	<u>7</u>	<u>944,895</u>
<u>24</u>	<u>335</u>	<u>36</u>	<u>295</u>	<u>1,959</u>	<u>7</u>	<u>1,033,097</u>
-	-	-	-	-	-	27,195
-	-	-	-	-	3,645	404,438
-	-	-	-	-	3,645	431,633
24	335	36	295	1,959	(3,638)	601,464
<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>
<u>\$ 3,159</u>	<u>\$ 43,892</u>	<u>\$ 4,739</u>	<u>\$ 38,656</u>	<u>\$ 3,429</u>	<u>\$ -</u>	<u>\$ 10,683,777</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, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
ASSETS				
Cash and cash equivalents.....	\$ 3,023,710	\$ 157,688,712	\$ (156,206,539)	\$ 4,505,883
LIABILITIES				
Payroll withholdings.....	\$ 584,106	\$ 153,196,666	\$ (151,703,947)	\$ 2,076,825
Other liabilities.....	2,439,604	4,492,046	(4,502,592)	2,429,058
Total liabilities.....	\$ 3,023,710	\$ 157,688,712	\$ (156,206,539)	\$ 4,505,883



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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, 2017

	Encumbrances/ Continued Appropriations	FY 2017 Original Budget	FY 2017 Budget Revisions
City Clerk/Clerk of the Board			
Personal Services	\$ -	\$ 1,274,477	\$ -
Expenses	26,591	196,244	-
Capital Outlay	532	8,500	-
Fringe Benefits	-	336,428	(12,435)
Total City Clerk/Clerk of the Board	<u>27,123</u>	<u>1,815,649</u>	<u>(12,435)</u>
Executive			
Personal Services	-	842,592	(30,000)
Expenses	-	68,620	-
Fringe Benefits	-	112,907	(5,268)
Total Mayor's Office	<u>-</u>	<u>1,024,119</u>	<u>(35,268)</u>
Comptroller's Office/Property Insurance/Audit			
Personal Services	-	462,477	34,000
Expenses	93,711	582,808	-
Fringe Benefits	-	82,871	(4,281)
Total Comptroller's Office/Property Insurance	<u>93,711</u>	<u>1,128,156</u>	<u>29,719</u>
Purchasing/General Services			
Personal Services	-	351,685	-
Expenses	29	48,200	-
Fringe Benefits	-	84,136	1,399
Total Purchasing/General Services	<u>29</u>	<u>484,021</u>	<u>1,399</u>
Assessing Department			
Personal Services	-	1,060,275	(20,000)
Expenses	-	58,025	-
Fringe Benefits	-	143,587	(834)
Total Assessing Department	<u>-</u>	<u>1,261,887</u>	<u>(20,834)</u>
Treasury & Collection Department			
Personal Services	-	667,361	(16,000)
Expenses	4,743	496,000	405,019
Capital Outlay	28,226	-	-
Fringe Benefits	-	88,335	13,225
Total Treasury & Collection Department	<u>32,969</u>	<u>1,251,696</u>	<u>402,244</u>
City Solicitor/Judgments & Settlements			
Personal Services	-	1,244,748	(45,000)
Expenses	19,695	276,820	45,000
Fringe Benefits	-	145,197	(10,945)
Total City Solicitor's Office/Settlements	<u>19,695</u>	<u>1,666,765</u>	<u>(10,945)</u>

FY 2017 Budget As Amended	Total Revised FY 2017 Budget	Expenditures and Transfers	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ 1,274,477	\$ 1,274,477	\$ 1,245,289	\$ -	\$ 29,188
196,244	222,835	173,598	40,808	8,429
8,500	9,032	6,861	2,000	171
323,993	323,993	323,993	-	-
<u>1,803,214</u>	<u>1,830,337</u>	<u>1,749,741</u>	<u>42,808</u>	<u>37,788</u>
812,592	812,592	811,668	-	924
68,620	68,620	59,831	46	8,743
107,639	107,639	107,639	-	-
<u>988,851</u>	<u>988,851</u>	<u>979,138</u>	<u>46</u>	<u>9,667</u>
496,477	496,477	488,707	-	7,770
582,808	676,519	581,761	91,920	2,838
78,590	78,590	78,590	-	-
<u>1,157,875</u>	<u>1,251,586</u>	<u>1,149,058</u>	<u>91,920</u>	<u>10,608</u>
351,685	351,685	348,169	-	3,516
48,200	48,229	46,450	1,200	579
85,535	85,535	85,535	-	-
<u>485,420</u>	<u>485,449</u>	<u>480,154</u>	<u>1,200</u>	<u>4,095</u>
1,040,275	1,040,275	1,036,748	-	3,527
58,025	58,025	48,254	-	9,771
142,753	142,753	142,753	-	-
<u>1,241,053</u>	<u>1,241,053</u>	<u>1,227,755</u>	<u>-</u>	<u>13,298</u>
651,361	651,361	648,239	-	3,122
901,019	905,762	740,958	14,926	149,878
-	28,226	28,226	-	-
101,560	101,560	101,560	-	-
<u>1,653,940</u>	<u>1,686,909</u>	<u>1,518,983</u>	<u>14,926</u>	<u>153,000</u>
1,199,748	1,199,748	1,196,888	-	2,860
321,820	341,515	271,901	55,970	13,644
134,252	134,252	134,252	-	-
<u>1,655,820</u>	<u>1,675,515</u>	<u>1,603,041</u>	<u>55,970</u>	<u>16,504</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, 2017

	Encumbrances/ Continued Appropriations	FY 2017 Original Budget	FY 2017 Budget Revisions
Human Resources Department			
Personal Services	-	661,045	(200,000)
Expenses	39,640	216,244	-
Fringe Benefits	-	253,833	(42,518)
Total Human Resources Department	<u>39,640</u>	<u>1,131,122</u>	<u>(242,518)</u>
Information Technology Department			
Personal Services	-	1,002,373	(94,000)
Expenses	2,907	279,970	-
Capital Outlay	3,940	125,000	-
Fringe Benefits	-	175,128	(17,176)
Total Information Technology Department	<u>6,847</u>	<u>1,582,471</u>	<u>(111,176)</u>
Financial Information Systems			
Personal Services	-	243,289	-
Expenses	6,025	216,100	-
Fringe Benefits	-	57,458	2,302
Total Financial Information Systems	<u>6,025</u>	<u>516,847</u>	<u>2,302</u>
Planning & Development Department			
Personal Services	-	1,307,664	(220,000)
Expenses	94,711	92,627	75,000
Capital Outlay	59,721	25,000	-
Fringe Benefits	-	263,810	(135,838)
Total Planning & Development Department	<u>154,432</u>	<u>1,689,101</u>	<u>(280,838)</u>
Public Building Department			
Personal Services	-	2,445,123	(83,629)
Expenses	45,471	1,442,446	65,000
Capital Outlay	-	219,500	18,629
Fringe Benefits	-	442,622	(5,830)
Total Public Building Department	<u>45,471</u>	<u>4,549,691</u>	<u>(5,830)</u>
<hr/> GENERAL GOVERNMENT TOTAL <hr/>			
	<u>425,942</u>	<u>18,101,525</u>	<u>(284,180)</u>
Police Department			
Personal Services	-	16,817,733	1,160,000
Expenses	-	899,551	-
Capital Outlay	-	408,000	-
Fringe Benefits	-	2,654,346	45,878
Total Police Department	<u>-</u>	<u>20,779,630</u>	<u>1,205,878</u>

<u>FY 2017 Budget As Amended</u>	<u>Total Revised FY 2017 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
461,045	461,045	458,588	-	2,457
216,244	255,884	161,649	45,741	48,494
211,315	211,315	211,315	-	-
<u>888,604</u>	<u>928,244</u>	<u>831,552</u>	<u>45,741</u>	<u>50,951</u>
908,373	908,373	902,121	-	6,252
279,970	282,877	272,838	9,296	743
125,000	128,940	127,802	-	1,138
157,952	157,952	157,952	-	-
<u>1,471,295</u>	<u>1,478,142</u>	<u>1,460,713</u>	<u>9,296</u>	<u>8,133</u>
243,289	243,289	240,809	-	2,480
216,100	222,125	205,478	12,789	3,858
59,760	59,760	59,760	-	-
<u>519,149</u>	<u>525,174</u>	<u>506,047</u>	<u>12,789</u>	<u>6,338</u>
1,087,664	1,087,664	1,077,972	-	9,692
167,627	262,338	100,304	157,017	5,017
25,000	84,721	27,695	57,026	-
127,972	127,972	127,972	-	-
<u>1,408,263</u>	<u>1,562,695</u>	<u>1,333,943</u>	<u>214,043</u>	<u>14,709</u>
2,361,494	2,361,494	2,321,890	-	39,604
1,507,446	1,552,917	1,428,328	122,929	1,660
238,129	238,129	185,497	52,569	63
436,792	436,792	436,792	-	-
<u>4,543,861</u>	<u>4,589,332</u>	<u>4,372,507</u>	<u>175,498</u>	<u>41,327</u>
<u>17,817,345</u>	<u>18,243,287</u>	<u>17,212,632</u>	<u>664,237</u>	<u>366,418</u>
17,977,733	17,977,733	17,930,750	-	46,983
899,551	899,551	850,594	-	48,957
408,000	408,000	405,329	-	2,671
2,700,224	2,700,224	2,700,224	-	-
<u>21,985,508</u>	<u>21,985,508</u>	<u>21,886,897</u>	<u>-</u>	<u>98,611</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, 2017

	Encumbrances/ Continued Appropriations	FY 2017 Original Budget	FY 2017 Budget Revisions
Fire Department			
Personal Services	-	17,327,627	330,000
Expenses	22,027	988,140	-
Capital Outlay	168,027	157,000	-
Fringe Benefits	-	2,582,102	192,158
Total Fire Department	<u>190,054</u>	<u>21,054,869</u>	<u>522,158</u>
Inspectional Services Department			
Personal Services	-	1,246,528	(70,000)
Expenses	1,202	67,020	-
Fringe Benefits	-	272,361	(66,929)
Total Inspectional Services Department	<u>1,202</u>	<u>1,585,909</u>	<u>(136,929)</u>
<hr/>			
PUBLIC SAFETY TOTAL	<u>191,256</u>	<u>43,420,408</u>	<u>1,591,107</u>
<hr/>			
NEWTON PUBLIC SCHOOLS	<u>727,580</u>	<u>211,177,825</u>	<u>(1,669,196)</u>
<hr/>			
Public Works Department			
Personal Services	-	7,981,310	520,000
Expenses	348,195	11,847,306	3,655,000
Capital Outlay	62,091	196,800	325,000
Fringe Benefits	-	1,815,420	(280,245)
Total Public Works Department	<u>410,286</u>	<u>21,840,836</u>	<u>4,219,755</u>
<hr/>			
PUBLIC WORKS TOTAL	<u>410,286</u>	<u>21,840,836</u>	<u>4,219,755</u>

<u>FY 2017 Budget As Amended</u>	<u>Total Revised FY 2017 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
17,657,627	17,657,627	17,640,948	-	16,679
988,140	1,010,167	853,776	85,078	71,313
157,000	325,027	216,581	106,719	1,727
2,774,260	2,774,260	2,774,260	-	-
<u>21,577,027</u>	<u>21,767,081</u>	<u>21,485,565</u>	<u>191,797</u>	<u>89,719</u>
1,176,528	1,176,528	1,164,503	-	12,025
67,020	68,222	64,318	3,870	34
205,432	205,432	205,432	-	-
<u>1,448,980</u>	<u>1,450,182</u>	<u>1,434,253</u>	<u>3,870</u>	<u>12,059</u>
<u>45,011,515</u>	<u>45,202,771</u>	<u>44,806,715</u>	<u>195,667</u>	<u>200,389</u>
<u>209,508,629</u>	<u>210,236,209</u>	<u>209,597,683</u>	<u>638,145</u>	<u>381</u>
8,501,310	8,501,310	8,377,687	-	123,623
15,502,306	15,850,501	15,464,219	383,107	3,175
521,800	583,891	290,618	293,093	180
1,535,175	1,535,175	1,535,175	-	-
<u>26,060,591</u>	<u>26,470,877</u>	<u>25,667,699</u>	<u>676,200</u>	<u>126,978</u>
<u>26,060,591</u>	<u>26,470,877</u>	<u>25,667,699</u>	<u>676,200</u>	<u>126,978</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, 2017

	Encumbrances/ Continued Appropriations	FY 2017 Original Budget	FY 2017 Budget Revisions
Health & Human Services Department			
Personal Services	-	2,648,677	-
Expenses	5,839	427,104	-
Fringe Benefits	-	477,157	4,973
Total Public Health Department	<u>5,839</u>	<u>3,552,938</u>	<u>4,973</u>
Senior Services Department			
Personal Services	-	298,126	-
Expenses	-	298,463	-
Fringe Benefits	-	52,904	1,318
Total Human Services Department	<u>-</u>	<u>649,493</u>	<u>1,318</u>
Veteran Services Department			
Personal Services	-	70,718	-
Expenses	-	306,135	-
Fringe Benefits	-	3,324	(2,302)
Total Veteran Services Department	<u>-</u>	<u>380,177</u>	<u>(2,302)</u>
<hr/>			
HEALTH & HUMAN SERVICES TOTAL	<u>5,839</u>	<u>4,582,608</u>	<u>3,989</u>
<hr/>			
Newton Public Library			
Personal Services	-	3,885,820	(100,000)
Expenses	189	1,126,724	-
Capital Outlay	-	6,000	-
Fringe Benefits	-	707,951	(52,366)
Total Newton Public Library	<u>189</u>	<u>5,726,495</u>	<u>(152,366)</u>
Parks & Recreation Department			
Personal Services	-	3,293,208	-
Expenses	91,630	2,246,535	-
Capital Outlay	29,032	210,000	-
Fringe Benefits	-	561,656	32,966
Total Parks & Recreation Department	<u>120,662</u>	<u>6,311,399</u>	<u>32,966</u>
Newton History Museum			
Personal Services	-	215,153	-
Expenses	-	26,246	-
Fringe Benefits	-	42,120	(21,820)
Total Newton History Museum	<u>-</u>	<u>283,519</u>	<u>(21,820)</u>
<hr/>			
CULTURE & RECREATION TOTAL	<u>120,851</u>	<u>12,321,413</u>	<u>(141,220)</u>

<u>FY 2017 Budget As Amended</u>	<u>Total Revised FY 2017 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
2,648,677	2,648,677	2,577,614	-	71,063
427,104	432,943	410,293	15,839	6,811
482,130	482,130	482,130	-	-
<u>3,557,911</u>	<u>3,563,750</u>	<u>3,470,037</u>	<u>15,839</u>	<u>77,874</u>
298,126	298,126	286,980	-	11,146
298,463	298,463	298,463	-	-
54,222	54,222	54,222	-	-
<u>650,811</u>	<u>650,811</u>	<u>639,665</u>	<u>-</u>	<u>11,146</u>
70,718	70,718	70,718	-	-
306,135	306,135	305,264	-	871
1,022	1,022	1,021	-	1
<u>377,875</u>	<u>377,875</u>	<u>377,003</u>	<u>-</u>	<u>872</u>
<u>4,586,597</u>	<u>4,592,436</u>	<u>4,486,705</u>	<u>15,839</u>	<u>89,892</u>
3,785,820	3,785,820	3,755,480	-	30,340
1,126,724	1,126,913	1,104,325	1,980	20,608
6,000	6,000	5,999	-	1
655,585	655,585	655,585	-	-
<u>5,574,129</u>	<u>5,574,318</u>	<u>5,521,389</u>	<u>1,980</u>	<u>50,949</u>
3,293,208	3,293,208	3,292,519	-	689
2,246,535	2,338,165	2,276,332	40,258	21,575
210,000	239,032	104,682	133,300	1,050
594,622	594,622	594,622	-	-
<u>6,344,365</u>	<u>6,465,027</u>	<u>6,268,155</u>	<u>173,558</u>	<u>23,314</u>
215,153	215,153	215,153	-	-
26,246	26,246	24,347	179	1,720
20,300	20,300	20,300	-	-
<u>261,699</u>	<u>261,699</u>	<u>259,800</u>	<u>179</u>	<u>1,720</u>
<u>12,180,193</u>	<u>12,301,044</u>	<u>12,049,344</u>	<u>175,717</u>	<u>75,983</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, 2017

	Encumbrances/ Continued Appropriations	FY 2017 Original Budget	FY 2017 Budget Revisions
DEBT SERVICE (PRINCIPAL & INTEREST)			
Debt Service	-	21,757,615	(1,502,167)
RETIREMENT			
Personal Services	-	217,319	-
Expenses	-	84,065	-
Fringe Benefits	-	33,434,921	(335,961)
Total Retirement	-	33,736,305	(335,961)
APPROPRIATED RESERVES			
Wage & Salary Reserve	-	805,375	(800,000)
Reserve Fund (Budget Reserve)	-	500,000	(500,000)
Reserve Fund (Snow & Ice)	-	2,750,000	(2,750,000)
Total Budgetary Reserves	-	4,055,375	(4,050,000)
STATE & COUNTY ASSESSMENTS	-	6,175,334	(7,207)
SPECIAL APPROPRIATIONS	5,084,436	-	11,243,792
TOTAL EXPENDITURES	6,966,190	377,169,244	9,068,712
TRANSFERS TO OTHER FUNDS:			
Workers Comp Self Insurance Fund - Municipal	-	900,000	-
Workers Comp Self Insurance Fund - School	-	-	550,000
School Athletic Revolving Fund - School	-	-	1,072,385
School Building Improvement Fund	-	-	710,000
Angier Elementary Improvement Fund	-	-	261,366
Capital Stabilization Fund	-	750,000	1,407,184
Rainy Day Stabilization Fund	-	150,000	539,887
OPEB Fund	-	-	123,679
School Lunch Fund	-	-	46,811
Total Transfers to Other Funds	-	1,800,000	4,711,312
TOTAL EXPENDITURES AND TRANSFERS	\$ 6,966,190	\$ 378,969,244	\$ 13,780,024

<u>FY 2017 Budget As Amended</u>	<u>Total Revised FY 2017 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
<u>20,255,448</u>	<u>20,255,448</u>	<u>20,255,168</u>	<u>-</u>	<u>280</u>
217,319	217,319	217,319	-	-
84,065	84,065	84,065	-	-
<u>33,098,960</u>	<u>33,098,960</u>	<u>33,096,431</u>	<u>-</u>	<u>2,529</u>
<u>33,400,344</u>	<u>33,400,344</u>	<u>33,397,815</u>	<u>-</u>	<u>2,529</u>
5,375	5,375	-	-	5,375
-	-	-	-	-
<u>5,375</u>	<u>5,375</u>	<u>-</u>	<u>-</u>	<u>5,375</u>
<u>6,168,127</u>	<u>6,168,127</u>	<u>6,143,354</u>	<u>-</u>	<u>24,773</u>
<u>11,243,792</u>	<u>16,328,228</u>	<u>4,130,423</u>	<u>12,197,805</u>	<u>-</u>
<u>386,237,956</u>	<u>393,204,146</u>	<u>377,747,538</u>	<u>14,563,610</u>	<u>892,998</u>
900,000	900,000	900,000	-	-
550,000	550,000	550,000	-	-
1,072,385	1,072,385	1,072,385	-	-
710,000	710,000	710,000	-	-
261,366	261,366	261,366	-	-
2,157,184	2,157,184	2,155,192	-	1,992
689,887	689,887	689,887	-	-
123,679	123,679	123,679	-	-
46,811	46,811	46,811	-	-
<u>6,511,312</u>	<u>6,511,312</u>	<u>6,509,320</u>	<u>-</u>	<u>1,992</u>
<u>392,749,268</u> \$	<u>399,715,458</u> \$	<u>384,256,858</u> \$	<u>14,563,610</u> \$	<u>894,990</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, 2017

	Encumbrances/ Continued Appropriations	Current Year Appropriations	Original Budget
Administration & operations	\$ 4,925	\$ 154,099	\$ 159,024
2017 CPA appropriation reserve	-	2,163,561	2,163,561
Open space:			
Open space reserve	-	368,206	368,206
Historic resources:			
Historic preservation reserve	-	368,206	368,206
Historical burial grounds restoration	2,048	-	2,048
Historical burial grounds restoration Phase Iia	8,062	-	8,062
Newton History Museum Archives Project	36,140	-	36,140
Nathan Allen House Preservation/Rehabilitation	2,000,000	-	2,000,000
East Parish Burial Ground Restoration	88,401	-	88,401
New Arts Center Renovation Plan Grant	72,652	-	72,652
M. Compris Mural Restoration - NNHS	71,688	-	71,688
Total - Historic preservation	<u>2,278,991</u>	<u>368,206</u>	<u>2,647,197</u>
Community housing:			
Community housing reserve	-	368,206	368,206
12 & 18-20 Curve St. Affordable Housing	901,344	-	901,344
Newton Homebuyer Assistance Program II	53,769	-	53,769
Newton Homebuyer Assistance Program III	475,000	-	475,000
Taft Ave housing	207,326	-	207,326
Newton Homebuyer Assistance Program - IV	1,057,000	-	1,057,000
Crescent Street site assessment	10,772	-	10,772
Crescent Street Design - Housing	-	103,378	103,378
10-12 Cambria St Housing	225,790	-	225,790
Total - community housing	<u>2,931,001</u>	<u>471,584</u>	<u>3,402,585</u>
Community recreation:			
20 Rogers Street debt service - Treasury	-	259,781	259,781
Newton Highlands Playground Strategic Design	10,000	-	10,000
Farlow Park Preservation/Restoration	469,050	-	469,050
Waban Hill Reservoir Land Acquisition	448,468	-	448,468
Crescent Street site assessment	50,000	-	50,000
Gath pool accessibility improvements	-	156,622	156,622
Total - community recreation	<u>977,518</u>	<u>416,403</u>	<u>1,393,921</u>
TOTAL CPA FUND	<u>\$ 6,192,435</u>	<u>\$ 3,942,059</u>	<u>\$ 10,134,494</u>

Budget Revisions	Final Budget	Expended	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ -	\$ 159,024	\$ 124,015	\$ -	\$ 35,009
(1,967,039)	196,522	-	-	196,522
(368,206)	-	-	-	-
571	368,777	-	-	368,777
-	2,048	-	2,048	-
-	8,062	2,718	5,344	-
(570)	35,570	35,570	-	-
-	2,000,000	509,522	1,490,478	-
-	88,401	8,790	79,611	-
-	72,652	-	72,652	-
-	71,688	23,094	48,594	-
1	2,647,198	579,694	1,698,727	368,777
(103,378)	264,828	-	-	264,828
-	901,344	805,398	95,946	-
-	53,769	523	53,246	-
-	475,000	4,503	470,497	-
-	207,326	147,554	59,772	-
-	1,057,000	-	1,057,000	-
(8,247)	2,525	2,525	-	-
8,247	111,625	37,489	74,136	-
-	225,790	178,739	47,051	-
(103,378)	3,299,207	1,176,731	1,857,648	264,828
-	259,781	259,781	-	-
2,500,000	2,510,000	1,501,074	1,008,926	-
-	469,050	10,062	458,988	-
-	448,468	57,800	390,668	-
(36,957)	13,043	13,043	-	-
36,957	193,579	1,465	192,114	-
2,500,000	3,893,921	1,843,225	2,050,696	-
<u>\$ 61,378</u>	<u>\$ 10,195,872</u>	<u>\$ 3,723,665</u>	<u>\$ 5,607,071</u>	<u>\$ 865,136</u>



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Additional Information

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Continued Appropriations	FY 2017 Appropriations	Transfers
School Building Improvement Fund:			
Carr Elementary Evaluation/Design - 2012	\$ 1,674	\$ -	\$ -
Carr Elementary Renovations - 2013	35,427	-	-
Land Acquisition: 15 Walnut Park (Aquinas) - 2015	1,589,068	110,000	-
FA Day Water Heater	25,046	-	-
Aquinas Window Replacement - 2016	236,079	-	-
Aquinas Window Replacement - 2017	-	300,000	-
NNHS Baseball Backstop - 2016	71,628	-	-
NSHS Modularity	-	600,000	-
Total School Building Improvement Fund	<u>1,958,922</u>	<u>1,010,000</u>	<u>-</u>
Angier School Improvement Fund			
Angier Elementary School Construction	<u>1,242,076</u>	<u>408,788</u>	<u>261,366</u>
Zervas School Improvement Fund			
Zervas Elementary Renovation - 2014	<u>11,753,829</u>	<u>13,000,000</u>	<u>-</u>
Cabot School Improvement Fund			
Cabot Elementary School Feasibility Study - 2015	101,286	-	-
Cabot Elementary School Design - 2016	400,000	400,000	-
Cabot Construction 1/2017	-	6,090,000	-
23 Parkview Ave Land Taking - 2016	<u>10,228</u>	<u>1,010,000</u>	<u>-</u>
Total Cabot School Improvement Fund	<u>511,514</u>	<u>7,500,000</u>	<u>-</u>
Municipal Building Improvement Fund			
Fire Station #3/HQ Design - 2014	7,387	-	-
Fire Station #3/HQ Design - 2015	1,413,617	-	-
Fire Station #3/HQ Design - 2016	3,387,720	-	-
Fire Station #3/HQ Design - 2017	-	13,129,065	-
Fire Station #10 Renovations	278,052	-	-
City Hall Window Replacement/Repairs - 2011	85,594	-	-
Public Building Energy Conservation - 2014	29,781	-	-
City Hall War Memorial Elevator - 2015	40,127	-	-
Senior Center HVAC improvements - 2015	43,991	-	-
Energy Conservation Improvements - 2016	449,944	-	-
City Hall Roof Heat Trace Wiring - 2016	63,731	-	-
Main Library Improvements - 2016	116,601	-	-
Manet Road Public Safety Communications Building - 2016	279,268	-	-
Library Children's Room	-	75,000	-
Total Municipal Building Improvement Fund	<u>6,195,813</u>	<u>13,204,065</u>	<u>-</u>

Expended	Encumbered	Balance
\$ -	\$ 1,674	\$ -
-	5,427	30,000
1,699,068	-	-
-	25,046	-
236,079	-	-
259,069	-	40,931
-	-	71,628
200,515	185,250	214,235
<u>2,394,731</u>	<u>217,397</u>	<u>356,794</u>
<u>945,651</u>	<u>42,307</u>	<u>924,272</u>
<u>22,814,865</u>	<u>1,248,228</u>	<u>690,736</u>
101,286	-	-
400,000	-	400,000
1,498,517	3,424,253	1,167,230
-	-	1,020,228
<u>1,999,803</u>	<u>3,424,253</u>	<u>2,587,458</u>
7,387	-	-
1,089,371	275,827	48,419
3,155,131	53,743	178,846
9,490,725	3,604,136	34,204
9,259	259,544	9,249
-	85,594	-
29,781	-	-
1,278	-	38,849
-	-	43,991
381,133	1,350	67,461
4,805	7,500	51,426
116,601	-	-
266,391	12,170	707
-	-	75,000
<u>14,551,862</u>	<u>4,299,864</u>	<u>548,152</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, 2017

	Continued Appropriations	FY 2017 Appropriations	Transfers
CH 90 Highway Improvement Fund:			
Unallocated	39,384	-	3,117
Approved projects	2,702,954	-	(3,117)
Total CH 90 Highway Improvement Fund	2,742,338	-	-
Massworks Road Improvement Fund:			
2016 Grant Award	1,646,685	117,125	-
Municipal Equipment Replacement Fund:			
Fire Ladder Replacement - 2013	28,630	-	-
Fire Engine Replacement - 2012	72,312	-	-
DPW Snow Equipment - 2016	12,180	-	-
Sewer Cleaner Equipment - 2016	400,000	-	-
DPW Construction Equipment Replacement - 2017	-	250,000	-
Fire Pumper Replacement - 2016	650,000	-	-
Fire Pumper Replacement - 2017	-	650,000	-
Fire Bucket Truck Replacement - 2016	227,000	-	-
Street Sweeper Equipment - 2017	-	216,000	-
Police Dispatch Console Replacement - 2017	-	700,000	-
Fire SCPA Replacement - 2016	22,930	-	-
Total Municipal Equipment Replacement Fund	1,413,052	1,816,000	-
Street Improvement Fund			
Traffic Signal & Other Improvements - 2015	313,363	-	-
Harvard/Washington Traffic Signal Improvements - 2017	-	70,224	-
Auburndale Square Traffic Improvements - 2016	1,648,269	-	-
Elliot St. Bridge Replacement - 2016	1,732,066	-	-
Ded/Nah/Brk Intersection Improvement	-	1,850,000	-
Total Street Improvement Fund	3,693,698	1,920,224	-
Park Improvement Fund			
Lower Falls Community Ctr Accessibility - 2013	4,492	-	-
Braceland Playground Improvements - 2012	8,243	-	-
NSHS Tennis Courts - 2016	215,914	-	-
Total Park Improvement Fund	228,649	-	-
Water System Improvement Fund:			
MWRA - Water System - Accumulated Interest Income	85,988	-	-
MWRA - Water System Improvements - Loan of 2011	10,921	-	-
MWRA - Water System Improvements - Loan of 2013	584	-	-
MWRA - Water System Improvements - Loan of 2014	188,843	-	-
MWRA - Water System Improvements - Loan of 2015	973,442	-	-
MWRA - Water System Improvements - Loan of 2016	1,360,200	-	-
MWRA - Water System Improvements - Loan of 2017	-	1,360,200	-
Waban Hill Reservoir Improvements - 2001/2003	250,467	-	-
Water Meter Replacement - 2009	42,298	-	-
Water Main Cleaning & Relining - 2014	345,058	-	-
Water Main Improvements - 2015	1,249,756	-	-
Water Main Improvements - 2016	2,700,000	-	-
Water Main Improvements - 2017	2,700,000	-	-
2017 MWRA Lead Replacement	-	4,000,000	-
Total Water System Improvement Fund	9,907,557	5,360,200	-

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
-	-	42,501
2,396,729	39,934	263,174
<u>2,396,729</u>	<u>39,934</u>	<u>305,675</u>
<u>149,368</u>	<u>1,411,526</u>	<u>202,916</u>
28,630	-	-
72,312	-	-
7,990	-	4,190
359,590	-	40,410
249,997	-	3
606,257	17,220	26,523
532,696	5,864	111,440
226,581	-	419
215,989	-	11
327,500	327,500	45,000
35	3,885	19,010
<u>2,627,577</u>	<u>354,469</u>	<u>247,006</u>
313,363	-	-
70,224	-	-
1,648,269	-	-
1,609,054	95,754	27,258
-	-	1,850,000
<u>3,640,910</u>	<u>95,754</u>	<u>1,877,258</u>
-	4,491	1
8,243	-	-
107,328	-	108,586
<u>115,571</u>	<u>4,491</u>	<u>108,587</u>
-	-	85,988
10,921	-	-
584	-	-
-	188,843	-
971,177	2,265	-
25,989	1,311,768	22,443
-	-	1,360,200
-	-	250,467
-	8,500	33,798
89,105	184,470	71,483
860,495	348,141	41,120
568,628	2,131,372	-
-	-	2,700,000
-	3,421,968	578,032
<u>2,526,899</u>	<u>7,597,327</u>	<u>5,143,531</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, 2017

	Continued Appropriations	FY 2017 Appropriations	Transfers
Sanitary Sewer Improvement Fund:			
Sewer Emergency Repairs (City of Newton)	10,000	-	-
Cochituate Sewer Repair (Town of Wellesley Contb)	135,478	-	-
Sewer Improvements - 2011	70,722	-	-
Phase I Underground Infrastructure Impv Plan - 2012	235,755	-	-
Project Area II (Local Share) - 2014	205,335	-	-
Project Area III & IV - 2014	8,733	-	-
Project Area III/IV/V - 2015	5,296,500	-	-
Sewer I&I - 2016	1,666,555	-	-
MWRA - Sewer I&I - Accumulated Interest Income	73,492	67,297	-
MWRA - Infiltration/Inflow - 2011	224,925	-	-
MWRA - Infiltration/Inflow - 2014 (Project Area II)	347,947	-	-
MWRA - Infiltration/Inflow - 2015 (Project Area II - V)	3,159,327	-	-
MWRA - Infiltration/Inflow - 2016 (Project Area III & IV)	3,665,828	-	-
MWRA - Infiltration/Inflow - 2017 Proj	-	1,708,220	-
Total Sanitary Sewer Improvement Fund	<u>15,100,597</u>	<u>1,775,517</u>	<u>-</u>
Storm Drainage Improvement Fund			
Dedham Street Storm Drainage Improvements	665,536	-	(220,000)
Central Avenue Sewer Improvements - 2011	-	-	220,000
Old Farm Rd Sewer Improvements - 2011	-	2,600,000	-
Total Storm Drainage Improvement Fund	<u>665,536</u>	<u>2,600,000</u>	<u>-</u>
Capital Stabilization Fund:			
Designated for Fire Station Renovations	16,396	-	-
Designated for Energy Conservation Projects	294,350	244,750	(528,422)
Designated for 2013 Override Capital Projects	2,152,425	-	(1,098,240)
Designated for Ordinary Capital Appropriations	10,285	-	1,105,192
Total Capital Stabilization Fund	<u>2,473,456</u>	<u>244,750</u>	<u>(521,470)</u>
Total Capital Projects Funds	<u>\$ 59,533,722</u>	<u>\$ 48,956,669</u>	<u>\$ (260,104)</u>

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
-	-	10,000
-	-	135,478
-	62,578	8,144
-	33,358	202,397
81,712	123,623	-
-	-	8,733
551,759	370,690	4,374,051
185,496	687,498	793,561
-	-	140,789
-	-	224,925
(311,384)	336,710	322,621
3,117,810	41,517	-
895,973	2,645,039	124,816
-	-	1,708,220
<u>4,521,366</u>	<u>4,301,013</u>	<u>8,053,735</u>
426,336	-	19,200
176,055	5,445	38,500
-	-	2,600,000
<u>602,391</u>	<u>5,445</u>	<u>2,657,700</u>
-	-	16,396
-	-	10,678
-	400,000	654,185
-	-	1,115,477
<u>-</u>	<u>400,000</u>	<u>1,796,736</u>
\$ <u>59,287,723</u>	\$ <u>23,442,008</u>	\$ <u>25,500,556</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, 2017

	Continued <u>Appropriations</u>	FY 2017 <u>Original Budget</u>	FY 2017 <u>Budget Revisions</u>
Sewer Maintenance & Operation			
Personal Services	\$ -	\$ 1,619,669	\$ -
Expenses	516,493	1,242,186	-
Capital Outlay	1,633,391	737,500	-
Fringe Benefits	-	358,566	-
Total	<u>2,149,884</u>	<u>3,957,921</u>	<u>-</u>
MWRA Sewer Assessment			
Intergovernmental	<u>-</u>	<u>20,648,755</u>	<u>-</u>
Legal settlements	<u>44,500</u>	<u>50,000</u>	<u>-</u>
Debt Maturities & Interest	<u>-</u>	<u>1,764,127</u>	<u>-</u>
Retirement	<u>-</u>	<u>493,283</u>	<u>-</u>
Operating Reserve	<u>-</u>	<u>2,302,644</u>	<u>-</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>250,000</u>	<u>-</u>
Transfer - Sewer Capital Project Fund	<u>-</u>	<u>1,708,220</u>	<u>-</u>
Transfer - General Fund	<u>-</u>	<u>1,244,073</u>	<u>-</u>
Total Sewer Enterprise Fund	\$ <u>2,194,384</u>	\$ <u>32,419,023</u>	\$ <u>-</u>

<u>FY 2017 Budget As Amended</u>	<u>Total Revised FY 2017 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 1,619,669	\$ 1,619,669	\$ 1,366,638	\$ -	\$ 253,031
1,758,679	1,758,679	903,895	715,546	139,238
2,370,891	2,370,891	663,169	1,619,415	88,307
358,566	358,566	304,616	-	53,950
<u>6,107,805</u>	<u>6,107,805</u>	<u>3,238,318</u>	<u>2,334,961</u>	<u>534,526</u>
<u>20,648,755</u>	<u>20,648,755</u>	<u>20,518,241</u>	<u>-</u>	<u>130,514</u>
<u>94,500</u>	<u>94,500</u>	<u>-</u>	<u>-</u>	<u>94,500</u>
<u>1,764,127</u>	<u>1,764,127</u>	<u>1,764,125</u>	<u>-</u>	<u>2</u>
<u>493,283</u>	<u>493,283</u>	<u>479,917</u>	<u>-</u>	<u>13,366</u>
<u>2,302,644</u>	<u>2,302,644</u>	<u>-</u>	<u>-</u>	<u>2,302,644</u>
<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
<u>1,708,220</u>	<u>1,708,220</u>	<u>1,708,220</u>	<u>-</u>	<u>-</u>
<u>1,244,073</u>	<u>1,244,073</u>	<u>1,244,073</u>	<u>-</u>	<u>-</u>
<u>\$ 34,613,407</u>	<u>\$ 34,613,407</u>	<u>\$ 29,202,894</u>	<u>\$ 2,334,961</u>	<u>\$ 3,075,552</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Continued <u>Appropriations</u>	FY 2017 <u>Original Budget</u>	FY 2017 <u>Budget Revisions</u>
Water Maintenance & Operation			
Personal Services	\$ -	\$ 2,182,057	\$ -
Expenses	486,690	1,616,700	-
Capital Outlay	636,283	440,000	-
Fringe Benefits	-	442,233	-
Total	<u>1,122,973</u>	<u>4,680,990</u>	<u>-</u>
Debt Maturities & Interest	<u>-</u>	<u>2,955,502</u>	<u>-</u>
Retirement	<u>-</u>	<u>625,552</u>	<u>-</u>
MWRA/DEP Assessments & Charges	<u>-</u>	<u>13,036,583</u>	<u>-</u>
Operating Reserve	<u>-</u>	<u>1,000,000</u>	<u>-</u>
Transfer - Sewer Fund	<u>-</u>	<u>665,144</u>	<u>-</u>
Transfer - General Fund	<u>-</u>	<u>1,256,990</u>	<u>-</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>250,000</u>	<u>-</u>
Total Water Enterprise Fund	<u>\$ 1,122,973</u>	<u>\$ 24,470,761</u>	<u>\$ -</u>

<u>FY 2017 Budget As Amended</u>	<u>Total Revised FY 2017 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 2,182,057	\$ 2,182,057	\$ 2,172,253	\$ -	\$ 9,804
2,103,390	2,103,390	1,035,260	844,385	223,745
1,076,283	1,076,283	121,293	979,650	(24,660)
442,233	442,233	394,849	-	47,384
<u>5,803,963</u>	<u>5,803,963</u>	<u>3,723,655</u>	<u>1,824,035</u>	<u>256,273</u>
<u>2,955,502</u>	<u>2,955,502</u>	<u>2,955,501</u>	<u>-</u>	<u>1</u>
<u>625,552</u>	<u>625,552</u>	<u>620,642</u>	<u>-</u>	<u>4,910</u>
<u>13,036,583</u>	<u>13,036,583</u>	<u>12,950,552</u>	<u>-</u>	<u>86,031</u>
<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
<u>665,144</u>	<u>665,144</u>	<u>665,144</u>	<u>-</u>	<u>-</u>
<u>1,256,990</u>	<u>1,256,990</u>	<u>1,256,990</u>	<u>-</u>	<u>-</u>
<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
<u>\$ 25,593,734</u>	<u>\$ 25,593,734</u>	<u>\$ 22,422,484</u>	<u>\$ 1,824,035</u>	<u>\$ 1,347,215</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Continued <u>Appropriations</u>	FY 2017 <u>Original Budget</u>	FY 2017 <u>Budget Revisions</u>
Stormwater Maintenance & Operation			
Personal Services	\$ -	\$ 805,390	\$ -
Expenses	190,563	764,200	-
Capital Outlay	169,005	160,000	-
Fringe Benefits	-	159,044	-
Total	<u>359,568</u>	<u>1,888,634</u>	<u>-</u>
Retirement	<u>-</u>	<u>63,182</u>	<u>-</u>
Debt Maturities and Interest	<u>-</u>	<u>53,820</u>	<u>-</u>
Transfer - General Fund	<u>-</u>	<u>598,062</u>	<u>-</u>
Total Stormwater Enterprise Fund	\$ <u>359,568</u>	\$ <u>2,603,698</u>	\$ <u>-</u>

<u>FY 2017 Budget As Amended</u>	<u>Total Revised FY 2017 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 805,390	\$ 805,390	\$ 724,708	\$ -	\$ 80,682
954,763	954,763	379,962	248,923	325,878
329,005	329,005	160,001	160,000	9,004
159,044	159,044	98,223	-	60,821
<u>2,248,202</u>	<u>2,248,202</u>	<u>1,362,894</u>	<u>408,923</u>	<u>476,385</u>
<u>63,182</u>	<u>63,182</u>	<u>63,182</u>	<u>-</u>	<u>-</u>
<u>53,820</u>	<u>53,820</u>	<u>53,820</u>	<u>-</u>	<u>-</u>
<u>598,062</u>	<u>598,062</u>	<u>598,062</u>	<u>-</u>	<u>-</u>
<u>\$ 2,963,266</u>	<u>\$ 2,963,266</u>	<u>\$ 2,077,958</u>	<u>\$ 408,923</u>	<u>\$ 476,385</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities					
Net investment in capital assets.....	\$ 174,706,210	\$ 150,650,131	\$ 194,301,691	\$ 211,763,420	\$ 227,091,798
Restricted.....	35,459,940	104,838,430	52,363,403	34,096,760	27,700,568
Unrestricted.....	<u>39,781,710</u>	<u>(2,265,544)</u>	<u>(27,083,933)</u>	<u>(65,309,262)</u>	<u>(93,548,399)</u>
Total governmental activities net position.....	<u>\$ 249,947,860</u>	<u>\$ 253,223,017</u>	<u>\$ 219,581,161</u>	<u>\$ 180,550,918</u>	<u>\$ 161,243,967</u>
Business-Type Activities					
Net investment in capital assets.....	\$ 52,946,101	\$ 48,352,902	\$ 52,125,768	\$ 54,124,183	\$ 55,890,406
Unrestricted.....	<u>9,359,270</u>	<u>12,871,360</u>	<u>9,980,661</u>	<u>15,055,372</u>	<u>21,130,465</u>
Total business-type activities net position.....	<u>\$ 62,305,371</u>	<u>\$ 61,224,262</u>	<u>\$ 62,106,429</u>	<u>\$ 69,179,554</u>	<u>\$ 77,020,871</u>
Primary Government					
Net investment in capital assets.....	\$ 227,652,311	\$ 183,345,085	\$ 232,929,470	\$ 258,565,946	\$ 269,287,104
Restricted.....	35,459,940	120,496,378	65,861,392	41,418,417	41,395,668
Unrestricted.....	<u>49,140,980</u>	<u>10,605,816</u>	<u>(17,103,272)</u>	<u>(50,253,891)</u>	<u>(72,417,934)</u>
Total primary government net position.....	<u>\$ 312,253,231</u>	<u>\$ 314,447,279</u>	<u>\$ 281,687,590</u>	<u>\$ 249,730,472</u>	<u>\$ 238,264,838</u>

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 238,374,247	\$ 248,739,230	\$ 258,490,143	\$ 260,763,492	\$ 271,665,564
27,981,384	29,816,361	32,723,876	34,250,976	33,507,464
<u>(122,355,108)</u>	<u>(138,654,442)</u>	<u>(436,919,140)</u>	<u>(455,531,782)</u>	<u>(485,271,576)</u>
<u>\$ 144,000,523</u>	<u>\$ 139,901,149</u>	<u>\$ (145,705,121)</u>	<u>\$ (160,517,314)</u>	<u>\$ (180,098,548)</u>
\$ 56,271,350	\$ 66,943,719	\$ 83,521,987	\$ 89,426,102	\$ 94,552,211
<u>26,098,363</u>	<u>23,050,090</u>	<u>12,101,552</u>	<u>20,314,782</u>	<u>26,780,861</u>
<u>\$ 82,369,713</u>	<u>\$ 89,993,809</u>	<u>\$ 95,623,539</u>	<u>\$ 109,740,884</u>	<u>\$ 121,333,072</u>
\$ 294,645,597	\$ 315,682,949	\$ 342,012,130	\$ 350,189,594	\$ 366,217,775
27,981,384	29,816,361	32,723,876	34,250,976	33,507,464
<u>(96,256,745)</u>	<u>(115,604,352)</u>	<u>(424,817,588)</u>	<u>(435,217,000)</u>	<u>(458,490,715)</u>
<u>\$ 226,370,236</u>	<u>\$ 229,894,958</u>	<u>\$ (50,081,582)</u>	<u>\$ (50,776,430)</u>	<u>\$ (58,765,476)</u>

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

LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012
Expenses					
General government.....	\$ 25,791,496	\$ 22,581,716	\$ 24,623,302	\$ 26,974,952	\$ 21,992,988
Public safety.....	48,896,370	52,614,816	52,168,801	55,800,259	56,061,495
Education.....	218,716,994	236,024,500	245,946,308	252,413,006	252,922,994
Public works.....	25,208,763	27,229,098	26,138,843	28,410,758	24,221,365
Health and human services.....	9,980,301	10,463,388	10,672,057	10,757,372	10,684,932
Culture and recreation.....	15,864,538	16,806,140	16,245,112	15,092,035	16,216,945
Other.....	24,080	-	-	-	-
Debt service - interest.....	2,494,422	4,375,013	7,234,167	7,670,746	7,559,469
Total expenses.....	<u>346,976,964</u>	<u>370,094,671</u>	<u>383,028,590</u>	<u>397,119,128</u>	<u>389,660,188</u>
Program Revenues					
Charges for services.....	21,185,123	21,413,394	20,969,889	21,915,225	25,732,684
Operating grants and contributions.....	60,500,259	66,344,326	65,706,164	66,976,636	65,780,261
Capital grants and contributions.....	21,684,895	30,179,116	1,960,084	1,764,258	2,519,356
Total program revenues.....	<u>103,370,277</u>	<u>117,936,836</u>	<u>88,636,137</u>	<u>90,656,119</u>	<u>94,032,301</u>
Net (expense)/revenue.....	<u>(243,606,687)</u>	<u>(252,157,835)</u>	<u>(294,392,453)</u>	<u>(306,463,009)</u>	<u>(295,627,887)</u>
General Revenues and Other Changes in Net Position					
Real estate and personal property taxes.....	211,886,334	226,800,860	232,774,689	239,761,554	249,340,011
Motor vehicle and other excise taxes.....	10,859,789	10,479,922	9,860,220	10,541,624	10,514,832
Hotel/motel taxes.....	1,103,549	1,108,199	1,168,095	1,588,882	1,814,792
Meal taxes.....	-	-	382,934	1,308,191	1,403,261
Penalties and interest on taxes.....	1,055,344	1,223,300	1,026,507	1,038,225	1,146,496
Payments in lieu of taxes.....	767,439	273,359	3,270,902	515,471	529,294
Community preservation surcharges.....	2,114,805	2,193,701	2,288,314	2,352,389	2,431,863
Grants and contributions not restricted to specific programs.....	8,705,545	7,435,280	5,891,287	5,596,391	5,263,525
Unrestricted investment income.....	4,306,424	2,610,098	934,313	454,365	278,106
Gain (Loss) on sale of capital assets.....	-	-	24,347	32,280	-
Other.....	2,522,970	1,761,048	1,752,802	3,002,856	2,169,238
Transfers, net.....	1,264,968	1,457,225	1,376,187	1,240,538	1,429,518
Total general revenues and other changes in net position.....	<u>244,587,167</u>	<u>255,342,992</u>	<u>260,750,597</u>	<u>267,432,766</u>	<u>276,320,936</u>
Change in net position.....	<u>\$ 980,480</u>	<u>\$ 3,185,157</u>	<u>\$ (33,641,856)</u>	<u>\$ (39,030,243)</u>	<u>\$ (19,306,951)</u>

	2013	2014	2015	2016	2017
\$	22,997,802	\$ 22,716,559	\$ 26,440,640	\$ 28,489,575	\$ 30,363,602
	56,962,698	61,290,201	68,685,178	74,526,967	77,684,860
	264,655,220	272,447,586	273,738,170	287,559,898	309,135,770
	28,194,390	29,223,056	33,419,187	29,698,488	32,690,317
	11,323,484	11,328,446	11,625,318	12,319,296	12,650,838
	16,177,118	15,164,811	17,759,803	20,385,376	20,368,611
	-	-	-	-	-
	7,989,634	7,714,546	9,906,400	10,945,881	10,725,817
	<u>408,300,346</u>	<u>419,885,205</u>	<u>441,574,696</u>	<u>463,925,481</u>	<u>493,619,815</u>
	28,970,340	28,321,486	28,572,429	32,651,120	32,016,871
	69,319,711	74,285,730	64,031,611	67,774,244	83,577,037
	5,975,327	5,053,677	3,703,180	4,232,242	2,616,320
	<u>104,265,378</u>	<u>107,660,893</u>	<u>96,307,220</u>	<u>104,657,606</u>	<u>118,210,228</u>
	<u>(304,034,968)</u>	<u>(312,224,312)</u>	<u>(345,267,476)</u>	<u>(359,267,875)</u>	<u>(375,409,587)</u>
	258,590,398	278,426,655	289,075,613	309,686,267	321,041,250
	11,404,708	11,953,727	12,670,852	13,061,883	13,392,891
	2,051,414	2,218,759	2,330,724	2,444,007	2,263,279
	1,407,803	1,557,737	1,786,617	1,880,428	1,938,182
	1,011,590	1,160,092	1,509,583	1,282,596	1,409,030
	524,906	557,065	476,899	461,586	443,150
	2,501,875	2,697,187	2,818,748	2,945,936	3,085,259
	6,276,114	5,716,482	5,968,282	6,309,128	6,160,868
	202,473	230,699	265,809	483,866	909,764
	-	-	-	-	119,489
	1,492,956	1,622,541	2,304,964	3,305,255	1,966,066
	<u>1,640,260</u>	<u>1,983,994</u>	<u>2,088,882</u>	<u>2,594,730</u>	<u>3,099,125</u>
	<u>287,104,497</u>	<u>308,124,938</u>	<u>321,296,973</u>	<u>344,455,682</u>	<u>355,828,353</u>
\$	<u>(16,930,471)</u>	<u>(4,099,374)</u>	<u>(23,970,503)</u>	<u>(14,812,193)</u>	<u>(19,581,234)</u>

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

LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012
Expenses					
Sewer.....	\$ 21,208,637	\$ 21,879,634	\$ 23,347,392	\$ 23,468,371	\$ 24,953,457
Water.....	12,212,234	13,623,595	13,780,687	14,260,631	15,185,784
Stormwater.....	-	-	-	-	-
Total expenses.....	<u>33,420,871</u>	<u>35,503,229</u>	<u>37,128,079</u>	<u>37,729,002</u>	<u>40,139,241</u>
Program Revenues					
Charges for services.....	39,034,143	33,761,633	38,405,378	45,171,479	48,273,768
Operating grants and contributions.....	814,428	857,561	732,948	847,004	646,975
Capital grants and contributions.....	726,855	1,260,151	245,331	24,182	489,333
Total program revenues.....	<u>40,575,426</u>	<u>35,879,345</u>	<u>39,383,657</u>	<u>46,042,665</u>	<u>49,410,076</u>
Net (expense)/revenue.....	<u>7,154,555</u>	<u>376,116</u>	<u>2,255,578</u>	<u>8,313,663</u>	<u>9,270,835</u>
General Revenues and Transfers					
Gain (loss) on sale of capital asset.....	-	-	2,776	-	-
Transfers, net.....	<u>(1,264,968)</u>	<u>(1,457,225)</u>	<u>(1,376,187)</u>	<u>(1,240,538)</u>	<u>(1,429,518)</u>
Change in net position.....	<u>\$ 5,889,587</u>	<u>\$ (1,081,109)</u>	<u>\$ 882,167</u>	<u>\$ 7,073,125</u>	<u>\$ 7,841,317</u>

	2013	2014	2015	2016	2017
\$	25,359,689	\$ 25,557,836	\$ 26,254,561	\$ 24,958,975	\$ 26,159,136
	15,896,034	16,702,263	17,503,699	19,439,528	20,212,470
	-	-	1,118,476	1,295,988	925,695
	<u>41,255,723</u>	<u>42,260,099</u>	<u>44,876,736</u>	<u>45,694,491</u>	<u>47,297,301</u>
	47,175,932	51,347,815	54,741,671	59,064,372	61,488,035
	1,059,085	514,894	506,547	545,793	464,271
	9,808	5,480	3,797,829	2,796,401	91,567
	<u>48,244,825</u>	<u>51,868,189</u>	<u>59,046,047</u>	<u>62,406,566</u>	<u>62,043,873</u>
	<u>6,989,102</u>	<u>9,608,090</u>	<u>14,169,311</u>	<u>16,712,075</u>	<u>14,746,572</u>
	-	-	-	-	(55,259)
	<u>(1,640,260)</u>	<u>(1,983,994)</u>	<u>(2,088,882)</u>	<u>(2,594,730)</u>	<u>(3,099,125)</u>
\$	<u>5,348,842</u>	<u>7,624,096</u>	<u>12,080,429</u>	<u>14,117,345</u>	<u>11,592,188</u>

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

LAST TEN FISCAL YEARS

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total expenses.....	\$ 380,397,835	\$ 405,597,900	\$ 420,156,669	\$ 434,848,130	\$ 429,799,429
Total program revenues.....	<u>143,945,703</u>	<u>153,816,181</u>	<u>128,019,794</u>	<u>136,698,784</u>	<u>143,442,377</u>
Net (expense)/revenue.....	(236,452,132)	(251,781,719)	(292,136,875)	(298,149,346)	(286,357,052)
Total general revenues, transfers and other changes in net position.....	<u>243,322,199</u>	<u>253,885,767</u>	<u>259,377,186</u>	<u>266,192,228</u>	<u>274,891,418</u>
Change in net position.....	\$ <u>6,870,067</u>	\$ <u>2,104,048</u>	\$ <u>(32,759,689)</u>	\$ <u>(31,957,118)</u>	\$ <u>(11,465,634)</u>

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$	449,556,069	\$ 462,145,304	\$ 486,451,432	\$ 509,619,972	\$ 540,917,116
	<u>152,510,203</u>	<u>159,529,082</u>	<u>155,353,267</u>	<u>167,064,172</u>	<u>180,254,101</u>
	(297,045,866)	(302,616,222)	(331,098,165)	(342,555,800)	(360,663,015)
	<u>285,464,237</u>	<u>306,140,944</u>	<u>319,208,091</u>	<u>341,860,952</u>	<u>352,673,969</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>	<u><u>(7,989,046)</u></u>

GOVERNMENTAL FUNDS
FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	2008	2009	2010	2011 (1)	2012
General Fund					
Reserved.....	\$ 3,091,164	\$ 4,595,043	\$ 5,746,263	\$ -	\$ -
Unreserved.....	16,342,052	15,574,235	13,566,282	-	-
Restricted.....	-	-	-	928,722	938,274
Committed.....	-	-	-	14,877,088	9,816,666
Assigned.....	-	-	-	844,441	2,583,061
Unassigned.....	-	-	-	14,123,323	14,886,340
Total general fund.....	<u>\$ 19,433,216</u>	<u>\$ 20,169,278</u>	<u>\$ 19,312,545</u>	<u>\$ 30,773,574</u>	<u>\$ 28,224,341</u>
All Other Governmental Funds					
Reserved.....	\$ 7,904,778	\$ 8,153,969	\$ 25,926,689	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds.....	10,478,029	13,253,604	10,704,933	-	-
Capital projects funds.....	38,560,162	93,303,737	28,167,213	-	-
Permanent funds.....	817,614	736,678	740,024	-	-
Nonspendable.....	-	-	-	445,570	446,818
Restricted.....	-	-	-	28,989,163	28,617,216
Committed.....	-	-	-	886,894	1,745,209
Unassigned.....	-	-	-	(354,498)	-
Total all other governmental funds.....	<u>\$ 57,760,583</u>	<u>\$ 115,447,988</u>	<u>\$ 65,538,859</u>	<u>\$ 29,967,129</u>	<u>\$ 30,809,243</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.

	2013	2014	2015	2016	2017
\$	-	-	-	-	-
	-	-	-	-	-
	3,164,616	2,849,507	3,006,074	2,814,268	3,557,530
	5,348,800	4,889,216	5,308,421	8,851,803	14,868,949
	3,110,521	2,677,990	2,451,384	2,176,104	2,376,483
	<u>21,091,447</u>	<u>26,259,064</u>	<u>27,757,785</u>	<u>43,616,522</u>	<u>46,247,662</u>
\$	<u>32,715,384</u>	<u>36,675,777</u>	<u>38,523,664</u>	<u>57,458,697</u>	<u>67,050,624</u>
\$	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	447,206	397,250	397,170	397,049	396,932
	26,869,665	30,289,935	38,421,915	50,313,321	39,994,517
	1,718,332	1,736,249	1,281,577	1,554,522	1,679,111
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>29,035,203</u>	<u>32,423,434</u>	<u>40,100,662</u>	<u>52,264,892</u>	<u>42,070,560</u>

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

LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012
REVENUES					
Real estate and personal property taxes.....	\$ 211,435,422	\$ 224,437,442	\$ 233,726,177	\$ 240,732,647	\$ 248,503,570
Motor vehicle and other excise taxes.....	11,131,712	10,098,579	10,222,534	10,463,796	10,567,479
Hotel/motel tax.....	1,103,549	1,108,199	1,168,095	1,588,882	1,814,792
Meals tax.....	-	-	382,934	1,308,191	1,403,261
Payments in lieu of taxes.....	358,957	489,108	3,095,059	439,721	479,617
Community preservation surcharges.....	2,107,392	2,207,442	2,296,523	2,365,422	2,427,905
Charges for services.....	14,088,742	14,209,678	14,821,694	14,674,078	17,340,467
Intergovernmental.....	78,760,492	122,879,420	75,443,469	73,856,678	73,036,706
Special assessments.....	157,281	218,438	158,481	254,638	350,639
Penalties and interest on taxes.....	1,055,344	1,223,300	1,026,507	1,038,224	1,146,496
Licenses and permits.....	4,928,179	4,575,496	4,564,508	5,523,613	6,081,388
Fines and forfeitures.....	1,899,661	2,022,175	2,101,518	1,907,471	2,017,085
Contributions.....	1,395,023	1,320,527	1,185,340	1,382,243	1,299,748
Investment income.....	4,435,423	2,642,189	1,016,818	554,473	271,250
Miscellaneous/other.....	1,813,990	1,686,507	667,540	1,676,863	1,222,231
	<u>334,671,167</u>	<u>389,118,500</u>	<u>351,877,197</u>	<u>357,766,940</u>	<u>367,962,634</u>
EXPENDITURES					
Current:					
General government.....	22,190,508	21,756,050	22,007,737	27,495,142	21,216,365
Public safety.....	36,960,093	37,438,138	37,999,263	37,725,281	39,687,309
Education.....	202,577,476	252,917,406	254,430,394	214,802,244	196,486,485
Public works.....	24,844,231	24,944,049	26,357,440	24,730,797	21,918,256
Health and human services.....	3,989,849	4,080,313	4,305,785	4,177,515	4,123,498
Culture and recreation.....	12,837,823	12,438,606	12,637,414	11,232,808	13,839,046
Retirement benefits.....	44,134,609	47,480,693	49,940,948	53,157,157	56,055,483
Insurance.....	1,690,977	1,891,488	1,676,169	1,445,803	1,559,274
Claims and judgments.....	97,254	250,509	100,453	160,733	58,504
Other.....	24,080	-	-	-	-
State and county charges.....	5,512,027	5,453,169	5,619,317	5,472,487	5,503,956
Debt service:					
Principal.....	6,146,900	7,652,100	8,548,500	9,460,500	9,408,367
Interest.....	2,378,302	3,694,574	7,079,256	7,509,703	7,574,440
	<u>363,384,129</u>	<u>419,997,095</u>	<u>430,702,676</u>	<u>397,370,170</u>	<u>377,430,983</u>
EXCESS (DEFICIENCY) OF REVENUES					
OVER EXPENDITURES.....	<u>(28,712,962)</u>	<u>(30,878,595)</u>	<u>(78,825,479)</u>	<u>(39,603,230)</u>	<u>(9,468,349)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in.....	12,584,287	15,539,377	8,860,150	6,386,643	8,413,437
Proceeds of bonds and notes.....	48,792,000	86,010,000	25,548,000	13,770,000	5,734,000
Premium from issuance of bonds and notes.....	262,441	1,557,255	815,357	168,147	131,379
Proceeds of refunding bonds.....	-	-	-	-	-
Premium from issuance of refunding bonds.....	-	-	-	-	-
Sale of capital assets.....	49,909	-	42,491	36,262	67,610
Transfers out.....	(11,031,737)	(13,804,570)	(7,206,381)	(4,868,523)	(6,585,196)
Payments to refunding bond escrow agent.....	-	-	-	-	-
	<u>50,656,900</u>	<u>89,302,062</u>	<u>28,059,617</u>	<u>15,492,529</u>	<u>7,761,230</u>
NET CHANGE IN FUND BALANCES.....	<u>\$ 21,943,938</u>	<u>\$ 58,423,467</u>	<u>\$ (50,765,862)</u>	<u>\$ (24,110,701)</u>	<u>\$ (1,707,119)</u>
DEBT SERVICE EXPENDITURES AS A PERCENTAGE					
OF NONCAPITAL EXPENDITURES.....	2.3%	2.7%	3.6%	4.3%	4.5%

	2013	2014	2015	2016	2017
\$	257,225,856	\$ 277,636,527	\$ 288,700,477	\$ 308,965,868	\$ 319,976,273
	11,351,368	12,057,191	12,486,356	13,122,277	13,486,831
	2,051,414	2,218,759	2,330,724	2,444,007	2,263,279
	1,407,803	1,557,737	1,786,617	1,880,428	1,938,182
	521,643	475,741	465,822	476,083	415,835
	2,508,969	2,689,198	2,814,155	2,946,847	3,074,706
	17,702,424	19,090,133	19,628,195	20,126,506	20,403,479
	81,971,057	83,629,746	53,128,480	60,527,637	91,204,897
	224,503	189,547	190,603	169,588	193,238
	1,011,591	1,160,091	1,508,259	1,282,596	1,409,030
	9,291,263	7,538,284	7,621,990	10,483,024	10,084,619
	2,029,860	1,889,935	1,808,854	2,046,389	1,762,093
	833,888	1,112,823	1,016,439	1,446,969	1,336,660
	257,726	328,015	270,552	490,874	1,036,413
	593,712	737,709	1,606,532	1,127,899	837,319
	<u>388,983,077</u>	<u>412,311,436</u>	<u>395,364,055</u>	<u>427,536,992</u>	<u>469,422,854</u>
	18,961,966	22,784,656	27,381,322	30,839,020	38,944,088
	40,232,455	42,177,396	43,368,473	46,354,662	51,881,011
	210,372,992	230,391,740	236,571,691	273,044,983	300,304,073
	28,939,827	31,082,397	33,411,422	29,034,856	33,766,661
	4,358,995	4,656,637	4,545,590	4,924,260	5,172,086
	13,634,682	12,443,344	13,867,205	16,256,351	18,098,831
	57,813,067	60,134,090	29,199,509	31,235,486	33,521,494
	1,722,006	1,778,619	2,000,027	1,618,006	1,931,586
	128,950	171,221	232,282	244,752	157,075
	-	-	-	-	-
	5,722,550	5,783,939	5,875,034	6,113,282	6,143,354
	9,596,167	10,367,425	9,824,367	10,747,967	12,247,667
	7,568,326	7,411,724	8,009,057	8,177,639	8,325,141
	<u>399,051,983</u>	<u>429,183,188</u>	<u>414,285,979</u>	<u>458,591,264</u>	<u>510,493,067</u>
	<u>(10,068,906)</u>	<u>(16,871,752)</u>	<u>(18,921,924)</u>	<u>(31,054,272)</u>	<u>(41,070,213)</u>
	7,732,178	10,802,542	9,399,205	10,001,522	9,103,803
	10,812,558	20,936,000	25,505,000	55,340,000	35,528,500
	590,740	749,963	1,197,352	3,955,263	1,479,298
	-	-	19,635,000	19,610,000	65,775,000
	-	-	1,759,523	2,430,245	5,535,226
	55,325	27,419	13,300	129,179	115,194
	(6,091,919)	(8,295,548)	(7,264,297)	(7,272,429)	(6,004,678)
	-	-	(21,798,044)	(22,040,245)	(71,064,535)
	<u>13,098,882</u>	<u>24,220,376</u>	<u>28,447,039</u>	<u>62,153,535</u>	<u>40,467,808</u>
\$	<u>3,029,976</u>	<u>\$ 7,348,624</u>	<u>\$ 9,525,115</u>	<u>\$ 31,099,263</u>	<u>\$ (602,405)</u>
	4.3%	4.1%	4.3%	4.1%	4.0%

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				
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%
2017	23,453,469,746	2,287,653,254	401,743,300	26,142,866,300	11.98	26,223,773,800	99.69%

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)
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
2017	11.12	21.27	21.27	11.98

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	2017			2008		
	Assessed Valuation	Rank	Percentage of Total Tax Levy	Assessed Valuation	Rank	Percentage of Total Tax Levy
NStar Electric	\$ 3,165,223	1	1.00%	\$ 1,041,360	4	0.48%
Hines Global REIT	2,907,322	2	0.91%	N/A	N/A	N/A
Chestnut Hill Shopping Center, LLC	2,662,075	3	0.84%	1,139,600	3	0.53%
Mall at Chestnut Hill, LLC	2,355,134	4	0.74%	N/A	N/A	N/A
CHS Commercial Owner LLC	2,133,930	5	0.67%	N/A	N/A	N/A
Chesapeake Hotel Lmt Partnership	1,780,554	6	0.56%	650,927	6	0.30%
Boston Gas/National Grid	1,577,611	7	0.50%	N/A	N/A	N/A
NS Wells Aquistic	878,942	8	0.28%	623,893	8	0.29%
Avalon Upper Falls LLC	823,177	9	0.26%	N/A	N/A	N/A
Thomas J. White TRS	787,909	10	0.25%	644,431	7	0.30%
Riverside Project LLC	N/A	N/A	N/A	1,950,275	1	0.90%
Atrium Mall	N/A	N/A	N/A	1,273,349	2	0.59%
Julian Cohen & Daniel Rothenberg Trust	N/A	N/A	N/A	899,468	5	0.42%
Lasell College	N/A	N/A	N/A	522,965	9	0.24%
The Realty Association Fund VII LP	N/A	N/A	N/A	477,662	10	0.22%
Total	\$ 19,071,877		6.01%	\$ 9,223,930		4.27%

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)
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%	2,226,475	302,535,326	101.05%
2017	313,076,020	312,929,603	99.95%	-	312,929,603	99.95%

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		
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	
2017	297,129,294	11,363,684	20,434,763	328,927,741	3,694	

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		
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%
2017	297,129,294	(2,442,053)	294,687,241	1.12%	5.25%

(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, 2017

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Massachusetts Water Resources Authority.....	\$ 5,630,458,000	4.73%	\$ <u>266,591,423</u>
City direct debt.....			<u>328,927,741</u>
Total direct and overlapping debt.....			<u>\$ 595,519,164</u>

Sources: MWRA

LEGAL DEBT MARGIN INFORMATION

LAST FIVE FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Equalized valuation.....	\$ 26,223,773,800	\$ 26,223,773,800	\$ 22,305,253,800	\$ 22,305,253,800	\$ 21,744,090,700
Normal debt limit (5% of equalized valuation).....	1,311,188,690	1,311,188,690	1,115,262,690	1,115,262,690	1,087,204,535
Debt applicable to limit:					
Total bonded debt.....	328,927,741	293,854,221	244,495,829	229,858,228	222,612,428
Less: General obligation bonds exempted by authority of state legislature.....	<u>(19,474,183)</u>	<u>(14,230,992)</u>	<u>(37,987,881)</u>	<u>(17,377,352)</u>	<u>(17,643,162)</u>
Total net debt applicable to limit.....	<u>309,453,558</u>	<u>279,623,229</u>	<u>206,507,948</u>	<u>212,480,876</u>	<u>204,969,266</u>
Legal debt margin.....	<u>\$ 1,001,735,132</u>	<u>\$ 1,031,565,461</u>	<u>\$ 908,754,742</u>	<u>\$ 902,781,814</u>	<u>\$ 882,235,269</u>
Total net debt applicable to the limit as a percentage of normal debt limit.....	<u>23.6%</u>	<u>21.3%</u>	<u>18.5%</u>	<u>19.1%</u>	<u>18.9%</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 (%)
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%
2016	89,045	42.3	62,983	5,608,321,235	122,080	12,657	2.8%

Sources: Population from City census

Per capita income, median age, and median family income is from U.S. Census for 2005 and 2010

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General government.....	141	135	136	138	128
Public safety.....	412	403	380	372	364
Education.....	1,439	1,427	1,455	1,406	1,334
Public works	96	115	127	136	131
Health and human services.....	47	47	45	42	45
Culture and recreation.....	96	97	81	82	80
Water.....	28	29	28	29	28
Sewer.....	25	25	25	25	28
Total.....	<u>2,284</u>	<u>2,278</u>	<u>2,277</u>	<u>2,230</u>	<u>2,138</u>

Source: City of Newton payroll

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST FIVE FISCAL YEARS

Function/Program	Fiscal Year				
	2017	2016	2015	2014	2013
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	595	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