

**OFFICIAL STATEMENT DATED JANUARY 20, 2016**

Ratings: See "Ratings" herein.  
 Moody's Investors Service, Inc.: Aaa  
 Standard & Poor's Ratings Services: AAA

**New Issue**

In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code"). Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. See "Tax Exemption" herein.

**CITY OF NEWTON, MASSACHUSETTS  
 \$76,075,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2016 BONDS**

**DATED**  
 Date of Delivery

**DUE**  
 January 15  
 (as shown below)

The Bonds are issuable only in fully registered form, registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. See "THE BONDS - Book-Entry Transfer System" herein.

Principal of the Bonds will be paid on January 15 of the years in which the Bonds mature. Interest on the Bonds will be payable semiannually on January 15 and July 15, commencing January 15, 2017, until maturity or redemption prior to maturity. Principal and semiannual interest on the Bonds will be paid by U. S. Bank National Association, Boston, Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds are subject to redemption prior to their stated maturity dates, as described herein.

An opinion of Bond Counsel will be delivered with the Bonds to the effect that the Bonds are valid general obligations of the City of Newton and, to the extent not paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the City without limitation as to rate or amount except as provided under Chapter 44, Section 20 of the General Laws, with respect to that portion of the principal and interest payments that the City has voted to exempt from the limit imposed by Chapter 59, Section 21C of the General Laws (Proposition 2 ½), and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to that portion of the principal and interest payments that the City has not voted to exempt from that limit.

**MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS**

Due January 15	Principal Amount	Interest Rate	Yield	CUSIP # 653063	Due January 15	Principal Amount	Interest Rate	Yield	CUSIP # 653063
2017	\$ 1,405,000	4.00 %	0.43 %	5H6	2030	\$ 2,850,000	4.00 %	2.37 %	5W3
2018	1,390,000	4.00	0.66	5J2	2031	2,975,000	4.00	2.45	5X1
2019	2,180,000	5.00	0.80	5K9	2032	2,890,000	4.00	2.51	5Y9
2020	2,255,000	5.00	0.93	5L7	2033	3,005,000	3.00	2.95	5Z6
2021	2,355,000	5.00	1.04	5M5	2034	3,110,000	3.00	3.00	6A0
2022	2,470,000	5.00	1.12	5N3	2035	3,210,000	3.00	3.05	6B8
2023	2,580,000	4.00	1.29	5P8	2036	3,295,000	3.00	3.10	6C6
2024	2,630,000	5.00	1.45	5Q6	2037	3,125,000	3.00	3.15	6D4
2025	2,770,000	4.00	1.60	5R4	2038	3,230,000	3.00	3.20	6E2
2026	2,885,000	5.00	1.75	5S2	2039	1,970,000	3.125	3.25	6F9
2027	2,550,000	5.00	1.90	5T0	2040	2,030,000	3.125	3.30	6G7
2028	2,680,000	5.00	1.98	5U7	2041	2,090,000	3.125	3.33	6H5
2029	2,720,000	5.00	2.07	5V5	2042	2,155,000	3.125	3.36	6J1

**\$9,270,000 Interest Rate 3.25% Term Bond Maturing January 15, 2046 Yield 3.424% Cusip # 653063 6N2**

The Bonds are offered subject to the final approving opinion of Locke Lord LLP, Boston, Massachusetts, Bond Counsel, as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale. FirstSouthwest, a Division of Hilltop Securities Inc., Boston, Massachusetts has acted as Financial Advisor to the City with respect to the Bonds. See "Financial Advisory Services of FirstSouthwest, a Division of Hilltop Securities Inc." herein. The Bonds in definitive form will be delivered to the successful bidder at DTC, or its custodial agent, on or about January 28, 2016 for settlement in federal funds.

**MESIROW FINANCIAL, INC.**

## TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
SUMMARY STATEMENT	3	Taxation to Meet Deficits	27
NOTICE OF SALE	4	Tax Limitations	27
Redemption Provisions	4	Tax Levies and Levy Limits	29
Bidding Parameters	5	Community Preservation Act	29
PRELIMINARY OFFICIAL STATEMENT:		CITY FINANCES:	
THE BONDS:		Budget and Appropriation Process	31
Description of the Bonds	8	Budget Comparison	32
Redemption Provisions	8	Revenues	33
Record Date	9	Capital Planning and Budget Forecasts	34
Book-Entry Transfer System	9	Investment of City Funds	35
Authorization of the Bonds and Use of Proceeds	10	Annual Audits	35
Principal Payments by Purpose	11	Basis of Accounting	35
Plan of Refunding	11	Financial Statements	35
Verification of Mathematical Computations	12	Comprehensive Annual Financial Report (CAFR)	35
Sources & Uses of Bond Proceeds	12	Balance Sheet (Governmental Funds) for the	
Tax Exemption	12	fiscal years ending	
Ratings	13	June 30, 2015	36
Security and Remedies	13	June 30, 2014	37
Opinion of Bond Counsel	15	June 30, 2013	38
Financial Advisory Services of		Statement of Revenues, Expenditures and Changes in	
FirstSouthwest, a Division of Hilltop Securities Inc.	15	Fund Balance (Governmental Funds) for the fiscal	
Disclosure of Significant Events	15	years ending	
		June 30, 2015	39
		June 30, 2014	40
THE CITY OF NEWTON, MASSACHUSETTS:		June 30, 2013	41
General	16	June 30, 2012	42
Principal City Officials	16	June 30, 2011	43
Municipal Services	16	Free Cash (Uniform System of Accounting)	44
Education	16	Capital Stabilization Funds	44
Public School Enrollments	16	Rainy Day Stabilization Fund	44
History	17		
Industry and Commerce	17	INDEBTEDNESS:	
Largest Employers	18	Authorization Procedure and Limitations	45
Retail Sales	18	Types of Obligations	45
Labor Force, Employment and Unemployment Rate	19	Direct Debt Summary	47
Building Permits	19	Debt Ratios	47
Transportation and Utilities	20	Principal Payments by Purpose	48
Development	20	Debt Service Requirements	49
Chestnut Hill Square Development	21	Authorized Unissued Debt	49
Income Levels and Population	21	Overlapping Debt	50
Population Trends	22	Contractual Obligations	50
PROPERTY TAXATION:		RETIREMENT PLAN	51
Tax Levy Computation	23	Current Funding Schedule	52
Assessed Valuations and Tax Levies	24	Other-Post Employment Benefits	53
Classification of Property	24	EMPLOYEE RELATIONS	54
Largest Taxpayers	25	LITIGATION	55
State Equalized Valuations	25	APPENDIX A - AUDITED FINANCIAL STATEMENTS	
Abatements and Overlay	25	AS OF JUNE 30, 2015	
Tax Collections	26	APPENDIX B - PROPOSED FORM OF LEGAL OPINION	
Tax Titles and Possessions	27	APPENDIX C - PROPOSED FORM OF CONTINUING	
		DISCLOSURE CERTIFICATE	

---

The Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the bonds described herein shall, under any circumstances, create any implication that there has been no change in the affairs of the City of Newton, since the date hereof.

## SUMMARY STATEMENT

The information set forth below is qualified in its entirety by the information and financial statements appearing elsewhere in the Official Statement.

Date of Sale: Wednesday, January 20, 2016, 12:30 P.M. (E.T).

Location of Sale: FirstSouthwest, a Division of Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.

Issuer: City of Newton, Massachusetts.

Issue: \$76,075,000 General Obligation Municipal Purpose Loan of 2016 Bonds, see "THE BONDS - Book-Entry Transfer System" herein.

Official Statement Dated: January 20, 2016.

Dated Date of the Bonds: Date of delivery.

Principal Due: Serially January 15, 2017 through January 15, 2042 and one Term Bond Maturing January 15, 2046, as detailed herein.

Redemption: The Bonds are subject to redemption prior to their stated maturity dates, as described herein.

Purpose and Authority: The Bonds are authorized for various municipal purposes under Chapter 70B, Chapter 44, and Section 7 and Section 21A of the Massachusetts General Laws as detailed herein.

Security of the Bonds: The Bonds are valid general obligations of the City of Newton, and, to the extent not paid from other sources, the Bonds are payable from taxes which may be levied upon all taxable property within the territorial limits of the City, without limitations as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws, with respect to that portion of the principal and interest payments that the City has voted to exempt from the limit imposed by Chapter 59, Section 21C of the General Laws, and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to that portion of the principal and interest payments that the City has not voted to exempt from that limit.

Credit Ratings: Moody's Investors Service, Inc. and Standard & Poor's Ratings Services have assigned ratings of Aaa and AAA, respectively, to the Bonds.

Bond Insurance: The City has not contracted for the issuance of any policy of municipal bond insurance or any other credit enhancement facility.

Basis of Award: Lowest True Interest Cost (TIC), as of the dated date. **BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$5,000,000.**

Tax Exemption: Refer to "THE BONDS - Tax Exemption" herein and Appendix B, "Proposed Form of Legal Opinion".

Continuing Disclosure: Refer to "THE BONDS - Continuing Disclosure" herein and Appendix C, "Proposed Form of Continuing Disclosure Certificate".

Bank Qualification: The Bonds will not be designated by the City as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Paying Agent/Escrow Agent: U.S. Bank National Association, Boston, Massachusetts.

Verification Agent: Grant Thornton LLP, Minneapolis, Minnesota.

Bond Counsel: Locke Lord LLP, Boston, Massachusetts.

Financial Advisor: FirstSouthwest, a Division of Hilltop Securities Inc., Boston, Massachusetts.

Delivery and Payment: It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company, or to its custodial agent, on or about January 28, 2016 against payment in federal funds.

Issuer Official: Questions concerning the Official Statement should be addressed to: Mr. James Reardon, Treasurer, City of Newton, Massachusetts Telephone (617) 796-1338 or Cinder McNerney, Managing Director, FirstSouthwest, a Division of Hilltop Securities Inc., Boston, Massachusetts Telephone (617) 619-4408.

## NOTICE OF SALE

### CITY OF NEWTON, MASSACHUSETTS

#### **\$76,490,000\* GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2016 BONDS**

The City of Newton, Massachusetts (the "City") will receive sealed and electronic (as described herein) proposals until 12:30 P.M., Eastern Time, Wednesday, January 20, 2016, for the purchase of the following described \$76,490,000\* General Obligation Municipal Purpose Loan of 2016 Bonds of the City (the "Bonds"):

\$76,490,000\* General Obligation Municipal Purpose Loan of 2016 Bonds payable January 15 of the years and in the amounts as follows:

<u>Due</u> <u>January 15</u>	<u>Principal</u> <u>Amount*</u>	<u>Due</u> <u>January 15</u>	<u>Principal</u> <u>Amount*</u>
2017	\$ 1,610,000	2032	** \$ 2,810,000
2018	1,535,000	2033	** 2,915,000
2019	2,340,000	2034	** 3,040,000
2020	2,405,000	2035	** 3,135,000
2021	2,470,000	2036	** 3,240,000
2022	2,535,000	2037	** 3,070,000
2023	2,625,000	2038	** 3,195,000
2024	2,655,000	2039	** 1,935,000
2025	2,765,000	2040	** 2,015,000
2026	2,885,000	2041	** 2,100,000
2027	** 2,550,000	2042	** 2,180,000
2028	** 2,650,000	2043	** 2,260,000
2029	** 2,650,000	2044	** 2,355,000
2030	** 2,765,000	2045	** 2,450,000
2031	** 2,875,000	2046	** 2,475,000

\*Preliminary, subject to change.

\*\*Callable Maturities. May be combined into one, two or three Term Bonds.

The Bonds will be dated as of their delivery date. Principal of the Bonds will be payable January 15 of the years in which the Bonds mature. Interest will be payable on January 15 and July 15, commencing January 15, 2017.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. Ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, will be evidenced by a book-entry system with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Interest and principal on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to beneficial owners will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The original Bonds to be immobilized at DTC will be prepared under the supervision of FirstSouthwest, a Division of Hilltop Securities Inc., and their legality will be approved by Locke Lord LLP, Boston, Massachusetts, whose opinion will be furnished to the purchaser without charge.

#### **Redemption Provisions**

The Bonds maturing on January 15 in the years 2017 through 2026 will not be subject to redemption prior to maturity. The Bonds maturing on and after January 15, 2027 shall be subject to redemption prior to maturity, at the option of the City, on or after January 15, 2026, either in whole or in part at any time, and if in part, by lot within a maturity, at the par amount of the Bonds to be redeemed.

For Bonds maturing on January 15, 2027 and thereafter, bidders may specify that all of the principal amount of such Bonds in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise one maturity of Term Bonds scheduled to mature in the latest of the combined years, and shall be subject to mandatory redemptions prior to maturity at par as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule. Each mandatory redemption shall be allocated to the payment of the term bond maturing in the nearest subsequent year. Bidders may specify no more than three Term Bonds.

Term Bonds, if any, shall be subject to mandatory redemption on January 15 of the year or years immediately prior to the stated maturity of such Term Bond (the particular Bonds of such maturity to be redeemed to be selected by lot) as indicated in the foregoing maturity schedule at the principal amount thereof, without premium.

### **Bidding Parameters**

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity, (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent, and (c) any coupon in excess of 5.00%.

**BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$5,000,000.**

**The City reserves the right to adjust the annual principal amounts in the amount of \$5,000 or an integral multiple thereof as necessary to (a) structure the debt service on each component of the new money portion of the Bonds to be as close to equal on an annual basis as practicable through their respective final maturity dates, (b) to change the maturity schedule of the bonds excluded from Proposition 2 ½ after the determination of the winning bid, by decreasing the par amount of said bonds by its pro-rata share of the premium received, and increasing or decreasing the amount of each maturity to achieve approximate level debt service based on the new par amount of the Bonds, (c) produce sufficient funds to effect the refunding for which a portion of the Bonds are being issued after taking into account the premium received by the City and the actual investment yield at which this portion of the proceeds of the Bonds are to be invested, and (d) account for any changes in the bonds to be refunded with a portion of the proceeds of the Bonds based on the actual debt service savings to be realized by the City.**

**THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE ANNUAL PRINCIPAL AMOUNTS WITHIN THIS LIMIT. The dollar amount bid for principal by the successful bidder will be adjusted proportionally to reflect any reduction or increase in the annual principal amounts of the Bonds to be issued. The final annual principal amounts will be communicated to the successful bidder as soon as possible, but not later than 4:00 P.M. on the date of the sale of the Bonds.**

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the City. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of the delivery date, discounts semiannually all future payments on account of principal and interest to the price bid. In the event there is more than one proposal specifying the lowest such rate, the Bonds will be awarded to the bidder whose proposal is selected by the City Treasurer by lot among all such proposals.

Bids must be submitted either:

- (a) In a sealed envelope marked "Proposal for Bonds" and addressed to Mr. James Reardon, Treasurer, City of Newton, Massachusetts c/o FirstSouthwest, a Division of Hilltop Securities Inc., 54 Canal Street, 3<sup>rd</sup> Floor, Boston, Massachusetts 02114. Proposals by telegram delivered as specified above will be accepted. Signed blank bid forms may be faxed to (617) 619-4411 prior to submitting bids, and actual bids may be telephoned to FirstSouthwest, a Division of Hilltop Securities Inc., telephone (617) 619-4400 at least one-half hour prior to the 12:30 P.M. sale and after receipt of the faxed bid form by FirstSouthwest, a Division of Hilltop Securities Inc. FirstSouthwest, a Division of Hilltop Securities Inc. will act as agent for the bidder, but neither the City nor FirstSouthwest, a Division of Hilltop Securities Inc. shall be responsible for any errors in connection with bids submitted in this manner.
- (b) Electronically via Parity in accordance with this Notice of Sale. To the extent any instructions or directions set forth in Parity conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about Parity, potential bidders may contact the Financial Advisor to the City or Ideal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102.

The award of the Bonds to the winning bidder will not be effective until the bid has been approved by the Treasurer and Mayor of the City.

The right is reserved to reject any or all proposals and to reject any proposal not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the City.

On or prior to the date of delivery of the Bonds, the successful bidder shall furnish to the City a certificate acceptable to Bond Counsel generally to the effect that (i) as of January 20, 2016 (the "Sale Date"), the Purchaser had offered or reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices set forth in such certificate, plus accrued interest, if any, (ii) such prices represent fair market prices of the Bonds as of the Sale Date, and (iii) as of the date of such certificate, all of the Bonds have been offered to the general public in a bona fide offering at the prices set forth in such certificate, and at least 10% of each maturity of the Bonds actually has been sold to the general public at such prices. To the extent the certifications described in the preceding sentence are not factually accurate with respect to the reoffering of the Bonds, Bond Counsel should be consulted by the successful bidder as to alternative certifications that will be suitable to establish the "issue price" of the Bonds for federal tax law purposes. If a municipal bond insurance policy or similar credit enhancement is obtained with respect to the Bonds by the successful bidder, such bidder will also be required to certify as to the net present value savings on the Bonds resulting from payment of insurance premiums or other credit enhancement fees.

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that, contemporaneously with or before accepting the Bonds and paying therefor, it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord LLP, Boston, Massachusetts, substantially in the form presented in Appendix B to the Preliminary Official Statement dated January 12, 2016, (b) a certificate in form satisfactory to said firm, dated as of the date of delivery of the Bonds and receipt of payment therefor, to the effect that there is no litigation pending or, to the knowledge of the signer or signers thereof, threatened affecting the validity of the Bonds or the power of the City to levy and collect taxes to pay them, (c) a certificate of the City Treasurer to the effect that, to the best of his knowledge and belief, both the Preliminary Official Statement as of the date of sale and the Final Official Statement as of the date of delivery of the Bonds do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form presented in Appendix C to the Preliminary Official Statement.

The City has not contracted for the issuance of any policy of bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. Should the bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the successful bidder, except for the fee paid to Moody's Investors Service, Inc. and Standard & Poor's Ratings Services for ratings on the Bonds. Any such fee paid to Moody's Investors Service, Inc. and Standard & Poor's Ratings Services would be borne by the City.

Additional information concerning the City and the Bonds is contained in the Preliminary Official Statement dated January 12, 2016, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Said Preliminary Official Statement is deemed final by the City except for the omission of the reoffering price(s), interest rate(s), and the identity of the underwriter(s), and any other pertinent terms of the Bonds depending on such matters, but is subject to change without notice to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from FirstSouthwest, a Division of Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts 02114 (Telephone: 617-619-4400). Within seven (7) business days following the award of the Bonds in accordance herewith, 25 copies of the Final Official Statement will be available from the FirstSouthwest, a Division of Hilltop Securities Inc., to the successful bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

It is anticipated that CUSIP identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the City, provided, however, that the City assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

The Bonds will not be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 as amended.

In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement.

The Bonds in definitive form will be delivered to The Depository Trust Company or the offices of its custodial agent on or about January 28, 2016 for settlement in federal funds.

\_\_\_\_\_  
CITY OF NEWTON, MASSACHUSETTS  
/s/ Mr. James Reardon, Treasurer

January 12, 2016

## PRELIMINARY OFFICIAL STATEMENT

### CITY OF NEWTON, MASSACHUSETTS

#### \$76,075,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2016 BONDS

This Preliminary Official Statement is provided for the purpose of presenting certain information relating to the City of Newton, Massachusetts (the "City"), in connection with the sale of \$76,075,000 aggregate principal amount of its General Obligation Municipal Purpose Loan of 2016 Bonds (the "Bonds"). The information contained herein has been furnished by the City, except information attributed to another governmental agency or official as the source.

#### THE BONDS

##### Description of the Bonds

The Bonds will be dated as of their delivery date and will bear interest payable semiannually on January 15 and July 15, commencing January 15, 2017. The Bonds shall mature on January 15 of the years and in the principal amounts as set forth on the cover page of this Official Statement.

The Bonds are issuable only in fully registered form, without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "Book-Entry Transfer System" herein.)

Principal of and semiannual interest on the Bonds will be paid by U. S. Bank National Association, Boston, Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursements of such payments to the DTC participants are the responsibility of DTC and disbursements of such payments to the beneficial owners are the responsibility of the DTC participants and the indirect participants, as more fully described herein.

##### Redemption Provisions

###### Optional Redemption

Bonds maturing on or prior to January 15, 2026 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on or after January 15, 2027 shall be subject to redemption prior to maturity, at the option of the City, on or after January 15, 2026, either in whole or in part at any time, and if in part, by lot within a maturity, at the par amount of the Bonds to be redeemed, plus accrued interest to the date set for redemption.

###### Mandatory Redemption

The Bond maturing January 15, 2046 (the "Term Bond") is subject to mandatory redemption or maturity on each of the dates and in each of the principal amounts set forth below (the particular portion of such Term Bond to be redeemed or to mature on the final maturity date to be delivered by lot), at a redemption price of par, plus accrued interest, if any, to the redemption date.

##### \$9,270,000 Term Bond Maturing January 15, 2046

<u>January 15</u>	<u>Principal Amount</u>
2043	\$ 2,225,000
2044	2,295,000
2045	2,370,000
2046 *	2,380,000

\*Final maturity.

##### Notice of Redemption

So long as DTC is the registered owner of the Bonds, notice of any redemption of Bonds prior to their maturities, specifying the Bonds (or the portion thereof) to be redeemed shall be mailed to DTC not more than sixty (60) days nor less than thirty (30) days prior to the redemption date. Any failure on the part of DTC to notify the DTC Participants of the redemption or failure on the part of the DTC Participants, Indirect Participants, or of a nominee of a Beneficial Owner (having received notice from DTC Participant or otherwise) to notify the Beneficial Owner shall not affect the validity of the redemption.



## **Record Date**

The record date for each payment of interest is the last business day of the month preceding the interest payment date, however if such date is not a business day, the record date will be the following business day provided that, with respect to overdue interest, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondowners at least ten (10) days before the special record date.

## **Book-Entry Transfer System**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited by DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the securities deposited by DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with DTC; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with DTC unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the securities deposited with DTC at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

#### Authorization of the Bonds and Use of Proceeds

The following sets forth the purposes, principal amounts issued, amounts authorized, notes outstanding, statutory reference and dates of City approval, for the current offering of Bonds.

Purpose	This Issue	Original Bond Authorization	Bond Anticipation Notes Outstanding (1)	Statutory Reference	Dates of Authorization
Zervas Elementary School Construction	\$ 20,000,000	\$ 36,585,000	\$ 1,250,000	C. 44 s. 7(3)	12/5/2014
Angier Elementary School Construction (2)	4,955,000	36,750,000	-	C. 70B	10/17/2013
Land Acquisition (Aquinas Property)	17,350,000	17,350,000	-	C. 44 s. 7(3)	6/23/2015
F.A. Day School Hot Water Heater Replacement	150,000	150,000	-	C. 44 s. 7(9)	12/22/2014
North High School Baseball Backstop	350,000	350,000	-	C. 44 s. 7(25)	10/26/2015
Fire Station #3 Improvements	3,645,000	3,645,823	-	C. 44 s. 7(3A)	6/8/2015
Senior Center HVAC Improvements	150,000	150,000	-	C. 44 s. 7(9)	12/22/2014
City Hall War Memorial Elevator	1,140,000	1,140,000	-	C. 44 s. 7(3A)	4/14/2015
Manet Road Communications Building	766,000	766,000	-	C. 44 s. 7(3)	12/16/2015
Main Library Improvements	250,000	250,000	-	C. 44 s. 7(3A)	11/20/2015
City Hall Roof Trace Wiring	100,000	100,000	-	C. 44 s. 7(9)	11/10/2015
DPW Snow Blower	150,000	150,000	-	C. 44 s. 7(9)	9/29/2015
Library Automated Circulation Equipment	203,000	203,850	-	C. 44 s. 7(9)	9/29/2015
Fire Pumper	650,000	650,000	-	C. 44 s. 7(9)	9/29/2015
Fire Protective SCBA Equipment	504,000	504,750	-	C. 44 s. 7(9)	9/29/2015
Fire Bucket Truck	227,000	227,700	-	C. 44 s. 7(9)	9/29/2015
Tennis Court Reconstruction (NSHS)	750,000	750,000	-	C. 44 s. 7(25)	9/29/2015
Sewer Tractor Truck	400,000	400,000	-	C. 44 s. 7(9)	12/16/2015
Traffic Signal Improvements	800,000	800,000	-	C. 44 s. 7(14)	6/23/2015
Aurburndale Square Traffic Improvements	1,200,000	1,200,000	-	C. 44 s. 7(14)	7/20/2015
Dedham Street Storm Drainage Improvements	725,000	725,000	-	C. 44 s. 7(1)	10/26/2015
Eliot Street Bridge Replacement	2,000,000	2,000,000	-	C. 44 s. 7(4)	12/16/2015
Refunding	19,610,000	n/a	-	C. 44 s. 21(A)	12/28/2012
<b>Total</b>	<b>\$ 76,075,000</b>		<b>\$ 1,250,000</b>		

(1) Payable March 15, 2016. To be retired with proceeds of this issue.

(2) Exempt from the limits of Proposition 2 ½.

A portion of Bond proceeds will be used to advance refund (1) a portion of the City's \$23,500,000 General Obligation State Qualified School Bonds, Series A dated June 15, 2008, maturing in the years 2019 through 2038 (the "2008 Series A Bonds") and (2) a portion of the City's \$3,250,000 General Obligation Municipal Purpose Loan of 2008 Bonds, Series B dated June 15, 2008, maturing in the years 2019 through 2028 (the "2008 Series B Bonds" and together with 2008 Series

A Bonds the “Refunded Bonds”), in the aggregate principal amount of \$20,080,000, and to pay costs of issuing the refunded Bonds.

### Principal Payments by Purpose (1)

Maturity Year	School	Municipal Buildings	Equipment	Infrastructure	Refunding	Total
2017	\$ 810,000	\$ 161,000	\$ 179,000	\$ 255,000	\$ -	\$ 1,405,000
2018	790,000	165,000	175,000	260,000	-	1,390,000
2019	830,000	165,000	195,000	270,000	720,000	2,180,000
2020	860,000	175,000	195,000	280,000	745,000	2,255,000
2021	900,000	185,000	210,000	290,000	770,000	2,355,000
2022	950,000	190,000	220,000	310,000	800,000	2,470,000
2023	995,000	190,000	225,000	330,000	840,000	2,580,000
2024	1,035,000	210,000	235,000	340,000	810,000	2,630,000
2025	1,095,000	215,000	245,000	360,000	855,000	2,770,000
2026	1,140,000	230,000	260,000	370,000	885,000	2,885,000
2027	1,170,000	175,000	135,000	135,000	935,000	2,550,000
2028	1,230,000	185,000	140,000	145,000	980,000	2,680,000
2029	1,295,000	195,000	150,000	150,000	930,000	2,720,000
2030	1,355,000	205,000	155,000	155,000	980,000	2,850,000
2031	1,410,000	215,000	165,000	165,000	1,020,000	2,975,000
2032	1,435,000	220,000	-	170,000	1,065,000	2,890,000
2033	1,490,000	230,000	-	175,000	1,110,000	3,005,000
2034	1,540,000	235,000	-	185,000	1,150,000	3,110,000
2035	1,585,000	245,000	-	190,000	1,190,000	3,210,000
2036	1,625,000	250,000	-	190,000	1,230,000	3,295,000
2037	1,675,000	175,000	-	-	1,275,000	3,125,000
2038	1,730,000	180,000	-	-	1,320,000	3,230,000
2039	1,785,000	185,000	-	-	-	1,970,000
2040	1,835,000	195,000	-	-	-	2,030,000
2041	1,895,000	195,000	-	-	-	2,090,000
2042	1,955,000	200,000	-	-	-	2,155,000
2043	2,015,000	210,000	-	-	-	2,225,000
2044	2,080,000	215,000	-	-	-	2,295,000
2045	2,145,000	225,000	-	-	-	2,370,000
2046	2,150,000	230,000	-	-	-	2,380,000
<b>Totals</b>	<b>\$ 42,805,000</b>	<b>\$ 6,051,000</b>	<b>\$ 2,884,000</b>	<b>\$ 4,725,000</b>	<b>\$ 19,610,000</b>	<b>\$ 76,075,000</b>

(1) Reflects mandatory redemption schedule.

### Plan of Refunding

Upon delivery of the Bonds, the City will enter into a Refunding Escrow Agreement (the “Refunding Escrow Agreement”) with U.S. Bank National Association, as Refunding Escrow Agent, to provide for the refunding of the Refunded Bonds. Upon receipt of the portion of the proceeds of the Bonds necessary to refund the Refunded Bonds, the Refunding Escrow Agent will deposit in the Refunding Escrow Fund established under the Refunding Escrow Agreement an amount that will be held in cash and an amount that will be invested in direct obligations of the United States of America or obligations unconditionally guaranteed by the United States of America (“Government Obligations”) maturing in amounts and bearing interest at rates sufficient without reinvestment, together with the cash on deposit in the Refunding Escrow Fund, to pay when due, interest on, and upon redemption, the outstanding principal of and redemption premium (if any) on, the Refunded Bonds. The Refunding Escrow Fund, including the interest earnings on the Government Obligations, will be pledged for the benefit of the holders of the Refunded Bonds.

## Verification of Mathematical Computations

The accuracy of the mathematical computations relating to the adequacy of the maturing principal amounts of the Government Obligations together with the interest income thereon and uninvested funds, if any, to provide for the payment of the Refunded Bonds, will be verified by Grant Thornton LLP, independent certified public accountants. Such verification will be based upon information and assumptions supplied by FirstSouthwest, a Division of Hilltop Securities Inc., on behalf of the City. Grant Thornton LLP has restricted its procedures to recalculating the computations provided by FirstSouthwest, a Division of Hilltop Securities Inc., and has not evaluated or examined the assumptions or information used in the computations.

## Sources and Uses of Bond Proceeds

Proceeds of the Bonds will be applied as follows:

Sources:	
Par Amount of The Bonds	\$ 76,075,000.00
Premium	6,894,278.40
Total Sources	<u>\$ 82,969,278.40</u>
Uses:	
Deposit to Refunding Escrow Fund	\$ 21,787,652.51
Deposit to Project Fund	56,710,000
Underwriter's Discount	591,826
Costs of Issuance	255,790
Net Premium	3,624,010
Total Uses	<u>\$ 82,969,278.40</u>

## Tax Exemption

In the opinion of Locke Lord LLP, Bond Counsel to the City ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. The Bonds will not be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The City has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated

as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Prospective Bondholders should be aware that from time to time legislation is or may be proposed which, if enacted by law, could result in interest on the Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

## **Ratings**

Moody's Investors Service, Inc. and Standard & Poor's Ratings Services have assigned ratings of Aaa and AAA, respectively, to the Bonds. Said ratings reflect only the respective rating agency's views and are subject to revision or withdrawal, which could affect the market price of the Bonds.

## **Security and Remedies**

Full Faith and Credit. General Obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described below (see "TYPES OF OBLIGATIONS - Serial Bonds and Notes" under "INDEBTEDNESS" below) and setoffs of state distributions as described below (see "Use of State Distributions to Pay Debt Service" below), no provision is made by the

Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for [and] all amounts necessary to satisfy final judgments." Specific provision is also made for including in the next tax levy payment of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See "Tax Limitations" under "PROPERTY TAXATION" below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See "Debt Limits" under "INDEBTEDNESS" below.) Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

Court Proceedings. Massachusetts cities and towns are subject to suit on their bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See "Tax Limitations" under "PROPERTY TAXATION" below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, and community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions. State grants and distributions may in some circumstances be unavailable to pay bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on "qualified bonds" (See "*Serial Bonds and Notes*" under "INDEBTEDNESS-TYPES OF OBLIGATIONS" below) and any other sums due and payable by the city or town to the Commonwealth or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority ("MBTA") or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority ("MWRA") if the city or town is within the territory served by the Authority, for any debt service due on obligations issued to the Massachusetts School Building Authority ("MSBA"), or for charges necessary to meet obligations under the Commonwealth's

Clean Water or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on bonds or notes would be subject to the applicable provisions of Federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the Massachusetts legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under Federal bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

### **Opinion of Bond Counsel**

The purchaser will be furnished the legal opinion of the firm of Locke Lord LLP, Boston, Massachusetts. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder. The opinion will be substantially in the form presented in Appendix B.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing upon and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same.

### **Financial Advisory Services of FirstSouthwest, a Division of Hilltop Securities Inc.**

FirstSouthwest, a Division of Hilltop Securities Inc., Boston, Massachusetts serves as financial advisor to the City of Newton, Massachusetts.

First Southwest Company, LLC ("FirstSouthwest") merged with its common control affiliate, Hilltop Securities Inc. ("HilltopSecurities"). The merger was completed at the close of business on January 22, 2016, at which time HilltopSecurities, as the surviving entity, automatically assumed all rights and obligations of FirstSouthwest. The firm's municipal advisory business will continue to operate as FirstSouthwest, a Division of Hilltop Securities Inc.

### **Disclosure of Significant Events**

In order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), the City will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the City by not later than 270 days after the end of each fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain significant events. Other than the City, there are no other obligated persons with respect to the Bonds within the meaning of the Rule. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix C. The Certificate will be executed by the signers of the Bonds, and is incorporated by reference in the Bonds.

**In the past five years the City believes it has complied in all material respects with any previous undertakings to provide annual reports or notices of significant events in accordance with the Rule.**

## CITY OF NEWTON, MASSACHUSETTS

### General

The City is located in eastern Massachusetts in Middlesex County approximately 7 miles from downtown Boston, bordered by the West Roxbury section of Boston on the southeast, Needham on the southwest, Wellesley and Weston on the west, Waltham and Watertown on the north, and by Brookline and the Allston-Brighton section of Boston on the east. The City has a population of 85,146 according to the 2010 federal census and occupies a land area of 18.33 square miles. Settled in 1639, Newton was incorporated as a city in 1873. Government is by an elected mayor and a twenty-four member City Council. The principal executive officers of the City are as follows:

### PRINCIPAL EXECUTIVE OFFICERS

<u>Title</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Current Term Expires</u>
Mayor	Setti D. Warren	Elected	2018
Treasurer/Collector	James Reardon	Appointed by Mayor and confirmed by City Council	2018
Comptroller	David C. Wilkinson	Appointed by City Council	2018
Clerk	David A. Olson	Appointed by City Council	2018
Chief Administrative Officer	Dori Zaleznik	Appointed by Mayor	Indefinite
Chief of Staff/Chief Financial Officer	Maureen Lemieux	Appointed by Mayor	Indefinite
City Solicitor	Donnalyn Kahn	Appointed by Mayor	Indefinite

### Municipal Services

The City provides general governmental services for the territory within its boundaries, including police and fire protection, collection, disposal, and recycling of solid waste, public education, street maintenance, parks and recreational facilities and public library facilities. Complete sewer and water services are provided by the City via connections to the Massachusetts Water Resources Authority. These services are funded completely from user revenues.

Transportation services include commuter bus, commuter rail, and trolley service to Boston which is provided by the Massachusetts Bay Transportation Authority. Riverside Station, which is the terminus for the MBTA rapid transit Green Line as well as a stop for the MBTA, Greyhound, and Peter Pan bus lines, are located in Newton.

### Education

The City's public school facilities presently include 15 elementary schools, 4 middle schools and 2 senior high schools. The following table sets forth the trend in public school enrollments for the current and past four school years and a projection for the next year. The current capacity of the City's school system is approximately 13,000 students.

#### PUBLIC SCHOOL ENROLLMENTS AS OF – OCTOBER 1,

	<u>Actual</u>					<u>Projected</u>
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Grades K-5	5,687	5,790	5,799	5,833	5,785	5,787
Grades 6-8	2,667	2,719	2,849	2,806	2,818	2,838
Grades 9-12	3,568	3,661	3,793	3,864	3,905	3,955
Totals	<u>11,922</u>	<u>12,170</u>	<u>12,441</u>	<u>12,503</u>	<u>12,508</u>	<u>12,580</u>

SOURCE: Newton Public Schools Enrollment Analysis Report, November, 2014.

The City is also the site of Boston College, a private (Roman Catholic) educational institution which is situated on a 200 acre campus in the City's Chestnut Hill section. With an enrollment of approximately 9,000 undergraduate and 4,600 graduate students, Boston College consists of 10 schools, colleges and institutes, including Boston College Law School. In addition, the City is home to Lasell College, Mt. Ida College, and 17 private/parochial schools serving students in grades K-12.



## History

Newton was permanently settled in 1639 and incorporated as a city in 1873. As soon as farming became established and roads were laid out, mills to grind corn and saw lumber were constructed. Newton's industrial development had its start at Newton Upper and Lower Falls. Iron works were established in 1703 and one of the first paper mills in the country was erected in 1791 at the Lower Falls. In Newton's early days, farming was a principal occupation and friendly Native Americans helped introduce settlers to such new crops as potatoes, corn, squash, pumpkins, and beans. Some of the settlers built looms or forges or engaged in fishing. Newton Upper Falls and Newton Lower Falls became busy industrial centers in the 19th century, with two year-round hotels, many stores, and on the Needham side of the river, a cotton mill with three thousand spindles. At present, there are very few of these old industries extant. Newton has always been a center of prosperity and though it is one of the largest cities in Massachusetts, it has maintained its suburban character. Its seven hills and many villages provide many of the finest residential neighborhoods in the Boston area.

## Industry and Commerce

Newton has a diversified economic base with 53,863 people employed in 3,896 establishments in the City as of June 2014 with an estimated annual payroll of approximately \$3.6 billion. Businesses are generally small and service-oriented, with professional, business, education and health services accounting for over 60 percent of all jobs.

Newton has numerous industrial, research and development and office areas: the Wells Avenue Industrial Park (108 acres), the Needham Street Corridor (118 acres) and, in addition, 86 acres of manufacturing land in other areas throughout the City. In addition, there are approximately 2,000 commercial establishments located within the City's village commercial centers.

The following table lists the major categories of employment with payrolls in the City.

Industry	Calendar Year Average				
	2010	2011	2012	2013	2014
Construction	1,710	1,764	1,653	1,636	1,691
Manufacturing	792	841	852	844	867
Trade, Transportation and Utilities	6,629	6,436	6,121	5,975	6,458
Information	1,884	2,249	2,377	2,445	2,660
Financial Activities	2,984	2,895	3,156	3,176	3,061
Professional and Business Services	13,840	13,428	12,903	12,486	12,036
Education and Health Services	18,268	18,273	18,882	19,618	20,096
Leisure and Hospitality	4,664	4,757	4,336	4,269	4,596
Other Services	2,253	2,337	2,422	2,375	2,398
Total Employment	<u>53,024</u>	<u>52,980</u>	<u>52,702</u>	<u>52,824</u>	<u>53,863</u>
Number of Establishments	<u>3,742</u>	<u>3,833</u>	<u>3,768</u>	<u>3,746</u>	<u>3,896</u>
Average Weekly Wages	<u>\$ 1,129</u>	<u>\$ 1,179</u>	<u>\$ 1,238</u>	<u>\$ 1,247</u>	<u>\$ 1,280</u>
Total Wages	<u>\$ 3,161,176,841</u>	<u>\$ 3,161,176,841</u>	<u>\$ 3,445,263,993</u>	<u>\$ 3,478,463,016</u>	<u>\$ 3,649,595,755</u>

SOURCE: Massachusetts Department of Employment and Training. Data based upon place of employment, not place of residence. Due to the reclassification the U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

The following table sets forth the City's largest employers, excluding the City itself.

**Newton's Largest Employers\* 2015**

**Employers with 1000+ Employees**

Boston College  
 Communities Without Borders  
 Newton Wellesley Hospital

**Employers with 500-999 Employees**

Honeywell  
 Jewish Community Center

**Employers with 250-499 Employees**

Adobe Systems  
 Bitpipe Inc.  
 Bloomingdale's  
 Bournwood Hospital  
 Cheesecake Factory  
 EMC Corporation  
 HC Starck Inc.  
 Harmon Law Offices  
 Harvard Vanguard Medical Assoc.  
 JCC Grossman Camp  
 Leventhal-Sidman Jewish Community  
 Marriott-Boston Newton  
 Medical Resources Home Health  
 Questex Media Group LLC  
 S I Services  
 Tech Target, Inc.

\*Source: Info USA for the Massachusetts Division of Local Services – Labor and Workforce Development.

The following table compares retail trade data of the City with that of the Commonwealth as a whole.

**RETAIL SALES**

	<u>Newton</u>	<u>Massachusetts</u>
<b>Establishments:</b>		
2007	378	25,469
2002	382	25,761
1997	390	26,209
1992	607	38,490
1987	609	38,905
<b>Sales(000):</b>		
2007	\$1,153,570	\$88,082,966
2002	1,150,231	73,903,837
1997	978,074	58,578,048
1992	970,792	47,663,248
1987	808,653	44,818,481
<b>Per Capita Sales:</b>		
2007	\$11,521	\$13,657
2002	13,721	11,640
1997	11,843	5,663
1992	11,755	7,922
1987	9,670	7,731

SOURCE: 2007, 2002, 1997, 1992, 1987 U.S. Census of Retail Trade, and the applicable Federal Census.

The Mall at Chestnut Hill, The Street, and Chestnut Hill Square are three significant retail centers on Route 9/Boylston Street in Chestnut Hill.

### Labor Force, Employment and Unemployment Rate

According to the Massachusetts Department of Employment and Training data in October 2015, the City had a total labor force of 46,345 of which 44,718 were employed and 1,627 or 3.5% were unemployed as compared to 4.5% for the Commonwealth.

The table below sets forth recent trend in the City's average labor force, employment and unemployment rates for the following calendar years and also the unemployment rates for the Commonwealth and the United States.

#### UNEMPLOYMENT RATES

Year	City of Newton			%	Massachusetts Unemployment Rate	%	United States	
	Labor Force	Employment	Unemployment Rate				Unemployment Rate	Unemployment Rate
2014	46,087	44,179	4.1	%	5.8	%	6.2	%
2013	48,109	45,905	4.6		6.9		7.4	
2012	47,617	45,594	4.2		6.7		8.1	
2011	46,908	44,718	4.7		6.8		8.9	
2010	46,435	43,774	5.7		8.5		9.6	

SOURCE: Mass. Department of Employment and Training, Federal Reserve Bank of Boston and U.S. Bureau of Labor Statistics. Data based upon place of residence, not place of employment. Monthly data are unadjusted.

### Building Permits

The table below sets forth the number of building permits issued and the estimated dollar value of new construction and alterations for the following calendar years. The estimated dollar values are builders' estimates and are generally considered to be conservative. Permits are filed and estimated valuations are shown for both private construction and City projects.

#### BUILDING PERMITS

Fiscal Year	New Construction				Additions/Alterations		Total No.
	Residential		Non-Residential		No.	Value	
	No.	Value	No.	Value			
2016 (1)	62	\$ 35,334,000	0	\$ -	2,708	\$ 106,303,735	2,770
2015	100	52,610,200	3	339,200,968 (2)	2,886	167,383,219	2,989
2014	104	64,892,914	4	6,095,670	2,556	192,995,936	2,664
2013	97	63,591,005 (3)	2	10,602,600	2,456	252,707,901	2,555
2012	61	27,035,745	5	40,724,629 (4)	2,087	150,498,806	2,153
2011	73	34,475,631	2	8,772,000	2,107	118,897,334	2,182

(1) Through December, 2015.

(2) Construction of the Angier Elementary School and Newton Country Day School account for approximately \$27 million and \$12.2 million, respectively, of the non-residential new construction permit value

(3) Construction of St. Mary's Hall at Boston College accounts for approximately \$54 million of the residential new construction permit value.

(4) Construction of the Chestnut Hill Square shopping center accounts for approximately \$29.4 million of the non-residential new construction permit value.

SOURCE: City of Newton Building Department.

## Transportation and Utilities

Newton's proximity to Boston makes the resources of this regional center and seaport readily available. The City is less than 10 miles from Boston's Logan International Airport, with its intercity and international air carrier service. Commuter bus and train service to Boston is provided by the Massachusetts Bay Transportation Authority. The principal highways serving Newton are State Route 30 (Commonwealth Avenue — a portion of which is a part of the course for the Boston Marathon), cross-state Route 9, and Interstate Route 90—the Massachusetts Turnpike—with 3 interchanges available to the City. Water is supplied to the City by the Massachusetts Water Resources Authority. Gas and electric service is provided by private utilities.

## Development

The continued development and redevelopment of commercial and industrial parcels within the City has been fostered by the City's commitment to enhancing the quality of life for its residents and businesses. The City has played an active role by investing approximately \$8 million annually in road and infrastructure improvements. Furthermore, the City's Community Development Block Grant Program has spent nearly \$3 million in the past decade on street, sidewalk and other infrastructure improvements in the City's commercial centers.

The following tables list the major construction projects which are either completed, under construction, or pending as of the date indicated.

### Major Office/Commercial/Residential Construction (Approved, permitted or under construction – October 2015)

Location	Type	Description
200-230 Boylston Street (Chestnut Hill Square)	Mixed Use	245,000 square foot retail/office/grocery/health club plus up to 100 residential units
1-55 Boylston Street (Chestnut Hill Shopping Center)	Mixed Use	Multi-stage redevelopment project including new 3-story 65,000 square foot building with a deluxe movie theatre, health club, restaurants, office and retail space.
8 Border/111 Elm Street	Mixed Use	5 residential units above 3,000 square foot ground floor retail
624 Washington Street	Commercial	New 3,000 square foot bank with drive-thru
429 Cherry Street	Residential	New 3-story building with 13 units, including 3 affordable units
49-71 Needham Street	Mixed Use	Two new buildings totaling 19,200 square feet with mix of retail, service and restaurant uses.
300 Needham Street	Commercial	120-seat restaurant
199 Boylston Street (Chestnut Hill Mall)	Commercial	3 new restaurants with a total of up to 795 seats.
327 Grove Street	Mixed Use	Special permit in review for transit-oriented development with office, retail and housing on 12-acre parcel at Riverside MBTA station
152 Adams Street	Residential	9 rental units
170 Needham Street	Commercial	New 7,000 square foot commercial building with retail and restaurant use
75-83 Court Street	Residential	36 condo units (40B)
12 & 18-10 Curve Street	Residential	7 rental units (40B)
Kessler Woods	Residential	Special permit project for 88 rental units
131-181 Needham Street	Mixed Use	Conversion of office space to retail/service/restaurant
2 Wells Ave	Office	64,000 square foot addition to existing office building
180 Wells Ave	Office	60,000 square foot addition to existing office building
180 Needham Street	Commercial	Conversion of retail to restaurant

### INSTITUTIONAL DEVELOPMENT

(Approved, permitted or under construction – November 2014)

Location	Description
Boston College	Construction of 183,000 square foot Stokes Hall
Boston College	Interior renovations of St. Mary's Hall
35 Webster Street	Newton Cultural Alliance rehabilitation of the Nathaniel Allen House
Newton Country Day School	New 43,000 square foot Wellness Center
Fessenden School	Athletic field renovation

## PENDING MAJOR DEVELOPMENT

(Under review – November 2014)

Location	Type	Description
135 Wells Avenue	Residential	336 rental units (40B).
70 Rowe Street	Residential	135 rental units (40B).
28 Austin Street	Mixed Use	5,000 square foot retail, 68 rental units above
101 Herrick Road	Assisted Living	51 unit memory care facility

### Chestnut Hill Square Development

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

### Income Levels and Population

The following table compares federal census data for the City, the Commonwealth and the United States.

	<u>Newton</u>	<u>Massachusetts</u>	<u>United States</u>
<b>Median Age:</b>			
2014	41.9	39.4	37.7
2013	40.1	39.3	37.4
2012	40.2	39.3	37.3
2011	39.9	39.1	37.2
2010	40.5	39.1	36.8
<b>Median Family Income:</b>			
2014	\$ 154,199	\$ 87,951	\$ 65,910
2013	155,931	83,867	63,784
2012	151,101	82,684	63,105
2011	144,017	82,009	62,735
2010	136,843	81,165	63,331
<b>Per Capita Income:</b>			
2014	\$62,983	\$37,288	\$28,889
2013	64,004	35,518	27,884
2012	61,241	34,860	27,385
2011	60,083	34,420	27,158
2010	56,163	33,966	27,270

SOURCE: Federal Bureau of the Census.

On the basis of the 2010 Federal Census, the City has a population density of 4,645 persons per square mile.

**POPULATION TRENDS**

<u>Year</u>	<u>Newton</u>	<u>% Change</u>	<u>Middlesex County</u>	<u>% Change</u>	<u>Commonwealth</u>	<u>% Change</u>
2014	88,287	3.5 %	1,570,315	4.3 %	6,745,408	2.9 %
2011	85,334	0.2	1,506,218	0.2	6,553,538	0.1
2010	85,146	1.6	1,503,085	2.6	6,547,629	3.1
2000	83,829	1.5	1,465,396	4.8	6,349,097	5.5
1990	82,585	(1.2)	1,398,468	2.3	6,016,426	4.9
1980	83,622	(8.4)	1,367,034	(2.2)	5,737,037	0.8

SOURCE: Federal Census 2010, 2000, 1990, and 1980. American Community Survey Demographic and Housing Estimates, 2011-2014, 3-Year estimates.

## PROPERTY TAXATION

### Tax Levy Computation

The principal tax of Massachusetts cities and towns is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see “*Tax Limitations*” below.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the “free cash” as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months’ collections and receipts on account of earlier years’ taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see “*Abatements and Overlay*” below) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see “*Taxation to Meet Deficits*” below).

The table below illustrates the manner in which the tax levy was determined for each of the following fiscal years.

### TAX LEVY COMPUTATION

	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016
Total Appropriations(1)	\$ 352,636,164	\$ 366,189,212	\$ 393,233,899	\$ 413,139,760	\$ 431,130,931
Additions:					
State and County Assessments	5,589,591	5,810,999	5,776,954	5,921,096	6,026,701
Overlay for Current Year	3,249,822	3,615,573	4,058,035	5,075,909	5,923,542
Other Amounts to be Raised	128,220	119,906	122,145	144,007	120,061
Total Additions	<u>8,967,633</u>	<u>9,546,478</u>	<u>9,957,134</u>	<u>11,141,012</u>	<u>12,070,304</u>
Gross Amount to be Raised	<u>361,603,797</u>	<u>375,735,689</u>	<u>403,191,033</u>	<u>424,280,773</u>	<u>443,201,234</u>
Deductions:					
Local Estimated Receipts	73,473,142	74,344,869	75,544,224	84,142,040	89,739,619
Community Preservation revenues(2)	2,932,860	3,173,516	4,646,686	5,878,931	4,161,298
State Aid(3):					
Current Year	18,600,319	21,642,546	22,975,383	25,422,779	26,104,050
Available Funds(4):					
Free Cash	5,924,413	7,562,065	4,727,876	5,249,196	6,308,672
Other Available Funds	9,891,224	8,837,358	16,072,589	11,697,947	11,559,775
Total Other Revenue	<u>110,821,958</u>	<u>115,560,354</u>	<u>123,966,758</u>	<u>132,390,893</u>	<u>137,873,414</u>
Net Amount to be Raised (Tax Levy)	<u><u>\$250,781,839</u></u>	<u><u>\$260,175,336</u></u>	<u><u>\$279,224,275</u></u>	<u><u>\$291,889,879</u></u>	<u><u>\$305,327,821</u></u>

- (1) Includes additional appropriations from taxation voted subsequent to adoption of the annual budget but prior to setting of the tax rate.
- (2) Includes appropriations of fund balance to fund continuing appropriations of prior years. See “Community Preservation Fund Major Revenues” herein.
- (3) Estimated by various state agencies and required by law to use in setting of the tax rate. Actual state aid payments may vary upward or downward from said estimates, and the State may withhold payments pending receipt of State and County assessments. See “CITY FINANCES—Revenues—State Aid”. Transfers from other available funds, including “Free Cash” (see “CITY FINANCES”) generally made as an offset to a particular appropriation item.
- (4) Includes overlay surplus reserve fund for each year and transfers from the water and sewer accounts to cover indirect costs incurred in the general fund.

## Assessed Valuations and Tax Levies

Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

Professional revaluations of all property in the City to full and fair value in compliance with Massachusetts law was most recently completed for use in fiscal year 2015. (See "Property Tax Limitation").

The following table sets forth the trend in the City's assessed valuations, tax rates, tax levies by property types.

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Rate Per \$1,000 Valuation		
				Residential Property	Commercial, Industrial, Personal Property	Gross Levy
2016	\$ 23,904,095,700	\$ 417,722,300	\$ 24,321,818,000	\$ 11.38	\$ 21.94	\$ 305,327,821
2015 (1)	22,266,632,300	398,472,900	22,665,105,200	11.61	22.38	291,889,879
2014	20,593,882,300	368,307,500	20,962,189,800	12.12	23.16	279,224,275
2013	20,293,688,500	351,617,700	20,645,306,200	11.49	21.93	260,175,336
2012(1)	20,127,981,500	336,017,900	20,463,999,400	11.17	21.32	250,781,839

(1) Revaluation years.

## Classification by Property

The following is a breakdown of the City's fiscal 2016, 2015 and 2014 real estate valuation by type of property.

Property Type	2016		2015 (1)		2014	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$21,618,642,652	88.9 %	\$19,995,837,989	88.2 %	\$18,687,096,235	89.1 %
Commercial	2,112,822,048	8.7	2,102,213,911	9.3	1,756,659,465	8.4
Industrial	172,631,000	0.7	168,580,400	0.7	150,126,600	0.7
Personal	417,722,300	1.7	398,472,900	1.8	368,307,500	1.8
Total Assessed Value	<u>\$24,321,818,000</u>	<u>100.0 %</u>	<u>\$22,665,105,200</u>	<u>100.0 %</u>	<u>\$20,962,189,800</u>	<u>100.0 %</u>

(1) Revaluation year.



## Largest Taxpayers

The following is a list of the ten largest taxpayers in the City based upon assessed valuations for fiscal 2016. All of the taxpayers listed below are current in their tax payments, with the exception of NStar Electric (see footnote below).

Name	Nature of Business	FY 2016 Tax Levy	% of Total Levy
NStar Electric (1)	Utility Company	\$ 3,185,306	1.04 %
Hines Global REIT	Office Building	2,947,716	0.97
Chestnut Hill Shopping Center LLC	Shopping Center- The Street	2,640,558	0.86
Mall at Chestnut Hill LLC	Chestnut Hill Mall	2,316,814	0.76
CHS Commercial Owner LLC	Chestnut Hill Mall	2,134,801	0.70
Chesapeake Hotel Lmt Partnership	Marriott Hotel	1,836,641	0.60
Boston Gas/National Grid	Utility Company	1,493,969	0.49
Thomas J. White TRS	Hotel and Office Building	1,397,150	0.46
Avalon Upper Falls LLC	Apartment Building	835,630	0.27
NS Wells Acquistic	Office Building	811,089	0.27
		<u>\$19,599,675</u>	<u>6.42 %</u>

(1) Past due \$2.5 million total for 2013, 2014 and 2015.

## State Equalized Valuation

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality as of January 1 of even numbered years. This is known as the "equalized value".

The following table sets forth the trend in State equalized valuations of the City. The City of Newton has the third highest equalized valuation in Massachusetts, after the cities of Boston and Cambridge.

Year	State Equalized Valuation	% Increase/ (Decrease)
2014	\$22,305,253,800	2.52 %
2012	21,757,017,900	(3.39)
2010	22,520,035,100	1.34
2008	22,221,420,100	2.86
2006	21,604,607,900	12.93

SOURCE: State Department of Revenue.

## Abatements and Overlay

A city or town is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The table below sets forth the amount of the overlay reserve for the following fiscal years and actual abatements granted through June 30, 2015 against each levy.

Fiscal Year	Net Tax Levy(1)	Overlay Reserve		Abatements Granted Through June 30, 2015
		Dollar Amount	As a % of Net Levy	
2015	\$ 286,813,970	\$ 5,075,909	1.77 %	\$ 443,651
2014	275,166,240	4,058,035	1.47	413,983
2013	256,559,763	3,615,573	1.41	709,691
2012	247,532,017	3,249,822	1.31	1,066,355
2011	238,752,520	2,955,334	1.24	1,619,750

(1) Tax levy prior to addition of overlay reserve.

### Tax Collections

The taxes for each fiscal year are due in quarterly installments on August 1, November 1, February 1, and May 1. Interest accrues on delinquent taxes currently at the rate of 14 percent per annum retroactive to the due date. Real property (land and buildings) is subject to a lien for the taxes assessed upon it (subject to any paramount federal lien and subject to bankruptcy and insolvency laws). If the property has not been transferred, an unenforced lien expires on the third November 15 after the first year. If the property has not been transferred by the third November 15, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below.

The table below compares the City's net tax collections with its net (gross tax levy less overlay reserve for abatements) tax levies for the following fiscal years.

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net Tax Levy	Collections During Fiscal Year Payable(1)(2)		Collections as of June 30, 2015	
				Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2015	\$291,889,879	\$5,075,909	\$286,813,970	\$286,945,789	100.05 %	\$286,945,789	100.05 %
2014	279,224,275	4,058,035	275,166,240	274,820,049	99.87	277,097,185	100.70
2013	260,175,336	3,615,573	256,559,763	255,584,775	99.62	257,697,610	100.44
2012	250,781,839	3,249,822	247,532,017	246,717,069	99.67	248,510,526	100.40
2011	241,707,854	2,955,334	238,752,520	237,347,484	99.41	239,455,640	100.29

(1) Net after deduction of overlay reserve for abatements.

(2) Actual dollar collections, net of refunds. Does not include abatements, proceeds of tax titles or tax possessions attributable to each levy or other non-cash credits.

## Tax Titles and Possessions

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for nonpayment of taxes thereon. In either case the property owner can redeem the property by paying the unpaid taxes, with interest (at a rate of 16%) and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments) it can be foreclosed by petition to the land court.

Upon such foreclosure, a tax title purchased or taken by the municipality becomes a “tax possession” and may be held and disposed of like any land held for municipal purposes. Uncollectible real property taxes are ordinarily not written off until they become municipal tax titles (either by purchase at the public sale or by taking), at which time the tax is written off in full by reserving the amount of tax and charging surplus.

The table below sets forth the balances of tax titles and possessions at the end of the following fiscal years.

<u>Total Tax Fiscal Year</u>	<u>Titles and Possessions</u>
2015	\$5,527,722
2014	6,418,558
2013	6,173,905
2012	5,429,714
2011	4,396,479

## Taxation to Meet Deficits

As noted elsewhere (see “*Abatements and Overlay*” above) overlay deficits, i.e. tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e. those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as “free cash” deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

## Tax Limitations

Chapter 59, Section 21C of the General Laws, also known as Proposition 2 ½, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to

exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation.

This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the "growth" limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit "to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year".

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town's apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

The City has been in full compliance with Proposition 2½ since fiscal 1982 following the completion of a professional revaluation of all real and personal property in the City to full value. The following table sets forth the City's tax levy for the current and each of the last four fiscal years, the primary levy limits based upon 2.5% of estimated full value and the maximum levy limits as determined by the State Department of Revenue.

## Tax Levies and Levy Limits (1)

	For Fiscal Year					
	2016	2015	2014	2013	2012	2011
Primary Levy Limit (2)	\$ 608,045,450	\$ 566,627,630	\$ 524,054,745	\$ 516,132,655	\$ 511,599,985	\$ 505,820,250
Prior Fiscal Year Levy Limit	291,627,432	279,241,788	260,189,736	250,798,454	241,724,752	233,388,825
2.5% Levy Growth	7,290,686	6,981,045	6,504,743	6,269,961	6,043,119	5,834,721
New Growth (3)	5,136,645	5,404,599	4,147,309	3,121,321	3,030,583	2,501,206
Overrides	-	-	8,400,000	-	-	-
Growth Levy Limit	304,054,763	291,627,432	279,241,788	260,189,736	250,798,454	241,724,752
Debt Exclusions		283,432	-	-	-	-
Capital Expenditure Exclusions	1,296,583	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-
Tax Levy Limit	305,351,346	291,911,394	279,241,788	260,189,736	250,798,454	241,724,752
Tax Levy	305,327,821	291,889,879	279,224,275	260,175,336	250,781,839	241,707,854
Unused Levy Capacity (4)	23,525	21,515	17,513	14,400	16,615	16,898
Unused Primary Levy Capacity (5)	\$ 302,694,104	\$ 274,716,236	\$ 244,812,957	\$ 255,942,919	\$ 260,801,531	\$ 264,095,498

(1) Source: Massachusetts Department of Revenue.

(2) 2.5% of assessed valuation.

(3) Allowed increase for new valuations (or required reduction) - certified by the Department of Revenue.

(4) Tax Levy Limit less Tax Levy.

(5) Primary Levy Limit less Growth Levy Limit.

**In March 2013 the voters approved two debt exclusions and a general override of Proposition 2½ to cover five capital projects at an estimated cost of \$132 million. The override will fund three elementary school renovations, two new fire stations, street repairs, and funding for additional teachers and aides, and police officers.**

### Community Preservation Act

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy and to receive state matching funds for the acquisition, creation, preservation, rehabilitation and restoration of open space, historic resources and affordable housing. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% of the real property tax levy, and it may accept one or more exemptions to the surcharge under the CPA, including an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property, and an exemption for commercial and industrial properties in cities and towns with classified tax rates. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see "Tax Limitations" under "PROPERTY TAXATION" above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge on the real property tax levy. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula which requires that 80% of the amount in the state trust fund be used to match an equal percentage of the amount raised locally by each city and town, and that the remaining 20% of the amount in the fund be distributed only to those cities and towns that levy the maximum 3% surcharge based on a formula which takes into account equalized property valuation and population, resulting in larger distributions to those communities with low valuations and small populations. The total state distribution made to

any city or town may not, however, exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on real property taxes and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The City has accepted the Act and set the rate at 1%. The City implemented the program in fiscal 2002 and will utilize revenues to pay for a variety of qualifying projects.

**Community Preservation Fund Major Revenues**

<u>Year</u>	<u>Property Tax</u>	<u>State Contribution</u>	<u>All Other</u>	<u>Total</u>
2016 (1)	\$ 1,456,358	\$ 839,889	\$ 95,361	\$ 2,391,608
2015	2,811,676	851,890	32,403	3,695,969
2014	2,682,190	1,311,139	24,587	4,017,916
2013	2,501,985	652,294	24,977	3,179,256
2012	2,437,128	625,763	30,971	3,093,862
2011	2,336,649	616,589	39,671	2,992,909

(1) As of November 20, 2015.

**As of November 20, 2015 the CPA Fund had a balance available for appropriations of \$8,223,464.**

## CITY FINANCES

### Budget and Appropriation Process

In a city, within 170 days after the annual organization of the city government (which is ordinarily in early January), the mayor or city manager is required to submit a budget of proposed expenditures for the fiscal year beginning on the next July 1. The city council may make appropriations for the recommended purposes and may reduce or reject any item. Without a recommendation of the mayor or manager, the council may not make any appropriation for a purpose not included in the proposed budget, except by a two-thirds vote in the case of a failure of the mayor or manager to recommend an appropriation for such a purpose within 7 days after a request from the council. The council may not increase any item without the recommendation of the mayor (except as provided by legislation, subject to local acceptance, under which the school budget or regional school district assessment can be increased upon recommendation of the school committee or regional district school committee and by two-thirds vote of the council, provided that such increase does not cause the total annual budget to exceed the property tax limitations). If the council fails to act on any item of the proposed budget within 45 days, that item takes effect.

City department heads are generally required to submit their budget requests to the mayor or city manager between November 1 and December 1. This does not apply to the school department, which must submit its requests in time for the mayor or manager to include them in his submission to the council.

If the mayor or manager does not make a timely budget submission, provision is made for preparation of a budget by the council. Provision is also made for supplementary appropriations upon recommendation of the mayor or manager.

The annual appropriations of a town are ordinarily made at the annual meeting which takes place in February, March, April, May or June. Appropriations may also be voted at special meetings. Every town must have an appropriation, advisory or finance committee. The committee (or the board of selectmen if authorized by by-law) is required to submit a budget of proposed expenditures at the annual town meeting.

Under certain circumstances and subject to certain limits and requirements, the city council of a city, upon the recommendation of the mayor, may transfer amounts appropriated for the use of one department (except for a municipal light department or a school department) to another appropriation for the same department or for the use of any other department. In a town, town meeting may at any time vote to transfer any amount previously appropriated to any other authorized use by law, and, under certain circumstances and subject to certain limits and requirements, the selectmen of a town, with the concurrence of the finance committee, may transfer amounts appropriated for the use of any department to any other appropriation for the same department or to any other department.

Water and sewer department expenditures are generally included in the budgets adopted by city councils and town meetings but electric and gas department funds may be appropriated by the municipal light boards. Under certain legislation any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts.

The school budget is limited to the total amount appropriated by the city council or town meeting, but the school committee retains full power to allocate the funds appropriated. State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. (See footnotes to "Tax Levy Computation" above and "State Aid" below.)

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See "PROPERTY TAXATION" above.)

The following table lists the City's budgets for fiscal 2011 through 2015. The budgets include General Fund, Water and Sewer Utility Funds, and Community Preservation.

### BUDGET COMPARISON (1)

	FY 2011 Budget	FY 2012 Budget	FY 2013 Budget	FY 2014 Budget	FY 2015 Budget	FY 2016 Budget (2)
General Government	\$ 13,365,656	\$ 14,005,361	\$ 14,323,135	\$ 15,863,130	\$ 17,340,040	\$ 18,235,161
Public Safety	35,892,062	35,824,539	35,926,763	37,876,009	39,628,117	40,897,956
Education	166,357,021	169,993,109	178,365,423	189,112,913	195,984,446	203,127,279
Public Works	22,431,017	19,895,169	22,871,157	25,385,792	28,911,444	22,983,721
Water & Sewer	36,292,220	36,136,272	40,241,147	40,445,439	41,471,089	43,677,736
Health & Human Services	3,816,352	3,941,976	4,046,683	4,102,323	4,188,670	4,407,799
Culture & Recreation	9,221,441	9,676,877	9,643,449	9,380,325	9,913,555	11,481,788
Debt Service-General	16,010,731	16,056,700	16,264,618	17,057,491	17,493,096	19,064,717
Debt Service-Water & Sewer	4,668,628	4,776,109	4,635,339	5,037,655	4,617,227	4,754,728
Debt Service - CPA	882,788	857,907	831,125	801,750	280,500	269,344
Interest on Tax Refunds	-	-	672,858	-	-	-
Pension & Employee Ben.	24,565,898	26,277,184	26,759,627	28,414,807	30,573,911	32,736,247
State & County Asses.	5,589,086	5,589,591	5,810,999	5,776,954	5,921,096	6,000,544
Capital Outlay from CPA	8,830,205	7,367,397	4,356,568 (3)	5,418,850 (3)	7,607,309 (3)	8,563,271 (3)
Capital Outlay & Other	4,656,571	5,379,542	5,181,419 (4)	4,999,018 (4)	3,829,182 (4)	7,094,756 (4)
Capital Outlay & Other - Water & Sewer	-	-	- (5)	2,345,307 (5)	3,500,550 (5)	3,127,374 (5)
Subtotal	\$ 352,579,676	\$ 355,777,733	\$ 369,930,310	\$ 392,017,763	\$ 411,260,232	\$ 426,422,421
Transfer to Other Funds	5,461,830	7,326,951	8,127,647 (6)	14,519,031 (6)	18,638,175 (6)	7,717,976 (6)
Total	\$ 358,041,506	\$ 363,104,684	\$ 378,057,957	\$ 406,536,794	\$ 429,898,407	\$ 434,140,397

(1) Includes annual appropriations for General Fund, Storm Water Management Fund, Water Fund, Sewer Fund and Community Preservation Fund.

(2) Fiscal year 2016 Budget as amended, as of November 20, 2015.

(3) CPA Fund Capital Outlay & Other:

	2013	2014	2015	2016
Appropriated reserves	\$ 2,066,075	\$ 1,933,764	\$ 1,260,251	\$ 3,152,658
Capital outlay & improvements	2,290,493	3,485,086	6,347,058	5,410,613
Total	\$ 4,356,568	\$ 5,418,850	\$ 7,607,309	\$ 8,563,271

(4) General Fund Capital Outlay and Other:

	2013	2014	2015	2016
Municipal wage reserve	\$ 227	\$ -	\$ -	\$ 750,000
Budget reserve	-	-	15,000	286,867
Snow & ice reserve	-	-	-	2,500,000
ABT Interest Reserve	-	-	435,510	880,736
Capital outlay & improvements	5,181,192	4,999,018	3,378,672	2,677,153
Total	\$ 5,181,419	\$ 4,999,018	\$ 3,829,182	\$ 7,094,756

(5) Water & Sewer Capital Outlay & Other:

	2013	2014	2015	2016
Operating reserve	\$ -	\$ 780,340	\$ 2,500,550	\$ 3,127,374
Capital reserve	-	1,564,967	1,000,000	-
Total	\$ -	\$ 2,345,307	\$ 3,500,550	\$ 3,127,374

(6) Transfer to Other Funds:

	2013	2014	2015	2016
Workers compenstation self insurance	\$ 1,674,873	\$ 1,868,845	\$ 2,050,000	\$ 1,550,000
School athletic revolving subsidy	900,533	880,533	906,729	950,000
School food services fund subsidy	95,000	-	-	-
"Rainy day" stabilization fund	4,850,000	3,000,000	3,236,420	782,396
Capital stabilization fund contribution	-	2,400,000	2,487,062	2,400,000
School building improvement fund	350,000	40,000	98,964	369,024
Water & sewer capital improvement funds	-	6,246,653	9,704,000	1,666,556
All other	257,241	83,000	155,000	-
Total	\$ 8,127,647	\$ 14,519,031	\$ 18,638,175	\$ 7,717,976



## Revenues

All of the amounts below were extracted from the audited financial statements of the City, except for the MWRA assessments.

**Property Taxes:** Property taxes are the major source of revenue for the City. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "PROPERTY TAXATION--Property Tax Limitation" above. The trend in the (net) property tax levy is shown in the table below.

<u>Fiscal Year</u>	<u>Property Tax Levy</u>
2016	\$ 299,404,279
2015	286,813,970
2014	275,166,240
2013	256,559,763
2012	247,532,017

**State Aid:** The City's state aid entitlement is based upon a number of different formulas, and while said formulas might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid but actual payments may vary from the estimate.

The table below shows the trend in the City's General Fund state aid, inclusive of school building assistance reimbursements.

<u>Fiscal Year</u>	<u>State Aid</u>
2016 (estimate)	\$ 25,983,989
2015	25,188,483
2014	22,718,542
2013	21,481,789
2012	18,865,910
2011	18,755,877

**Motor Vehicle Excise:** An excise is imposed on the registration of motor vehicles (subject to exemptions) at a rate of \$25 per \$1,000 of valuation. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills not paid when due bear interest at 12 per cent per annum. Provision is also made for non-renewal of registration and operating license by the registrar of motor vehicles. The trend in motor vehicle excise tax receipts is shown in the table below.

<u>Fiscal Year</u>	<u>Motor Vehicle Excise Tax Receipts</u>
2016 (estimate)	\$ 12,353,469
2015	12,353,469
2014	12,196,692
2013	10,909,790
2012	9,815,594
2011	9,506,478

**Water and Sewer:** Since fiscal 1989, the City's water and sewer operations have been accounted in special revenue funds. The City's policy is to set water and sewer rates to recover fully all costs of operations, including overhead and debt service.

The latest adjustment in water and sewer rates became effective for water consumed on July 1, 2014. Water rates are currently \$6.07 per hundred cubic feet (hcf) for the first 20 hcf, \$7.27 per hcf for the next 50 hcf; and \$8.74 per hcf for all consumption in excess of 70 hcf. Sewer rates are based on water consumption. Sewer rates are currently \$8.94 for the first 20 hcf of water consumption; \$10.73 per hcf for the next 50 hcf; and \$12.88 for all water consumed in excess of 70 hcf.

Massachusetts Water Resources Authority (MWRA) charges for water supply and collection and treatment of sewage amount to \$29.9 million for the current fiscal year – 61.3% of the combined total operating budget of the City's water and sewer utilities.

For the fiscal year ended June 30, 2015, sewer fund revenues and transfers from other funds were \$31,989,504; expenditures and transfers to other funds were \$33,515,777 (\$7,004,000 of which represented a transfer to the Sewer Capital project fund), and the fund ended the with a fund balance of \$9,428,691, \$7,515,508 of which was available for appropriation. The fiscal year 2016 revenue estimate is \$31,139,087, \$12,096,186 or 38.85% of which has been collected as of October 31, 2015.

For the fiscal year ended June 30, 2015, water fund revenues were \$21,816,051, expenditures and transfers to other funds were \$22,554,843 (including \$2,700,000 in resources transferred to the Water Capital project fund), and the fund ended the year with a fund balance of \$4,373,401, \$3,528,832 of which was available for appropriation. The fiscal year 2016 water fund revenue estimate is \$23,875,000, \$8,721,309 or 36.56% of which has been collected as of October 31, 2015.

**Room Occupancy Tax:** In 1985 the State legislature made available a room occupancy excise tax as an additional source of revenue for municipalities (G.L. Chapter 64G, s.3A), effective July 1, 1986. Under this tax, local governments may tax the provision of hotel, motel and lodging house rooms at a rate not to exceed four percent (4%) of the cost of renting such rooms. The tax is paid by the operator of the hotel, motel or lodging house to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located in quarterly distributions. Effective October 1, 2009, the City levies the full 6% room occupancy tax as permitted under the law. The trend in room occupancy tax receipts is shown below.

<u>Fiscal Year</u>		<u>Room Occupancy Tax Receipts</u>
2016	(1)	\$ 2,330,724
2015		2,330,724
2014		2,218,759
2013		2,051,414
2012		1,800,000
2011		1,600,000

(1) Estimate.

**Local Meals Excise Tax:** Effective January 1, 2010, the City enacted a local meals excise tax on sales of restaurant meals. The tax is a three-fourths percent tax on the gross receipts of a vendor from the sale of restaurant meals. The vendor pays the tax to the State Commissioner of Revenue, which in turn, pays the tax to the municipality in which the meal was sold. The trend in local meals excise tax receipts is shown below.

<u>Fiscal Year</u>		<u>Local Meals Excise Tax Receipts</u>
2016	(1)	\$ 1,786,617
2015		1,786,617
2014		1,557,737
2013		1,407,803
2012		1,400,000
2011		1,300,000

(1) Estimate.

### Capital Planning and Budget Forecasts

As part of its budget planning process, the City prepares a capital budget and six-year capital plan. Copies of these documents are available in the City's website and/or from the City's Chief Financial Officer.

## **Investment of City Funds**

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, §55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust (“MMDT”), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer’s office. According to the State Treasurer the Trust’s investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with §54 of Chapter 44, which permits a broader range of investments than §55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by §54 and 55 do not apply to city and town retirement systems.

Breakdown of such investments may be obtained from the City Treasurer.

Pension funds are under the jurisdiction of the Newton Contributory Retirement System. Investments and the retirement system are discussed in Appendix A.

## **Annual Audits**

Audits are performed annually by Clifton Larson Allen, LLP (formerly Sullivan, Rogers, & Company, LLC) and incorporated into the City’s Comprehensive Annual Financial Reports. See Appendix A for the City’s fiscal 2015 Comprehensive Annual Financial Report (“CAFR”) and audit. Copies of previous fiscal year’s audits are available upon request from the City.

The attached report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

## **Basis of Accounting**

See Appendix A.

## **Financial Statements**

Set forth on the following pages are Governmental Fund Balance Sheets for fiscal 2015, 2014, and 2013, and Statements of Revenues, Expenditures and Changes in Fund Balances for fiscal years 2015 through 2011. All the financial statements are extracted from audited financial statements.

## **Comprehensive Annual Financial Report (CAFR)**

The City has prepared a CAFR for the fiscal year ending June 30, 2015. This report is attached hereto as Appendix A.

**CITY OF NEWTON, MASSACHUSETTS  
GOVERNMENTAL FUND BALANCE SHEET  
JUNE 30, 2015 (1)**

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

(1) Extracted from the audited financial statements of the City.

**CITY OF NEWTON, MASSACHUSETTS  
GOVERNMENTAL FUND BALANCE SHEET  
JUNE 30, 2014 (1)**

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

(1) Extracted from the audited financial statements of the City.

**CITY OF NEWTON, MASSACHUSETTS  
GOVERNMENTAL FUND BALANCE SHEET  
JUNE 30, 2013 (1)**

	General	Community Preservation	High School Improvements	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 50,892,228	\$ -	\$ -	\$ 1,718,332	\$ 52,610,560
Interest and Dividends	-	-	-	1,847	1,847
Receivables, net of Allowance for Uncollectibles					
Real Estate and Personal Property Taxes	3,496,954	-	-	-	3,496,954
Real Estate Tax Deferrals	3,213,602	-	-	-	3,213,602
Tax Liens	8,881,747	-	-	3,683	8,885,430
Motor Vehicle Excise	1,138,233	-	-	-	1,138,233
Community Preservation Surcharges	-	25,248	-	-	25,248
Charges for Services	35,385	-	-	680,299	715,684
Departmental and Other	4,827,722	-	-	7,009	4,834,731
Intergovernmental	990,217	1,305,486	-	4,724,939	7,020,642
Special Assessments	579,341	-	-	-	579,341
Due from Other Funds	2,631,492	-	-	-	2,631,492
Due from Other Fiduciary Funds	14,997	-	-	-	14,997
Other Assets	8,417	-	-	30,000	38,417
Restricted Assets:					
Cash and cash Equivalents	3,164,616	9,432,315	8,565	20,229,479	32,834,975
Investments	-	-	-	595,247	595,247
<b>TOTAL ASSETS</b>	<b>\$ 79,874,951</b>	<b>\$ 10,763,049</b>	<b>\$ 8,565</b>	<b>\$ 27,990,835</b>	<b>\$ 118,637,400</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Warrants Payable	\$ 3,707,237	\$ 9,368	\$ -	\$ 2,461,429	\$ 6,178,034
Accrued Liabilities	3,297,685	-	-	1,083,694	4,381,379
Accrued Payroll	12,858,905	970	-	593,269	13,453,144
Revenue Refunds Payable	5,313,269	-	-	-	5,313,269
Other Liabilities	-	136	-	1,256,391	1,256,527
Abandoned Property	880,514	-	-	-	880,514
Liabilities and Depositors	320,447	-	-	-	320,447
Deferred Revenues	20,781,510	1,325,730	-	364,767	22,472,007
Due to Other Funds	-	-	-	2,631,492	2,631,492
<b>TOTAL LIABILITIES</b>	<b>\$ 47,159,567</b>	<b>\$ 1,336,204</b>	<b>\$ -</b>	<b>\$ 8,391,042</b>	<b>\$ 56,886,813</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	447,206	447,206
Restricted	3,164,616	9,426,845	8,565	17,434,255	30,034,281
Committed	5,348,800	-	-	1,718,332	7,067,132
Assigned	3,110,521	-	-	-	3,110,521
Unassigned	21,091,447	-	-	-	21,091,447
<b>TOTAL FUND BALANCES</b>	<b>\$ 32,715,384</b>	<b>\$ 9,426,845</b>	<b>\$ 8,565</b>	<b>\$ 19,599,793</b>	<b>\$ 61,750,587</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 79,874,951</b>	<b>\$ 10,763,049</b>	<b>\$ 8,565</b>	<b>\$ 27,990,835</b>	<b>\$ 118,637,400</b>

(1) Extracted from the audited financial statements of the City.

**CITY OF NEWTON, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For Fiscal Year Ended June 30, 2015 (1)**

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

(1) Extracted from the audited financial statements of the City.

**CITY OF NEWTON, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For Fiscal Year Ended June 30, 2014 (1)**

	General	Community Preservation	High School Improvements	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real Estate and Personal Property Taxes	\$ 277,636,527	\$ -	\$ -	\$ -	\$ 277,636,527
Motor Vehicle Excise Taxes	12,057,191	-	-	-	12,057,191
Hotel Room Occupancy Taxes	2,218,759	-	-	-	2,218,759
Meals Taxes	1,557,737	-	-	-	1,557,737
Community Preservation Surcharges	-	2,689,198	-	-	2,689,198
Penalties and Interest on Taxes	1,135,819	-	-	24,272	1,160,091
Licenses and Permits	6,899,536	-	-	638,748	7,538,284
Intergovernmental	56,964,530	1,311,139	-	25,354,077	83,629,746
Charges for Services	1,734,699	-	-	17,355,434	19,090,133
Fines and Forfeitures	1,840,649	-	-	49,286	1,889,935
Investment Income	216,610	18,636	-	92,769	328,015
Contributions and Donations	-	-	-	1,112,823	1,112,823
Payments in Lieu of Taxes	475,741	-	-	-	475,741
Miscellaneous	493,668	5,952	-	238,089	737,709
Special Assessments	51,512	-	-	138,035	189,547
<b>TOTAL REVENUES</b>	<b>\$ 363,282,978</b>	<b>\$ 4,024,925</b>	<b>\$ -</b>	<b>\$ 45,003,533</b>	<b>\$ 412,311,436</b>
<b>EXPENDITURES:</b>					
Current:					
General Government:					
Legislative & Executive	\$ 2,456,088	\$ -	\$ -	\$ 5,074	\$ 2,461,162
Financial Administration	3,600,152	-	-	250	3,600,402
Administrative Support	4,143,257	-	-	-	4,143,257
Planning & Development	1,113,182	455,995	-	4,442,976	6,012,153
Public Building Maintenance & Operations	4,056,107	637,872	-	1,873,703	6,567,682
Public Safety:					
Police	18,816,481	-	-	3,819,460	22,635,941
Fire	17,509,749	-	-	817,020	18,326,769
Inspectional Services	1,198,956	-	-	15,730	1,214,686
Education	187,922,902	-	3,520	42,465,318	230,391,740
Public Works:					
Streets and Sidewalks	6,568,467	-	-	7,086,664	13,655,131
Control of Snow & Ice	4,941,099	-	-	-	4,941,099
Sanitation	8,244,008	-	-	-	8,244,008
Vehicle Maintenance	2,127,266	-	-	4,542	2,131,808
Engineering	1,031,832	-	-	72,382	1,104,214
Administrative & Support	1,006,137	-	-	-	1,006,137
Health and Human Services:					
Health & Human Services	3,109,422	-	-	326,598	3,436,020
Senior Services	576,061	-	-	305,567	881,628
Veteran Services	338,989	-	-	-	338,989
Culture and Recreation:					
Libraries	5,124,667	-	-	333,735	5,458,402
Parks & Recreation	3,863,993	-	-	2,817,467	6,681,460
Newton History Museum	251,324	50,912	-	1,246	303,482
Retirement Benefits	60,134,090	-	-	-	60,134,090
Workers' Compensation Insurance	1,334,721	-	-	-	1,334,721
Property and Liability Insurance	443,898	-	-	-	443,898
Claims and Judgments	171,221	-	-	-	171,221
State assessments & Charges	5,783,939	-	-	-	5,783,939
Debt Service					
Principal	9,612,425	755,000	-	-	10,367,425
Interest	7,364,974	46,750	-	-	7,411,724
<b>TOTAL EXPENDITURES</b>	<b>\$ 362,845,407</b>	<b>\$ 1,946,529</b>	<b>\$ 3,520</b>	<b>\$ 64,387,732</b>	<b>\$ 429,183,188</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS OVER EXPENDITURES</b>					
	437,571	-	-	(19,384,199)	(16,871,752)
Other Financing Sources (Uses)					
Transfers In	6,757,272	-	-	4,045,270	10,802,542
Issuance of General Obligation Bonds	-	-	-	20,936,000	20,936,000
Premium from Issuance of Bonds and Notes	749,963	-	-	-	749,963
Sale of Assets	14,173	-	-	13,246	27,419
Transfers Out	(3,998,586)	-	(5,045)	(4,291,917)	(8,295,548)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>3,522,822</b>	<b>-</b>	<b>(5,045)</b>	<b>20,702,599</b>	<b>24,220,376</b>
Net Change in Fund Balances	3,960,393	2,078,396	(8,565)	1,318,400	7,348,624
Fund Balances at Beginning of Year	32,715,384	9,426,845	8,565	19,599,793	61,750,587
<b>Fund Balances at End of Year</b>	<b>\$ 36,675,777</b>	<b>\$ 11,505,241</b>	<b>\$ -</b>	<b>\$ 20,918,193</b>	<b>\$ 69,099,211</b>

(1) Extracted from the audited financial statements of the City.



**CITY OF NEWTON, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For Fiscal Year Ended June 30, 2013 (1)**

	General	Community Preservation	High School Improvements	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real Estate and Personal Property Taxes	\$ 257,225,856	\$ -	\$ -	\$ -	\$ 257,225,856
Motor Vehicle Excise Taxes	11,351,368	-	-	-	11,351,368
Hotel Room Occupancy Taxes	2,051,414	-	-	-	2,051,414
Meals Taxes	1,407,803	-	-	-	1,407,803
Community Preservation Surcharges	-	2,508,969	-	-	2,508,969
Penalties and Interest on Taxes	984,301	-	-	27,290	1,011,591
Licenses and Permits	8,200,172	-	-	1,091,091	9,291,263
Intergovernmental	57,693,939	652,294	-	23,624,824	81,971,057
Charges for Services	1,822,894	-	-	15,879,530	17,702,424
Fines and Forfeitures	1,939,122	-	-	90,738	2,029,860
Investment Income	188,892	19,091	-	49,745	257,728
Contributions and Donations	-	-	-	833,888	833,888
Payments in Lieu of Taxes	521,643	-	-	-	521,643
Miscellaneous	375,371	-	-	218,341	593,712
Special Assessments	66,752	-	-	157,751	224,503
<b>TOTAL REVENUES</b>	<b>\$ 343,829,526</b>	<b>\$3,180,354</b>	<b>\$ -</b>	<b>\$ 41,973,198</b>	<b>\$ 388,983,077</b>
<b>EXPENDITURES:</b>					
Current:					
General Government:					
Legislative & Executive	\$ 1,847,953	\$ -	\$ -	\$ -	\$ 1,847,953
Elections	632,393	-	-	28,924	661,317
Financial Administration	3,216,349	-	-	-	3,216,349
Administrative Support	3,313,313	-	-	-	3,313,313
Planning & Development	1,081,684	556,803	-	2,878,218	4,516,705
Public Building Maintenance & Operations	3,729,368	28,318	-	1,469,504	5,227,190
Interest on property tax refunds	179,139	-	-	-	179,139
Public Safety:					
Police	17,794,088	-	-	3,637,093	21,431,181
Fire	16,549,507	-	-	1,167,861	17,717,368
Inspectional Services	1,076,988	-	-	6,918	1,083,906
Education	176,950,192	-	127,980	33,294,820	210,372,992
Public Works:					
Streets and Sidewalks	4,843,312	-	-	7,659,065	12,502,377
Control of Snow & Ice	3,694,007	-	-	-	3,694,007
Sanitation	7,892,394	-	-	3,058	7,895,452
Vehicle Maintenance	2,301,905	-	-	7,656	2,309,561
Engineering	1,041,433	-	-	55,551	1,096,984
Administrative & Support	1,441,446	-	-	-	1,441,446
Health and Human Services:					
Health & Human Services	2,955,788	-	-	240,081	3,195,869
Senior Services	559,325	-	-	242,914	802,239
Veteran Services	360,887	-	-	-	360,887
Culture and Recreation:					
Libraries	5,054,270	-	-	337,805	5,392,075
Parks & Recreation	4,560,626	-	-	2,480,033	7,040,659
Newton History Museum	228,139	970,531	-	3,278	1,201,948
Retirement Benefits	57,813,067	-	-	-	57,813,067
Workers' Compensation Insurance	1,300,643	-	-	-	1,300,643
Property and Liability Insurance	421,363	-	-	-	421,363
Claims and Judgments	128,950	-	-	-	128,950
State assessments & Charges	5,722,550	-	-	-	5,722,550
Debt Service					
Principal	8,841,167	755,000	-	-	9,596,167
Interest	7,492,201	76,125	-	-	7,568,326
<b>TOTAL EXPENDITURES</b>	<b>\$ 343,024,447</b>	<b>\$ 2,386,777</b>	<b>\$ 127,980</b>	<b>\$ 53,512,779</b>	<b>\$ 399,051,983</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS OVER EXPENDITURES</b>					
Other Financing Sources (Uses)	805,080	793,577	(127,980)	(11,539,581)	(10,068,906)
Transfers In					
Transfers In	5,401,781	-	53,446	2,276,951	7,732,178
Issuance of General Obligation Bonds	-	-	-	10,812,558	10,812,558
Premium from Issuance of Bonds and Notes	590,740	-	-	-	590,740
Proceeds of Refunding Bonds	-	-	4,761,000	-	4,761,000
Sale of Assets	22,725	-	597,034	32,600	652,359
Transfers Out	(2,016,310)	(2,802)	(5,171)	(4,067,636)	(6,091,919)
Payments to Refunding Bond Escrow Agent	-	-	(5,358,034)	-	(5,358,034)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>3,998,936</b>	<b>(2,802)</b>	<b>48,275</b>	<b>9,054,473</b>	<b>13,098,882</b>
Net Change in Fund Balances	4,804,016	790,775	(79,705)	(2,485,109)	3,029,977
Fund Balances at Beginning of Year (As Restated)	27,911,368	8,636,070	88,270	22,084,903	58,720,611
<b>Fund Balances at End of Year</b>	<b>\$ 32,715,384</b>	<b>\$ 9,426,845</b>	<b>\$ 8,565</b>	<b>\$ 19,599,794</b>	<b>\$ 61,750,588</b>

(1) Extracted from the audited financial statements of the City.

**CITY OF NEWTON, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For Fiscal Year Ended June 30, 2012 (1)**

	General	Community Preservation	High School Improvements	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real Estate and Personal Property Taxes	\$ 248,503,570	\$ -	\$ -	\$ -	\$ 248,503,570
Motor Vehicle Excise Taxes	10,567,479	-	-	-	10,567,479
Hotel Room Occupancy Taxes	1814792	-	-	-	1,814,792
Meals Taxes	1,403,261	-	-	-	1,403,261
Community Preservation Surcharges	-	2,427,905	-	-	2,427,905
Penalties and Interest on Taxes	1,117,001	-	-	29,495	1,146,496
Licenses, Permits and Fees	5,416,982	-	-	664,406	6,081,388
Intergovernmental	50,925,414	625,763	-	21,485,529	73,036,706
Charges for Services	1,739,638	-	-	15,600,829	17,340,467
Fines and Forfeitures	2,000,386	-	-	16,699	2,017,085
Investment Income	261,298	23,768	-	(13,816)	271,250
Contributions and Donations	-	-	-	1,299,748	1,299,748
Payments in Lieu of Taxes	479,617	-	-	-	479,617
Miscellaneous	681,078	-	-	541,153	1,222,231
Special Assessments	73,537	-	-	277,102	350,639
<b>TOTAL REVENUES</b>	<b>\$ 324,984,053</b>	<b>\$3,077,436</b>	<b>\$0</b>	<b>\$ 39,901,145</b>	<b>\$ 367,962,634</b>
<b>EXPENDITURES:</b>					
Current:					
General Government:					
Legislative & Executive	\$ 1,813,159	\$ -	\$ -	\$ -	\$ 1,813,159
Elections	461,392	-	-	36,263	497,655
Financial Administration	2,828,920	-	-	-	2,828,920
Administrative Support	3,403,169	-	-	-	3,403,169
Planning & Development	939,781	1,002,280	-	3,567,594	5,509,655
Public Building Maintenance & Operations	3,929,104	140,508	-	2,600,476	6,670,088
Interest on property tax refunds	493,719	-	-	-	493,719
Public Safety:					
Police	17,691,819	-	-	3,566,751	21,258,570
Fire	16,516,085	-	-	770,446	17,286,531
Inspectional Services	1,063,722	-	-	2,025	1,065,747
Other Public Safety	76,461	-	-	-	76,461
Education					
	169,673,728	-	3,209,330	23,603,427	196,486,485
Public Works:					
Streets and Sidewalks	6,391,291	-	-	3,667,140	10,058,431
Control of Snow & Ice	920,327	-	-	-	920,327
Collections & Disposal of Solid Waste	6,557,584	-	-	15,066	6,572,650
Vehicle Maintenance	1,922,730	-	-	1,437	1,924,167
Engineering	1,057,945	-	-	37,601	1,095,546
Administrative & Support	1,347,135	-	-	-	1,347,135
Health and Human Services:					
Health & Human Services	2,829,423	-	-	170,020	2,999,443
Senior Services	569,105	-	-	220,732	789,837
Veteran Services	334,218	-	-	-	334,218
Culture and Recreation:					
Libraries	4,768,650	3,087	-	392,546	5,164,283
Parks & Recreation	4,437,079	11,503	-	2,152,308	6,600,890
Newton History Museum	233,448	1,833,964	-	6,461	2,073,873
Retirement Benefits	56,055,483	-	-	-	56,055,483
Workers' Compensation Insurance	1,149,375	-	-	-	1,149,375
Property and Liability Insurance	409,899	-	-	-	409,899
Claims and Judgments	58,504	-	-	-	58,504
State assessments & Charges	5,503,956	-	-	-	5,503,956
Debt Service					
Principal	8,653,367	755,000	-	-	9,408,367
Interest	7,471,534	102,906	-	-	7,574,440
<b>TOTAL EXPENDITURES</b>	<b>\$ 329,562,112</b>	<b>\$ 3,849,248</b>	<b>\$ 3,209,330</b>	<b>\$ 40,810,293</b>	<b>\$ 377,430,983</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS OVER EXPENDITURES</b>					
	(4,578,059)	(771,812)	(3,209,330)	(909,148)	(9,468,349)
Other Financing Sources (Uses)					
Transfers In	4,811,997	-	-	3,601,440	8,413,437
Issuance of General Obligation Bonds	-	-	-	5,734,000	5,734,000
Premium from Issuance of Bonds and Notes	131,379	-	-	-	131,379
Sale of Assets	35,048	-	-	32,562	67,610
Transfer Out	(2,949,598)	(1,922)	(11)	(3,633,665)	(6,585,196)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,028,826</b>	<b>(1,922)</b>	<b>(11)</b>	<b>5,734,337</b>	<b>7,761,230</b>
Net Change in Fund Balances	(2,549,233)	(773,734)	(3,209,341)	4,825,189	(1,707,119)
Fund Balances at Beginning of Year	30,773,574	9,409,804	3,297,611	17,259,714	60,740,703
<b>Fund Balances at End of Year</b>	<b>\$ 28,224,341</b>	<b>\$ 8,636,070</b>	<b>\$ 88,270</b>	<b>\$ 22,084,903</b>	<b>\$ 59,033,584</b>

(1) Extracted from the audited financial statements of the City.

**CITY OF NEWTON, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For Fiscal Year Ended June 30, 2011 (1)**

	General	Community Preservation	High School Improvements	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real Estate and Personal Property Taxes	\$ 240,732,647	\$ -	\$ -	\$ -	\$ 240,732,647
Motor Vehicle Excise Taxes	10,463,796	-	-	-	10,463,796
Hotel Room Occupancy Taxes	1,588,882	-	-	-	1,588,882
Meals Taxes	1,308,191	-	-	-	1,308,191
Community Preservation Surcharges	-	2,365,422	-	-	2,365,422
Penalties and Interest on Taxes	1,011,005	-	-	27,219	1,038,224
Licenses, Permits and Fees	5,130,138	-	-	393,475	5,523,613
Intergovernmental	50,534,834	616,589	-	22,705,255	73,856,678
Charges for Services	1,623,604	-	-	13,050,474	14,674,078
Fines and Forfeitures	1,897,413	-	-	10,058	1,907,471
Investment Income	431,344	31,230	-	91,899	554,473
Contributions and Donations	-	-	-	1,382,243	1,382,243
Payments in Lieu of Taxes	439,721	-	-	-	439,721
Miscellaneous	1,061,254	-	276,217	339,392	1,676,863
Special Assessments	131,050	-	-	123,588	254,638
<b>TOTAL REVENUES</b>	<b>\$ 316,353,879</b>	<b>\$ 3,013,241</b>	<b>\$ 276,217</b>	<b>\$ 38,123,603</b>	<b>\$ 357,766,940</b>
<b>EXPENDITURES:</b>					
Current:					
General Government:					
Legislative & Executive	\$ 1,838,797	\$ 4,700	\$ -	\$ 10,075	\$ 1,853,572
Elections	471,122	-	-	11,979	483,101
Financial Administration	2,889,152	-	-	-	2,889,152
Administrative Support	3,182,934	-	-	-	3,182,934
Planning & Development	1,092,377	2,488,386	-	5,482,145	9,062,908
Public Building Maintenance & Operations	2,942,786	55,725	-	7,024,964	10,023,475
Public Safety:					
Police	17,332,892	-	-	2,730,578	20,063,470
Fire	16,287,302	-	-	228,504	16,515,806
Inspectional Services	1,067,453	-	-	4,100	1,071,553
Other Public Safety	74,452	-	-	-	74,452
Education					
Public Works:	165,810,597	-	24,062,467	24,929,180	214,802,244
Streets and Sidewalks	6,381,074	-	-	3,115,479	9,496,553
Control of Snow & Ice	3,915,717	-	-	-	3,915,717
Collections & Disposal of Solid Waste	6,215,904	-	-	97,636	6,313,540
Vehicle Maintenance	2,117,111	-	-	1,110	2,118,221
Engineering	1,375,773	-	-	61,254	1,437,027
Administrative & Support	1,449,739	-	-	-	1,449,739
Health and Human Services:					
Health & Human Services	2,933,638	-	-	182,615	3,116,253
Senior Services	568,427	-	-	203,983	772,410
Veteran Services	288,852	-	-	-	288,852
Culture and Recreation:					
Libraries	4,730,458	24,377	-	449,727	5,204,562
Parks & Recreation	3,983,303	14,360	-	1,729,905	5,727,568
Newton History Museum	248,977	47,105	-	4,596	300,678
Retirement Benefits					
Workers' Compensation Insurance	53,157,157	-	-	-	53,157,157
Property and Liability Insurance	1,048,014	-	-	-	1,048,014
Claims and Judgments	397,789	-	-	-	397,789
State assessments & Charges	160,733	-	-	-	160,733
Debt Service	5,472,487	-	-	-	5,472,487
Principal	8,705,500	755,000	-	-	9,460,500
Interest	7,381,915	127,788	-	-	7,509,703
<b>TOTAL EXPENDITURES</b>	<b>\$ 323,522,432</b>	<b>\$ 3,517,441</b>	<b>\$ 24,062,467</b>	<b>\$ 46,267,830</b>	<b>\$ 397,370,170</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS OVER EXPENDITURES</b>					
	(7,168,553)	(504,200)	(23,786,250)	(8,144,227)	(39,603,230)
Other Financing Sources (Uses)					
Transfers In	4,516,715	-	-	1,869,928	6,386,643
Issuance of General Obligation Bonds	-	-	11,000,000	2,770,000	13,770,000
Premium from Issuance of Bonds and Notes	168,147	-	-	-	168,147
Sale of Capital Assets	16,438	-	-	19,824	36,262
Transfer Out	(1,854,928)	(1,729)	-	(3,011,866)	(4,868,523)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,846,372</b>	<b>(1,729)</b>	<b>11,000,000</b>	<b>1,647,886</b>	<b>15,492,529</b>
Net Change in Fund Balances	(4,322,181)	(505,929)	(12,786,250)	(6,496,341)	(24,110,701)
Fund Balances at Beginning of Year	35,095,755	9,915,733	16,083,861	23,756,055	84,851,404
Fund Balances at End of Year	<b>\$ 30,773,574</b>	<b>\$ 9,409,804</b>	<b>\$ 3,297,611</b>	<b>\$ 17,259,714</b>	<b>\$ 60,740,703</b>

(1) Extracted from the audited financial statements of the City.

## Free Cash (Uniform System of Accounting)

Under the Massachusetts Uniform System of Accounting an amount known as "free cash" is certified as of the beginning of each fiscal year by the Massachusetts Department of Revenue, Bureau of Accounts. This unrestricted fund balance (known as "free cash") is generated when actual revenue collections exceed budget estimates and/or unexpended appropriation balances lapse at year end to the general treasury.

A redetermination of free cash by the city comptroller for the purpose of determining available funds for appropriations is allowed (but not required) on the last day of the month preceding the month in which the tax rate is determined but no later than July 31. This is done by adding collections of prior years' taxes and receipts from tax title redemptions and sale of tax possessions to the amount certified and deducting appropriations made from free cash between the date of certification and July 31.

<u>Year</u>	<u>Free Cash (July 1)</u>
2015	\$6,109,028 (1)
2014	6,720,809 (2)
2013	6,777,959
2012	4,939,145
2011	6,793,864

- (1) As of December 31, 2015, a total of \$44,100 in July 1, 2015 free cash has been appropriated, and no appropriations from this source were pending before the Board of Alderman.
- (2) As of June 2, 2015, a total of \$6,491,777 of the July 1, 2014 certified free cash has been appropriated and another \$170,000 in appropriations from free cash are pending before the City's Board of Aldermen.

## Capital Stabilization Funds

In 1993 the City established a special capital projects fund. The table below shows the trend in balances in the fund.

<u>Fiscal Year</u>	<u>Balance</u>
2015	\$1,632,853 (1)
2014	850,363 (2)
2013	2,550,508
2012	5,205,007
2011	9,939,489

- (1) Subsequent to fiscal year end, \$2,475,200 has been added to the Capital Stabilization Fund, and \$1,085,567 transferred out.
- (2) Subsequent to July 1, 2014, a total of \$2,487,157 has been added to the fund and \$2,415,000 has been transferred out to fund capital needs of the City.

## Rainy Day Stabilization Fund

The City also maintains a "Rainy Day" Stabilization Fund. The table below shows the trend in balances in the fund.

<u>Fiscal Year</u>	<u>Balance</u>
2015	\$17,317,598
2014	14,045,905
2013	11,024,489
2012	6,158,308
2011	5,152,000

Since July 1, 2015 a total of \$800,905 has been added to the fund, bringing the total balance at November 20, 2015 to \$18,118,503, which meets the City's target funding level of 5% of the current year General Fund appropriations.

## INDEBTEDNESS

### Authorization Procedure and Limitations

Serial bonds and notes are authorized by vote of two-thirds of all the members of the city council (subject to the mayor's veto where the mayor has a veto power) or a two-thirds vote of the town meeting. Provision is made in some cities and towns for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Refunding bonds and notes are authorized by the city council or the selectmen. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary debt in anticipation of the revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the treasurer with the approval of the selectmen, mayor or city manager as the case may be.

Bonds and notes including refunding bonds are generally authorized on behalf of the City by vote of two-thirds of all the members of the City Council with the approval of the Mayor. Provision is made for a referendum on the filing of a petition bearing the requisite number of signatures. Borrowings for certain purposes require state administrative approval. When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary debt in anticipation of the revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the Treasurer with the approval of the Mayor and the Controller of Accounts.

The general debt limit of the City consists of normal debt limit and a double debt limit. The normal debt limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The City can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the double debt limit) with the approval of the State Municipal Finance Oversight Board.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes; emergency loans; loans exempted by special laws; certain school bonds, sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, bonds for water (limited to 10 percent of equalized valuation), housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems, and telecommunications systems (subject to separate limits). Revenue bonds are not subject to these debt limits. The General Debt Limit and the special debt limit for water bonds apply at the time the debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

### Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue ("DOR"). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as “qualified bonds” with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as “tax credit bonds” to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed five years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue. The City has not issued any revenue anticipation notes during the last five fiscal years and does not anticipate issuing any during the current fiscal year.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. Generally, they must mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities, for projects financed under the Commonwealth’s Clean Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy.

**CITY OF NEWTON  
DIRECT DEBT SUMMARY (1)  
As of June 30, 2015,**

**Including Subsequent Issues but Excluding the Effects of the 2016 Refunding Bonds**

**General Obligation Bonds:**

Outstanding:			
School (2)	\$	188,934,032	
General (3)		25,679,300	
Water (4)		6,692,500	
Sewer (3)		6,172,500	
MWRA (5)		13,800,000	
MCWT (6)		5,494,700	
Total Long-Term Debt			\$ 246,773,032
This Issue of New Money Bonds (7)			56,465,000

**Temporary Loans:**

Bond Anticipation Notes Outstanding (8)	1,250,000
To be retired with Bond Proceeds	(1,250,000)

Total Short-Term Debt Outstanding After This Issue -

**Total Direct Debt** \$ 303,238,032

- (1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability.  
(2) \$29,443,332 is outside the City's debt limit.  
(3) Subject to the City's debt limit.  
(4) \$6,630,000 is outside the City's debt limit. Debt service for this purpose is fully supported from water rates.  
(5) \$10,473,079 is outside the City's debt limit. Debt service for this purpose is fully supported from water and sewer rates.  
(6) Does not reflect subsidy from Massachusetts Clean Water Trust; \$2,643,700 is outside the City's debt limit. Debt service for this purpose is fully supported from water and sewer rates.  
(7) Preliminary, subject to change.  
(8) Payable March 15, 2016.

**Debt Ratios**

The table below sets forth the percentage of debt to assessed valuation and per capita debt at the end of the following fiscal years. The table considers the principal amount of general obligation bonds of the City only. The table does not deduct anticipated state grant payments applicable to the principal amount of outstanding or debt that may be supported in whole, or part, by non-tax revenues. (See "Direct Debt Summary".)

Fiscal Year End	General Obligation Bonds Outstanding	Population (2010 Federal Census)	Equalized Valuation (1)	Per Capita Debt	Debt as a % of Equalized Valuation
2015	\$ 244,495,832	85,145	\$ 22,305,253,800	\$ 2,872	1.10 %
2014	229,858,230	85,145	21,757,017,900	2,700	1.06
2013	222,612,430	85,145	21,757,017,900	2,615	1.02
2012	217,646,451	85,145	22,520,035,100	2,556	0.97
2011	211,718,814	85,146	22,520,035,100	2,487	0.94

(1) The 2014 state equalized valuation is used for fiscal year 2015; the 2012 state equalized valuation is used for fiscal years 2013 and 2014; the 2010 state equalized valuation is used for fiscal years 2011 and 2012.

## Principal Payments by Purpose

The following table sets forth the principal payments as of June 30, 2015, including subsequent issues but excluding this issue and the effects of the 2016 refunding bonds, by purpose on outstanding general obligation bonds of the City. As indicated in the table, of the total \$232,481,230 bonds outstanding, \$72,538,689 or approximately 29.7% of the total outstanding are to be retired by the end of fiscal 2020 and \$126,619,169 or approximately 51.8% of the total outstanding are to be retired by the end of fiscal 2025.

**CITY OF NEWTON  
GENERAL OBLIGATION BONDS  
Principal Payments by Purpose (1)  
As of June 30, 2015**

**Including Subsequent Issues but Excluding This Issue and the Effects of the Refunding Bonds**

Fiscal Year	School (2)	General (3)	Water (4)	Sewer (3)	MWRA (5)	MCWT (6)	Total
2016	\$ 7,901,667	\$ 2,690,000	\$ 1,040,000	\$ 360,000	\$ 2,296,410	\$ 962,300	\$ 15,250,377
2017	8,172,667	2,554,000	1,040,000	360,000	2,265,528	992,000	15,384,195
2018	8,137,867	2,273,800	1,040,000	360,000	1,891,866	1,031,800	14,735,333
2019	8,011,667	2,185,000	1,040,000	360,000	1,891,866	1,066,600	14,555,133
2020	8,119,167	2,157,500	440,000	360,000	1,531,866	916,000	13,524,533
2021	7,942,667	1,854,000	440,000	355,000	1,056,866	506,000	12,154,533
2022	7,981,667	1,725,000	140,000	355,000	863,500	10,000	11,075,167
2023	8,121,667	1,550,000	140,000	355,000	727,480	10,000	10,904,147
2024	8,301,667	1,405,000	140,000	355,000	591,460	-	10,793,127
2025	8,251,667	1,090,000	140,000	355,000	455,440	-	10,292,107
2026	7,581,667	820,000	140,000	355,000	227,720	-	9,124,387
2027	7,216,667	820,000	140,000	355,000	-	-	8,531,667
2028	6,911,667	810,000	137,500	347,500	-	-	8,206,667
2029	6,236,667	725,000	135,000	345,000	-	-	7,441,667
2030	6,126,667	700,000	135,000	345,000	-	-	7,306,667
2031	6,326,667	475,000	135,000	320,000	-	-	7,256,667
2032	6,471,666	475,000	135,000	320,000	-	-	7,401,666
2033	6,726,666	475,000	135,000	210,000	-	-	7,546,666
2034	6,986,666	460,000	-	-	-	-	7,446,666
2035	7,276,666	435,000	-	-	-	-	7,711,666
2036	7,586,666	-	-	-	-	-	7,586,666
2037	7,911,666	-	-	-	-	-	7,911,666
2038	8,246,666	-	-	-	-	-	8,246,666
2039	6,726,666	-	-	-	-	-	6,726,666
2040	2,196,666	-	-	-	-	-	2,196,666
2041	1,861,666	-	-	-	-	-	1,861,666
2042	1,550,000	-	-	-	-	-	1,550,000
2043	1,610,000	-	-	-	-	-	1,610,000
2044	1,665,000	-	-	-	-	-	1,665,000
2045	775,000	-	-	-	-	-	775,000
<b>Total</b>	<b>\$ 188,934,032</b>	<b>\$ 25,679,300</b>	<b>\$ 6,692,500</b>	<b>\$ 6,172,500</b>	<b>\$ 13,800,000</b>	<b>\$ 5,494,700</b>	<b>\$ 246,773,032</b>

- (1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability.  
(2) \$29,443,332 is outside the City's debt limit.  
(3) Subject to the City's debt limit.  
(4) \$6,630,000 is outside the City's debt limit. Debt service for this purpose is fully supported from water rates.  
(5) \$10,473,079 is outside the City's debt limit. Debt service for this purpose is fully supported from water and sewer rates.  
(6) Does not reflect subsidy from Massachusetts Clean Water Trust; \$2,643,700 is outside the City's debt limit. Debt service for this purpose is fully supported from water and sewer rates.



## Debt Service Requirements

The following table sets forth the required principal and interest payments on outstanding general obligation bonds of the City as of June 30, 2015, including subsequent issues but excluding the effects of the 2016 refunding bonds.

**CITY OF NEWTON – GENERAL OBLIGATION BONDS**  
**Debt Service Requirements**  
**As of June 30, 2015**  
**Including Subsequent Issues but Excluding the Effects of the 2016 Refunding Bonds**

Fiscal Year	Outstanding		This Issue New Money		MCWT Subsidy	Net Debt Service
	Principal	Interest	Principal	Interest		
2016	\$ 15,250,377	\$ 9,253,414	\$ -	\$ -	\$ (462,660)	\$ 24,041,131
2017	15,384,195	8,458,098	1,405,000	2,073,741	(438,533)	26,882,500
2018	14,735,333	8,010,887	1,390,000	2,095,231	(411,340)	25,820,111
2019	14,555,133	7,534,836	1,460,000	2,039,631	(387,687)	25,201,912
2020	13,524,533	7,067,108	1,510,000	1,966,631	(312,957)	23,755,315
2021	12,154,533	6,621,189	1,585,000	1,891,131	(160,394)	22,091,460
2022	11,075,167	6,199,498	1,670,000	1,811,881	(2,610)	20,753,936
2023	10,904,147	5,811,027	1,740,000	1,728,381	(2,323)	20,181,232
2024	10,793,127	5,422,456	1,820,000	1,658,781	-	19,694,365
2025	10,292,107	5,029,760	1,915,000	1,567,781	-	18,804,649
2026	9,124,387	4,689,890	2,000,000	1,491,181	-	17,305,458
2027	8,531,667	4,381,731	1,615,000	1,391,181	-	15,919,579
2028	8,206,667	4,085,417	1,700,000	1,310,431	-	15,302,515
2029	7,441,667	3,803,015	1,790,000	1,225,431	-	14,260,113
2030	7,306,667	3,521,575	1,870,000	1,135,931	-	13,834,173
2031	7,256,667	3,237,867	1,955,000	1,061,131	-	13,510,665
2032	7,401,666	2,954,808	1,825,000	982,931	-	13,164,406
2033	7,546,666	2,648,319	1,895,000	909,931	-	12,999,916
2034	7,446,666	2,332,473	1,960,000	853,081	-	12,592,220
2035	7,711,666	2,014,096	2,020,000	794,281	-	12,540,043
2036	7,586,666	1,687,369	2,065,000	733,681	-	12,072,716
2037	7,911,666	1,352,173	1,850,000	671,731	-	11,785,570
2038	8,246,666	1,001,140	1,910,000	616,231	-	11,774,037
2039	6,726,666	633,725	1,970,000	558,931	-	9,889,322
2040	2,196,666	329,654	2,030,000	497,369	-	5,053,689
2041	1,861,666	252,783	2,090,000	433,931	-	4,638,381
2042	1,550,000	190,344	2,155,000	368,619	-	4,263,963
2043	1,610,000	133,225	2,225,000	301,275	-	4,269,500
2044	1,665,000	73,975	2,295,000	228,963	-	4,262,938
2045	775,000	12,594	2,370,000	154,375	-	3,311,969
2046	-	-	2,380,000	77,350	-	2,457,350
	<u>\$ 246,773,032</u>	<u>\$ 108,744,444</u>	<u>\$ 56,465,000</u>	<u>\$ 32,631,159</u>	<u>\$ (2,178,502)</u>	<u>\$ 442,435,133</u>

## Authorized Unissued Debt and Prospective Financing

Currently, the City has approximately \$92 million outstanding in authorized but unissued debt for various municipal capital purposes. The City's prospective financing includes school construction projects for which the City expects state grant assistance of approximately 40%, the local share of which will be funded in part by an override of the tax levy.

## Overlapping Debt

The City is a member of the Massachusetts Water Resources Authority and the Massachusetts Bay Transportation Authority. The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue, of the Massachusetts Water Resources Authority and the Massachusetts Bay Transportation Authority and the City's gross share of such debt as the fiscal 2016 dollar assessment for each.

Overlapping Entity	Outstanding Debt as of 6/30/15	Newton's Estimated Share(1)	Fiscal 2016 Dollar Assessment(2)
Massachusetts Water Resources Authority (3)			
Water	\$ 2,101,091,000	5.392 %	\$ 7,589,647
Sewer	3,797,261,000	4.230	12,212,629
Massachusetts Bay Transportation Authority (4)	5,634,750,025	3.472	5,651,552

(1) Estimated share based on debt service only.

(2) Estimated dollar assessment based upon total net operating expenses, inclusive (where applicable) of debt service.

(3) SOURCE: The Massachusetts Water Resources Authority (the "MWRA") provides wholesale drinking water services in whole or in part to 48 cities, towns and special purpose entities and provides wastewater collection and treatment services to 43 cities, towns and special purpose entities. Under its enabling legislation, as amended, the aggregate principal amount of all bonds issued by the MWRA for its corporate purposes may not exceed \$6.1 billion outstanding at any time. Its obligations are secured by revenues of the MWRA. The MWRA assesses member cities, towns and special purpose entities, which continue to provide direct retail water and sewer services to users. The cities, towns and other entities collect fees from the users to pay all or part of the assessments; some municipalities levy property taxes to pay part of the amounts assessed upon them.

(4) Source: The Massachusetts Bay Transportation Authority (the "MBTA") was created in 1964 to finance and operate mass transportation facilities within the greater Boston metropolitan area. Under its enabling act, the MBTA is authorized to issue bonds for capital purposes, other than refunding bonds, and for certain specified purposes to an outstanding amount, which does not exceed the aggregate principal amount of \$3,556,300,000. In addition, pursuant to certain of the Commonwealth's transportation bond bills, the MBTA is authorized to issue additional bonds for particular capital projects. The MBTA also is authorized to issue bonds of the purpose of refunding bonds. Under the MBTA's enabling act debt service, as well as other operating expenses of the MBTA, are to be financed by a dedicated revenue stream consisting of the amounts assessed on the cities and towns of the MBTA and a dedicated portion of the statewide sales tax. The amount assessed to each city and town is based on its weighted percentage of the total population of the authority as provided in the enabling act. The aggregate amount of such assessments is generally not permitted to increase by more than 2.5 percent per year. (See "Tax Limitations" under "PROPERTY TAX" above.)

## Contractual Obligations

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interests, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

The City has a limited number of contractual obligations (all of which are subject to annual appropriation by the Board of Aldermen). The City's main contractual obligation is with Wheelabrator Millbury for disposal of solid waste. This is a 20 year contract which expires June 30, 2028. The City expended a total of \$6,722,643 in fiscal year 2015 for solid waste collection and disposal contract costs. The City appropriated \$6,851,494 in fiscal year 2016 for solid waste collection and disposal contract costs.

Subsequent to June 30, 2012 the City entered into a twenty year lease and related power purchase agreement with Ameresco Solar Inc., a solar photovoltaic firm, to install operate, and maintain solar panels on the rooftop of four public school buildings, with the condition that any and all funding for monies owed to Ameresco Solar Inc. under the terms of the agreement shall be included in an annual expense appropriation of the City's Public Building Department, and all energy credits earned as a result of the agreement shall be applied to the municipal building electricity account, also under the control of the Public Building Department.

## RETIREMENT PLAN

Teachers, certain administrative personnel and other professional employees of the City's school department participate individually in a contributory retirement plan administered by the Massachusetts Teachers' Retirement Board. The City does not contribute to this plan. Of the City's 1,917 full-time employees in the school department, 1,347.16 FTE's participate in the State Retirement System. Substantially all of the other City employees participate in the City of Newton Retirement system (the System). The City began funding the System in 1984 on an actuarial basis, as required by generally accepted accounting principles. This funding includes the amortization of prior service cost over a 40-year period. The active City employees contribute at rates ranging from 5% to 10% (depending on their date of employment) of their regular compensation, as defined. The City also contributes the amount necessary to fund the System's administrative expenses.

Certain retired employees of the City were exempted from membership in the System. The City pays retirement benefits to these employees from the general appropriation funds of the City. These employees are not included in the actuarial valuation provided by the actuary, and there is no available estimate of their related actuarial liability.

Massachusetts Contributory Retirement System benefits are uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching age 55 with 10 years of service. Normal retirement for most employees occurs at age 65. (For certain hazardous duty and public safety positions, normal retirement is at age 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest that they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension.

The amount shown below as the pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the System on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the System.

The total unfunded pension benefit obligation applicable to the City's employees was \$284,313,981 at January 1, 2015, computed as follows:

Actuarial accrued liability -	\$578,157,905
Actuarial value of assets available for pension benefits (1)	<u>293,843,924</u>
Unfunded actuarial accrued liability	<u>\$284,313,981</u>

(1) Fair value of assets available for pension benefits is \$293,924,337. There is a difference between the actuarial value of assets and the fair value of assets because for funding purposes the Newton Contributory Retirement System amortizes investment gains and losses over a period that cannot exceed five years in order to avoid excess volatility in funding requirements. For actuarial purposes, the assets are valued using a method which reflects the market value of assets through gradual recognition of any unrealized appreciation or depreciation in assets beyond the 7.75% return.

Effective July 1, 2007, the City transferred all system assets, except those in real estate limited partnerships, to the Commonwealth of Massachusetts Pension Reserve Investment Trust Core Fund.

The City has a policy of updating the actuarial valuation of plan assets and liabilities annually.

The follow table depicts the progress towards fully funding the System by 2029. The statutory deadline for actuarial funding is currently 2040.

The schedule below shows the amortizations of the City's unfunded pension liability.

<u>Fiscal Year Ending</u>	<u>Employer Normal Cost</u>	<u>Amortization of Unfunded Actuarial Accrued Liability</u>	<u>Total Appropriation</u>	<u>Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year</u>	<u>% Increase Over Prior Year's Appropriation</u>
2016	\$ 2,511,713	\$ 19,158,839	\$ 21,670,552	\$ 294,988,600	-
2017	2,592,077	20,974,648	23,566,725	297,057,044	8.75%
2018	2,674,916	22,953,898	25,628,814	297,340,976	8.75%
2019	2,760,305	25,111,030	27,871,335	295,529,015	8.75%
2020	2,848,320	27,461,756	30,310,077	291,270,507	8.75%
2021	2,939,040	30,023,168	32,962,209	284,171,164	8.75%
2022	3,032,545	32,813,857	35,846,402	273,788,248	8.75%
2023	3,128,921	35,854,041	38,982,962	259,625,261	8.75%
2024	3,228,250	39,165,721	42,393,971	241,126,089	8.75%
2025	3,330,623	42,772,821	46,103,444	217,668,540	8.75%
2026	3,436,131	46,701,364	50,137,495	188,557,225	8.75%
2027	3,544,866	50,979,660	54,524,526	153,015,717	8.75%
2028	3,656,925	55,638,496	59,295,422	110,177,903	8.75%
2029	3,772,409	59,442,504	63,214,913	59,078,473	6.61%
2030	3,891,417	-	3,891,417	-	-93.84%
2031	4,014,057	-	4,014,057	-	3.15%

Source: January 1, 2015 Actuarial Valuation of the Newton Contributory Retirement System prepared by Segal Consulting.

The comparative statement of revenues, expenses and change in fund balance for the Newton Contributory Retirement System is shown below,

**CITY OF NEWTON, MASSACHUSETTS**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE (1)**  
**CONTRIBUTORY RETIREMENT SYSTEM AS OF DECEMBER 31,**

REVENUES:	Year				
	2010	2011	2012	2013	2014
Retirement Contributions:					
Employer	\$ 15,405,575	\$ 16,611,209	\$ 17,082,782	\$ 18,573,611	\$ 20,325,555
Employee	7,661,211	7,730,262	7,776,175	8,035,716	8,396,095
Commonwealth	792,152	752,371	658,335	649,195	449,067
Interest/Dividends	6,739,203	7,471,170	8,808,319	7,465,801	8,009,287
Unrealized Gain	21,295,787	(5,982,798)	23,081,157	28,959,542	14,242,239
Less Investment Expense	(1,011,407)	(1,219,337)	(1,213,488)	(1,421,647)	(1,497,202)
Transfers	993,065	783,642	1,004,999	1,080,758	1,554,022
<b>TOTAL REVENUES</b>	<b>51,875,586</b>	<b>26,146,519</b>	<b>57,198,279</b>	<b>63,342,976</b>	<b>51,479,063</b>
<b>EXPENSES:</b>					
Retirement Benefits	30,247,733	31,870,521	33,423,530	34,486,791	35,152,893
Refunds, Transfers, Disbursements	2,321,187	2,306,155	2,659,004	2,407,652	2,457,500
Administrative	264,776	254,761	276,643	285,039	290,143
Other	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>32,833,696</b>	<b>34,431,437</b>	<b>36,359,177</b>	<b>37,179,482</b>	<b>37,900,536</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>19,041,890</b>	<b>(8,284,918)</b>	<b>20,839,102</b>	<b>26,163,494</b>	<b>13,578,527</b>
<b>BEGINNING FUND BALANCE</b>	<b>222,586,242</b>	<b>241,628,132</b>	<b>233,343,214</b>	<b>254,182,316</b>	<b>280,345,810</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 241,628,132</b>	<b>\$ 233,343,214</b>	<b>\$ 254,182,316</b>	<b>\$ 280,345,810</b>	<b>\$ 293,924,337</b>

(1) From the Comptroller, City of Newton. Represents statutory filing with the Commonwealth of Massachusetts Public Employee Retirement Administration Commission. Does not include adjustment in fair market valuation of certain real estate limited partnership investments for which year-end fair market value adjustments are not reported until March 31<sup>st</sup> for the years prior to 2012.

See Appendix A for additional information on the retirement system.

**Other Post-Employment Benefits**

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities and towns is generally provided on a pay-as-you-go basis. The Governmental Accounting Standards Board ("GASB") recently promulgated its Statement Nos. 43 and 45, which will for the first time require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These new accounting standards do not require pre-funding the payment of these costs as the liability for such costs accrues, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if the cost of such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The pay-as-you-go cost to the City for such benefits in recent years has been as follows:

Fiscal Year	Benefit Costs	
2016	\$18,500,931	(budgeted)
2015	17,361,119	
2014	16,503,439	
2013	16,220,796	
2012	16,428,080	
2011	15,170,809	

The Governmental Accounting Standards Board (“GASB”) recently promulgated its Statement Nos. 43 and 45, which will for the first time require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These new accounting standards do not require pre-funding such benefits, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Although cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims, Massachusetts General Laws do not currently provide cities and towns with general legal authority to establish a trust fund for the purpose of pre-funding this liability in the same manner as traditional pension benefits.

The City implemented Governmental Accounting Board statement 45 in the fiscal year ended on June 30, 2008. For the year ended June 30, 2015, the net other-post employment benefit obligation increased by \$29.8 million to a total of \$232.4 million and the full actuarial liability for such benefits stood at \$701.5 million. For liability valuation purposes, the City uses a discount rate of 2.04% and annual medical cost inflation rates of 6.08% to 8.39%.

The City established a formal OPEB trust pursuant to Massachusetts municipal finance law. The trend in contributions to the OPEB Trust is set forth in the table below:

Fiscal Year	Benefit Costs
2016	\$1,394,575 (budgeted)
2015	998,927
2014	581,274
2013	225,564
2012	175,678
2011	137,295

A complete copy of all annual actuarial valuations of plan liabilities is currently posted on the Comptroller’s page of the City web site, [www.newtonma.gov](http://www.newtonma.gov).

### EMPLOYEE RELATIONS

For the period ending November 30, 2015 the City employed approximately 3,285 full time employees of whom 2,425 were employed by the Newton Public Schools. 184 by the police department, 180 by the fire department, 199 by the public works department (including water and sewer utilities) and the balance in various other departments of the City. City employees, other than those with managerial and confidential responsibilities are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment. Approximately 3,147 full time employees are represented by seventeen unions, ten of which are municipal and seven of which are school.

The AFSCME Local 3092, 3092B, 2443, Newton Municipal Employees Association and the Mass Nurses Association unions have been reestablished with a new expiration date of June 30 2017. The Engineers, AFSCME 2913, Newton Superior Police Officers Association, Newton Patrolman’s Association, IAFF, Local 863, are in negotiations with the City. The NTA inclusive of five units and have been reestablished with a new expiration date of August 30 2018, NESA and SCUS are currently in negotiations with the School Department.

## LITIGATION

At present there are numerous cases pending in various courts and administrative agencies throughout the Commonwealth where the City is a defendant. In the opinion of the City, there is no litigation either pending or theoretical, which is likely to result either individually or in the aggregate in a final judgment against the City which would materially affect its financial position.

---

CITY OF NEWTON, MASSACHUSETTS  
/s/ James Reardon, Treasurer

January 20, 2016

THIS PAGE INTENTIONALLY LEFT BLANK



# City of Newton, Massachusetts

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2015



# City of Newton, Massachusetts

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2015



*Prepared by the Comptroller's Office*

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

---

**TABLE OF CONTENTS**

	Page
<b>I. INTRODUCTORY SECTION</b>	
Letter of Transmittal	A-i
Organizational Chart	A-vii
Elected Officials and Department Heads	A-viii
<b>II. FINANCIAL SECTION</b>	
<b>A. INDEPENDENT AUDITORS' REPORT</b>	A-1
<b>B. MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	A-5
<b>C. BASIC FINANCIAL STATEMENTS</b>	
<b>Government Wide Financial Statements</b>	
Statement of Net Position	A-22
Statement of Activities	A-24
<b>Fund Financial Statements</b>	
<b>Governmental Funds</b>	
Balance Sheet	A-26
Reconciliation of the Governmental Funds Balance Sheet Total	
Fund Balances to the Statement of Net Position	A-27
Statement of Revenues, Expenditures, and Changes	
in Fund Balances	A-28
Reconciliation of the Statement of Revenues, Expenditures and	
Changes in Fund Balances of Governmental Funds	
to the Statement of Activities	A-29
General Fund - Statement of Revenues, Expenditures, and Changes	
in Fund Balance - Budget and Actual	A-30
Community Preservation Fund - Statement of Revenues, Expenditures,	
and Changes in Fund Balance - Budget and Actual	A-31
<b>Proprietary Funds</b>	
Statement of Fund Net Position	A-32
Statement of Revenues, Expenses and Changes in Fund Net Position	A-33
Statement of Cash Flows	A-34
<b>Fiduciary Funds</b>	
Statement of Fiduciary Net Position	A-35
Statement of Changes in Fiduciary Net Position	A-36
<b>Component Units</b>	
Combining Statement of Fund Net Position	A-37
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	A-38
<b>Notes to the Basic Financial Statements</b>	A-39

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

---

**TABLE OF CONTENTS**

**D. REQUIRED SUPPLEMENTARY INFORMATION**

<b>Pension Plan Schedules</b>	A-82
<b>Other Post Employment Benefits Schedule</b>	A-86
<b>Notes to Required Supplementary Information</b>	A-87

**E. COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

<b>Nonmajor Governmental Funds</b>	
Narrative	A-90
Combining Balance Sheet	A-92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	A-96

<b>Internal Service Funds</b>	
Narrative	A-100
Combining Statement of Fund Net Position	A-101
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	A-102
Combining Statement of Cash Flows	A-103

<b>Fiduciary Funds</b>	
Private Purpose Trust Funds - Narrative	A-105
Private Purpose Trust Funds - Combining Statement of Fiduciary Net Position	A-106
Private Purpose Trust Funds - Combining Statement of Changes in Fiduciary Net Position	A-108
Agency Fund - Narrative	A-110
Agency Fund - Statement of Changes in Assets and Liabilities	A-111

<b>General Fund</b>	
Narrative	A-113
Schedule of Expenditures and Transfers Out - Budget to Actual - Legal Level of Control	A-114

<b>Community Preservation Fund</b>	
Narrative	A-125
Schedule of Expenditures and Transfers Out - Budget to Actual - Legal Level of Control	A-126

**F. ADDITIONAL INFORMATION**

<b>Capital Projects Fund</b>	
Schedule of Expenditures and Transfers Out - Budget to Actual	A-130

<b>Sewer Enterprise Fund</b>	
Schedule of Expenditures and Transfers Out - Budget to Actual	A-136

<b>Water Enterprise Fund</b>	
Schedule of Expenditures and Transfers Out - Budget to Actual	A-138

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

---

**TABLE OF CONTENTS**

**III. STATISTICAL SECTION**

Table of Contents	A-141
Net Position by Component	A-142
Governmental Activities - Changes in Net Position	A-144
Business-Type Activities - Changes in Net Position	A-146
Primary Government - Changes in Net Position	A-148
Governmental Funds - Fund Balances	A-150
Governmental Funds - Changes in Fund Balances	A-152
Assessed Value and Estimated Actual Value of Taxable Property	A-154
Direct Property Tax Rates	A-155
Principal Property Taxpayers	A-156
Property Tax Levies and Collections	A-157
Ratios of Outstanding Debt by Type	A-158
Ratios of Net General Bonded Debt Outstanding	A-159
Direct and Overlapping Governmental Activities Debt	A-160
Legal Debt Margin Information	A-161
Demographic and Economic Statistics	A-162
Employees by Function/Program	A-163
Capital Asset Statistics by Function/Program	A-164

# *INTRODUCTORY SECTION*



## CITY OF NEWTON, MASSACHUSETTS

1000 COMMONWEALTH AVENUE  
NEWTON CENTRE, MA 02459-1449  
TELEPHONE (617) 796-1305  
FAX (617) 796-1196  
dwilkinson@newtonma.gov

DAVID C. WILKINSON  
COMPTROLLER

December 1, 2015

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

I am pleased to transmit to you the City of Newton's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This report has been prepared by the Comptroller's Office of the City in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Government Accounting Standards Board (GASB).

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

The City's financial statements have been audited by CliftonLarsonAllen, LLP (CLA), a firm of licensed certified public accountants, who have been hired by and report to the City's Board of Aldermen. The Board of Aldermen selected CLA to provide independent financial audit services to the City for the five year period beginning with the fiscal year ended June 30, 2014 after a competitive search that was undertaken early in calendar year 2014. The independent auditors' unqualified ("clean") opinion on the City's financial statements for the year ended June 30, 2015 is presented as the first component of the financial section of this report on pages 1 - 3.

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

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

## **History and Profile**

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

The City has an estimated total population of 86,307 and occupies a land area of 18.33 square miles. The City is principally suburban-residential in character and consists of 13 distinct villages – Auburndale; Chestnut Hill; Newton Centre; Newton Corner; Newton Highlands; Newton Lower Falls; Newton Upper Falls; Newtonville; Nonantum; Oak Hill; Thompsonville; Waban; and West Newton. Open space comprises 19.6% of the City's total land area, of which 55% is publicly owned.

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

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

## **Organizational Structure**

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

## **Services**

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

## **Reporting Entity**

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



## **Financial Management**

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

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

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

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

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

## **Financial Planning**

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

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

In an effort to more aggressively fund the City's defined benefit pension obligations, the City formally adopted a new funding schedule during 2014 which anticipates full actuarial funding by the fiscal year ending June 30, 2029, 8 years earlier than the prior funding schedule provided for. During 2015 the City revised mortality assumptions to better reflect retiree longevity trends, which required an increase in the rate of annual plan contributions from 8.5% to 8.75% per year between now and June 30, 2029, when the plan is expected to be actuarially funded. The current funding schedule assumes an average annual investment rate of return of 7.65%, which although in line with investment return experience of the past 30 years, is slightly higher than the 7.35% return assumption used for financial reporting and the 7.51% annual money weighed rate of return, net of investment expenses that was realized in 2014. Return assumptions for funding purposes are long term projections and subject to review every three to five years. No change was made during 2015 in the 3.5% assumed rate of change in active employee compensation.

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

### **Accounting System and Budgetary Control**

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

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

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

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

An analysis of all legally adopted operating and capital budgets are presented on pages 104 - 126 of this report.

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

### **Cash Management**

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

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

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

## **Risk Management**

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

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

In accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement 45, the City began to recognize the cost of health benefits in the same manner that has been required for pension benefits for the past several years in the year ended June 30, 2008. This means that instead of recognizing the cost of health benefits as they are being paid out, the cost of these benefits are now recognized as they are earned. Although there are no requirements that the City change the method of funding these benefits, the cumulative impact of the change in financial reporting is a \$232.4 million increase in expenses in the government-wide financial statements and a corresponding decline in unrestricted net assets. This represents 33.1% of the total OPEB unfunded actuarial accrued liability.

Newton, like most communities in Massachusetts and for that matter New England, does not currently have a plan for funding health benefits on a basis other than the historical pay as you go approach. Beginning on July 1 of 2012 the City began making a contribution of 2.5% of compensation for all new health plan participants. The 2.5% contribution level was increased to 3% in 2014. Please refer to note 12 (pages 61-64) and OPEB Required Supplementary Information (page 80) for more detailed information on the City's health benefit obligations.

## **Collective Bargaining Agreements**

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

## **Audit Committee**

In order to strengthen the City's internal controls and financial reporting, the Board of Aldermen established a permanent audit committee, consisting of both representatives of the Board of Aldermen and Newton residents with financial management and audit education and experience. The Committee held a number of meetings with management and the City's independent auditors in 2015. A complete accounting of the work of the Audit Committee is documented on their page of the City web site.

## **Awards and Acknowledgments**

During the fiscal year ended June 30, 2015, the City maintained an Aaa credit rating with Moody's Investor Service.

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

Respectfully,

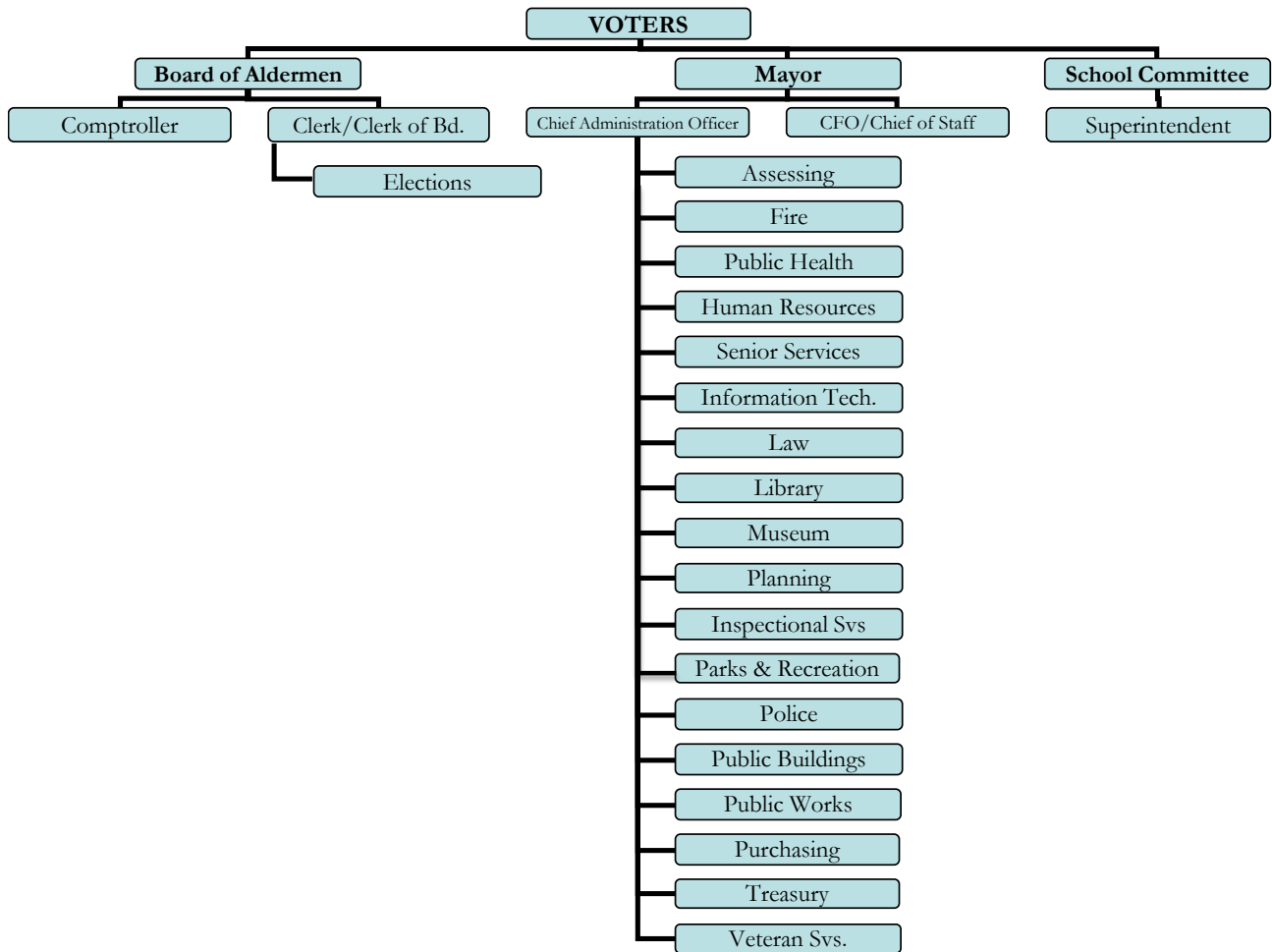
A handwritten signature in black ink, appearing to read 'DCW', with a horizontal line extending to the right.

David C. Wilkinson  
Comptroller

CITY OF NEWTON, MASSACHUSETTS

ORGANIZATIONAL CHART

---



CITY OF NEWTON, MASSACHUSETTS

ELECTED OFFICIALS AND DEPARTMENT HEADS

---

**BOARD OF ALDERMEN**

Scott F. Lennon, President  
Cheryl Lappin, Vice President & Finance Committee  
R. Lisle Baker, President Emeritus  
Susan Albright  
Richard Blazar, Finance Committee  
Allan Ciccone, Jr., Finance Committee  
James R. Cote  
Deborah Crossley  
Victoria Danberg  
Ruthanne Fuller, Finance Committee  
Leonard Gentile, Finance Committee Chair  
Barbara Brousal-Glaser, Finance Committee  
John Harney  
Alison M. Leary  
Richard A. Lipof  
Ted Hess-Mahan  
Marcia Johnson  
David Kalis  
Marc Laredo  
Emily Norton, Finance Committee  
John Rice, Finance Committee  
Amy Mah Sangiolo  
Gregory Swartz  
Brian Yates

**SCHOOL COMMITTEE**

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

**EXECUTIVE**

Mayor Setti D. Warren  
Maureen Lemieux, Chief of Staff & Chief Financial Officer  
Dori Zaleznik, Chief Administrative Officer

**DEPARTMENT HEADS**

Accounting: David Wilkinson, Comptroller  
Assessing: Elizabeth Dromey, Director and Chair, Board of Assessors  
City Clerk/Clerk of Board: David Olson, City Clerk/Clerk of the Board  
Elections: David Olson, Clerk/Clerk of the Board  
Fire: Bruce Proia, Fire Chief  
Health & Human Services: Linda Walsh, Acting Commissioner  
Human Resources: Jeffery Honig, Acting HR Director  
Financial Information Systems: Ann Cornaro, Director  
Information Technology: Joe Mulvey, Director  
Inspectional Services: John Lojek, Commissioner  
Newton History Museum: Lisa Dady, Director  
Law: Donnalyn Kahn, City Solicitor  
Library: Philip McNulty, Librarian  
Parks & Recreation: Robert DeRubeis, Commissioner  
Planning & Development: James Freas, Acting Director  
Police: Howard Mintz, Police Chief  
Public Buildings: Josh Morse, Commissioner  
Public Works: Shane Mark, Acting Commissioner  
Purchasing: Nick Read, Chief Procurement Officer  
Senior Services: Jayne Colino, Director  
Treasury: James Reardon, Treasurer & Collector  
Veteran Services: Seth Bai, Veteran Services Officer

**CONTRIBUTORY RETIREMENT BOARD**

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

# *FINANCIAL SECTION*



This page left intentionally blank.



## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts, as of and for the year ended June 30, 2015 (except for the Newton Contributory Retirement System and the Newton Commonwealth Foundation, Inc., which are as of and for the fiscal year ended December 31, 2014), and the related notes to the financial statements, which collectively comprise the City of Newton, Massachusetts' basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Newton Commonwealth Foundation, Inc., which represents 36.1%, 35.7%, and 55.5%, respectively, of the assets, net position, and operating revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Newton Commonwealth Foundation, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Newton Commonwealth Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

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

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

## *Opinions*

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts, as of June 30, 2015 (except for the Newton Contributory Retirement System and the Newton Commonwealth Foundation, Inc., which are as of and for the fiscal year ended December 31, 2014), and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Community Preservation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Emphasis of a Matter*

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

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (located on pages 4 through 17) and certain pension and other postemployment benefits information (located on pages 76 through 81) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

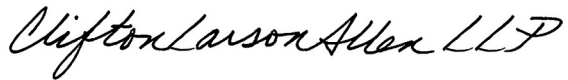
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newton, Massachusetts' basic financial statements. The introductory section, combining and individual fund financial statements and schedules, additional information and statistical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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015, on our consideration of the City of Newton, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Newton, Massachusetts' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Boston, MA

December 1, 2015



This page left intentionally blank.

# **Management's Discussion and Analysis**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Newton (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City (primary government) for the fiscal year ended June 30, 2015.

### **Financial Highlights:**

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

## **Overview of the Financial Statements:**

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

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

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

Both of the government-wide financial statements summarize functions and programs of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions and programs that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the City include the broad functions of general government; public safety; education; public works; health & human services; culture and recreation; debt service – interest, and the major services provided within each functional category. The business-type activities of the City include two enterprise activities: the water system and the sanitary sewer system. Trend information for the past 10 years can be found on pages 128-135 of this report.

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

**Governmental funds:** *Governmental funds* are used to account for essentially the same functions and programs reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in 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 82 of this report. The governmental funds financial statements can be found on pages 22-27 of this report. Trend information may be found on pages 136 through 139 of this report.

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

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sanitary sewer activities, which are considered major funds of the City. Conversely, all internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements. A brief description of each fund and individual fund data for the internal service funds is provided in the form of *combining statements* beginning on page 92 of this report. The basic proprietary fund financial statements can be found on 28-30 of this report.

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

The fiduciary funds financial statements provide separate information for the pension and other post-employment trust funds of the City. All other fiduciary funds are reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions "private purpose trust funds" and "agency funds", respectively. A brief description of each fund and individual fund data for the private purpose trust funds and agency funds are provided in the form of *combining statements* beginning on page 96 of this report. The fiduciary funds financial statements can be found on pages 31 and 32 of this report.

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-75 of this report. A brief description of fund balance terminology required by Governmental Accounting Standards Board Statement 54 for governmental funds is presented on pages 41 and 42 along with a detailed analysis of the major components of each fund balance account on page 66.

**Other information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's progress in funding its obligation to provide pension and post-employment benefits to its employees. Such information is located on pages 76 to 81 of this report.

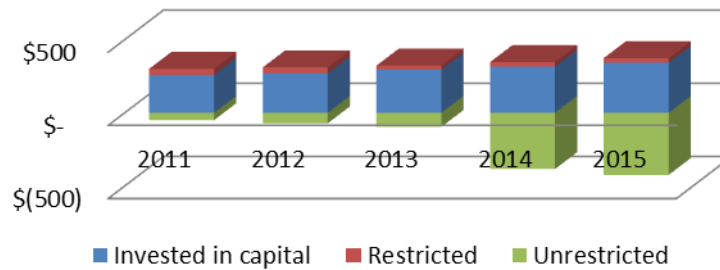
The combining statements previously referred to are presented immediately following the notes to the basic financial statements.

### **Government-wide Financial Analysis:**

**Net Position:** The City's total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources exceeded by \$50.1 million at June 30, 2015. This represents a decline of \$11.9 million or 31.2% from the restated total net position at June 30 of the prior year. Trend information for total net position and its major components over the past five year period is summarized graphically below. Unfunded pension benefit liabilities are recognized in full beginning with the fiscal year ended June 30, 2014.



## Net Asset Trends for Primary Government - Last Five Years



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

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

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

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

The City's net investment in capital assets represents the investment in capital assets (e.g., land and land improvements, intangible assets, buildings and improvements, machinery and equipment, road network, water system, sewer system and construction in progress) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens therefore the assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay debt must be provided from other sources, since capital assets themselves, cannot be used to liquidate these liabilities. Please refer to note 6 (page 53) for a detailed calculation of the City's net investment in capital assets.

An additional portion of the City's net position, \$32.3 million, represents resources that are subject to restrictions placed on how they may be used by parties external to the City. A total of \$14.4 million (44.6%) represents resources restricted to community preservation purposes. A summary of all major components of the restricted net position may be found on the face of the Statement of Net Position, which can be found on page 19 of this report.

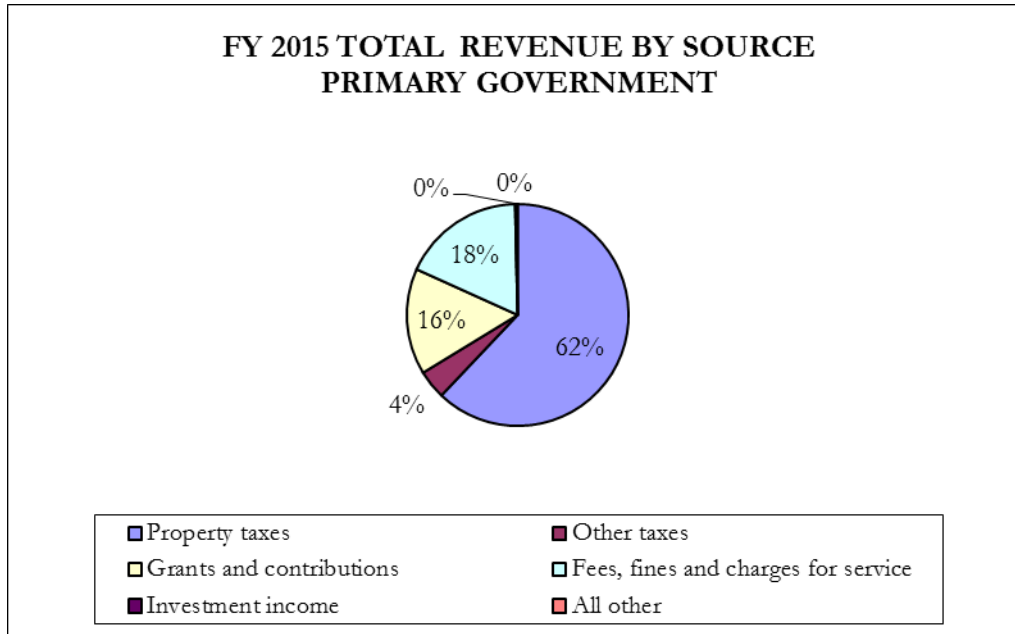
## Changes in net position:

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

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

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

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



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

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

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

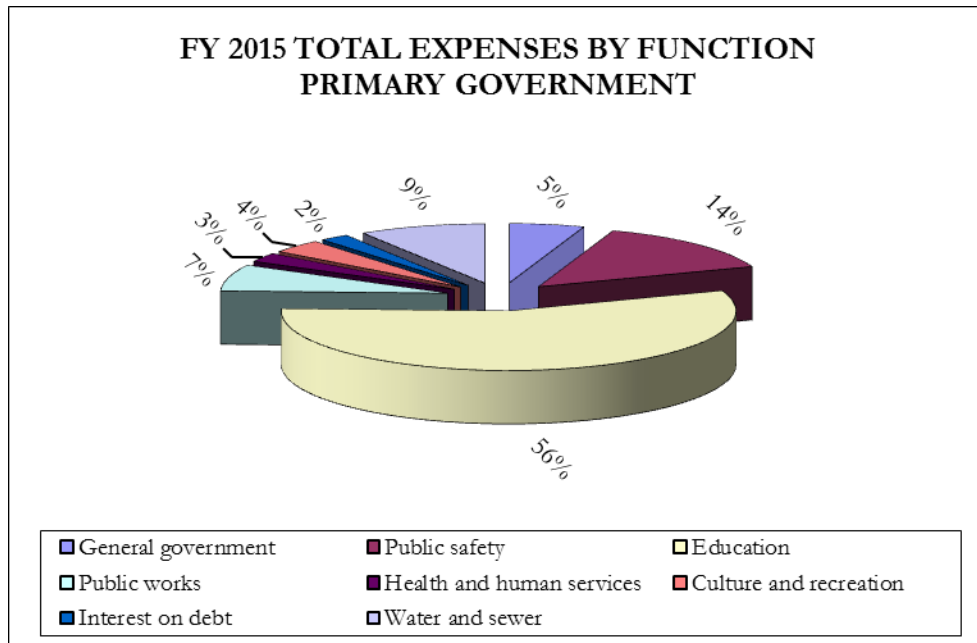
The decline in the annual rate of growth and in education spending's share of total City expenses does not reflect a policy change by the City, but is rather the direct result of a \$14.5 million (44.8%) reduction in the Commonwealth of Massachusetts on-behalf contribution to the Massachusetts Teachers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

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

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

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

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



**Governmental activities** – Governmental activities decreased the City’s net position by \$24.3 million or 20.3% during fiscal 2015, principally due to the recognition of \$29.7 million in pension and \$29.1 million in new OPEB liabilities during the year. A summary of revenues and major functional expenses is included in the tables presented previously. In order to assist the reader in understanding more completely the full cost of the major services provided by the City within each of the broad functional classifications identified above, the Statement of Activities, presented on pages 20 and 21 of this report, provides a detailed accounting of all major service expenses, related revenues, and each service’s consumption of general revenues (principally property taxes).

As has been the case in all years since the City has adopted this reporting model, all governmental activity services, except for inspectional services, relied on subsidies from general revenues to one degree or another during fiscal year 2015. Inspectional service department program revenues exceeded total program expenses by \$3.8 million for the year. In the fiscal year ending June 30, 2014, Inspectional services department program revenue exceeded program expenses by \$4.2 million.

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

**Financial Analysis of Governmental Funds:**

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

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

As of June 30, 2015, the City’s governmental funds reported a combined fund balance totaling \$78.9 million, a \$9.8 million or 14.2% increase from the prior year reported financial position.

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

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

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

	2015	2014	2013	2012	2011 (1)	2010
Total fund balance	\$ 38,523,664	\$ 36,675,777	\$ 32,715,384	\$ 28,224,341	\$ 30,773,574	\$ 19,312,545
Less: Fund balance restrictions for:						
Debt service.....	2,992,322	2,835,755	2,896,430	617,572	683,320	749,640
Capital.....	13,752	13,752	268,186	7,729	108,107	-
Other postemployment benefits (2).....	-	-	-	312,973	137,295	-
Less: Fund balance committed for:						
Subsequent year's expenditures.....	1,595,628	1,595,130	300,000	2,565,748	2,066,320	2,675,133
Capital.....	714,055	714,835	2,149,216	5,049,725	9,714,755	-
Continued appropriations.....	2,998,738	2,579,251	2,899,584	2,201,193	3,096,013	3,192,017
Less: Fund balance assigned for:						
Encumbrances.....	1,546,338	2,556,214	2,977,415	2,435,508	727,814	1,804,606
Capital.....	905,046	121,776	133,106	147,553	116,627	-
Unassigned fund balance.....	27,757,785	26,259,064	21,091,447	14,886,340	14,123,323	10,891,149
Total revenues & other financing sources.....	\$ 352,531,003	\$ 370,804,386	\$ 349,844,773	\$ 329,962,477	\$ 321,055,179	\$ 318,872,777
Total fund balance as % total revenues and ofs.....	10.9%	9.9%	9.4%	8.6%	9.6%	6.1%
Unassigned fund balance as % total revenues and ofs.....	7.9%	7.1%	6.0%	4.5%	4.4%	3.4%

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

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

Total general fund revenues and other financing sources decreased by \$18.3 million or 4.9%, during fiscal year 2015 as a result of changes in the reporting of Massachusetts Teacher's Retirement System (MTRS) on-behalf payments for Newton participants in the state funded retirement system that resulted from the implementation of Governmental Accounting Standards Board statement 68. GASB statement 68 eliminated on-behalf benefit reporting from all but the government wide financial statements. As a result, \$32.6 million in pension expenditures and related intergovernmental revenues are no longer reported in the fund financial statements. Excluding the effect of this change, General Fund revenues grew by \$14.4 million or 4.2%.

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

Over the course of the fiscal year, the City's Board of Assessors granted tax abatements, exemptions; and senior work credits totaling \$444,511 or 0.2% of the tax levy for the year. A tax refund payable liability of \$10 million has been recorded at fiscal year-end for abatement applications that, in the opinion of the Board of Assessors, are likely to result in tax refunds.

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

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

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

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

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

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

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

The voters of the City elected to implement the Community Preservation Act (CPA), with a 1% surcharge on all real estate tax bills, in November 2001. During the fiscal year ended June 30, 2015, the City realized \$3.7 million in CPA fund revenue, \$2.8 million (75.7%) of which came from the local property tax surcharge. State matching funds amounted to \$0.9 million. Fund expenditures totaled \$1.3 million for the year, \$0.8 million of which was for community recreation purposes; \$0.4 million of which was for historic preservation purposes; and \$0.1 million for program administration.

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

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

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

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

The financial position of the City's Internal Service Funds declined by \$0.2 million, or 1.1% during the year ended June 30, 2015. Internal service funds are used to account for the City's self-insured group health insurance; workers compensation; and general liability risk exposures and to fund property insurance premiums for City buildings and contents. Detailed information on the self-insurance funds is presented on pages 92-95.

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

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

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

The funded status of the defined benefit retirement plan at January 1, 2015 on an actuarial funding basis was 50.8%. Based upon a new funding schedule that was formally adopted by the City during fiscal year 2014, the plan is expected to be fully funded in the fiscal year ending June 30, 2029. The new 15 year funding schedule assumes an 8.75% annual increase in City appropriations to the defined benefit trust; average annual investment returns of 7.65%; and projected annual salary increases of no greater than 3.5% per year. The City made its actuarially required contribution to the fund in full. More specific information about the local retirement system may be found on pages 67-71 of this report.



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

**General Fund Budgetary Highlights:**

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

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

There were no deficits incurred in the appropriations of the various departments of the City. All but \$2.2 million (0.6%) of total appropriations were expended, encumbered, or continued into fiscal year 2016 for completion of the appropriated purposes at June 30, 2015. Please refer to pages 104–113 for a complete accounting of budget to actual experience for all City departments, at their legal level of control.

**Capital Assets and Debt Administration**

**Capital assets** – The City's investment in capital assets for governmental and business-type activities, net of accumulated depreciation of \$268.8 million, as of June 30, 2015, amounts to \$547.4 million. The investment in capital assets includes land and land improvements, intangible assets, buildings and improvements, machinery and equipment, infrastructure and construction in progress.

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

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

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

- Governmental activity capital assets (net) increased by \$19.5 million, principally as a result of a variety of school improvement projects and roadway improvements that are being funded with a combination of state capital construction grants and additional property taxes from the March 2013 Proposition 2 ½ override vote.

Additional information on the City’s capital assets may be found on pages 51-53 of this report.

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

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

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

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

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

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

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

Additional information on the City’s long-term debt can be found on pages 55-60 of this report. In addition, debt trend information is available on pages 144-147 of this report.

**Economic Factors and Next Year’s Budget and Rates**

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

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

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

### **Request for Information**

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



This page left intentionally blank.

# **Basic Financial Statements**

CITY OF NEWTON  
STATEMENT OF NET POSITION  
JUNE 30, 2015

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

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

JUNE 30, 2015

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

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

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

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



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

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

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

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

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

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

JUNE 30, 2015

Total Governmental Fund Balances (Page 22).....	\$	78,881,918
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		459,021,662
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.....		22,348,794
In the statement of net position, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.....		(2,164,816)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds and Notes Payable.....		(215,267,032)
Landfill Post-Closure.....		(723,350)
Compensated Absences.....		(8,841,996)
Net OPEB Obligation.....		(226,879,706)
Net Pension Liability.....		(289,370,752)
In the statement of net position, deferred inflows of resources are reported for amounts related to pensions.....		22,037,252
Internal service funds are used by management to account for health insurance workers' compensation, building insurance and liability insurance activities. The assets and liabilities of the internal service funds are reported as governmental activities in the statement of net position.....		16,862,390
Net Position of Governmental Activities (Page 19).....	\$	(144,095,636)

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

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

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

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Net Change in Fund Balances - Total Governmental Funds (Page 24).....	\$	9,782,707
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.</p>		
Capital Outlays.....		37,518,579
Depreciation.....		(17,955,907)
<p>Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.....</p>		
		(871,563)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts represent the related activity of the current period.</p>		
Proceeds of Bonds.....		(25,505,000)
Proceeds of Refunding Bonds.....		(19,635,000)
Retirement of Refunded Bonds.....		19,915,000
Bond Maturities.....		9,824,367
<p>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable.....</p>		
		(14,299)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:</p>		
Landfill closure and other environmental liabilities.....		(192,350)
Compensated Absences.....		(246,020)
Net OPEB Obligation.....		(29,103,064)
Net Pension Liability.....		(29,684,336)
<p>In the statement of activities, deferred inflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred inflows related to pensions.....</p>		
		22,037,252
<p>Internal service funds are used by management to account for health insurance, worker's compensation building insurance and liability insurance activities. The net activity of the internal service funds is reported with governmental activities.....</p>		
		<u>(180,735)</u>
Changes in Net Position of Governmental Activities (Page 21).....	\$	<u><u>(24,310,369)</u></u>

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
<b>REVENUES</b>				
Real estate and personal property taxes.....	\$ 286,813,970	286,813,970	\$ 292,013,151	\$ 5,199,181
Motor vehicle excise taxes.....	11,700,000	11,950,000	12,353,469	403,469
Hotel room occupancy taxes.....	2,200,000	2,200,000	2,330,724	130,724
Meals tax.....	1,500,000	1,500,000	1,786,617	286,617
Penalties and interest on taxes.....	985,000	996,000	1,486,232	490,232
Licenses and permits.....	5,853,500	5,853,500	6,792,066	938,566
Intergovernmental.....	25,914,469	26,416,972	26,518,043	101,071
Charges for services.....	1,639,644	1,639,644	1,707,340	67,696
Fines and forfeitures.....	1,673,000	1,690,900	1,772,104	81,204
Investment income.....	200,000	190,600	205,203	14,603
Payments in lieu of taxes.....	444,000	433,000	465,821	32,821
Miscellaneous.....	241,221	241,221	203,436	(37,785)
Special assessments.....	60,000	51,500	64,944	13,444
<b>TOTAL REVENUES.....</b>	<b>339,224,804</b>	<b>339,977,307</b>	<b>347,699,150</b>	<b>7,721,843</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Legislative & executive.....	2,654,601	2,823,189	2,630,494	192,695
Financial administration.....	4,428,505	4,626,881	3,802,182	824,699
Administrative support.....	4,624,515	4,732,317	4,247,969	484,348
Planning & development.....	1,647,163	1,647,163	1,108,503	538,660
Public building maintenance & operations.....	4,367,855	4,977,560	4,388,515	589,045
Public safety:				
Police.....	19,463,969	19,518,969	19,303,711	215,258
Fire.....	19,135,530	19,142,180	18,511,760	630,420
Inspectional services.....	1,330,588	1,376,267	1,241,867	134,400
Education.....	196,675,585	196,276,495	195,499,428	777,067
Public works:				
Streets & sidewalks.....	7,438,487	7,171,702	6,387,036	784,666
Control of snow & ice.....	1,045,748	7,614,357	7,588,599	25,758
Sanitation.....	8,588,974	8,623,207	8,585,724	37,483
Vehicle maintenance.....	2,347,695	2,432,558	2,256,998	175,560
Engineering.....	1,133,174	1,117,255	1,096,339	20,916
Administration & support.....	1,084,539	1,034,072	1,002,585	31,487
Health and human services:				
Health & human services.....	3,347,564	3,347,564	3,126,841	220,723
Senior services.....	594,398	594,398	562,308	32,090
Veteran services.....	340,279	340,279	314,150	26,129
Culture and recreation:				
Libraries.....	5,226,744	5,287,203	5,229,583	57,620
Parks & recreation.....	4,787,710	4,856,742	4,329,490	527,252
Newton History museum.....	279,202	280,202	260,825	19,377
Retirement benefits.....	29,539,612	29,510,063	29,199,509	310,554
Workers' compensation insurance.....	1,550,000	1,550,000	1,550,000	-
Property and liability insurance.....	498,558	498,558	450,027	48,531
Claims and judgments.....	100,000	110,000	107,282	2,718
Reserve fund.....	2,650,000	15,000	-	15,000
State assessments & charges.....	5,869,938	5,921,096	5,875,034	46,062
Debt service:				
Principal.....	9,530,280	9,530,280	9,530,280	-
Interest.....	7,962,816	7,962,816	7,957,806	5,010
<b>TOTAL EXPENDITURES.....</b>	<b>348,244,029</b>	<b>352,918,373</b>	<b>346,144,845</b>	<b>6,773,528</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(9,019,225)</b>	<b>(12,941,066)</b>	<b>1,554,305</b>	<b>14,495,371</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in.....	4,398,630	4,619,873	5,912,898	1,293,025
Premium from issuance of bonds and notes.....	-	-	1,197,352	1,197,352
Transfers out.....	(2,110,000)	(6,729,175)	(6,729,175)	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>2,288,630</b>	<b>(2,109,302)</b>	<b>381,075</b>	<b>2,490,377</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(6,730,595)</b>	<b>(15,050,368)</b>	<b>1,935,380</b>	<b>16,985,748</b>
<b>FUND BALANCE AT BEGINNING OF YEAR.....</b>	<b>27,730,741</b>	<b>27,730,741</b>	<b>27,730,741</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR.....</b>	<b>\$ 21,000,146</b>	<b>\$ 12,680,373</b>	<b>\$ 29,666,121</b>	<b>\$ 16,985,748</b>

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

See notes to basic financial statements.

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

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

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



CITY OF NEWTON, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewer	Water	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Users.....	\$ 31,340,581	\$ 21,816,054	\$ 53,156,635	\$ 11,195,882
Receipts from Interfund Services Provided.....	-	-	-	45,806,219
Payments to Vendors/Providers.....	(23,248,767)	(13,112,068)	(36,360,835)	(58,006,824)
Payments to Employees.....	(1,260,899)	(1,580,684)	(2,841,583)	-
Net Cash Provided by Operating Activities.....	<u>6,830,915</u>	<u>7,123,302</u>	<u>13,954,217</u>	<u>(1,004,723)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers In.....	648,921	-	648,921	-
Transfers Out.....	(990,356)	(1,747,447)	(2,737,803)	(46,026)
Net Cash Provided by Noncapital Financing Activities.....	<u>(341,435)</u>	<u>(1,747,447)</u>	<u>(2,088,882)</u>	<u>(46,026)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from the Issuance of Bonds and Notes.....	2,179,800	1,360,200	3,540,000	-
Intergovernmental Revenues.....	3,784,200	-	3,784,200	-
Acquisition and Construction of Capital Assets.....	(3,483,219)	(3,455,339)	(6,938,558)	-
Principal Payments on Bonds and Notes.....	(1,073,151)	(2,999,671)	(4,072,822)	-
Interest Expense.....	(279,508)	(264,894)	(544,402)	-
Net Cash Used by Capital and Related Financing Activities.....	<u>1,128,122</u>	<u>(5,359,704)</u>	<u>(4,231,582)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase and sales of Investments, net.....	-	-	-	(431,307)
Investment Income.....	9,528	4,102	13,630	422,181
Net Cash Provided by Investing Activities.....	<u>9,528</u>	<u>4,102</u>	<u>13,630</u>	<u>(9,126)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>7,627,130</b>	<b>20,253</b>	<b>7,647,383</b>	<b>(1,059,875)</b>
Cash and Cash Equivalents - Beginning of Year (Includes \$6,602,388, \$5,902,008 and \$21,226,890 Reported as Restricted in the Sewer and Water Enterprise Funds and Internal Service Funds Respectively).....	<u>17,872,117</u>	<u>11,614,614</u>	<u>29,486,731</u>	<u>21,226,890</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b> (Includes \$15,710,142, \$6,645,331 and \$22,355,473 Reported as Restricted in the Sewer and Water Enterprise Funds and Internal Service Funds Respectively).....	<u>\$ 25,499,247</u>	<u>\$ 11,634,867</u>	<u>\$ 37,134,114</u>	<u>\$ 20,167,015</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss).....	\$ 5,911,681	\$ 5,321,228	\$ 11,232,909	\$ (556,890)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Changes in Assets and Liabilities not Requiring Current Cash Flows:				
Depreciation.....	1,271,644	1,745,956	3,017,600	-
Net Pension Liability.....	115,030	132,329	247,359	-
Net OPEB Obligation.....	312,737	352,640	665,377	-
Effect of Changes in Operating Assets and Liabilities:				
Utility Liens.....	(3,095)	(11,531)	(14,626)	-
User Charges.....	(314,941)	(482,411)	(797,352)	-
Special Assessments.....	5,553	-	5,553	-
Interest and Dividends.....	-	-	-	2,600
Departmental and Other.....	-	-	-	109,527
Prepaid Expenses.....	-	-	-	(57,445)
Working Capital Deposit.....	-	-	-	42,028
Warrants Payable.....	(1,137,552)	3,712	(1,133,840)	(57,471)
Accrued Liabilities.....	613,156	7,669	620,825	(999,229)
Accrued Payroll.....	14,637	28,134	42,771	(7,425)
Other Liabilities.....	56,370	44,731	101,101	(4,913)
Liabilities payable from restricted assets.....	(3,918)	(24,299)	(28,217)	-
Accrued Health Claims Payable.....	-	-	-	200,711
Workers' Compensation Claims.....	-	-	-	323,784
Compensated Absences.....	(10,387)	5,144	(5,243)	-
Total Adjustments.....	<u>919,234</u>	<u>1,802,074</u>	<u>2,721,308</u>	<u>(447,833)</u>
Net Cash Provided by Operating Activities.....	<u>\$ 6,830,915</u>	<u>\$ 7,123,302</u>	<u>\$ 13,954,217</u>	<u>\$ (1,004,723)</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Intergovernmental Debt Subsidies (MWPAT).....	<u>\$ 476,493</u>	<u>\$ 260,263</u>	<u>\$ 736,756</u>	<u>\$ -</u>

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

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

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

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

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

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

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

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

JUNE 30, 2015

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

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

See notes to basic financial statements.

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

### Note 1 - Summary of Significant Accounting Policies

#### A. Reporting Entity

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

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

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

#### Blended Component Unit

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

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

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

#### Discretely Presented Component Units

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

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

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

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

### B. Basis of Presentation, Basis of Accounting

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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



## CITY OF NEWTON, MASSACHUSETTS

### Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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

Angier School Improvements Fund: This fund accounts for the cost of reconstructing the Angier Elementary School, and are being financed by the sale of long term debt and state grants.

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

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

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

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

The City also reports the following major enterprise funds:

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

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

The City also reports the following fund types:

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

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

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

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

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

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

### Measurement Focus and Basis of Accounting

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

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

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

### C. Implementation of New Accounting Principles

For the year ending June 30, 2015, the City implemented the following pronouncements issued by the GASB:

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

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

The implementation of GASB Statement No. 69 had no reporting impact for the City.

### D. Assets, Liabilities and Equity

#### Cash and Cash Equivalents and Investments

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

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

### **Restricted Cash and Cash Equivalents and Investments**

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

### **Receivables**

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

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

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

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

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

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

**Capital Assets**

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

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

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

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

**Inter-fund Transactions**

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

**Deferred Outflows of Resources**

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

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

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

**Deferred Inflows of Resources**

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

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

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

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

### Net Position and Fund Balances

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

- Community preservation activities represent amounts restricted by state statute for open space; historic preservation, and affordable housing under the Community Preservation program.
- Education activities represent amounts received from the U.S. Department of Education, the Commonwealth of Massachusetts' Department of Education, and various private donors for public education services.
- Debt service represents amounts accumulated for future payment of long-term debt service costs associated with school construction. This amount will be amortized over the next 25 fiscal years.
- Receipts reserved represent amounts for a variety of local revenues whose use is legally restricted by state law
- Community development block grant represents amounts restricted for federal community development block grant funds
- Municipal federal grants represent amounts restricted for federal grant funds other than school-related funds
- Municipal state grants represent amounts restricted for state grant funds other than school-related funds
- Stormwater management represents amounts restricted for the operation and maintenance of the City's stormwater drainage activities
- Permanent funds – expendable represents amounts held in trust for which the expenditures are restricted by various trust agreements.
- Permanent funds – non-expendable represents amounts held in trust for which only investment earnings may be expended.
- Other specific purposes represent restrictions placed on assets by other outside parties.

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

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

### Governmental Funds Statements (Fund Balances)

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

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

## CITY OF NEWTON, MASSACHUSETTS

### Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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

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

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

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

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

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

#### **Long term debt**

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

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

#### **Investment Income**

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

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

#### **Compensated Absences**

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

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

### **Pensions**

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

### **Post Retirement Benefits**

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

### **Use of Estimates**

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

### **Total Column**

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

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

## **Note 2 - Stewardship, Compliance, and Accountability**

### **A. Budget Information**

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

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

## CITY OF NEWTON, MASSACHUSETTS

### Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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

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

An annual budget is adopted in conformity with the guidelines described above. The original fiscal year 2015 General Fund and Community Preservation Fund budgets authorized \$350,354,029 and \$7,406,884 (including prior year encumbrances and continuing appropriations), respectively, in appropriations and other amounts to be raised. During the fiscal year, the Mayor and Board of Aldermen authorized supplemental appropriations for the General Fund and Community Preservation Fund totaling \$9,293,519, and \$634,862, for total budgets of \$359,647,548 and \$8,041,746, respectively.

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

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

#### **B. Deficit Net Position**

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



**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

**C. Budget to GAAP Reconciliation**

Accounting principles followed for purposes of preparing the financial statements on a budgetary basis differ from those used to present financial statements in accordance with GAAP. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund and Community Preservation Fund for the fiscal year ended June 30, 2015 are presented below:

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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

**Note 3 - Deposits and Investments**

**A. Summary of Deposit and Investment Balances**

*City (Excluding the Pension Trust Fund)*

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

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

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

Investments for the City are reported at fair value.

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

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City’s deposits may not be recovered. The City does not have a policy for custodial credit risk of deposits. As of June 30, 2015, \$90,717,944 of the City’s bank balance of \$128,060,189 was uninsured and uncollateralized.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

Investments Summary

The City's investments at June 30, 2015 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
<u>Debt Securities:</u>					
U.S. Treasuries.....	\$ 1,124,131	\$ -	\$ 470,755	\$ -	\$ 653,376
U.S. Agencies.....	313,868	258,010	55,858	-	-
Corporate bonds.....	133,373	-	107,511	25,862	-
Money market mutual funds.....	595,286	595,286	-	-	-
Mutual bond funds.....	4,723,515	4,723,515	-	-	-
External investment pools.....	58,009,483	58,009,483	-	-	-
Total debt securities.....	64,899,656	\$ 63,586,294	\$ 634,124	\$ 25,862	\$ 653,376
<u>Other Investments:</u>					
Equity securities.....	7,921,720				
Equity mutual funds.....	6,207,926				
Total other investments.....	14,129,646				
Total investments.....	\$ 79,029,302				

Investments - Interest Rate Risk of Debt Securities

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk of investments. As of June 30, 2015, \$8,208,499 of the City's investments of \$79,029,302 were uninsured, not registered in the name of the City and exposed to custodial credit risk as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Held by Counterparty</u>	<u>Held by Counterparty's Trust or Agent</u>
Corporate bonds.....	\$ 133,373	\$ -	\$ 133,373
Money market mutual funds.....	553,549	553,549	-
Mutual bond funds.....	1,656,920	-	1,656,920
Equity securities.....	1,271,242	-	1,271,242
Equity mutual funds.....	4,593,416	-	4,593,416
Total.....	<u>\$ 8,208,500</u>	<u>\$ 553,549</u>	<u>\$ 7,654,951</u>

Investments - Credit Risk of Debt Securities

Credit risk for investments is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The City does not have a policy for credit risk of debt securities. As of June 30, 2015, the credit quality ratings of the City's investments in debt securities are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings *</u>				
		<u>A</u>	<u>A1</u>	<u>BAA2</u>	<u>BAA</u>	<u>Unrated</u>
Corporate bonds.....	\$ 133,373	\$ 59,192	\$ 15,346	\$ 26,473	\$ 32,362	\$ -
Money market mutual funds....	595,286	-	-	-	-	595,286
Mutual bond funds.....	4,723,515	-	-	-	-	4,723,515
External investment pools.....	58,009,483	-	-	-	-	58,009,483
Total.....	<u>\$ 63,461,657</u>	<u>\$ 59,192</u>	<u>\$ 15,346</u>	<u>\$ 26,473</u>	<u>\$ 32,362</u>	<u>\$ 63,328,284</u>

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

*Pension Trust Fund (The System)*

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the System's deposits may not be recovered. The System does not have a policy for custodial credit risk of deposits. As of December 31, 2014, the System is not exposed to custodial credit risk.

Investments Summary

The System's investments at December 31, 2014 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Fair Value	Investment Maturities (in Years) <u>Less Than 1</u>
<u>External Investment Pools:</u>		
Pension Reserve Investment Trust.....	\$ 287,071,112	\$ 287,071,112
Massachusetts Municipal Depository Trust.....	<u>6,519,896</u>	<u>6,519,896</u>
Total external investment pools.....	<u>293,591,008</u>	<u>\$ 293,591,008</u>
<u>Other Investments:</u>		
Real estate investments.....	<u>91,899</u>	
Total investments.....	<u>\$ 293,682,907</u>	

Investments - Interest Rate Risk of Debt Securities

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

Investments - Custodial Credit Risk

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

Investments - Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The System's policy is that for underlying investments in external investment pools, bonds shall have a minimum quality rating of Baa or equivalent as rated by one or more recognized bond rating services, however, 5% of the total investment portfolio may be invested in bonds with a minimum quality rating of CCC as rated by Standard & Poor's Corporate and Municipal Rating Service. As of December 31, 2014, the System's debt security investments were in external investment pools unrated by national credit rating organizations.

**Note 4 - Receivables**

At June 30, 2015, receivables for the individual major governmental funds and non-major governmental, internal service and fiduciary funds in the aggregate, including applicable allowances for amounts estimated to be uncollectible, are as follows:

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

**Note 5 – Capital Assets**

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

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Water system:</b>				
Capital assets not being depreciated:				
Land.....	\$ 258,540	\$ -	\$ -	\$ 258,540
Construction in progress.....	4,345	-	-	4,345
Sub-total .....	<u>262,885</u>	<u>-</u>	<u>-</u>	<u>262,885</u>
Capital assets being depreciated:				
Buildings and improvements.....	2,455,492	-	-	2,455,492
Equipment and machinery.....	13,498,930	-	-	13,498,930
Water system.....	48,205,158	3,455,339	-	51,660,497
Sub-total.....	<u>64,159,580</u>	<u>3,455,339</u>	<u>-</u>	<u>67,614,919</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(1,160,119)	(45,763)	-	(1,205,882)
Equipment and machinery.....	(5,240,930)	(702,690)	-	(5,943,620)
Water system.....	(11,919,778)	(997,503)	-	(12,917,281)
Sub-total.....	<u>(18,320,827)</u>	<u>(1,745,956)</u>	<u>-</u>	<u>(20,066,783)</u>
Total capital assets being depreciated, net.....	<u>45,838,753</u>	<u>1,709,383</u>	<u>-</u>	<u>47,548,136</u>
Water system capital assets, net.....	\$ <u>46,101,638</u>	\$ <u>1,709,383</u>	\$ <u>-</u>	\$ <u>47,811,021</u>
	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Sewer system:</b>				
Capital assets not being depreciated:				
Land.....	\$ 26,245	\$ -	\$ -	\$ 26,245
Capital assets being depreciated:				
Buildings and improvements.....	1,867,659	-	-	1,867,659
Equipment and machinery.....	2,964,931	246,659	-	3,211,590
Sanitary sewer system.....	54,886,341	3,236,560	-	58,122,901
Sub-total.....	<u>59,718,931</u>	<u>3,483,219</u>	<u>-</u>	<u>63,202,150</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(781,394)	(39,126)	-	(820,520)
Equipment and machinery.....	(1,653,947)	(179,028)	-	(1,832,975)
Sanitary sewer system.....	(18,980,320)	(1,053,490)	-	(20,033,810)
Sub-total.....	<u>(21,415,661)</u>	<u>(1,271,644)</u>	<u>-</u>	<u>(22,687,305)</u>
Total capital assets being depreciated, net.....	<u>38,303,270</u>	<u>2,211,575</u>	<u>-</u>	<u>40,514,845</u>
Sewer system capital assets, net.....	\$ <u>38,329,515</u>	\$ <u>2,211,575</u>	\$ <u>-</u>	\$ <u>40,541,090</u>



**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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

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

**Note 6 – Net Investment in Capital Assets**

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

***Governmental Activities***

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

***Business-Type Activities***

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

**Note 7 – Inter-fund Receivables, Payables and Transfers**

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

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

{1} Advance funding pending receipt of grant reimbursement

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

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

**Note 8 - Short-Term Debt**

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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

**Notes Payable – Governmental Funds**

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

**Note 9 - Long-Term Obligations**

The follow represents a summary of changes that occurred in long-term obligations during the fiscal year ended June 30, 2015:

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

Internal service funds predominantly serve the governmental funds. Accordingly, the internal service fund's long-term liabilities are included as part of the governmental activities totals above. At fiscal year-end, \$8,423,539 of the internal service funds accrued liabilities (workers' compensation claims) is included above.

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

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

**Note 10 - Long-Term Debt**

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

**Bonds Payable – Governmental Funds**

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

Advanced Refunding – January 2015

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

**Bonds Payable – Water Enterprise Fund**

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

The Massachusetts Water Resources Authority (MWRA) offers water system rehabilitation and sanitary sewer infiltration and inflow reduction financial assistance programs to member communities in order to assist with the on-going maintenance of water and sewer system infrastructure. During the fiscal year ended June 30, 2015, the City was the recipient of a \$1,360,200 ten-year interest free water system rehabilitation loan.

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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

Fiscal Year	Ending	Principal	Interest	Total
2016	\$	2,877,088	\$ 235,193	\$ 3,112,281
2017		2,618,487	200,993	2,819,480
2018		2,359,886	166,794	2,526,680
2019		2,359,886	129,693	2,489,579
2020		1,399,885	91,094	1,490,979
2021		1,177,445	71,993	1,249,438
2022		684,080	52,894	736,974
2023		548,060	47,293	595,353
2024		412,040	41,694	453,734
2025		276,020	36,093	312,113
2026		140,000	32,944	172,944
2027		140,000	28,744	168,744
2028		137,500	24,544	162,044
2029		135,000	20,419	155,419
2030		135,000	16,369	151,369
2031		135,000	12,319	147,319
2032		135,000	8,269	143,269
2033		135,000	4,219	139,219
Total	\$	<u>15,805,377</u>	\$ <u>1,221,561</u>	\$ <u>17,026,938</u>

**Bonds Payable – Sewer Enterprise Fund**

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

The MWRA’s sanitary sewer infiltration/inflow reduction financial assistance program provides financial assistance for eligible projects in the form of a combination of grants and five-year interest-free loans. At June 30, 2015, the City had \$2,409,920 in MWRA sewer infiltration/inflow reduction loans outstanding. During fiscal year 2015, the City was the recipient of MWRA grants totaling \$3,784,200 and ten year interest free sewer infiltration/flow reduction loans totaling \$2,179,800.

The City has also entered into (3) ten-year subsidized loan agreements with the MWPAT for additional sanitary sewer system infiltration and inflow reduction projects. At June 30, 2015 the City had \$4,841,000 in loans outstanding under this project. Interest and principal subsidies on these loans for the year ended June 30, 2015 were \$246,284 and \$230,209, respectively.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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

Fiscal Year	Principal	Interest	Total
Ending			
2016	\$ 1,499,040	\$ 418,587	\$ 1,917,627
2017	1,524,040	365,043	1,889,083
2018	1,443,980	307,642	1,751,622
2019	1,473,980	253,123	1,727,103
2020	1,493,980	198,544	1,692,524
2021	1,078,980	149,808	1,228,788
2022	582,980	124,051	707,031
2023	582,980	111,075	694,055
2024	572,980	98,926	671,906
2025	572,980	86,448	659,428
2026	355,000	77,737	432,737
2027	355,000	67,412	422,412
2028	347,500	57,087	404,587
2029	345,000	46,687	391,687
2030	345,000	36,362	381,362
2031	320,000	25,762	345,762
2032	320,000	16,162	336,162
2033	210,000	6,562	216,562
Total	\$ 13,423,420	\$ 2,447,018	\$ 15,870,438

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

**Authorized and Unissued Debt**

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

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



**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

**Note 11 – Landfill Closure and Post-closure Care Costs**

State and federal laws and regulations mandated that the City close its old landfill site when it ceases accepting waste and to perform certain maintenance and monitoring activities at the site after closure. On June 28, 1996 the City signed a consent agreement with the Commonwealth of Massachusetts’ Department of Environmental Protection that established a schedule for closure of the Rumford Avenue landfill. This landfill ceased operations in 1976 and was capped during 1998, which was in compliance with the consent agreement. The City has recorded a liability of \$723,350 at June 30, 2015 for future year landfill site monitoring and maintenance. Estimated costs per year total \$30,500. The current estimate is based upon current costs and may require modification in future years due to price inflation, changes in technology or changes in state/federal law and regulations.

**Note 12 – Other Post Employment Benefits**

*Plan Description* – The City provides health and life insurance coverage for its retirees and their survivors (hereinafter referred to as the “Plan”) as a single-employer defined benefit Other Post Employment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process. The Plan does not issue a stand alone financial report.

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

Active employees.....	2,458
Retired employees and beneficiaries.....	<u>2,763</u>
Total.....	<u><u>5,221</u></u>

*Funding Policy* - The contribution requirements of Plan members and the City are established and may be amended by the City. The required health insurance contribution rates of Plan members and the City are 25%/30% and 75%/70%, respectively. In addition, the City reimburses retirees and their spouses \$925 each per year for Medicare Part B premiums. The Plan members and City each contribute 50% towards a \$5,000 term life insurance premium. In addition to the City contributing money to the Plan to satisfy current obligations on a pay-as-you-go basis, the City contributed 3% of compensation for all employees enrolling in the City health plan on or after July 1, 2012. The costs of administering the Plan are paid by the City.

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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

	Amount (in thousands)	
Annual required contribution.....	\$	54,840
Interest on net OPEB obligation.....		4,209
Adjustment to annual required contribution.....		<u>(10,978)</u>
Annual OPEB cost.....		48,071
Contributions made.....		<u>(18,302)</u>
Increase in net OPEB obligation.....		29,769
Net OPEB obligation at beginning of year.....		<u>202,591</u>
Net OPEB obligation at end of year.....	\$	<u><u>232,360</u></u>

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

Fiscal Year Ending	Dollar Amounts in Thousands		
	Annual OPEB Cost (AOPEBC)	Percentage of AOPEBC Contributed	Net OPEB Obligation
June 30, 2013.....	\$ 46,107	35.0%	\$ 177,540
June 30, 2014.....	42,134	40.5%	202,591
June 30, 2015.....	48,071	38.1%	232,360

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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

**Governmental Activities:**

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

**Business-Type Activities:**

Water.....	569,450
Sewer.....	<u>505,013</u>
Total AOPEBC - business-type activities.....	<u>1,074,463</u>
Total AOPEBC.....	<u><u>\$ 48,070,632</u></u>

**Note 13 – Risk Financing**

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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

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

At June 30, 2015, the City's health claims liability totaled \$3,533,868 and is based on approximately one month claims paid average. Changes in the reported liability since July 1, 2013 are as follows:

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

Workers' compensation claims are administered by the City's Personnel Department. The City contracts for an annual actuarial valuation of the program, and based on this study, has recorded a liability of \$8,423,539 at June 30, 2015, of which \$1,545,712 has been recorded as a current liability based upon the City's expectation that this amount will be paid within the fiscal year ending June 30, 2015. The liability includes an estimate of the IBNR claims.

The June 30, 2015 plan valuation is based upon the use of a combination of the paid loss development method and the Bornhuetter-Ferguson Paid Loss method. US Life Tables 2010 Vital Statistics for Males and Females have been used to determine annuity values for long term claims, using a 5.0% annual rate of interest.

Changes in the reported liability since July 1, 2013 are as follows:

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

**Note 14 – Fund Balances**

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

**Note 15 – Stabilization Funds**

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

The balance of the capital and rainy day stabilization funds at June 30, 2015 total \$1,632,853 and \$17,317,598, respectively, and are reported in the general fund as restricted (\$13,752), committed (\$714,055), assigned (\$905,046) and unassigned (\$17,317,598).

**Note 16 - Donor Restricted Endowments**

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

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

**Note 17 – Pension Plan (System)**

**A – Plan Description**

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

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

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

The System is governed by a five member board comprised of the City Comptroller (ex officio); an appointee of the Mayor; two members elected by the active and retired members of the System, and one member appointed by the other four members.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

**B – Benefits Provided**

The System provides retirement, disability and death benefits to plan members and beneficiaries, pursuant to Massachusetts General Law Chapter 32, up to a maximum of 80% of the average of a member's three or five highest consecutive years' regular compensation. In addition to regular compensation, benefits are based upon a member's age, length of creditable service and group classification. Members become vested after ten years of creditable service. A normal retirement allowance may be received after the completion of 20 years of service or upon reaching age 55 or 60, with 10 years of service. Normal retirement for most employees occurs at age 65 or 67, except for certain hazardous duty and public safety employees who attain normal retirement at age 55 or 57.

City employees with World War II military veteran status, at least 30 years of service to the City, and who began work prior to July 1, 1939, are entitled to a non-contributory pension benefit equal to 72% of their highest annual rate of regular compensation. Non contributory retirees are eligible for an annual cost of living adjustment of not more than 3% on the first \$12,000 of their annual retirement benefit.

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

**C - Contributions**

Chapter 32 of the MGL assigns authority to establish and amend contribution requirements of the System. In 1984 the City began funding the System on an actuarial reserve basis. This funding includes both current year service and the amortization of past service liability. It is the policy of the NCRB to contract for an annual actuarial valuation of the System to determine whether the contributions are sufficient to meet accruing liabilities and to demonstrate what adjustments, if any, are necessary on the basis of actual experience. Active member contribution rates are based upon date of hire: Prior to January 1, 1975 - 5% of regular compensation; January 1, 1975-December 31, 1984 - 7% of regular compensation; January 1, 1985-June 30, 1996 - 8% of regular compensation and July 1, 1996 to date - 9% of regular compensation. Members hired on or after January 1, 1979 contribute an additional 2% of annual regular compensation in excess of \$30,000.

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

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

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

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



**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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

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

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

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

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

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

Actuarial cost method:	Entry age normal
Amortization method:	Increasing payments 8.75% per year
Remaining amortization period:	14 years (closed)
Asset valuation method:	Sum of actuarial value at beginning of year, contributions and investment earnings based on actuarial interest assumption less benefit payments plus 25% of the market value at the end of the year in excess of that sum, plus additional adjustment toward market value as necessary so that final actuarial value is within 20% of market value
Investment rate of return:	7.35%, net of pension plan investment expense, including inflation
Inflation rate:	2.5% per year
Salary increases:	3.5% per year
Cost of living adjustment:	3.0% on the first \$12,000 in benefits

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

Mortality rates:

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

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

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

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

**Investment Policies and Rates of Return** - Deposits and investments made by the System are governed by Chapter 32 of the MGL. The NCRB is responsible for the adoption of a formal asset allocation policy, the selection of professional investment managers to execute the investment policies, and the appointment of an investment consultant to assist with the evaluation of investment manager performance. All investment activities of the NCRB are subject to oversight by the Commonwealth of Massachusetts' Public Employee Retirement Administration Commission (PERAC).

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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

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

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

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

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

**Note 18 – Pension Plan (Massachusetts Teachers Retirement System)**

**A - General Information about the Pension Plan**

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

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

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

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

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

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

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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

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

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

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

**Note 19 – Commitments and Contingencies**

Significant commitments include the continuing appropriations and encumbrances outstanding for the general fund and CPA fund, for which outstanding balances at June 30, 2015, totaled \$4,545,076 and \$5,410,613, respectively.

The City has an Infrastructure Development Assistance Agreement (IDAA) with the Commonwealth of Massachusetts and the developers of the Chestnut Hill Square commercial development along State Route 9. Under the terms of the agreement the Commonwealth issued debt to reimburse the developers for \$10 million in public infrastructure improvements that were necessary to accommodate the Chestnut Hill Square development. All funding for the 30 years of debt service associated with the infrastructure improvement reimbursement is expected to be derived from incremental state sales and income tax revenue generated from the commercial development project, however, in the event of a short-fall, the City is responsible for reimbursing the Commonwealth for the difference between the annual debt service on the project debt and the actual incremental state sales and income tax revenues generated from the project. According to Article 4(a) of the agreement, "Local Infrastructure Development Assistance shall constitute a general obligation of the City to which its full faith and credit shall be pledged." In order to minimize the City's financial exposure for such an event, the IDAA authorizes the City to levy and collect an Infrastructure Assessment against development real estate for any short fall and further requires that the developer fund a Municipal Liquidity Reserve equal to two years of annual debt service requirements (\$1,163,000), to be held by the City. The developer and any successors or assigns are obligated to replenish the Municipal Liquidity Reserve if any draw occurs. During fiscal year 2015, the City was not obligated to reimburse the Commonwealth for any debt service related to the IDAA.

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

Various additional legal actions and claims are pending. Litigation is subject to many uncertainties and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any at June 30, 2015 cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the City at June 30, 2015.

**Note 20 – Subsequent Events**

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

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

**Note 21 – Prior Period Reclassifications**

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2015

**Note 22 – Change in Accounting Principle**

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

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

**Note 23 – Future Implementation of GASB Pronouncements**

The GASB has issued the following statements:

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

These pronouncements will be implemented by their respective implementation dates.



This page left intentionally blank.



## **Required Supplementary Information**

**CITY OF NEWTON, MASSACHUSETTS**

Required Supplementary Information

Fiscal Year Ended June 30, 2015

**PENSION PLAN SCHEDULES**

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Required Supplementary Information

Fiscal Year Ended June 30, 2015

**SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)**

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

(continued)

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

(concluded)

**SCHEDULE OF INVESTMENT RETURNS (SYSTEM)**

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

**CITY OF NEWTON, MASSACHUSETTS**

Required Supplementary Information

Fiscal Year Ended June 30, 2015

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

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

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

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

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Required Supplementary Information

Fiscal Year Ended June 30, 2015

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Required Supplementary Information

Fiscal Year Ended June 30, 2015

**OTHER POSTEMPLOYMENT BENEFITS SCHEDULE**

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

**SCHEDULES OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
06/30/15	\$ 2,119	\$ 703,630	\$ 701,511	0.3%	\$ 200,641	350%
06/30/14	1,120	555,377	554,257	0.2%	191,423	290%
06/30/13	538	602,309	601,771	0.1%	182,513	330%
06/30/12	-	601,300	601,300	-	176,525	341%
06/30/11	-	639,110	639,110	-	176,191	363%
06/30/10	-	531,675	531,675	-	175,729	303%

**CITY OF NEWTON, MASSACHUSETTS**

Notes to Required Supplementary Information

Fiscal Year Ended June 30, 2015

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

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

Actuarial cost method (2005-2014):	Entry Age Normal
Amortization method (2005-2006):	Level percentage of payroll
Amortization method (2007-2009):	Payment increases 4.50% per year
Amortization method (2010-2012):	Payment increases 3.75% per year
Amortization method (2013):	Payment increases 8.50% per year
Amortization method (2014):	Payment increases 8.75% per year
Remaining amortization period (2005):	22 years
Remaining amortization period (2006):	21 years
Remaining amortization period (2007):	21 years
Remaining amortization period (2008):	20 years
Remaining amortization period (2009):	20 years
Remaining amortization period (2010):	27 years
Remaining amortization period (2011):	26 years
Remaining amortization period (2012):	24 years
Remaining amortization period (2013):	15 years
Remaining amortization period (2014):	14 years
Asset valuation method (2005-2007):	5-year smoothed market value
Asset valuation method (2008-2009):	Market value
Asset valuation method (2010-2014):	Sum of actuarial value at beginning of year, contributions and investment earnings based on actuarial interest assumption less benefit payments plus 25% of the market value at the end of the year in excess of that sum, plus additional adjustment toward market value as necessary so that final actuarial value is within 20% of market value
Inflation (2005-2012):	3.0%
Inflation (2013):	2.0 – 2.5%
Inflation (2014):	2.5%
Salary increases (2005-2008):	3.00 – 5.25%
Salary increases (2009):	4.00 – 5.25%
Salary increases (2010-2011):	2.0 – 3.5%
Salary increases (2012):	2.5 – 3.5%
Salary increases (2013):	3.0 – 3.5%
Salary increases (2014):	3.5%
Investment rate of return (2005-2009):	8.00%
Investment rate of return (2010-2012):	7.75%
Investment rate of return (2013):	7.65%
Investment rate of return (2014):	7.35%



This page left intentionally blank.



# **Combining and Individual Fund Statements and Schedules**

# Nonmajor Governmental Funds

## *Special Revenue Funds*

### School Lunch Fund:

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

### Revolving Fund

The Revolving Fund is used to account for a variety of municipal functions that are expected to be self-supporting, such as departmental private duty details. All revolving funds, except for damage recoveries of less than \$20,000; private duty details and assignments; wetlands protection and development review activities; and police asset forfeitures are authorized annually by vote of the Board of Aldermen under Massachusetts General Law Chapter 44, Section 53E 1/2. Fund expenditures are limited to the lesser of actual available resources or the annual spending limit authorized by the Board of Aldermen.

### Receipts Reserved Fund

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

### Community Development Block Grant Fund

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

### Municipal Federal Grant Fund

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

### Municipal State Grant Fund

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

### School State Grant Fund

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

#### School Federal Grant Fund

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

#### Gift Fund

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

#### Stormwater Management Fund

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

### ***Capital Projects Funds***

#### Public Building Improvements Fund

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

#### Street Improvements Fund

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

#### Municipal Equipment Replacement Fund

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

### ***Permanent Funds***

#### Municipal Fund

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

#### Library Common Fund

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

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

JUNE 30, 2015

*Special Revenue Funds*

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

**Special Revenue Funds**

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

(Continued)

CITY OF NEWTON, MASSACHUSETTS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET

JUNE 30, 2015

*Capital Projects Funds*

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

***Permanent Funds***

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

(Concluded)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

*Special Revenue Funds*

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



**Special Revenue Funds**

Municipal State Grant	School State Grant	School Federal Grant	Gift	Stormwater Management	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ 22,027	\$ 22,027
-	-	-	-	-	829,924
2,029,928	7,144,033	5,011,281	-	6,644	19,555,224
-	-	-	-	749,939	18,691,459
-	-	-	-	-	36,750
16	-	-	733	-	4,322
-	-	-	401,142	-	687,676
-	-	-	-	-	197,685
-	-	-	-	-	125,659
<u>2,029,944</u>	<u>7,144,033</u>	<u>5,011,281</u>	<u>401,875</u>	<u>778,610</u>	<u>40,150,726</u>
12,417	-	-	-	-	19,132
122,761	-	-	136,165	-	4,156,582
57,191	-	-	-	-	60,701
323,586	-	-	-	-	3,455,060
27,673	-	-	20,106	-	275,582
-	-	-	-	-	6,509
-	6,171,836	5,029,739	373,627	-	22,123,454
947,727	-	-	-	1,118,476	2,197,232
-	-	-	-	-	4,470
-	-	-	-	-	10,667
-	-	-	-	-	139,009
171,361	-	-	9,463	-	278,098
190,448	-	-	(3,383)	-	260,344
-	-	-	3,849	-	3,849
130,403	-	-	-	-	207,082
251,879	-	-	92,323	-	3,079,857
-	-	-	-	-	7,467
<u>2,235,446</u>	<u>6,171,836</u>	<u>5,029,739</u>	<u>632,150</u>	<u>1,118,476</u>	<u>36,285,095</u>
<u>(205,502)</u>	<u>972,197</u>	<u>(18,458)</u>	<u>(230,275)</u>	<u>(339,866)</u>	<u>3,865,631</u>
-	-	-	-	-	1,061,729
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	13,300
-	-	-	-	(155,000)	(3,843,094)
-	-	-	-	-	-
-	-	-	-	(155,000)	(2,768,065)
(205,502)	972,197	(18,458)	(230,275)	(494,866)	1,097,566
<u>478,757</u>	<u>582,454</u>	<u>49,766</u>	<u>1,254,868</u>	<u>752,458</u>	<u>12,143,423</u>
<u>\$ 273,255</u>	<u>\$ 1,554,651</u>	<u>\$ 31,308</u>	<u>\$ 1,024,593</u>	<u>\$ 257,592</u>	<u>\$ 13,240,989</u>

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**Permanent Funds**

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

(Concluded)

## Internal Service Funds

### Health Insurance Fund

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

### Workers' Compensation Insurance Fund

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

### Building Insurance Fund

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

### Liability Insurance Fund

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

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

JUNE 30, 2015

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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



This page left intentionally blank.



## Private Purpose Trust Funds

### Chaffin Education Fund

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

### Scovell Education Fund

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

### Gorin Education Fund

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

### Cousens Welfare Fund

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

### School Scholarship Fund

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

### Kendrick Welfare Fund

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

### Read Charity Fund

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

### Spear Infirmary Fund

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

### Mabel Riley Senior Fund

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

### Elderly Tax Relief Fund

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

### Arnold Daniels Fund

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

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

JUNE 30, 2015

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

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

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

	Chaffin Education	Scovell Education	Gorin Education	Cousens Welfare
<b>ADDITIONS</b>				
Contributions:				
Private donations.....	\$ 200	\$ -	\$ -	\$ 14,532
Net investment income:				
Interest.....	12,095	40,730	-	23,747
TOTAL ADDITIONS.....	<u>12,295</u>	<u>40,730</u>	<u>-</u>	<u>38,279</u>
<b>DEDUCTIONS</b>				
Administration expense.....	1,111	-	-	34,311
Educational scholarships & awards.....	158,000	22,500	26,163	42,933
TOTAL DEDUCTIONS.....	<u>159,111</u>	<u>22,500</u>	<u>26,163</u>	<u>77,244</u>
CHANGE IN NET POSITION.....	(146,816)	18,230	(26,163)	(38,965)
NET POSITION AT BEGINNING OF YEAR.....	<u>5,571,193</u>	<u>1,263,246</u>	<u>26,163</u>	<u>2,258,154</u>
NET POSITION AT END OF YEAR.....	<u>\$ 5,424,377</u>	<u>\$ 1,281,476</u>	<u>\$ -</u>	<u>\$ 2,219,189</u>

---

<u>School Scholarship</u>	<u>Kendrick Welfare</u>	<u>Read Charity</u>	<u>Spear Infirmary</u>	<u>Mabel Riley Senior</u>	<u>Elderly Tax Relief</u>	<u>Arnold Daniels Fund</u>	<u>Total</u>
\$ 59,728	\$ -	\$ -	\$ -	\$ -	\$ 2,089	\$ -	\$ 76,549
22,710	6	83	9	73	2	47	99,502
82,438	6	83	9	73	2,091	47	176,051
-	-	-	-	-	-	-	35,422
95,991	-	-	-	-	1,600	15,264	362,451
95,991	-	-	-	-	1,600	15,264	397,873
(13,553)	6	83	9	73	491	(15,217)	(221,822)
1,280,232	3,122	43,327	4,679	38,164	458	27,559	10,516,297
<u>\$ 1,266,679</u>	<u>\$ 3,128</u>	<u>\$ 43,410</u>	<u>\$ 4,688</u>	<u>\$ 38,237</u>	<u>\$ 949</u>	<u>\$ 12,342</u>	<u>\$ 10,294,475</u>

## Agency Fund

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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



This page left intentionally blank.



## General Fund

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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



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

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

(Concluded)



This page left intentionally blank.

## Community Preservation Fund

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

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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



This page left intentionally blank.



# **Additional Information**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

(Concluded)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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



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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

FY 2015 Budget As Amended	Total Revised FY 2015 Budget	Expended	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ 1,857,991	\$ 1,857,991	\$ 1,856,954	\$ -	\$ 1,037
1,396,584	1,396,584	1,243,628	114,703	38,253
864,309	864,309	132,861	729,866	1,582
348,940	348,940	333,971	-	14,969
<u>4,467,824</u>	<u>4,467,824</u>	<u>3,567,414</u>	<u>844,569</u>	<u>55,841</u>
<u>3,264,566</u>	<u>3,264,566</u>	<u>3,264,565</u>	<u>-</u>	<u>1</u>
<u>579,256</u>	<u>579,256</u>	<u>559,825</u>	<u>-</u>	<u>19,431</u>
<u>10,568,352</u>	<u>10,568,352</u>	<u>10,465,592</u>	<u>-</u>	<u>102,760</u>
<u>968,653</u>	<u>968,653</u>	<u>-</u>	<u>-</u>	<u>968,653</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>648,921</u>	<u>648,921</u>	<u>648,921</u>	<u>-</u>	<u>-</u>
<u>1,098,526</u>	<u>1,098,526</u>	<u>1,098,526</u>	<u>-</u>	<u>-</u>
<u>2,700,000</u>	<u>2,700,000</u>	<u>2,700,000</u>	<u>-</u>	<u>-</u>
<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
<u>\$ 24,546,098</u>	<u>\$ 24,546,098</u>	<u>\$ 22,554,843</u>	<u>\$ 844,569</u>	<u>\$ 1,146,686</u>



This page left intentionally blank.

# *STATISTICAL SECTION*

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

## Financial Trends (pages 128 - 139)

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

## Revenue Capacity (pages 140 - 143)

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

## Debt Capacity (pages 144 - 147)

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

## Demographic and Economic Information (page 148)

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

## Operating Information (pages 149 - 150)

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

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

**NET POSITION BY COMPONENT**  
(ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

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

---

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

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

LAST TEN FISCAL YEARS

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



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

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

LAST TEN FISCAL YEARS

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

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

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

LAST TEN FISCAL YEARS

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

---

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	434,848,130	\$ 429,799,429	449,556,069	\$ 462,145,304	\$ 486,451,432
	<u>136,698,784</u>	<u>143,442,377</u>	<u>152,510,203</u>	<u>159,529,082</u>	<u>155,353,267</u>
	(298,149,346)	(286,357,052)	(297,045,866)	(302,616,222)	(331,098,165)
	<u>266,192,228</u>	<u>274,891,418</u>	<u>285,464,237</u>	<u>306,140,944</u>	<u>319,208,091</u>
\$	<u><u>(31,957,118)</u></u>	\$ <u><u>(11,465,634)</u></u>	<u><u>(11,581,629)</u></u>	\$ <u><u>3,524,722</u></u>	\$ <u><u>(11,890,074)</u></u>

**GOVERNMENTAL FUNDS**  
**FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>General Fund</b>					
Reserved.....	\$ 4,177,720	\$ 3,884,714	\$ 3,091,164	\$ 4,595,043	\$ 5,746,263
Unreserved.....	16,117,152	19,724,693	16,342,052	15,574,235	13,566,282
Restricted.....	-	-	-	-	-
Committed.....	-	-	-	-	-
Assigned.....	-	-	-	-	-
Unassigned.....	-	-	-	-	-
Total general fund.....	<u>\$ 20,294,872</u>	<u>\$ 23,609,407</u>	<u>\$ 19,433,216</u>	<u>\$ 20,169,278</u>	<u>\$ 19,312,545</u>
<b>All Other Governmental Funds</b>					
Reserved.....	\$ 7,333,993	\$ 6,181,855	\$ 7,904,778	\$ 8,153,969	\$ 25,926,689
Unreserved, reported in:					
Special revenue funds.....	6,828,092	7,213,248	10,478,029	13,253,604	10,704,933
Capital projects funds.....	1,450,147	17,319,824	38,560,162	93,303,737	28,167,213
Permanent funds.....	874,461	925,527	817,614	736,678	740,024
Nonspendable.....	-	-	-	-	-
Restricted.....	-	-	-	-	-
Committed.....	-	-	-	-	-
Unassigned.....	-	-	-	-	-
Total all other governmental funds.....	<u>\$ 16,486,693</u>	<u>\$ 31,640,454</u>	<u>\$ 57,760,583</u>	<u>\$ 115,447,988</u>	<u>\$ 65,538,859</u>

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

	<u>2011 (1)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	-	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-
	928,722	938,274	3,164,616	2,849,507	3,006,074
	14,877,088	9,816,666	5,348,800	4,889,216	5,308,421
	844,441	2,583,061	3,110,521	2,677,990	2,451,384
	<u>14,123,323</u>	<u>14,886,340</u>	<u>21,091,447</u>	<u>26,259,064</u>	<u>27,757,785</u>
\$	<u>30,773,574</u>	<u>\$ 28,224,341</u>	<u>\$ 32,715,384</u>	<u>\$ 36,675,777</u>	<u>\$ 38,523,664</u>
\$	-	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	445,570	446,818	447,206	397,250	397,170
	28,989,163	28,617,216	26,869,665	30,289,935	38,679,507
	886,894	1,745,209	1,718,332	1,736,249	1,281,577
	<u>(354,498)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>29,967,129</u>	<u>\$ 30,809,243</u>	<u>\$ 29,035,203</u>	<u>\$ 32,423,434</u>	<u>\$ 40,358,254</u>

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

LAST TEN FISCAL YEARS

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



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

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

LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value (2)			Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value (3)	Assessed Value as a Percentage of Actual Value
	Residential Real Property	Commercial and Industrial Real Property	Personal Property				
2006	\$ 18,038,525,657	\$ 1,630,652,443	\$ 197,645,600	\$ 19,866,823,700	\$ 9.99	\$ 21,590,027,600	92.02%
2007	18,780,465,279	1,691,031,121	195,725,500	20,667,221,900	9.95	21,590,027,600	95.73%
2008	18,478,928,698	1,767,239,702	211,461,100	20,457,629,500	10.44	22,207,139,600	92.12%
2009	18,659,283,807	1,788,640,793	266,624,600	20,714,549,200	10.72	22,207,139,600	93.28%
2010	18,384,685,100	1,819,972,600	283,174,000	20,487,831,700	11.25	22,506,213,100	91.03%
2011	18,113,668,363	1,830,045,937	289,095,700	20,232,810,000	11.80	22,506,213,100	89.90%
2012	18,276,909,150	1,851,072,350	336,017,900	20,463,999,400	12.10	21,744,090,700	94.11%
2013	18,445,998,977	1,847,689,523	351,617,700	20,645,306,200	12.43	21,744,090,700	94.95%
2014	18,687,096,235	1,906,786,065	368,307,500	20,962,189,800	13.13	22,305,253,800	93.98%
2015	19,995,837,989	2,270,794,311	398,472,900	22,665,105,200	12.65	22,305,253,800	101.61%

Source: City of Newton Annual Tax Recap Sheet

(1) Does not include valuation affected by residential exemption

(2) As of January 1st

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

**DIRECT PROPERTY TAX RATES (1) (2)**

LAST TEN FISCAL YEARS

---

Fiscal Year	Residential Real Property	Commercial and Industrial Real Property	Personal Property	Total Direct (3)
2006	\$ 9.36	\$ 17.72	\$ 17.72	9.99
2007	9.33	17.64	17.64	9.95
2008	9.70	18.46	18.46	10.44
2009	9.96	19.00	19.00	10.72
2010	10.41	19.93	19.93	11.25
2011	10.90	20.89	20.89	11.80
2012	11.17	21.32	21.32	12.10
2013	11.49	21.93	21.93	12.43
2014	12.12	23.18	23.18	13.13
2015	11.61	22.38	22.38	12.65

**Source:** City of Newton Tax Recap Sheets

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

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

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

**PRINCIPAL PROPERTY TAXPAYERS**

CURRENT YEAR AND TEN YEARS AGO

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

Source: City of Newton Board of Assessors.

**PROPERTY TAX LEVIES AND COLLECTIONS**

LAST TEN FISCAL YEARS

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

**Source:** Annual Tax Recap Sheet and General Ledger records

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

**RATIOS OF OUTSTANDING DEBT BY TYPE**

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Per Capita (1)
	General Obligation Bonds	State Pension Loan	General Obligation Bonds	MWRA/MWPAT Loans		
2006	\$ 44,954,850	\$ 2,600,000	\$ 176,250	\$ 23,158,874	\$ 70,889,974	\$ 844
2007	49,682,800	-	80,000	24,790,065	74,552,865	903
2008	92,327,900	-	40,000	22,117,941	114,485,841	1,415
2009	170,685,800	-	6,000,000	24,259,834	200,945,634	2,418
2010	187,685,300	-	5,900,000	23,261,750	216,847,050	2,597
2011	191,994,800	-	8,275,000	21,449,014	221,718,814	2,639
2012	188,320,433	-	9,627,000	19,699,017	217,646,450	2,556
2013	189,297,824	-	15,671,442	17,643,162	222,612,428	2,579
2014	199,866,399	-	14,265,000	15,726,829	229,858,228	2,663
2015	215,267,032	-	16,364,817	12,863,980	244,495,829	2,769

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

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

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**

LAST TEN FISCAL YEARS

Fiscal Year	Net General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (1)	Percentage of Estimated Personal Income (2)
	General Obligation Bonds	Less: Resources Restricted for Debt Principal	Total Net General Bonded Debt		
2006	45,131,100	-	45,131,100	0.21%	0.96%
2007	49,762,800	-	49,762,800	0.23%	1.08%
2008	92,367,900	-	92,367,900	0.42%	2.04%
2009	170,685,800	(881,707)	169,804,093	0.76%	3.32%
2010	187,685,300	(749,640)	186,935,660	0.83%	3.64%
2011	191,994,800	(683,320)	191,311,480	0.85%	3.70%
2012	188,320,433	(2,946,430)	185,374,003	0.85%	3.54%
2013	189,297,824	(2,896,430)	186,401,394	0.86%	3.51%
2014	199,866,399	(2,835,755)	197,030,644	0.88%	3.71%
2015	215,267,032	(2,992,322)	212,274,710	0.95%	3.76%

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

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

**DIRECT AND OVERLAPPING DEBT**

JUNE 30, 2015

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

**Sources:** MWRA, City of Newton Treasurer's Office



**LEGAL DEBT MARGIN INFORMATION**

LAST FIVE FISCAL YEARS

	2015	2014	2013	2012	2011
Equalized valuation.....	\$ 22,305,253,800	\$ 22,305,253,800	\$ 21,744,090,700	\$ 21,744,090,700	\$ 22,506,213,100
Normal debt limit (5% of equalized valuation).....	1,115,262,690	1,115,262,690	1,087,204,535	1,087,204,535	1,125,310,655
Debt applicable to limit:					
Total bonded debt.....	244,495,829	229,858,228	222,612,428	217,646,450	221,718,814
Less: General obligation bonds exempted by authority of state legislature.....	<u>(37,987,881)</u>	<u>(17,377,352)</u>	<u>(17,643,162)</u>	<u>(19,699,017)</u>	<u>(29,724,014)</u>
Total net debt applicable to limit.....	<u>206,507,948</u>	<u>212,480,876</u>	<u>204,969,266</u>	<u>197,947,433</u>	<u>191,994,800</u>
Legal debt margin.....	<u>\$ 908,754,742</u>	<u>\$ 902,781,814</u>	<u>\$ 882,235,269</u>	<u>\$ 889,257,102</u>	<u>\$ 933,315,855</u>
Total net debt applicable to the limit as a percentage of normal debt limit.....	<u>18.5%</u>	<u>19.1%</u>	<u>18.9%</u>	<u>18.2%</u>	<u>17.1%</u>

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

LAST TEN CALENDAR YEARS

Year	Population	Median Age	Per Capita Income	Estimated Personal Income	Median Family Income	Public School Enrollment	Unemployment Rate (%)
2005	84,031	38.7	55,891	4,696,576,621	124,893	11,415	3.3%
2006	82,578	38.7	55,891	4,615,366,998	124,893	11,501	3.7%
2007	80,917	38.7	55,891	4,522,532,047	124,893	11,570	3.9%
2008	83,112	38.7	61,530	5,113,881,360	113,416	11,570	6.3%
2009	83,501	38.7	61,530	5,137,816,530	113,416	11,607	6.5%
2010	84,024	40.5	61,530	5,169,996,720	113,416	11,775	5.0%
2011	85,146	39.9	61,530	5,239,033,380	113,416	12,172	4.1%
2012	86,307	40.2	61,530	5,310,469,710	113,416	12,170	4.1%
2013	86,307	40.2	61,530	5,310,469,710	113,416	12,441	4.1%
2014	88,287	40.1	63,872	5,639,067,264	119,148	12,503	4.1%

**Sources:** Population from City census

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

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

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

**EMPLOYEES BY FUNCTION/PROGRAM**

LAST FIVE FISCAL YEARS

Employees as of June 30					
Function/Program	2015	2014	2013	2012	2011
General government.....	136	138	128	131	133
Public safety.....	380	372	364	371	373
Education.....	1,455	1,406	1,334	1,285	1,195
Public works .....	127	136	131	126	131
Health and human services.....	45	42	45	45	48
Culture and recreation.....	81	82	80	79	82
Water.....	28	29	28	29	31
Sewer.....	25	25	28	27	32
<b>Total.....</b>	<b>2,277</b>	<b>2,230</b>	<b>2,138</b>	<b>2,093</b>	<b>2,025</b>

**Source:** City of Newton payroll

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

LAST FIVE FISCAL YEARS

Function/Program	Fiscal Year				
	2015	2014	2013	2012	2011
Public safety					
Police					
Stations.....	1	1	1	1	1
Vehicles.....	69	69	69	69	69
Fire					
Stations.....	6	6	6	6	6
Firefighting Vehicles.....	9	9	9	9	9
Education					
Public school buildings.....	21	21	21	21	21
Public works					
Streets (miles).....	310	310	310	310	310
Streetlights.....	8,595	8,595	8,595	8,595	8,595
Traffic signals.....	98	98	98	98	98
Parking meters.....	1,671	1,671	1,671	1,671	1,671
Culture and recreation					
Public libraries					
Main library.....	1	1	1	1	1
Park & playground Acreage.....	595	590	590	590	590
Outdoor swimming facilities.....	2	2	2	2	2
Indoor swimming facilities.....	1	1	1	1	1
Public street trees	30,000	30,000	30,000	30,000	30,000
Water					
Water mains (miles).....	300	300	300	300	300
Fire hydrants.....	2,400	2,400	2,400	2,400	2,400
Storage capacity (thousands of gallons).....	26,000,000	26,000,000	26,000,000	26,000,000	26,000,000
Sewer					
Sanitary sewers (miles).....	300	300	300	300	300
Sewer pump stations.....	10	10	10	10	10
Stormdrains (miles).....	324	324	324	324	324

**Sources:** Various departments of the City of Newton



111 Huntington Avenue  
Boston, MA 02199  
Telephone: 617-239-0100  
Fax: 617-227-4420  
www.lockelord.com

(Date of Delivery)

James Reardon, Treasurer  
City of Newton  
Newton, Massachusetts

\$76,075,000  
City of Newton, Massachusetts  
General Obligation Municipal Purpose Loan of 2016 Bonds  
Dated January 28, 2016

We have acted as bond counsel to the City of Newton, Massachusetts (the “City”) in connection with the issuance by the City of the above-referenced bonds (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the City contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the City and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the City, without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws, with respect to that portion of the principal and interest payments that the City has voted to exempt from the limit imposed by Chapter 59, Section 21C of the General Laws, and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to that portion of the principal and interest payments that the City has not voted to exempt from that limit.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the City with all requirements of the Internal Revenue Code of

1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure by the City to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

LOCKE LORD LLP

AM 56763867.1

**PROPOSED FORM OF  
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Newton, Massachusetts (the “Issuer”) in connection with the issuance of its \$76,075,000 General Obligation Municipal Purpose Loan of 2016 Bonds dated January 28, 2016 (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Obligated Person” shall mean the Issuer.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated January 20, 2016 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.



7. Modifications to rights of the Owners of the Bonds, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person.\*
13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as

---

\* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: January 28, 2016

CITY OF NEWTON, MASSACHUSETTS

By: \_\_\_\_\_  
Treasurer

\_\_\_\_\_  
Mayor

[EXHIBIT A: Filing Information for the MSRB]  
[EXHIBIT B: Form of Notice of Failure to File Annual Report]

AM 56763917.1