

City of Newton, Massachusetts

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020



City of Newton, Massachusetts

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For the Fiscal Year Ended June 30, 2020



Prepared by the Comptroller's Office

CITY OF NEWTON, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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INTRODUCTORY SECTION

COMPTROLLER'S OFFICE



CITY OF NEWTON, MASSACHUSETTS

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SUSAN DZIKOWSKI
COMPTROLLER

January 28, 2021

Members of the City Council
Mayor Ruthanne Fuller
Citizens and Taxpayers of the City of Newton

I am pleased to transmit to you the City of Newton's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. 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).

Despite the unprecedented financial and operational challenges of Coronavirus Disease 2019 (COVID-19), the financial position of the City remains strong and will be illustrated in this document.

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 independent auditors' unqualified ("clean") opinion on the City's financial statements for the year ended June 30, 2020 is presented as the first component of the financial section of this report on pages 1-3. The City's financial statements have been audited by CliftonLarsonAllen, LLP (CLA), a firm of licensed certified public accountants, who have been hired by and report to the Newton City Council. CLA will carry on as Newton's independent auditor for the contract period from fiscal year 2019 through fiscal year 2023.

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 89,045 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 54,866 individuals employed in 4,021 establishments within the boundaries of the City, with an estimated annual payroll of \$4.02 billion. Businesses are generally small and service-oriented with professional, business, education and health services accounting for over 60% of all jobs.

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

Organizational Structure

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

Services

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

Reporting Entity

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

Financial Management

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

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

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

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

The Comptroller is responsible for maintaining the City's accounting records, and reporting the City's financial activity and position. Detailed quarterly revenue and expenditure information is provided on-line to operating departments. Quarterly comparative financial management reports are issued to the Mayor, City Council and public on the Comptroller's page of the City web site. Un-audited budgetary basis year-end financial reports are issued within 90 days of the close of the fiscal year, and audited financial statements are issued shortly before or after the end of the calendar year.

Financial Planning

The City is managing the financial challenges of COVID-19 with conservative budgeting, realistic expectations on revenue streams including hotel room occupancy tax, meals tax, parking violation fines and recreational fees, and the strict usage of the CARES Act Coronavirus Relief Fund – Municipal Program and FEMA Federal Emergency Funds for the reimbursement of allowable expenses.

Three on-going financial management challenges facing the City for the past several years have been the need to more aggressively fund the City's defined benefit pension plan; the need to formalize a plan for actuarially funding the City's Other Post-Employment Benefits (OPEB) liability; and the need to fund general purpose budget reserves.

The City is now on track to fund its defined benefit pension obligations in full by fiscal year 2030. The Plan's Net Pension Liability decreased from \$338.3 million as of December 31, 2018 to \$308.9 million as of December 31, 2019. The funded ratio, or the ratio of the actuarial value of assets to the actuarial accrued liability increased from 52.64% to 54.94%. For fiscal year 2022 and later years, each year's appropriation increases 9.6%. A revised appropriation was approved by the Retirement Board for fiscal year 2021 with an increase of 4.6%.

The OPEB trust ended fiscal year 2020 with assets of \$15.0 million, \$3.2 million or 27% greater than the funded balance at June 30 of the previous fiscal year. Although the City has yet to formally adopt a funding plan for its OPEB liabilities, the January 1, 2020 OPEB actuarial valuations include significant funding to begin in fiscal year 2031, after the defined benefit plan is scheduled to be actuarially funded. Eight years later, by fiscal year 2039, the City's OPEB obligations will reach full actuarial funding.

The City's Rainy Day Stabilization Fund ended fiscal year 2020 with a fund balance of \$22.0 million, \$615,000 more than the balance as of the start of the year and 5% of General Fund expenditures for the year.

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.
- Successfully implement new payroll software as of January 1, 2021.

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

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

An analysis of all legally adopted operating and capital budgets are presented on pages 114-138 of this report.

The City's books on fiscal year 2020 were closed within 90 days of year end and on October 15, 2020 the Massachusetts Department of Revenue certified the City's July 1, 2020 free cash (General Fund balance available for appropriation) at \$7.4 million. All statutory filings have also been made with the Massachusetts Department of Revenue and the Department of Elementary and Secondary Education.

The City began using MUNIS - a fully integrated financial and human resources management information system - on July 1, 2019 for financial transactions; the City is going live with payroll in January 2021. In preparation, the City developed a new chart of accounts and initiated staff training on new and updated processes to perform financial and payroll functions in the new system. The tax and utility billings, fund accounting, budget preparation, purchasing, and payroll/human resources modules are completely integrated. The MUNIS modules are used for all City financial activities except the disbursement of contributory and non-contributory retirement benefits; Pension Technology Group (PTG) seamlessly replaced the old system in January 2020.

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 No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the City's June 30, 2020 actuarial valuation used a measurement date of June 30, 2020, based on the actuary's report dated January 31, 2020. GASB 75 permits a measurement date as early as the end of the fiscal year prior to the reporting date. The City's Net OPEB Liability increased from \$628.2 million to \$869.6 million, and the Plan's Fiduciary Net Position as a percent of the Total OPEB Liability increased from 1.37% to 1.69%.

Newton, like most communities in Massachusetts and in New England, does not currently have a formally adopted plan for funding health benefits on a basis other than the historical pay as you go approach. Beginning on July 1 of 2012 the City began contributing 2.5% of compensation for all new health plan participants; the 2.5% contribution level was increased to 3% in 2014, and eventually to the current rate of 3.6%. Please refer to Note 12 and OPEB Required Supplementary Information for more detailed information on the City's health benefit obligations.

Audit Committee

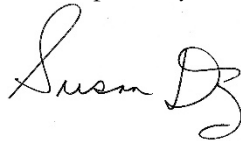
In order to strengthen the City's internal controls and financial reporting, the City Council established a permanent audit committee, consisting of both representatives of the City Council and Newton residents with financial management and audit education and experience. The Committee held a number of meetings with management and the City's independent auditors in fiscal year 2020.

Awards and Acknowledgments

The City currently maintains an Aaa credit rating with both Moody's Investor Service and S&P.

The Comptroller's Office succeeds because of the extraordinary analytical skills of Steven Curley and Regina Zegarelli and the professional commitment of staff including Denise King, Juiling De Los Reyes and Stela Zaloshnja. I am appreciative of the Chair of the Finance Committee, City Councilor Rebecca Walker Grossman, for her able leadership. Thank you to the public accounting firm of CliftonLarsonAllen, LLP for the effectual completion of this year's audit and as always, for asking (and answering) many questions during the preparation of this report and over the course of the year.

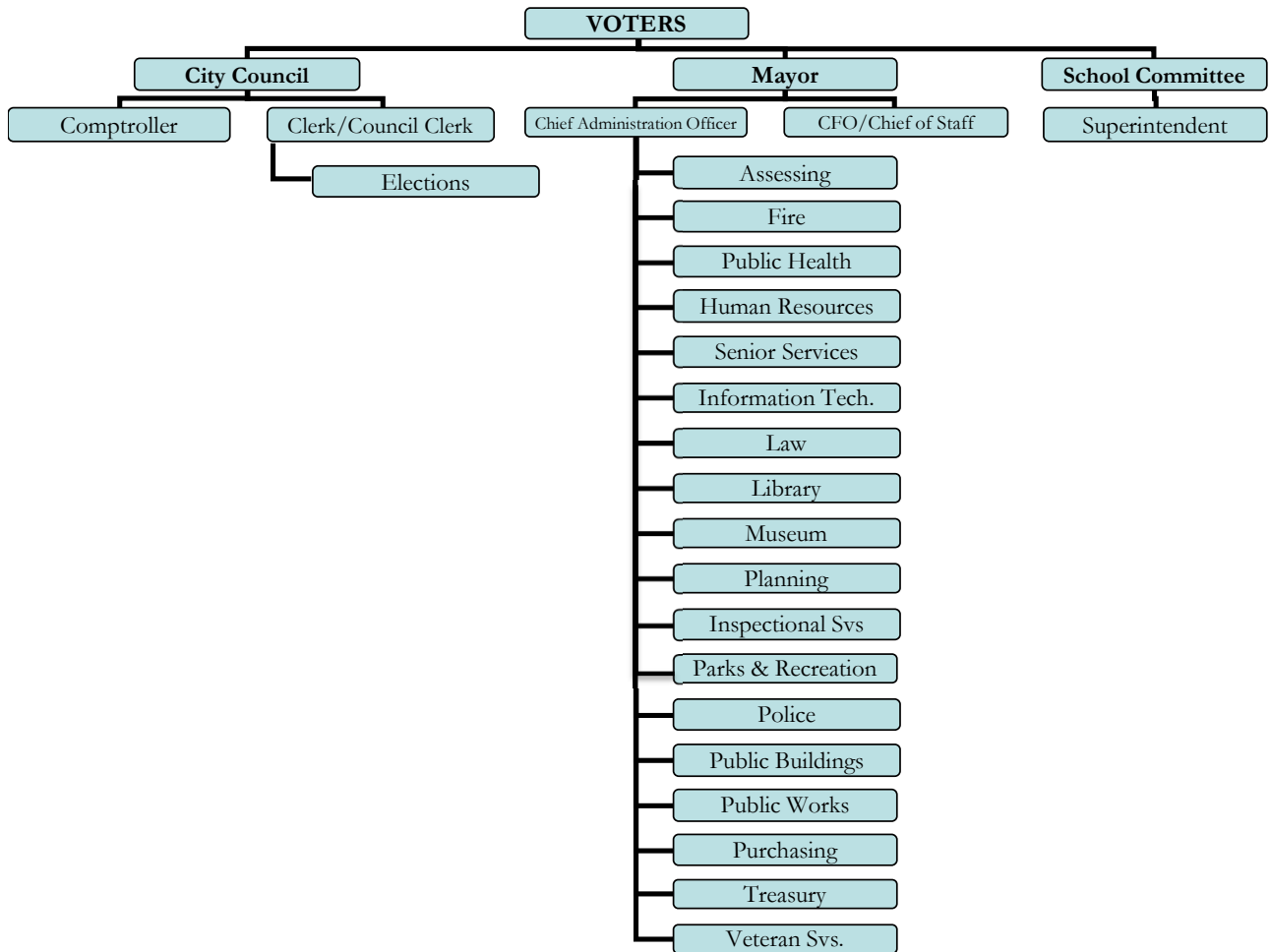
Respectfully,

A handwritten signature in black ink, appearing to read "Susan Dzikowski". The signature is written in a cursive style with a large, stylized initial "S" and "D".

Susan Dzikowski
Comptroller, City of Newton

CITY OF NEWTON, MASSACHUSETTS

ORGANIZATIONAL CHART



CITY OF NEWTON, MASSACHUSETTS
ELECTED OFFICIALS AND DEPARTMENT HEADS
JUNE 30, 2020

CITY COUNCIL

Susan Albright, President
Richard A. Lipof, Vice-President
R. Lisle Baker, President Emeritus
Rebecca Walker Grossman, Finance Committee Chair
David A. Kalis, Finance Vice Chair
Alicia Bowman
Alison M. Leary
Allan Ciccone, Jr., Finance Committee
Andreae Downs
Andrea W. Kelley
Brenda Noel, Finance Committee
Christopher J. Markiewicz
Deborah Crossley
Emily Norton, Finance Committee
Holly Ryan
Jacob D. Auchincloss
Joshua Krintzman
Julia Malakic, Finance Committee
Leonard J. Gentile, Finance Committee
Marc C. Laredo
Maria Scibelli Greenberg
Pamela Wright
Victoria L. Danberg
William Humphrey, Finance Committee

SCHOOL COMMITTEE

Ruth Goldman, Chair
Bridget Ray-Canada, Vice Chair
Anping Shen
Emily Prenner
Kathleen Shields
Margaret Albright
Matthew Miller
Tamika Olszewski
Mayor Ruthanne Fuller, Ex Officio Member
David Fleishman, Superintendent of Schools
Liam Hurley, Assistant Superintendent/Chief Financial & Adm. Officer

EXECUTIVE

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

DEPARTMENT HEADS

Accounting: Susan Dzikowski, Comptroller
Assessing: James Shaughnessy, Director and Chair, Board of Assessors
City Clerk/Clerk of Board: David A. Olson, City Clerk/Clerk of the Board
Elections: David A. Olson, City Clerk/Clerk of the Board
Fire: Gino Luchetti, Fire Chief
Health & Human Services: Deborah Youngblood PHD, Commissioner
Human Resources: Michelle Pizzi O'Brien, Director
Financial Information Systems: Karen Griffey, Deputy Director
Information Technology: Joseph Mulvey, Chief Information Officer
Inspectional Services: John Lojek, Commissioner
Newton History Museum: Lisa Dady, Director
Law: Alissa Guiliani, City Solicitor
Library: Jill Mercurio, Director
Parks & Recreation: Nicole Banks, Commissioner
Planning & Development: Barney Heath, Director
Police: David MacDonald, Police Chief
Public Buildings: Josh Morse, Commissioner
Public Works: James McGonagle, Commissioner
Purchasing: Nicholas Read, Chief Procurement Officer
Senior Service: Jayne Colino, Director
Treasury: Rosemarie Woods, Treasurer & Collector
Veteran Services: Seth Bai, Veteran Services Officer

CONTRIBUTORY RETIREMENT BOARD

Thomas Lopez, Chair & Elected Member
Anthony T. Logalbo, Vice Chair & Mayoral Appointee
Kimberly A. Fletcher, Appointed Member
Paul Bianchi, Elected Member
Susan Dzikowski, Ex Officio Member
Kelly Byrne, Retirement System Director

FINANCIAL SECTION



Independent Auditors' Report

To the Honorable City Council and Mayor
City of Newton, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts, as of and for the year ended June 30, 2020 (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, 2019), 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.

Auditors' 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 46.7%, 46.3%, and 99.9%, respectively, of the assets, net position, and operating revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Newton Commonwealth Foundation, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Newton Commonwealth Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, 2020 (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, 2019) and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Community Preservation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and certain pension and other postemployment benefits information 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.

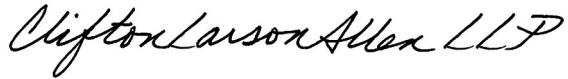
The combining and individual fund financial statements and schedules and additional information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected 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.

Honorable City Council and Mayor
City of Newton, Massachusetts

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2021 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 solely to describe the scope of our testing of the City's internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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".

Boston, Massachusetts
January 28, 2021

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, 2020.

Financial Highlights:

- Total liabilities and deferred inflows of City resources exceeded total assets and deferred outflows of resources as of the close of the most recent fiscal year by \$494 million – a decrease of \$72.8 million or 17.3% from June 30, 2019. The negative (\$494) million net position for June 30, 2020 consisted of (\$633.3) in negative net position in governmental activities and a positive \$139.6 million in the City's business type activities.
- Unrestricted governmental net position decreased by \$91.6 million to (\$977.5) million at June 30, 2020. The decline in unrestricted governmental activities net position resulted primarily from the net changes in the net pension and net OPEB liabilities and related deferred outflows and inflows.
- The total cost of all City services (primary government) for fiscal year 2020 was \$669.5 million, \$617.1 million (92%) of which was for governmental services, and \$52.4 million (8%) of which was for business type services. The total cost of City services increased by \$110.4 million or 19.7% from the previous fiscal year.
- A total of \$136.4 million or 22.1% of governmental services were financed from program revenue, leaving 77.9% 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 67.5% of 2020 governmental services funding.
- At June 30, 2020, the City's governmental funds reported a combined fund balance of \$133.9 million. The combined governmental funds fund balance increased by \$14.1 million (11.8%) from the prior year's ending fund balance.
- The City's general fund reported total fund balance of \$73 million at the end of fiscal year 2020, a \$2 million (2.8%) increase from the total fund balance at June 30 of the prior fiscal year. The unassigned portion of the fund balance increased by \$0.9 million to \$48.4 million or 9.9% of total general fund revenues and other financing sources. The unassigned fund balance includes \$22.0 million that the City has set aside as a "Rainy Day Stabilization" fund and \$7.4 million in "Free Cash" that has been certified as being available for appropriation by the Massachusetts Department of Revenue.

Overview of the Financial Statements:

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

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. The *statement of net position* 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* 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 in the Statistical Section 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 in the Basic Financial Statements.

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 *Cabot 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* in this report. The governmental funds financial statements can be found in the Basic Financial Statements of this report. Trend information may be found in the Statistical Section of this report.

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

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sanitary sewer and storm water activities. The water and sanitary sewer funds are considered major funds of the City. Conversely, all internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements. A brief description of each fund and individual fund data for the internal service funds is provided in the form of *combining statements* in this report. The basic proprietary fund financial statements can be found in the Basic Financial Statements 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 combined 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* of this report. The fiduciary funds financial statements can be found in the Basic Financial Statements 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 after the Basic Financial Statements of this report. A brief description of fund balance terminology required by Governmental Accounting Standards Board Statement 54 for governmental funds is presented in the notes along with a detailed analysis of the major components of each fund balance account.

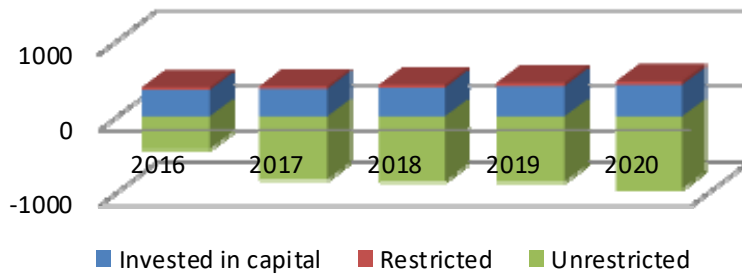
Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's progress in funding its obligation to provide pension and post-employment benefits to its employees. Such information is located after the Notes to the Basic Financial Statements 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 \$494 million at June 30, 2020. This represents a decrease of \$72.8 million or 17.3% in the 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.

Net Position Trends for Primary Government - Last Five Years



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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019
Assets						
Current assets.....	\$ 232,942,591	\$ 205,055,606	\$ 83,025,866	\$ 86,565,161	\$ 315,968,457	\$ 291,620,767
Noncurrent assets (excluding capital assets).....	5,521,299	5,947,867	487,811	197,809	6,009,110	6,145,676
Capital assets (net).....	605,413,390	584,478,711	125,638,501	120,689,275	731,051,891	705,167,986
Total assets.....	843,877,280	795,482,184	209,152,178	207,452,245	1,053,029,458	1,002,934,429
Deferred Outflows of Resources	127,819,694	43,308,808	3,144,877	1,221,063	130,964,571	44,529,871
Liabilities						
Current liabilities (excluding debt).....	53,000,949	46,757,010	3,506,912	12,454,237	56,507,861	59,211,247
Noncurrent liabilities (excluding debt).....	1,158,382,590	951,204,931	30,474,266	25,941,007	1,188,856,856	977,145,938
Current debt.....	16,226,395	15,252,311	4,384,442	4,936,921	20,610,837	20,189,232
Noncurrent debt.....	308,666,842	289,634,652	32,584,200	31,309,937	341,251,042	320,944,589
Total liabilities.....	1,536,276,776	1,302,848,904	70,949,820	74,642,102	1,607,226,596	1,377,491,006
Deferred Inflows of Resources	68,732,573	88,782,126	1,787,633	2,174,333	70,520,206	90,956,459
Net Position						
Net investment in capital assets.....	299,446,858	289,288,369	117,784,284	111,179,650	417,231,142	400,468,019
Restricted.....	44,698,129	43,753,181	-	-	44,698,129	43,753,181
Unrestricted.....	(977,457,362)	(885,881,588)	21,775,318	20,677,223	(955,682,044)	(865,204,365)
Total net position.....	\$ (633,312,375)	\$ (552,840,038)	\$ 139,559,602	\$ 131,856,873	\$ (493,752,773)	\$ (420,983,165)

The largest single components of the City's negative total net position are \$305.7 million in unfunded pension benefits (Net Pension Liabilities) and \$869.6 million in unfunded OPEB liabilities (Net 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, 2030. The unfunded OPEB total represents the difference between benefit obligations and assets that have been accumulated in the OPEB Trust Fund.

Although the City has yet to formally adopt a funding plan for its OPEB liabilities, a new OPEB actuary was engaged in 2017 to prepare a funding plan that provides for meaningful funding to begin in fiscal year 2031, after the defined benefit plan is scheduled to be actuarially funded. The plan projects full actuarial funding of OPEB obligations by fiscal year 2039.

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

An additional portion of the City's net position, \$44.7 million, represents resources that are subject to restrictions placed on how they may be used by parties external to the City. A total of \$23.1 million (51.7%) 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.

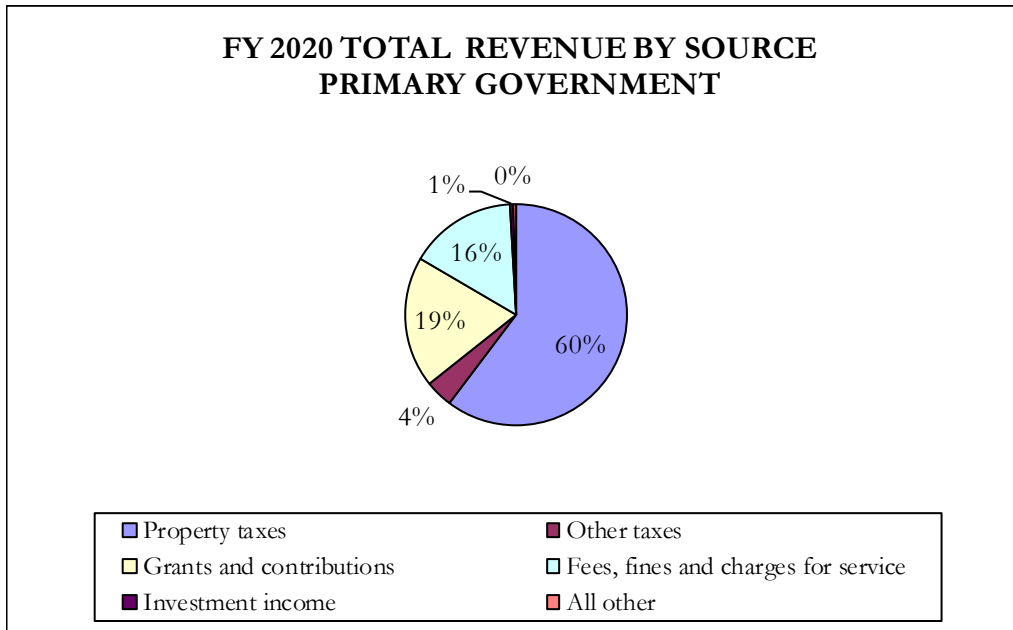
Changes in net position:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
<i>Program Revenues:</i>						
Fees, fines and charges for services.....	\$ 33,454,980	\$ 35,745,286	\$ 60,011,504	\$ 60,059,988	\$ 93,466,484	\$ 95,805,274
Operating grants and contributions.....	99,194,694	86,589,421	471,521	1,182,080	99,666,215	87,771,501
Capital grants and contributions.....	3,727,020	11,176,779	3,649,886	4,118,366	7,376,906	15,295,145
<i>General Revenues:</i>						
Real estate and personal property taxes.....	359,616,332	346,757,156	-	-	359,616,332	346,757,156
Motor vehicle and other excise taxes.....	14,331,513	13,857,190	-	-	14,331,513	13,857,190
Hotel room occupancy taxes.....	2,158,604	2,411,164	-	-	2,158,604	2,411,164
Meals taxes.....	1,838,810	2,026,232	-	-	1,838,810	2,026,232
Cannabis state taxes.....	269,805	-	-	-	269,805	-
Penalties and interest on taxes.....	1,263,507	1,456,045	-	-	1,263,507	1,456,045
Payments in lieu of taxes.....	659,283	620,405	-	-	659,283	620,405
Community preservation surcharges.....	3,527,894	3,385,398	-	-	3,527,894	3,385,398
Grants and contributions not restricted						
to specific programs.....	7,281,872	6,710,460	-	-	7,281,872	6,710,460
Unrestricted investment income.....	2,851,265	3,856,837	-	-	2,851,265	3,856,837
Gain/(loss) on sales/disposals of capital assets.....	-	-	27,855	(58,246)	27,855	(58,246)
Other.....	2,385,716	898,387	-	-	2,385,716	898,387
Total revenues.....	<u>532,561,295</u>	<u>515,490,760</u>	<u>64,160,766</u>	<u>65,302,188</u>	<u>596,722,061</u>	<u>580,792,948</u>
Expenses						
General government.....	36,091,937	31,005,249	-	-	36,091,937	31,005,249
Public safety.....	100,638,858	80,638,692	-	-	100,638,858	80,638,692
Education.....	397,128,915	318,140,994	-	-	397,128,915	318,140,994
Public works.....	37,447,196	34,337,618	-	-	37,447,196	34,337,618
Health and human services.....	15,079,778	12,881,214	-	-	15,079,778	12,881,214
Culture and recreation.....	21,451,308	20,216,213	-	-	21,451,308	20,216,213
Debt service - interest.....	9,292,945	12,394,788	-	-	9,292,945	12,394,788
Water.....	-	-	21,402,813	19,845,729	21,402,813	19,845,729
Sewer.....	-	-	29,156,347	28,066,143	29,156,347	28,066,143
Stormwater.....	-	-	1,801,572	1,630,752	1,801,572	1,630,752
Total expenses.....	<u>617,130,937</u>	<u>509,614,768</u>	<u>52,360,732</u>	<u>49,542,624</u>	<u>669,491,669</u>	<u>559,157,392</u>
Change in net position before transfers.....	(84,569,642)	5,875,992	11,800,034	15,759,564	(72,769,608)	21,635,556
Transfers, net.....	<u>4,097,305</u>	<u>3,829,182</u>	<u>(4,097,305)</u>	<u>(3,829,182)</u>	<u>-</u>	<u>-</u>
Change in net position.....	(80,472,337)	9,705,174	7,702,729	11,930,382	(72,769,608)	21,635,556
Net position - beginning of year.....	<u>(552,840,038)</u>	<u>(562,545,212)</u>	<u>131,856,873</u>	<u>119,926,491</u>	<u>(420,983,165)</u>	<u>(442,618,721)</u>
Net position - end of year.....	<u>\$ (633,312,375)</u>	<u>\$ (552,840,038)</u>	<u>\$ 139,559,602</u>	<u>\$ 131,856,873</u>	<u>\$ (493,752,773)</u>	<u>\$ (420,983,165)</u>

Total revenue for the year ended June 30, 2020 amounted to \$596.7 million, an increase of \$15.9 million or 2.7% from the prior year. Real estate tax revenue, the City's largest revenue source, accounted for \$12.9 million or 81.1% of the revenue growth.

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

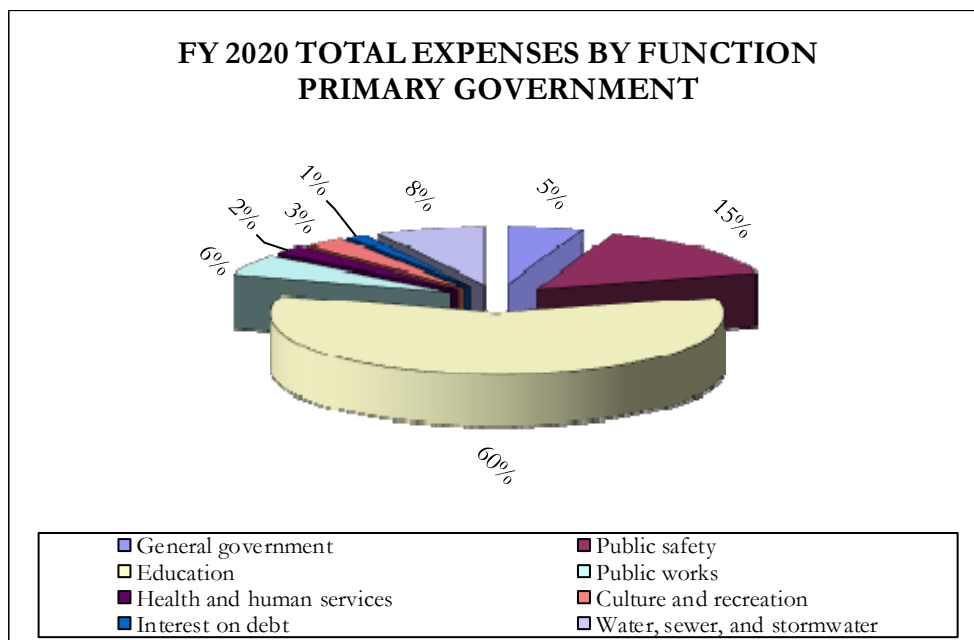


Total expenses increased by \$110.3 million or 19.7% during the year.

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, 2020, total spending for education purposes was \$397.1 million or 59% of total spending, 64% of governmental activity spending and \$79.0 million or 24.8% greater than total education spending for the prior fiscal year

The following chart illustrates the distribution of expenses by major function for the primary government for the year ended June 30, 2020.



Governmental activities – Governmental activities decreased the City’s net position by \$80.5 million or 14.6% during fiscal 2020 primarily due to an increase in the net OPEB liability. 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, 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 2020. Inspectional service department program revenues exceeded total program expenses by \$8.3 million for the year. In the fiscal year ending June 30, 2019, inspectional services department program revenue exceeded program expenses by \$8.2 million.

Business-type activities – Business-type activities increased the City’s net position by \$7.7 million or 5.8% during fiscal year 2020.

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, 2020, the City’s governmental funds reported a combined fund balance totaling \$133.9 million, a \$14.1 million or 11.8% increase from the prior year reported financial position.

The General fund is the primary operating fund of the City and at June 30, 2020 reported a total fund balance of \$73 million, \$2.0 million or 2.8% more than the total fund balance for the previous fiscal year. The unassigned portion of fund balance increased from \$47.5 million or approximately 10.2% of total fund revenues and other financing sources at June 30, 2019 to \$48.4 million or 9.9% of fund revenues and other financing sources at June 30, 2020. The City’s Rainy Day (fiscal/economic stabilization) Fund accounts for \$22.0 million or approximately 45.5% 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 2020 and (5) previous fiscal years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total fund balance	\$ 73,025,039	\$ 71,020,024	\$ 66,621,935	\$ 67,050,624	\$ 57,458,697	\$ 38,523,664
Less: Fund balance restrictions for:						
Debt service.....	2,234,379	2,234,379	2,339,315	2,442,053	2,803,983	2,992,322
Capital.....	195,477	195,477	195,477	1,115,477	10,285	13,752
Less: Fund balance committed for:						
Subsequent year's expenditures.....	4,107,222	1,904,936	1,602,738	1,600,564	1,598,546	1,595,628
Capital.....	170,580	370,580	728,835	1,070,580	2,168,821	714,055
Continued appropriations.....	9,686,686	12,999,204	12,057,695	12,197,805	5,084,436	2,998,738
Less: Fund balance assigned for:						
Encumbrances.....	8,043,255	5,773,803	5,656,818	2,365,805	1,881,754	1,546,338
Capital.....	157,462	80,609	10,677	10,678	294,350	905,046
Unassigned fund balance.....	48,429,978	47,461,036	44,030,380	46,247,662	43,616,522	27,757,785
Total revenues & other financing sources.....	\$ 486,750,057	\$ 464,574,323	\$ 444,960,412	\$ 428,920,940	\$ 380,459,215	\$ 352,531,003
Total fund balance as % total revenues and ofs.....	15.0%	15.3%	15.0%	15.6%	15.1%	10.9%
Unassigned fund balance as % total revenues and ofs..	9.9%	10.2%	9.9%	10.8%	11.5%	7.9%

Total general fund revenues and other financing sources increased by \$22.2 million or 4.8%, during fiscal year 2020 principally as a result of real estate and personal property tax collections.

Property tax revenue growth of \$11.9 million accounted for 53.9% of all revenue growth for the year. The 3.5% increase in property tax revenue resulted from a combination of the normal increase authorized by Proposition 2 ½ and new growth. The City also collected 98.8% 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 \$1.1 million or 0.3% of the tax levy for the year. A tax refund payable liability of \$2.2 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.

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

Source	Amount	% of Total	Increase/ (Decrease)	% Change
Real estate and personal property taxes.....	\$ 357,254,573	73.4%	\$ 11,942,652	3.5%
Motor vehicle excise taxes.....	13,682,730	2.8%	(51,880)	-0.4%
Hotel room occupancy taxes.....	2,158,604	0.4%	(252,560)	-10.5%
Meals taxes.....	1,838,810	0.4%	(187,422)	-9.2%
Cannabis state tax.....	269,805	0.1%	269,805	N/A
Penalties and interest on taxes.....	1,263,507	0.3%	(192,538)	-13.2%
Licenses and permits.....	12,059,275	2.5%	353,583	3.0%
Intergovernmental.....	83,551,471	17.2%	11,730,798	16.3%
Charges for services.....	3,823,722	0.8%	(244,896)	-6.0%
Fines and forfeitures.....	1,203,309	0.2%	(311,331)	-20.6%
Investment income.....	2,571,533	0.5%	(885,399)	-25.6%
Payments in lieu of taxes.....	712,629	0.1%	93,909	15.2%
Special assessments.....	42,086	0.0%	2,551	6.5%
Other.....	440,076	0.1%	76,191	20.9%
Total revenues.....	480,872,130	98.8%	22,343,463	4.9%
Transfers from other funds.....	5,877,927	1.2%	(167,729)	-2.8%
Total revenues and other financing sources.....	\$ 486,750,057	100.0%	\$ 22,175,734	4.8%

Total general fund expenditures and transfers to other funds totaled \$484.7 million, an increase of \$24.6 million or 5.3% from the previous fiscal year.

	Amount	% of Total	Increase/ (Decrease)	% Change
General government.....	\$ 19,115,309	3.9%	\$ (501,951)	-2.6%
Public safety.....	51,764,842	10.7%	2,408,008	4.9%
Education.....	286,304,373	59.1%	19,337,664	7.2%
Public works.....	33,414,827	6.9%	1,890,137	6.0%
Health and human services.....	5,259,949	1.1%	342,940	7.0%
Culture and recreation.....	12,519,397	2.6%	(263,559)	-2.1%
Retirement benefits.....	41,058,809	8.5%	1,648,633	4.2%
Workers' compensation insurance.....	1,200,000	0.2%	-	0.0%
Property and liability insurance.....	586,233	0.1%	68,972	13.3%
Claims and judgements.....	470,867	0.1%	102,664	27.9%
State assessments and charges.....	6,483,982	1.3%	132,094	2.1%
Debt service				
Principal.....	14,026,667	2.9%	864,400	6.6%
Interest.....	10,432,503	2.2%	(487,457)	-4.5%
Total expenditures.....	482,637,758	99.6%	25,542,545	5.6%
Transfers to other funds.....	2,107,284	0.4%	(973,737)	-31.6%
Total expenditures and transfers.....	\$ 484,745,042	100.0%	\$ 24,568,808	5.3%

The \$2.4 million or 4.9% increase in public safety spending resulted principally from budgeted increases in personal services expenditures..

The \$19.3 million or 7.2% increase in education spending resulted principally from budgeted increases.

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, 2020, the City realized \$4.6 million in CPA fund revenue, \$3.5 million (76.2%) of which came from the local property tax surcharge. State matching funds amounted to \$0.8 million. Fund expenditures totaled \$17.0 million for the year, \$15.0 million of which was for the Webster Woods land acquisition.

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

The financial position of the City's sewer fund increased by \$5.3 million to \$82.3 million at June 30, 2020. Unrestricted fund net position increased by \$1.1 million or 8.4% to \$14.2 million at June 30, 2020.

The financial position of the City's water fund also improved during the last fiscal year from \$51.0 million at June 30, 2019 to \$52.0 million at June 30, 2020. Unrestricted fund net position was \$5.9 million.

The City's stormwater management fund ended the year with a net position of \$5.3 million – a increase of \$1.3 million or 32.5% from June 30, 2019. Unrestricted net position amounted to \$1.7 million.

The financial position of the City's Internal Service Funds increased by \$5.1 million, or 25.0% during the year ended June 30, 2020. 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 in the Combining Statements section of this report.

The financial position of the City's workers compensation self-insurance fund increased by \$1.3 million during the year as a result of a \$2.5 million decrease in self-insurance claims during the year.

The financial position of the group health self-insurance fund increased by \$3.8 million or 24.1% as a result of a \$2.5 million decrease in self-insurance claims during the year. The \$19.6 million year-end net position represents approximately 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 \$52.8 million (15.4%) to \$394.7 million during the system's fiscal year that ended December 31, 2019, as a result of the fact that investment income for the year (net of investment management fees) was \$52.9 million. According to the Commonwealth of Massachusetts Public Employee Retirement Administration Commission's 2019 Annual Report, the Newton Contributory Retirement System's investment portfolio returned 16.2% for the year (compared to a long term return assumption of 7.25% for funding and financial reporting). The plan's thirty-four year average annual return as of 1/1/19 was 8.69%.

The funded status of the defined benefit retirement plan at January 1, 2020 on an actuarial funding basis was 54.9%. Based upon a new funding schedule that was formally adopted by the City, the plan is expected to be fully funded in the fiscal year ending June 30, 2030. The new funding schedule assumes a 9.6% annual increase in City appropriations to the defined benefit trust; average annual investment returns of 7.25%; and projected annual salary increases ranging from 3.5% to 8.0% per year. The City contributed \$767 thousand more than its actuarially required contribution to the fund. More specific information about the local retirement system may be found in the Notes to the Basic Financial Statements.

The net position of the City's OPEB fund increased from \$11.8 million to \$14.9 million during fiscal year 2020, primarily as a result of employer contributions. All OPEB assets are invested with the Commonwealth of Massachusetts State Employee Benefit Fund (under the management of the Pension Reserve Investment Management Board).

General Fund Budgetary Highlights:

The difference between the original General Fund budget of \$449.1 million (including prior year encumbrances and continuing appropriations) and the final amended budget of \$457.2 million amounts to 1.8% and can be summarized as follows:

Description	Amount
Street improvements.....	\$ 3,329,250
COVID-19.....	1,000,000
Fire Department salaries.....	900,000
Snow and ice control.....	880,125
Newton Public Schools.....	703,575
Capital outlay and improvements.....	538,000
All other.....	<u>745,786</u>
 Total supplemental appropriations.....	 <u>\$ 8,096,736</u>

All but \$5.7 million (1.2%) of total appropriations were expended, encumbered, or continued into fiscal year 2021 for completion of the appropriated purposes at June 30, 2020. Please refer to the Schedule of Expenditures and Transfers Out – Budget to Actual – Legal Level of Control, for a complete accounting of budget to actual experience for all City departments.

Capital Assets and Debt Administration

Capital assets – The City’s total investment in capital assets for governmental and business-type activities as of June 30, 2020, amounts to \$731.1 million. The investment in capital assets includes land and land improvements, intangible assets, buildings and improvements, machinery and equipment, infrastructure and construction in progress.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019
Land and improvements.....	\$ 46,400,152	\$ 31,200,152	\$ 284,785	\$ 284,785	\$ 46,684,937	\$ 31,484,937
Intangible assets.....	2,238,261	2,238,261	-	-	2,238,261	2,238,261
Buildings and improvements..	425,473,141	389,545,139	1,888,263	1,974,148	427,361,404	391,519,287
Machinery and equipment.....	28,501,605	30,576,630	7,839,005	7,277,476	36,340,610	37,854,106
Infrastructure.....	88,611,647	79,823,279	112,110,926	105,781,165	200,722,573	185,604,444
Construction in progress.....	<u>14,188,584</u>	<u>51,095,250</u>	<u>3,515,522</u>	<u>5,371,701</u>	<u>17,704,106</u>	<u>56,466,951</u>
Total capital assets.....	<u>\$ 605,413,390</u>	<u>\$ 584,478,711</u>	<u>\$ 125,638,501</u>	<u>\$ 120,689,275</u>	<u>\$ 731,051,891</u>	<u>\$ 705,167,986</u>

Total capital assets, net of accumulated depreciation, increased by \$25.9 million or 3.7%. Major capital asset events during 2020 included the following:

- Business-type activity net capital assets increased by \$4.9 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, water main cleaning and relining programs, and stormwater drainage construction projects.
- Governmental activity capital assets (net) increased by \$20.9 million, principally as a result of the Webster Woods land acquisition and infrastructure improvements, primarily funded with the issuance of bonds and notes.

Additional information on the City’s capital assets may be found in the Notes to the Basic Financial Statements of this report.

Debt outstanding – At June 30, 2020, the City had total long term debt outstanding (net of premiums) of \$344.0 million, \$308.5 million for governmental activities and \$35.5 million for business-type activities. At June 30, 2020, the City had no short-term debt outstanding. All debt is a general obligation of the City, although water, sewer and stormwater debt service payments are made from the resources of the enterprise funds.

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

	<i><u>Governmental Activities</u></i>		<i><u>Business-Type Activities</u></i>		<i><u>Total</u></i>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Education Buildings.....	\$ 240,288,912	\$ 244,226,828	\$ -	\$ -	\$ 240,288,912	\$ 244,226,828
Municipal buildings.....	27,011,750	38,876,175	-	-	27,011,750	38,876,175
Departmental equipment....	6,571,410	7,401,861	-	-	6,571,410	7,401,861
Other.....	34,614,125	-	-	-	34,614,125	-
Water system.....	-	-	23,137,945	21,666,709	23,137,945	21,666,709
Sanitary sewer system.....	-	-	8,371,700	9,073,160	8,371,700	9,073,160
Stormwater system.....	-	-	3,972,800	4,230,800	3,972,800	4,230,800
Total bonds and notes.....	<u>\$ 308,486,197</u>	<u>\$ 290,504,864</u>	<u>\$ 35,482,445</u>	<u>\$ 34,970,669</u>	<u>\$ 343,968,642</u>	<u>\$ 325,475,533</u>

During the year just ended, the City added \$41.0 million in new bonds and notes and retired \$20.2 million in existing bonds and notes. General fund interest and principal payments amounted to \$24.5 million or 5.0% of fund revenues and other financing sources.

A total of \$168.8 million or 49.1% of existing bonded debt will be retired within ten years; \$297.1 million or 86.4% will be retired within twenty years; and all existing debt will be extinguished by June 30, 2050.

At June 30, 2020 the City’s authorized and unissued long term debt amounted to \$22.4 million, a decrease of \$8.4 million (27.2%) from June 30, 2019.

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 in the Notes to the Basic Financial Statements of this report. In addition, debt trend information is available in the Statistical Section 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 \$139,696. This compares favorably with the Massachusetts median household income of \$87,707, and the U.S. median household income of \$68,703.
- According to Homefacts.com, the unemployment rate for the City as of June 30, 2020 was 11.2%, which compared favorably with the statewide unemployment rate of 17.8% and was consistent with the national unemployment rate of 11.1%.
- The City of Newton’s fiscal year 2021 general fund original operating budget amounts to \$439.5 million.

Request for Information

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



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Basic Financial Statements

CITY OF NEWTON
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents.....	\$ 104,488,806	\$ 38,379,620	\$ 142,868,426	\$ 1,551,499
Restricted Cash and Cash Equivalents.....	85,819,955	29,114,425	114,934,380	3,535
Restricted Investments.....	15,370,952	-	15,370,952	-
Interest and Dividends.....	11,240	-	11,240	516,472
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate and Personal Property Taxes.....	14,003,777	-	14,003,777	-
Tax and utility liens.....	6,598,272	688,267	7,286,539	-
Motor Vehicle and Other Excise Taxes.....	1,634,233	-	1,634,233	-
Community Preservation Surcharges.....	100,682	-	100,682	-
User Charges.....	-	14,793,129	14,793,129	-
Departmental and Other.....	1,000,028	-	1,000,028	-
Intergovernmental.....	3,139,259	-	3,139,259	-
Special Assessments.....	-	306,700	306,700	-
Loans.....	-	-	-	35,333
Other Assets.....	32,500	-	32,500	-
Due from Fiduciary Funds.....	376,061	-	376,061	-
Working Capital Deposit.....	366,826	-	366,826	-
Total Current Assets.....	232,942,591	83,282,141	316,224,732	2,106,839
Noncurrent Assets:				
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate Tax Deferrals.....	2,568,987	-	2,568,987	-
Departmental and Other.....	2,601,245	-	2,601,245	-
Intergovernmental.....	-	150,577	150,577	-
Special Assessments.....	351,067	80,959	432,026	-
Loans.....	-	-	-	3,308,208
Capital assets:				
Nondepreciable.....	62,826,997	3,800,307	66,627,304	-
Depreciable, net of accumulated depreciation.....	542,586,393	121,838,194	664,424,587	1,839,701
Total Noncurrent Assets.....	610,934,689	125,870,037	736,804,726	5,147,909
Total Assets.....	843,877,280	209,152,178	1,053,029,458	7,254,748
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding.....	88,681	-	88,681	-
Related to OPEB.....	122,210,377	2,968,407	125,178,784	-
Related to Pension.....	5,520,636	176,470	5,697,106	-
Total Deferred Outflows of Resources.....	127,819,694	3,144,877	130,964,571	-
LIABILITIES				
Current Liabilities:				
Warrants Payable.....	11,798,777	1,652,958	13,451,735	60,000
Accrued Liabilities.....	2,751,212	474,289	3,225,501	1,157
Accrued Payroll.....	20,804,783	81,818	20,886,601	-
Revenue Refunds Payable.....	2,240,685	-	2,240,685	-
Health Claims Payable.....	2,957,759	-	2,957,759	-
Other Liabilities.....	2,413,248	-	2,413,248	-
Accrued Interest.....	3,420,686	308,542	3,729,228	-
Abandoned Property.....	1,126,464	-	1,126,464	-
Liabilities payable from restricted assets.....	366,911	946,745	1,313,656	-
Bonds Payable.....	16,226,395	4,384,442	20,610,837	-
Landfill Closure and Other Environmental Liabilities.....	45,816	-	45,816	-
Compensated Absences.....	4,040,226	42,560	4,082,786	-
Workers' Compensation Claims.....	1,034,382	-	1,034,382	-
Total Current Liabilities.....	69,227,344	7,891,354	77,118,698	61,157

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

JUNE 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Noncurrent Liabilities:				
Bonds Payable.....	308,666,842	32,584,200	341,251,042	-
Landfill Closure and Other Environmental Liabilities.....	394,952	-	394,952	-
Compensated Absences.....	5,474,036	383,045	5,857,081	-
Net Pension Liability.....	296,245,024	9,469,671	305,714,695	-
Net OPEB Liability.....	848,996,757	20,621,550	869,618,307	-
Workers' Compensation Claims.....	7,271,821	-	7,271,821	-
	<u>1,467,049,432</u>	<u>63,058,466</u>	<u>1,530,107,898</u>	-
Total Noncurrent Liabilities.....				-
Total Liabilities.....	<u>1,536,276,776</u>	<u>70,949,820</u>	<u>1,607,226,596</u>	<u>61,157</u>
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB.....	53,338,968	1,295,567	54,634,535	
Related to Pension.....	15,393,605	492,066	15,885,671	-
	<u>68,732,573</u>	<u>1,787,633</u>	<u>70,520,206</u>	-
Total Deferred Inflows of Resources.....				-
NET POSITION				
Net Investment in Capital Assets.....	299,446,858	117,784,284	417,231,142	1,839,701
Restricted for:				
Community preservation activities.....	23,126,336	-	23,126,336	-
Education activities.....	7,310,805	-	7,310,805	-
Receipts reserved.....	1,673,153	-	1,673,153	-
Community development block grant.....	21,362	-	21,362	-
Municipal federal grants.....	361,427	-	361,427	-
Municipal state grants.....	1,077,147	-	1,077,147	-
Permanent Funds:				
Expendable.....	1,944,126	-	1,944,126	-
Nonexpendable.....	366,932	-	366,932	-
Other Specific Purposes.....	8,816,841	-	8,816,841	-
Unrestricted.....	<u>(977,457,362)</u>	<u>21,775,318</u>	<u>(955,682,044)</u>	<u>5,353,890</u>
Total Net Position.....	<u>\$ (633,312,375)</u>	<u>\$ 139,559,602</u>	<u>\$ (493,752,773)</u>	<u>\$ 7,193,591</u>

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government					
Legislative & executive.....	\$ 4,989,215	\$ 352,471	\$ 160,703	\$ -	\$ (4,476,041)
Financial administration.....	3,863,769	185,741	230,535	-	(3,447,493)
Administrative support.....	9,876,612	413,950	41	-	(9,462,621)
Planning & development.....	9,912,702	2,175,472	4,488,476	-	(3,248,754)
Public building maintenance & operation.....	7,449,639	60,810	111,676	-	(7,277,153)
Public Safety					
Police.....	48,858,447	6,439,937	468,271	-	(41,950,239)
Fire.....	49,211,988	1,359,188	126,951	-	(47,725,849)
Inspectional services.....	2,568,423	10,877,428	-	-	8,309,005
Education.....	397,128,915	6,876,275	90,765,174	2,379,269	(297,108,197)
Public Works					
Streets & sidewalks.....	20,964,917	1,791,479	106,564	1,347,751	(17,719,123)
Control of snow & ice.....	3,547,702	-	883,401	-	(2,664,301)
Sanitation.....	10,263,042	245,755	62,000	-	(9,955,287)
Engineering.....	2,671,535	164,196	-	-	(2,507,339)
Health and Human Services					
Public health & human services.....	13,194,954	193,911	376,176	-	(12,624,867)
Senior services.....	1,589,288	10,696	323,521	-	(1,255,071)
Veteran services.....	295,536	-	121,495	-	(174,041)
Culture and Recreation					
Libraries.....	8,978,181	81,498	142,221	-	(8,754,462)
Parks & recreation.....	12,109,135	2,226,173	824,868	-	(9,058,094)
Newton History museum.....	363,992	-	2,621	-	(361,371)
Debt Service-Interest.....	9,292,945	-	-	-	(9,292,945)
Total Governmental Activities.....	617,130,937	33,454,980	99,194,694	3,727,020	(480,754,243)
Business-Type Activities:					
Water.....	21,402,813	24,315,618	307,385	80,921	3,301,111
Sewer.....	29,156,347	31,894,243	134,838	3,568,965	6,441,699
Stormwater.....	1,801,572	3,801,643	29,298	-	2,029,369
Total Business-Type Activities.....	52,360,732	60,011,504	471,521	3,649,886	11,772,179
Total Primary Government.....	\$ 669,491,669	\$ 93,466,484	\$ 99,666,215	\$ 7,376,906	\$ (468,982,064)
Component Units:					
Newton Commonwealth Foundation, Inc.....	\$ 292,405	\$ 425,626	\$ 23,539	\$ -	\$ 156,760
Newton Community Development Authority.....	108,076	16	-	-	(108,060)
Total Component Units.....	\$ 400,481	\$ 425,642	\$ 23,539	\$ -	\$ 48,700

CITY OF NEWTON, MASSACHUSETTS
STATEMENT OF ACTIVITIES (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
CHANGES IN NET POSITION				
Net (Expense) Revenue (From Previous Page).....	\$ (480,754,243)	\$ 11,772,179	\$ (468,982,064)	\$ 48,700
General Revenues:				
Real estate and personal property taxes, levied for general purposes.....	359,616,332	-	359,616,332	-
Real estate and personal property taxes, levied for community preservation purposes.....	3,527,894	-	3,527,894	-
Motor Vehicle and Other Excise Taxes.....	14,331,513	-	14,331,513	-
Hotel Room Occupancy Taxes.....	2,158,604	-	2,158,604	-
Meals Taxes.....	1,838,810	-	1,838,810	-
Cannabis State Taxes.....	269,805	-	269,805	-
Penalties and Interest on Taxes.....	1,263,507	-	1,263,507	-
Payments in Lieu of Taxes.....	659,283	-	659,283	-
Grants and Contributions not Restricted to				
Specific Programs.....	7,281,872	-	7,281,872	-
Unrestricted Investment Income.....	2,851,265	-	2,851,265	-
Gain (Loss) on Sale of Capital Assets.....	-	27,855	27,855	-
Other.....	2,385,716	-	2,385,716	-
Transfers, Net.....	4,097,305	(4,097,305)	-	-
Total General Revenues and Transfers.....	400,281,906	(4,069,450)	396,212,456	-
CHANGE IN NET POSITION	(80,472,337)	7,702,729	(72,769,608)	48,700
Net Position - Beginning of Year.....	(552,840,038)	131,856,873	(420,983,165)	7,144,891
NET POSITION - END OF YEAR.....	\$ (633,312,375)	\$ 139,559,602	\$ (493,752,773)	\$ 7,193,591

CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020

ASSETS	General	Community Preservation	Cabot School Improvements	Angier School Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents.....	\$ 100,616,476	\$ -	\$ -	\$ -	\$ 3,872,330	\$ 104,488,806
Receivables, Net of Allowance for Uncollectible Amounts:						
Real Estate and Personal Property Taxes.....	14,003,777	-	-	-	-	14,003,777
Real Estate Tax Deferrals.....	2,568,987	-	-	-	-	2,568,987
Tax Liens.....	6,598,272	-	-	-	-	6,598,272
Motor Vehicle and Other Excise Taxes.....	1,634,233	-	-	-	-	1,634,233
Community Preservation Surcharges.....	-	100,682	-	-	-	100,682
Departmental and Other.....	2,718,019	-	-	-	883,254	3,601,273
Intergovernmental.....	24,865	623,999	68,857	-	2,421,538	3,139,259
Special Assessments.....	157,077	-	-	-	193,990	351,067
Due from Other Funds.....	2,267,307	-	-	-	-	2,267,307
Other Assets.....	2,500	-	-	-	30,000	32,500
Restricted Assets:						
Cash and Cash Equivalents.....	2,429,856	22,676,180	10,228	8,083	35,908,641	61,032,988
Investments.....	-	-	-	-	1,430,195	1,430,195
Total Assets.....	\$ 133,021,369	\$ 23,400,861	\$ 79,085	\$ 8,083	\$ 44,739,948	\$ 201,249,346
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Warrants Payable.....	\$ 8,235,053	\$ 270,443	\$ 502,987	\$ -	\$ 2,691,546	\$ 11,700,029
Accrued Liabilities.....	2,617,419	-	-	-	97,143	2,714,562
Accrued Payroll.....	20,340,303	4,082	-	-	441,329	20,785,714
Revenue Refunds Payable.....	2,240,685	-	-	-	-	2,240,685
Other Liabilities.....	-	-	-	-	253,573	253,573
Abandoned Property.....	1,126,464	-	-	-	-	1,126,464
Liabilities Due Depositors.....	366,911	-	-	-	-	366,911
Due to Other Funds.....	-	-	68,857	-	1,822,389	1,891,246
Total Liabilities.....	34,926,835	274,525	571,844	-	5,305,980	41,079,184
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue.....	25,069,495	702,440	-	-	502,772	26,274,707
FUND BALANCES						
Nonspendable.....	-	-	-	-	366,932	366,932
Restricted.....	2,429,856	22,423,896	-	8,083	34,691,934	59,553,769
Committed.....	13,964,488	-	-	-	3,872,330	17,836,818
Assigned.....	8,200,717	-	-	-	-	8,200,717
Unassigned.....	48,429,978	-	(492,759)	-	-	47,937,219
Total Fund Balances.....	73,025,039	22,423,896	(492,759)	8,083	38,931,196	133,895,455
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 133,021,369	\$ 23,400,861	\$ 79,085	\$ 8,083	\$ 44,739,948	\$ 201,249,346

See notes to basic financial statements.

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

JUNE 30, 2020

Total Governmental Fund Balances	\$	133,895,455
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		605,413,390
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.....		26,274,707
In the statement of net position, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.....		(3,420,686)
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.....		(324,893,237)
Landfill Post-Closure.....		(440,768)
Compensated Absences.....		(9,514,262)
Net OPEB Obligation.....		(848,996,757)
Net Pension Liability.....		(296,245,024)
In the statement of net position, deferred outflows of resources are reported for amounts related to pensions.....		5,520,636
In the statement of net position, deferred outflows of resources are reported for the loss on advanced refunding transactions.....		88,681
In the statement of net position, deferred inflows of resources are reported for amounts related to pensions.....		(15,393,605)
In the statement of net position, deferred outflows of resources are reported for amounts related to OPEB.....		122,210,377
In the statement of net position, deferred inflows of resources are reported for amounts related to OPEB.....		(53,338,968)
Internal service funds are used by management to account for health insurance workers' compensation, building insurance and liability insurance activities. The assets and liabilities of the internal service funds are reported as governmental activities in the statement of net position.....		<u>25,527,686</u>
Net Position of Governmental Activities.....	\$	<u><u>(633,312,375)</u></u>

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General	Community Preservation	Cabot School Improvements	Angier School Improvement	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Real Estate and Personal Property Taxes.....	\$ 357,254,573	\$ -	\$ -	\$ -	\$ -	\$ 357,254,573
Motor Vehicle and Other Excise Taxes.....	13,682,730	-	-	-	-	13,682,730
Hotel/Motel Tax.....	2,158,604	-	-	-	-	2,158,604
Meals Taxes.....	1,838,810	-	-	-	-	1,838,810
Cannabis State Tax.....	269,805	-	-	-	-	269,805
Payments in Lieu of Taxes.....	712,629	-	-	-	-	712,629
Community Preservation Surcharges.....	-	3,490,319	-	-	-	3,490,319
Charges for Services.....	3,823,722	-	-	-	15,020,543	18,844,265
Intergovernmental.....	83,551,471	808,754	2,056,940	-	22,795,209	109,212,374
Special Assessments.....	42,086	-	-	-	261,703	303,789
Penalties and Interest on Taxes.....	1,263,507	-	-	-	-	1,263,507
Licenses and Permits.....	12,059,275	-	-	-	2,095,677	14,154,952
Fines and Forfeitures.....	1,203,309	-	-	-	31,752	1,235,061
Contributions.....	-	-	-	-	1,247,572	1,247,572
Investment Income (loss).....	2,571,533	279,733	-	-	118,496	2,969,762
Other.....	440,076	-	-	-	94,321	534,397
Total Revenues.....	480,872,130	4,578,806	2,056,940	-	41,665,273	529,173,149
EXPENDITURES						
Current:						
General Government						
Legislative & Executive.....	3,087,676	-	-	-	20,574	3,108,250
Financial Administration.....	3,838,123	-	-	-	-	3,838,123
Administrative Support.....	5,214,967	-	-	-	200,000	5,414,967
Planning & Development.....	1,813,821	16,657,133	-	-	5,681,924	24,152,878
Public Building Maintenance & Operations.....	5,160,722	-	-	-	1,714,933	6,875,655
Public Safety						
Police.....	24,282,390	-	-	-	4,940,918	29,223,308
Fire.....	25,864,810	-	-	-	837,011	26,701,821
Inspectional Services.....	1,617,642	-	-	-	9,568	1,627,210
Education.....	286,304,373	-	6,780,546	-	25,143,596	318,228,515
Public Works						
Streets & Sidewalks.....	15,122,113	-	-	-	5,355,523	20,477,636
Control of Snow & Ice.....	3,225,349	-	-	-	-	3,225,349
Sanitation.....	9,299,788	-	-	-	118,866	9,418,654
Vehicle Maintenance.....	2,648,032	-	-	-	-	2,648,032
Engineering.....	1,422,106	-	-	-	63,865	1,485,971
Administration & Support.....	1,697,439	-	-	-	-	1,697,439
Health and Human Services						
Health and Human Services.....	4,281,945	-	-	-	413,919	4,695,864
Senior Services.....	795,062	-	-	-	343,195	1,138,257
Veteran Services.....	182,942	-	-	-	3,700	186,642
Culture and Recreation						
Libraries.....	5,526,172	-	-	-	217,741	5,743,913
Parks & Recreation.....	6,704,539	339,500	-	-	2,962,838	10,006,877
Newton History Museum.....	288,686	7,900	-	-	-	296,586
Retirement Benefits.....	41,058,809	-	-	-	-	41,058,809
Worker's Compensation Insurance.....	1,200,000	-	-	-	-	1,200,000
Property and Liability Insurance.....	586,233	-	-	-	-	586,233
Claims and Judgments.....	470,867	-	-	-	-	470,867
State and County Charges.....	6,483,982	-	-	-	-	6,483,982
Debt Service:						
Principal.....	14,026,667	-	-	-	-	14,026,667
Interest.....	10,432,503	-	-	-	-	10,432,503
Total Expenditures.....	482,637,758	17,004,533	6,780,546	-	48,028,171	554,451,008
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,765,628)	(12,425,727)	(4,723,606)	-	(6,362,898)	(25,277,859)
OTHER FINANCING SOURCES (USES)						
Proceeds of Bonds and Notes.....	-	14,363,000	-	-	17,645,000	32,008,000
Premium from Issuance of Bonds and Notes.....	-	637,000	-	-	2,613,586	3,250,586
Transfers In.....	5,877,927	-	-	-	3,807,284	9,685,211
Transfers Out.....	(2,107,284)	-	-	-	(3,480,622)	(5,587,906)
Total Other Financing Sources (Uses).....	3,770,643	15,000,000	-	-	20,585,248	39,355,891
NET CHANGE IN FUND BALANCES.....	2,005,015	2,574,273	(4,723,606)	-	14,222,350	14,078,032
Fund Balances - Beginning of Year.....	71,020,024	19,849,623	4,230,847	8,083	24,708,846	119,817,423
FUND BALANCES - END OF YEAR.....	\$ 73,025,039	\$ 22,423,896	\$ (492,759)	\$ 8,083	\$ 38,931,196	\$ 133,895,455

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Net Change in Fund Balances - Total Governmental Funds.....	\$	14,078,032
<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.....		44,494,504
Depreciation.....		(23,543,400)
<p>In the statement of activities, the gain on the disposals of capital assets is reported, whereas in the governmental funds the disposals are not reported as financial resources. As a result, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed.....</p>		
		(16,425)
<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>		
		3,209,196
<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.....		(32,008,000)
Bond Maturities.....		14,026,667
Bond Premiums.....		(3,250,586)
Net Amortization of Bond Premiums.....		1,225,644
<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>		
		91,274
<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.....		45,293
Compensated Absences.....		(665,246)
Net OPEB Liability.....		(235,588,615)
Net Pension Liability.....		27,788,115
<p>In the statement of activities, deferred outflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred outflows related to pensions.....</p>		
		(14,448,023)
<p>In the statement of activities, deferred outflows related to the loss on advanced refunding transactions are amortized and recognized as interest expense. This amount represents the net change in deferred outflows related to advanced refunding transactions.....</p>		
		(177,362)
<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>		
		(12,142,055)
<p>In the statement of activities, deferred outflows related to OPEB are amortized and recognized as pension expense. This amount represents the net change in deferred outflows related to OPEB.....</p>		
		99,136,271
<p>In the statement of activities, deferred inflows related to OPEB are amortized and recognized as pension expense. This amount represents the net change in deferred inflows related to OPEB.....</p>		
		32,191,608
<p>Internal service funds are used by management to account for health insurance, worker's compensation building insurance and liability insurance activities. The net activity of the internal service funds is reported with governmental activities.....</p>		
		5,080,771
Changes in Net Position of Governmental Activities.....	\$	<u>(80,472,337)</u>

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
REVENUES				
Real estate and personal property taxes.....	\$ 356,892,067	356,245,085	\$ 358,518,188	\$ 2,273,103
Motor vehicle excise taxes.....	13,500,000	13,500,000	13,010,648	(489,352)
Hotel room occupancy taxes.....	2,500,000	2,500,000	2,158,604	(341,396)
Meals tax.....	1,900,000	1,900,000	1,838,810	(61,190)
Cannabis state tax.....	-	140,000	269,805	129,805
Penalties and interest on taxes.....	1,290,000	1,290,000	1,263,507	(26,493)
Licenses and permits.....	7,007,425	7,583,300	12,059,275	4,475,975
Intergovernmental.....	32,801,406	32,974,052	32,355,713	(618,339)
Charges for services.....	3,691,783	3,551,783	3,823,722	271,939
Fines and forfeitures.....	1,595,000	1,595,000	1,203,309	(391,691)
Investment income.....	1,745,064	1,745,064	2,106,940	361,876
Payments in lieu of taxes.....	360,000	360,000	712,629	352,629
Miscellaneous.....	60,000	50,000	338,817	288,817
Special assessments.....	50,000	50,000	42,086	(7,914)
TOTAL REVENUES.....	423,392,745	423,484,284	429,702,053	6,217,769
EXPENDITURES				
Current:				
General government:				
Legislative & executive.....	3,395,385	3,469,744	3,087,676	382,068
Financial administration.....	5,466,936	6,499,698	3,838,123	2,661,575
Administrative support.....	6,238,930	6,194,587	5,214,966	979,621
Planning & development.....	2,241,129	2,241,129	1,813,822	427,307
Public building maintenance & operations.....	5,678,998	5,788,998	5,160,723	628,275
Public safety:				
Police.....	22,967,902	25,467,902	24,282,390	1,185,512
Fire.....	25,250,153	27,900,153	25,864,810	2,035,343
Inspectional services.....	1,808,946	1,808,946	1,617,642	191,304
Education.....	235,886,334	236,464,909	235,108,617	1,356,292
Public works:				
Streets & sidewalks.....	18,332,591	21,162,587	15,122,113	6,040,474
Control of snow & ice.....	1,900,000	3,514,935	3,225,349	289,586
Sanitation.....	9,446,840	9,368,929	9,299,788	69,141
Vehicle maintenance.....	2,862,617	3,455,356	2,648,032	807,324
Engineering.....	2,161,725	2,261,295	1,422,106	839,189
Administration & support.....	1,576,289	1,958,044	1,697,439	260,605
Health and human services:				
Health & human services.....	4,466,155	4,466,155	4,281,944	184,211
Senior services.....	783,873	795,065	795,063	2
Veteran services.....	247,401	247,403	182,941	64,462
Culture and recreation:				
Libraries.....	6,056,942	6,056,942	5,526,172	530,770
Parks & recreation.....	7,499,727	7,746,712	6,704,539	1,042,173
Newton History museum.....	314,504	314,636	288,685	25,951
Retirement benefits.....	41,830,421	41,080,421	41,058,809	21,612
Workers' compensation insurance.....	1,200,000	1,200,000	1,200,000	-
Property and liability insurance.....	547,136	645,227	586,233	58,994
Claims and judgments.....	100,000	604,858	470,867	133,991
Reserve fund.....	8,418,798	3,107,298	-	3,107,298
State assessments & charges.....	6,466,476	6,558,015	6,483,982	74,033
Debt service:				
Principal.....	14,166,667	14,026,667	14,026,667	-
Interest.....	10,461,435	10,514,635	10,432,502	82,133
TOTAL EXPENDITURES.....	447,774,310	454,921,246	431,442,000	23,479,246
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(24,381,565)	(31,436,962)	(1,739,947)	29,697,015
OTHER FINANCING SOURCES (USES)				
Transfers in.....	4,986,700	6,145,322	6,077,926	(67,396)
Transfers out.....	(1,283,078)	(2,232,878)	(2,232,878)	-
TOTAL OTHER FINANCING SOURCES (USES).....	3,703,622	3,912,444	3,845,048	(67,396)
NET CHANGE IN FUND BALANCE.....	(20,677,943)	(27,524,518)	2,105,101	29,629,619
FUND BALANCE AT BEGINNING OF YEAR.....	49,943,302	49,943,302	49,943,302	-
FUND BALANCE AT END OF YEAR.....	\$ 29,265,359	\$ 22,418,784	\$ 52,048,403	\$ 29,629,619

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, 2020

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
REVENUES				
Community preservation surcharges.....	\$ 3,394,845	\$ 3,568,921	\$ 3,489,330	\$ (79,591)
Intergovernmental	352,196	383,309	808,754	425,445
Investment income.....	-	-	279,733	279,733
Miscellaneous.....	360,817	360,817	-	(360,817)
TOTAL REVENUES.....	4,107,858	4,313,047	4,577,817	264,770
EXPENDITURES				
Current:				
General government:				
Legislative & executive.....	20,000	20,000	-	20,000
Planning & development.....	24,043,164	27,589,850	16,439,689	11,150,161
Public building maintenance & operations.....	189,634	189,634	-	189,634
Culture and recreation:				
Parks & recreation.....	371,467	421,467	339,500	81,967
Newton History museum.....	84,008	84,008	7,900	76,108
Reserve fund.....	3,902,783	2,561,286	-	2,561,286
TOTAL EXPENDITURES.....	28,611,056	30,866,245	16,787,089	14,079,156
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(24,503,198)	(26,553,198)	(12,209,272)	14,343,926
OTHER FINANCING SOURCES (USES)				
Proceeds of bonds and notes.....		15,000,000	14,363,000	(637,000)
Premium from issuance of bonds and notes.....		-	637,000	637,000
TOTAL OTHER FINANCING SOURCES (USES).....	-	15,000,000	15,000,000	-
NET CHANGE IN FUND BALANCE.....	(24,503,198)	(11,553,198)	2,790,728	14,343,926
FUND BALANCE AT BEGINNING OF YEAR.....	19,828,371	19,828,371	19,828,371	-
FUND BALANCE AT END OF YEAR.....	\$ (4,674,827)	\$ 8,275,173	\$ 22,619,099	\$ 14,343,926

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF FUND NET POSITION
 JUNE 30, 2020

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Nonmajor Stormwater	Total	
ASSETS					
Current Assets:					
Cash and Cash Equivalents.....	\$ 19,333,053	\$ 16,309,996	\$ 2,736,571	\$ 38,379,620	\$ -
Restricted Cash and Cash Equivalents.....	16,083,363	11,550,963	1,480,099	29,114,425	24,786,967
Restricted Investments.....	-	-	-	-	13,940,757
Interest and Dividends.....	-	-	-	-	11,240
Receivables, Net of Allowance for Uncollectible Amounts:					
User Charges.....	8,149,529	5,886,939	756,661	14,793,129	-
Utility Liens.....	358,629	297,412	32,226	688,267	-
Special Assessments.....	-	306,700	-	306,700	-
Working Capital Deposit.....	-	-	-	-	366,826
Total Current Assets.....	43,924,574	34,352,010	5,005,557	83,282,141	39,105,790
Noncurrent Assets:					
Receivables, Net of Allowance for Uncollectible Amounts:					
Special Assessments.....	30,534	50,425	-	80,959	-
Intergovernmental.....	150,577	-	-	150,577	-
Capital Assets					
Nondepreciable.....	740,556	406,205	2,653,546	3,800,307	-
Depreciable, Net of Accumulated Depreciation.....	59,689,811	58,277,121	3,871,262	121,838,194	-
Total Noncurrent Assets.....	60,611,478	58,733,751	6,524,808	125,870,037	-
Total Assets.....	104,536,052	93,085,761	11,530,365	209,152,178	39,105,790
DEFERRED OUTFLOWS OF RESOURCES					
Related to OPEB.....	1,311,579	1,590,351	66,477	2,968,407	-
Related to Pension.....	66,457	91,935	18,078	176,470	-
Total Deferred Outflows of Resources.....	1,378,036	1,682,286	84,555	3,144,877	-
LIABILITIES					
Current Liabilities:					
Warrants Payable.....	1,225,619	323,553	103,786	1,652,958	98,748
Accrued Liabilities.....	173,741	202,898	97,650	474,289	36,650
Accrued Payroll.....	37,542	30,712	13,564	81,818	19,069
Other Liabilities.....	-	-	-	-	2,159,675
Liabilities Payable from Restricted Assets.....	165,670	781,075	-	946,745	-
Accrued Interest.....	30,758	216,699	61,085	308,542	-
Accrued Health Claims Payable.....	-	-	-	-	2,957,759
Workers' Compensation Claims.....	-	-	-	-	1,034,382
Compensated Absences.....	14,054	17,411	11,095	42,560	-
Long-Term Bonds and Notes Payable.....	1,299,103	2,820,690	264,649	4,384,442	-
Total Current Liabilities.....	2,946,487	4,393,038	551,829	7,891,354	6,306,283
Noncurrent Liabilities:					
Workers' Compensation Claims.....	-	-	-	-	7,271,821
Compensated Absences.....	126,490	156,702	99,853	383,045	-
Net Pension Liability.....	3,566,178	4,933,380	970,113	9,469,671	-
Net OPEB Obligation.....	9,111,549	11,048,184	461,817	20,621,550	-
Long-Term Bonds and Notes Payable.....	7,150,356	21,276,947	4,156,897	32,584,200	-
Total Noncurrent Liabilities.....	19,954,573	37,415,213	5,688,680	63,058,466	7,271,821
Total Liabilities.....	22,901,060	41,808,251	6,240,509	70,949,820	13,578,104
DEFERRED INFLOWS OF RESOURCES					
Related to OPEB.....	572,441	694,112	29,014	1,295,567	-
Related to Pension.....	185,307	256,350	50,409	492,066	-
Total Deferred Outflows of Resources.....	757,748	950,462	79,423	1,787,633	-
FUND NET POSITION					
Net Investment in Capital Assets.....	68,064,271	46,136,652	3,583,361	117,784,284	-
Unrestricted.....	14,191,009	5,872,682	1,711,627	21,775,318	25,527,686
Total Net Position.....	\$ 82,255,280	\$ 52,009,334	\$ 5,294,988	\$ 139,559,602	\$ 25,527,686

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds				Internal Service Funds
	Sewer	Water	Nonmajor Stormwater	Total	
OPERATING REVENUES					
Charges for Services.....	\$ 31,894,243	\$ 24,315,618	\$ 3,801,643	\$ 60,011,504	\$ -
Employer Contributions.....	-	-	-	-	55,329,460
Plan Member Contributions.....	-	-	-	-	13,615,953
Total Operating Revenues.....	<u>31,894,243</u>	<u>24,315,618</u>	<u>3,801,643</u>	<u>60,011,504</u>	<u>68,945,413</u>
OPERATING EXPENSES					
Salaries, Wages and Employee Benefits.....	3,520,306	4,597,818	1,088,095	9,206,219	-
Other Operating Expense.....	814,646	995,179	313,398	2,123,223	4,723,517
MWRA Assessment.....	22,445,951	12,681,900	-	35,127,851	-
Worker's Compensation.....	252,404	250,000	100,000	602,404	-
Self Insurance Claims.....	-	-	-	-	59,881,084
Depreciation.....	1,851,078	2,162,581	119,642	4,133,301	-
Total Operating Expenses.....	<u>28,884,385</u>	<u>20,687,478</u>	<u>1,621,135</u>	<u>51,192,998</u>	<u>64,604,601</u>
OPERATING INCOME (LOSS).....	<u>3,009,858</u>	<u>3,628,140</u>	<u>2,180,508</u>	<u>8,818,506</u>	<u>4,340,812</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental	3,562,433	251,096	-	3,813,529	-
Premium from Issuance of Bonds and Notes.....	7,405	56,289	29,298	92,992	-
Investment Income.....	133,965	80,921	-	214,886	739,959
Interest Expense.....	(271,962)	(715,336)	(180,437)	(1,167,735)	-
Gain on Disposal of Capital Assets.....	-	27,856	-	27,856	-
Total Nonoperating Revenues (Expenses), Net.....	<u>3,431,841</u>	<u>(299,174)</u>	<u>(151,139)</u>	<u>2,981,528</u>	<u>739,959</u>
INCOME (LOSS) BEFORE TRANSFERS.....	<u>6,441,699</u>	<u>3,328,966</u>	<u>2,029,369</u>	<u>11,800,034</u>	<u>5,080,771</u>
TRANSFERS					
Transfers In.....	729,613	-	-	729,613	-
Transfers Out.....	<u>(1,858,464)</u>	<u>(2,275,514)</u>	<u>(692,940)</u>	<u>(4,826,918)</u>	<u>-</u>
Total Transfers.....	<u>(1,128,851)</u>	<u>(2,275,514)</u>	<u>(692,940)</u>	<u>(4,097,305)</u>	<u>-</u>
CHANGE IN FUND NET POSITION.....	<u>5,312,848</u>	<u>1,053,452</u>	<u>1,336,429</u>	<u>7,702,729</u>	<u>5,080,771</u>
Fund Net Position - Beginning of Year.....	<u>76,942,432</u>	<u>50,955,882</u>	<u>3,958,559</u>	<u>131,856,873</u>	<u>20,446,915</u>
FUND NET POSITION - END OF YEAR.....	<u>\$ 82,255,280</u>	<u>\$ 52,009,334</u>	<u>\$ 5,294,988</u>	<u>\$ 139,559,602</u>	<u>\$ 25,527,686</u>

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Nonmajor Stormwater	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users.....	\$ 32,831,606	\$ 25,107,101	\$ 3,876,097	\$ 61,814,804	\$ 13,615,953
Receipts from Interfund Services Provided.....	-	-	-	-	55,329,460
Payments to Vendors/Providers.....	(29,735,620)	(19,011,367)	(359,156)	(49,106,143)	(66,014,575)
Payments to Employees.....	(1,898,088)	(1,878,843)	(909,611)	(4,686,542)	-
Net Cash Provided by Operating Activities.....	1,197,898	4,216,891	2,607,330	8,022,119	2,930,838
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In.....	729,613	-	-	729,613	-
Transfers Out.....	(1,858,464)	(2,275,514)	(692,940)	(4,826,918)	-
Net Cash Provided by Noncapital Financing Activities.....	(1,128,851)	(2,275,514)	(692,940)	(4,097,305)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the Issuance of Bonds and Notes.....	1,145,000	4,257,200	-	5,402,200	-
Premium from the Issuance of Bonds and Notes.....	-	303,000	-	303,000	-
Intergovernmental Revenues.....	3,435,002	-	-	3,435,002	-
Acquisition and Construction of Capital Assets.....	(4,453,965)	(3,361,647)	(1,294,771)	(9,110,383)	-
Principal Payments on Bonds and Notes.....	(1,846,460)	(2,785,964)	(258,000)	(4,890,424)	-
Interest Expense.....	(165,553)	(405,331)	(182,061)	(752,945)	-
Gain from Disposal of Capital Assets.....	-	27,856	-	27,856	-
Net Cash Used by Capital and Related Financing Activities.....	(1,885,976)	(1,964,886)	(1,734,832)	(5,585,694)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase and sales of Investments, net.....	-	-	-	-	(569,934)
Investment Income.....	133,965	80,921	-	214,886	747,728
Net Cash Provided by Investing Activities.....	133,965	80,921	-	214,886	177,794
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(1,682,964)	57,412	179,558	(1,445,994)	3,108,632
Cash and Cash Equivalents - Beginning of Year (Includes \$15,178,737, \$9,887,447, \$1,671,049, and \$21,678,335 Reported as Restricted in the Sewer, Water, and Stormwater Enterprise Funds and Internal Service Funds Respectively).....	37,099,380	27,803,547	4,037,112	68,940,039	21,678,335
CASH AND CASH EQUIVALENTS AT END OF YEAR (Includes \$16,083,363, \$11,550,963, \$1,480,099, and \$24,786,967 Reported as Restricted in the Sewer, Water, and Stormwater Enterprise Funds and Internal Service Funds Respectively).....	\$ 35,416,416	\$ 27,860,959	\$ 4,216,670	\$ 67,494,045	\$ 24,786,967
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating Income (Loss).....	\$ 3,009,858	\$ 3,628,140	\$ 2,180,508	\$ 8,818,506	\$ 4,340,812
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Changes in Assets and Liabilities not Requiring Current Cash Flows:					
Depreciation.....	1,851,078	2,162,581	119,642	4,133,301	-
Net Pension Liability.....	(780,120)	(414,341)	(104,209)	(1,298,670)	-
Deferred Outflows Related to Pension.....	201,399	237,641	48,121	487,161	-
Deferred Inflows Related to Pension.....	141,694	202,688	39,629	384,011	-
Net OPEB Liability.....	2,390,903	3,089,333	322,136	5,802,372	-
Deferred Outflows Related to OPEB.....	(1,058,778)	(1,290,974)	(61,223)	(2,410,975)	-
Deferred Inflows Related to OPEB.....	(364,637)	(415,612)	9,538	(770,711)	-
Effect of Changes in Operating Assets and Liabilities:					
Utility Liens.....	(79,939)	(68,889)	(8,931)	(157,759)	-
User Charges.....	748,250	787,248	83,385	1,618,883	-
Special Assessments.....	5,837	73,124	-	78,961	-
Intergovernmental.....	263,215	-	-	263,215	-
Working Capital Deposit.....	-	-	-	-	(554)
Warrants Payable.....	(4,694,244)	(3,763,377)	93,408	(8,364,213)	(646,976)
Accrued Liabilities.....	(493,206)	51,894	(113,150)	(554,462)	(7,725)
Accrued Payroll.....	19,730	(1,166)	4,111	22,675	2,664
Other Liabilities.....	-	-	-	-	1,250,487
Liabilities payable from restricted assets.....	-	(63,016)	-	(63,016)	-
Accrued Health Claims Payable.....	-	-	-	-	(973,488)
Workers' Compensation Claims.....	-	-	-	-	(1,034,382)
Compensated Absences.....	36,858	1,617	(5,635)	32,840	-
Total Adjustments.....	(1,811,960)	588,751	426,822	(796,387)	(1,409,974)
Net Cash Provided by Operating Activities.....	\$ 1,197,898	\$ 4,216,891	\$ 2,607,330	\$ 8,022,119	\$ 2,930,838
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Intergovernmental Debt Subsidies (MCWT).....	\$ 390,646	\$ 251,096	\$ -	\$ 641,742	\$ -

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2020*

ASSETS	<u>Pension and OPEB Trust Funds</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and Cash Equivalents.....	\$ 18,567,466	\$ 1,228,994	\$ 3,887,994
Investments:			
Fixed Income	-	3,919,069	-
Equities.....	-	7,061,526	-
External Investment Pool.....	390,844,846	-	-
Receivables, Net of Allowance for Uncollectible Amounts:			
Intergovernmental.....	243,603	-	-
Prepaid Expenses.....	<u>5,890</u>	<u>-</u>	<u>-</u>
Total Assets.....	<u>409,661,805</u>	<u>12,209,589</u>	<u>\$ 3,887,994</u>
LIABILITIES			
Warrants Payable.....	57,342	4,227	-
Payroll Withholding.....	-	-	1,081,167
Other Liabilities.....	-	-	2,806,827
Due to Other Funds.....	<u>-</u>	<u>376,061</u>	<u>-</u>
Total Liabilities.....	<u>57,342</u>	<u>380,288</u>	<u>\$ 3,887,994</u>
NET POSITION			
Restricted for Pensions, Other Post Employment Benefits and Other Purposes.....	<u>\$ 409,604,463</u>	<u>\$ 11,829,301</u>	

* Except for the Pension Trust Fund (December 31, 2019)

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

	Pension and OPEB Trust Funds	Private Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer.....	\$ 58,772,987	\$ -
Plan Members.....	10,671,799	-
Private Donations.....	-	33,072
Total Contributions.....	<u>69,444,786</u>	<u>33,072</u>
Net Investment Income:		
Net Appreciation in Fair Value of Investments.....	45,144,078	-
Interest and Dividends.....	9,849,754	428,032
Total Investment Income.....	54,993,832	428,032
Less: Investment Expense.....	<u>(1,825,016)</u>	<u>-</u>
Net Investment Income.....	<u>53,168,816</u>	<u>428,032</u>
Other.....	<u>3,254,373</u>	<u>-</u>
Total Additions.....	<u>125,867,975</u>	<u>461,104</u>
DEDUCTIONS		
Administration.....	399,933	170
Retirement Benefits and Refunds.....	66,269,170	-
Transfers to Other Systems.....	3,254,375	-
Scholarships Awarded.....	-	400,791
Total Deductions.....	<u>69,923,478</u>	<u>400,961</u>
CHANGE IN NET POSITION.....	55,944,497	60,143
Net Position - Beginning of Year.....	<u>353,659,966</u>	<u>11,769,158</u>
NET POSITION - END OF YEAR.....	\$ <u>409,604,463</u>	\$ <u>11,829,301</u>

* Except for the Pension Trust Fund (for the fiscal year ended December 31, 2019)

See notes to basic financial statements.

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

JUNE 30, 2020

	Component Units		
	Newton Commonwealth Foundation, Inc. (As of 12/31/19)	Newton Community Development Authority	Total
ASSETS			
Current assets:			
Cash and cash equivalents.....	\$ 1,551,499	\$ -	\$ 1,551,499
Restricted cash and cash equivalents.....	-	3,535	3,535
Interest and dividends.....	-	516,472	516,472
Receivables, net of allowance for uncollectibles:			
Loans.....	-	35,333	35,333
Total current assets.....	<u>1,551,499</u>	<u>555,340</u>	<u>2,106,839</u>
Noncurrent assets:			
Receivables, net of allowance for uncollectible amounts:			
Loans.....	-	3,308,208	3,308,208
Capital assets:			
Depreciable, net of accumulated depreciation.....	<u>1,839,701</u>	<u>-</u>	<u>1,839,701</u>
Total noncurrent assets.....	<u>1,839,701</u>	<u>3,308,208</u>	<u>5,147,909</u>
Total assets.....	<u>3,391,200</u>	<u>3,863,548</u>	<u>7,254,748</u>
LIABILITIES			
Current liabilities:			
Warrants payable.....	60,000	-	60,000
Accrued liabilities.....	<u>-</u>	<u>1,157</u>	<u>1,157</u>
Total current liabilities.....	<u>60,000</u>	<u>1,157</u>	<u>61,157</u>
FUND NET POSITION			
Net investment in capital assets.....	1,839,701	-	1,839,701
Unrestricted.....	<u>1,491,499</u>	<u>3,862,391</u>	<u>5,353,890</u>
Total fund net position.....	<u>\$ 3,331,200</u>	<u>\$ 3,862,391</u>	<u>\$ 7,193,591</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, 2020

	Component Units		
	Newton Commonwealth Foundation, Inc. (As of 12/31/18)	Newton Community Development Authority	Total
OPERATING REVENUES			
Charges for services.....	\$ 425,626	\$ -	\$ 425,626
Other.....	-	16	16
TOTAL OPERATING REVENUES.....	425,626	16	425,642
OPERATING EXPENSES			
Salaries, wages and employee benefits.....	11,525	-	11,525
Other operating expenses.....	84,256	108,076	192,332
Depreciation.....	196,624	-	196,624
TOTAL OPERATING EXPENSES.....	292,405	108,076	400,481
OPERATING INCOME (LOSS).....	133,221	(108,060)	25,161
NONOPERATING REVENUES (EXPENSES)			
Investment/interest income.....	23,539	-	23,539
CHANGE IN FUND NET POSITION.....	156,760	(108,060)	48,700
FUND NET POSITION AT BEGINNING OF YEAR.....	3,174,440	3,970,451	7,144,891
FUND NET POSITION AT END OF YEAR.....	\$ 3,331,200	\$ 3,862,391	\$ 7,193,591

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Blended Component Unit

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

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

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

Discretely Presented Component Units

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

B. Basis of Presentation, Basis of Accounting

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Cabot School Improvements Fund: This fund accounts for major improvements that are being made to the Cabot Elementary School, and are being financed by the sale of long term debt and state grants.

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

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

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

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

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

The City also reports the following enterprise funds:

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

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

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

The City also reports the following fund types:

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

Measurement Focus and Basis of Accounting

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

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

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

C. Implementation of New Accounting Principles

For the year ending June 30, 2020, the City implemented the following pronouncement issued by the GASB:

- GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*

The implementation of this pronouncement had no reporting impact for the City.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

D. Assets, Liabilities and Equity

Cash and Cash Equivalents and Investments

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

Restricted Cash and Cash Equivalents and Investments

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

Receivables

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

Based upon an analysis of water and sewer receivable activity over the past three years, 1% of outstanding water, sewer, and storm water user charges receivable have been assigned to an allowance for doubtful collections. Real estate taxes receivable are secured by tax liens, and therefore are considered 100% collectible. Intergovernmental receivables are considered 100% collectible.

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

Capital Assets

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at their acquisition 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 three items that qualify for reporting in this category. They are as follows:

- Deferred outflows related to pensions are reported in the government-wide and proprietary funds financial statements in accordance with GASB Statement No. 68.
- Deferred outflows related to OPEB are reported in the government-wide and proprietary funds financial statements in accordance with GASB Statement No. 75.
- The deferred loss on refunding of long term debt is reported in the government-wide financial statement of net position.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

- Deferred inflows related to pensions are reported in the government-wide and proprietary funds financial statements in accordance with GASB Statement No. 68
- Deferred inflows related to OPEB are reported in the government-wide and proprietary funds financial statements in accordance with GASB Statement No. 75
- Unavailable revenue is reported in the governmental funds balance sheet. Unavailable revenue represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting.

Net Position and Fund Balances

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

- 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, and unspent bond proceeds reduced by outstanding borrowings attributable to those assets.

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

Governmental Funds Statements (Fund Balances)

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

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

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

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

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

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

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

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

Long term debt

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

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

Investment Income

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Compensated Absences

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

Pensions

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

Post Retirement Benefits

In addition to providing pension benefits and as more fully described in Note 12, the City provides health and life insurance coverage for current and future retirees and their spouses. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB trust fund and additions to/deductions from the fiduciary net position of the City's OPEB trust fund have been determined on the same basis as they are reported by the City's OPEB trust fund. For this purpose, the City's OPEB trust fund recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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 government-wide 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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Note 2 - Stewardship, Compliance, and Accountability

A. Budget Information

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

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

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

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

An annual budget is adopted in conformity with the guidelines described above. The original fiscal year 2020 General Fund and Community Preservation Fund budgets authorized \$449,057,388 and \$28,611,056 (including prior year encumbrances and continuing appropriations), respectively, in appropriations and other amounts to be raised. During the fiscal year, the Mayor and City Council authorized supplemental appropriations for the General Fund and Community Preservation Fund totaling \$8,096,736, and \$2,255,189, respectively, for total budgets of \$457,154,124 and \$30,866,245, respectively.

Total General Fund expenditures and transfers to other funds totaled \$433,201,434, and \$17,729,941 in appropriation balances were carried forward into fiscal year 2021 to support encumbrances and continuing appropriations.

Total Community Preservation Fund expenditures and transfers to other funds were \$16,787,089 and \$11,396,397 in appropriation balances were carried forward into fiscal year 2021 to support encumbrances and continuing appropriations.

B. Deficit Net Position

At June 30, 2020, the net position of governmental activities and the primary government have a deficit balance of \$633,312,375 and \$493,752,773 respectively. The primary causes of the deficits are the net pension liability and net OPEB liability. At June 30, 2020, these liabilities total \$1,145,241,781 and \$1,175,333,002 for governmental activities and the primary government, respectively.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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, 2020 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.....	\$ 429,702,053	\$ 431,442,000	\$ 3,845,048
<u>Reclassifications</u>			
Activity of stabilization fund recorded in the general fund for GAAP purposes	464,593	-	(74,405)
<u>Adjustments</u>			
Net change in recording 60-day receipts.....	(114,611)	-	-
Net change in recording tax refunds payable.....	(476,923)	-	-
To record activity of MTRS on-behalf payments.....	51,195,758	51,195,758	-
Net change in recording other revenues.....	101,260	-	-
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances:	\$ 480,872,130	\$ 482,637,758	\$ 3,770,643

	CPA Fund	
	Revenues	Expenditures
Budgetary basis as reported on the statement of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 4,577,817	16,787,089
<u>Adjustment</u>		
Net change in recording 60-day receipts.....	989	-
Net change in recording expenditure accruals.....	-	217,444
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances:	\$ 4,578,806	17,004,533

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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, 2020, \$86,749,360 of the City's bank balance of \$127,704,545 was uninsured and uncollateralized.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Investments Summary

The City's investments at June 30, 2020 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.....	\$ 981,666	\$ -	\$ 112,332	\$ 720,732	\$ 148,602
U.S. Agencies.....	250,164	-	195,675	54,489	-
Corporate bonds.....	215,111	25,165	100,446	89,500	-
Money market mutual funds.....	673,091	673,091	-	-	-
Mutual bond funds.....	6,618,137	6,618,137	-	-	-
External investment pools.....	152,533,618	152,533,618	-	-	-
Total debt securities.....	161,271,787	\$ 159,850,011	\$ 408,453	\$ 864,721	\$ 148,602
<u>Other Investments:</u>					
Equity mutual funds.....	5,086,188				
Equity securities.....	10,187,452				
International equities.....	3,012,830				
Total other investments.....	18,286,470				
Total investments.....	\$ 179,558,257				

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, 2020

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, 2020, \$27,024,639 of the City's investments of \$179,558,257 were uninsured, not registered in the name of the City and exposed to custodial credit risk as follows:

Investment Type	Total Amount	Held by Counterparty	Held by Counterparty's Trust or Agent
U.S. Treasuries.....	\$ 981,666	\$ -	\$ 981,666
U.S. Agencies.....	250,164	-	250,164
Corporate bonds.....	215,111	-	215,111
Money market mutual funds.....	673,091	673,091	-
Mutual bond funds.....	6,618,137	-	6,618,137
Equity mutual funds.....	5,086,188	-	5,086,188
Equity securities.....	10,187,452	-	10,187,452
International equities.....	<u>3,012,830</u>	<u>-</u>	<u>3,012,830</u>
Total.....	<u>\$ 27,024,639</u>	<u>\$ 673,091</u>	<u>\$ 26,351,548</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, 2020, the credit quality ratings of the City's investments in debt securities are as follows:

Investment Type	Total Amount	Quality Ratings *			
		AA+	AA-	A	Unrated
Corporate bonds.....	\$ 215,111	\$ 100,447	\$ 89,500	\$ 25,164	\$ -
Money market mutual funds....	673,091	-	-	-	673,091
Mutual bond funds.....	6,618,137	-	-	-	6,618,137
External investment pools.....	<u>152,533,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,533,618</u>
Total.....	<u>\$ 160,039,957</u>	<u>\$ 100,447</u>	<u>\$ 89,500</u>	<u>\$ 25,164</u>	<u>\$ 159,824,846</u>

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Investments – Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2020:

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Debt Securities:</u>				
U.S. Treasuries.....	\$ 981,666	\$ 981,666	\$ -	\$ -
U.S. Agencies.....	250,164	250,164	-	-
Corporate bonds.....	215,111	215,111	-	-
Mutual bond funds.....	6,618,137	6,618,137	-	-
Total Debt Securities.....	<u>8,065,078</u>	<u>8,065,078</u>	-	-
<u>Equity Securities:</u>				
Equity mutual funds.....	5,086,188	5,086,188	-	-
Equity securities.....	10,187,452	10,187,452	-	-
International equities.....	3,012,830	3,012,830	-	-
Total Equity Securities.....	<u>18,286,470</u>	<u>18,286,470</u>	-	-
Total Investments by Fair Value Level	<u>26,351,548</u>	<u>\$ 26,351,548</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Investments measured at the net asset value (NAV)</u>				
PRIT Fund.....	<u>14,613,644</u>			
Total Investments measured at Fair Value ...	<u>\$ 40,965,192</u>			

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

Investments Measured at the NAV

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Pension Trust Fund (The System)

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

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the System's deposits may not be recovered. The System does not have a policy for custodial credit risk of deposits. As of December 31, 2019, the System is not exposed to custodial credit risk.

Investments Summary

The System's investments at December 31, 2019 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Total Amount	Investment Maturities (in Years) Less Than 1
<u>External Investment Pools:</u>		
Pension Reserve Investment Trust.....	\$ 376,431,481	\$ 376,431,481
Massachusetts Municipal Depository Trust.	18,052,903	18,052,903
Total investments.....	\$ 394,484,384	\$ 394,484,384

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, 2019, 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, 2020

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, 2019, the System's debt security investments were in external investment pools unrated by national credit rating organizations.

Investments – Fair Value Measurements – System

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

Note 4 - Receivables

At June 30, 2020, receivables for the individual major governmental funds and non-major governmental, internal service and fiduciary funds in the aggregate, including applicable allowances for amounts estimated to be uncollectible, are as follows:

	Gross	Allowance	Net
	Amount	for	Amount
	<u>Amount</u>	<u>Uncollectibles</u>	<u>Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 15,942,050	\$ (1,938,273)	\$ 14,003,777
Real estate tax deferrals.....	2,568,987	-	2,568,987
Tax liens.....	6,598,272	-	6,598,272
Motor vehicle and other excise taxes.....	3,140,105	(1,505,872)	1,634,233
Community preservation surcharges.....	100,682	-	100,682
Special assessments.....	351,067	-	351,067
Departmental and other.....	10,181,854	(6,580,581)	3,601,273
Intergovernmental.....	3,139,259	-	3,139,259
	<u>\$ 42,022,276</u>	<u>\$ (10,024,726)</u>	<u>\$ 31,997,550</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

At June 30, 2020, receivables for the Enterprise Funds consist of the following:

	Gross	Allowance	Net
	Amount	for	Amount
	<u> </u>	<u>Uncollectibles</u>	<u> </u>
Receivables:			
Charges for services.....	\$ 14,942,458	\$ (149,329)	\$ 14,793,129
Utility liens.....	688,267	-	688,267
Special assessments.....	387,659	-	387,659
Intergovernmental.....	<u>150,577</u>	<u>-</u>	<u>150,577</u>
	<u>\$ 16,168,961</u>	<u>\$ (149,329)</u>	<u>\$ 16,019,632</u>

Note 5 – Capital Assets

Capital asset activity for governmental activities for the fiscal year ended June 30, 2020 was as follows:

	July 1, 2019			June 30, 2020
	Balance	Increases	Decreases	Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental activities:				
Capital assets not being depreciated:				
Land.....	\$ 31,200,152	\$ 15,200,000	\$ -	\$ 46,400,152
Intangible assets.....	2,238,261	-	-	2,238,261
Construction in progress.....	<u>51,095,250</u>	<u>14,082,228</u>	<u>(50,988,894)</u>	<u>14,188,584</u>
Sub-total	<u>84,533,663</u>	<u>29,282,228</u>	<u>(50,988,894)</u>	<u>62,826,997</u>
Capital assets being depreciated:				
Buildings and improvements.....	583,122,326	50,649,078	-	633,771,404
Equipment and machinery.....	104,757,780	3,966,568	(3,074,989)	105,649,359
Road network.....	<u>117,989,825</u>	<u>11,585,524</u>	<u>-</u>	<u>129,575,349</u>
Sub-total.....	<u>805,869,931</u>	<u>66,201,170</u>	<u>(3,074,989)</u>	<u>868,996,112</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(193,577,187)	(14,721,076)	-	(208,298,263)
Equipment and machinery.....	(74,181,150)	(6,025,168)	3,058,564	(77,147,754)
Road network.....	<u>(38,166,546)</u>	<u>(2,797,156)</u>	<u>-</u>	<u>(40,963,702)</u>
Sub-total.....	<u>(305,924,883)</u>	<u>(23,543,400)</u>	<u>3,058,564</u>	<u>(326,409,719)</u>
Capital assets being depreciated, net.....	<u>499,945,048</u>	<u>42,657,770</u>	<u>(16,425)</u>	<u>542,586,393</u>
Governmental capital assets, net.....	<u>\$ 584,478,711</u>	<u>\$ 71,939,998</u>	<u>\$ (51,005,319)</u>	<u>\$ 605,413,390</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

Legislative & executive	\$ 18,405
Administrative support	331,008
Public building maintenance and operations	448,941
Police	773,252
Fire	1,692,647
Education	14,638,329
Streets and sidewalks	3,563,668
Control of snow and ice	63,197
Solid waste	998
Health & human services	2,822
Senior services	5,404
Libraries	1,056,640
Parks and recreation	911,949
Newton history museum	36,140
Total	<u>\$ 23,543,400</u>

Capital asset activity for individual enterprise funds for the fiscal year ended June 30, 2020 is as follows:

	July 1, 2019			June 30, 2020
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
<u>Water system:</u>				
Capital assets not being depreciated:				
Land.....	\$ 258,540	\$ -	\$ -	\$ 258,540
Construction in progress.....	896,937	143,320	(892,592)	147,665
Sub-total	<u>1,155,477</u>	<u>143,320</u>	<u>(892,592)</u>	<u>406,205</u>
Capital assets being depreciated:				
Buildings and improvements.....	2,455,492	-	-	2,455,492
Equipment and machinery.....	13,590,573	664,308	(1,991,336)	12,263,545
Water system.....	67,873,421	3,446,611	-	71,320,032
Sub-total.....	<u>83,919,486</u>	<u>4,110,919</u>	<u>(1,991,336)</u>	<u>86,039,069</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(1,388,930)	(45,762)	-	(1,434,692)
Equipment and machinery.....	(8,547,336)	(751,857)	1,963,480	(7,335,713)
Water system.....	(17,626,581)	(1,364,962)	-	(18,991,543)
Sub-total.....	<u>(27,562,847)</u>	<u>(2,162,581)</u>	<u>1,963,480</u>	<u>(27,761,948)</u>
Capital assets being depreciated, net.....	<u>56,356,639</u>	<u>1,948,338</u>	<u>(27,856)</u>	<u>58,277,121</u>
Water system capital assets, net.....	<u>\$ 57,512,116</u>	<u>\$ 2,091,658</u>	<u>\$ (920,448)</u>	<u>\$ 58,683,326</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

	July 1, 2019 Balance	Increases	Decreases	June 30, 2020 Balance
Sewer system				
Capital assets not being depreciated:				
Land.....	\$ 26,245	\$ -	\$ -	\$ 26,245
Construction in progress.....	1,835,181	714,311	(1,835,181)	714,311
Sub-total	<u>1,861,426</u>	<u>714,311</u>	<u>(1,835,181)</u>	<u>740,556</u>
Capital assets being depreciated:				
Buildings and improvements.....	1,887,602	-	-	1,887,602
Equipment and machinery.....	4,869,524	1,054,997	(22,000)	5,902,521
Sanitary sewer system.....	77,876,107	4,519,838	-	82,395,945
Sub-total.....	<u>84,633,233</u>	<u>5,574,835</u>	<u>(22,000)</u>	<u>90,186,068</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(980,016)	(40,123)	-	(1,020,139)
Equipment and machinery.....	(2,635,285)	(378,063)	22,000	(2,991,348)
Sanitary sewer system.....	(25,051,878)	(1,432,892)	-	(26,484,770)
Sub-total.....	<u>(28,667,179)</u>	<u>(1,851,078)</u>	<u>22,000</u>	<u>(30,496,257)</u>
Capital assets being depreciated, net.....	<u>55,966,054</u>	<u>3,723,757</u>	<u>-</u>	<u>59,689,811</u>
Sewer system capital assets, net.....	\$ <u>57,827,480</u>	\$ <u>4,438,068</u>	\$ <u>(1,835,181)</u>	\$ <u>60,430,367</u>
Stormwater system				
Capital assets not being depreciated:				
Construction in progress.....	\$ 2,639,583	\$ 13,963	\$ -	\$ 2,653,546
Capital assets being depreciated:				
Storm drainage system.....	4,445,942	1,280,808	-	5,726,750
Less: accumulated depreciation				
Storm drainage system.....	(1,735,846)	(119,642)	-	(1,855,488)
Capital assets being depreciated, net.....	<u>2,710,096</u>	<u>1,161,166</u>	<u>-</u>	<u>3,871,262</u>
Stormwater system capital assets, net.....	\$ <u>5,349,679</u>	\$ <u>1,175,129</u>	\$ <u>-</u>	\$ <u>6,524,808</u>

Capital asset activity for the Newton Commonwealth Foundation for the fiscal year ended December 31, 2019 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Golf course:				
Capital assets being depreciated:				
Land improvements.....	\$ 3,892,682	\$ 156,340	\$ -	\$ 4,049,022
Buildings and improvements.....	164,960	20,032	-	184,992
Equipment and machinery.....	130,859	4,414	-	135,273
Sub-total.....	<u>4,188,501</u>	<u>180,786</u>	<u>-</u>	<u>4,369,287</u>
Less: accumulated depreciation:				
Land improvements.....	(2,186,053)	(182,212)	-	(2,368,265)
Buildings and improvements.....	(67,851)	(8,325)	-	(76,176)
Equipment and machinery.....	(79,058)	(6,087)	-	(85,145)
Sub-total.....	<u>(2,332,962)</u>	<u>(196,624)</u>	<u>-</u>	<u>(2,529,586)</u>
Golf course, net.....	\$ <u>1,855,539</u>	\$ <u>(15,838)</u>	\$ <u>-</u>	\$ <u>1,839,701</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Note 6 – Net Investment in Capital Assets

Net investment in capital assets at June 30, 2020 is summarized as follows:

Governmental Activities

Capital assets, net of accumulated depreciation.....	\$	605,413,390
Less: total long-term debt outstanding.....		(324,893,237)
Add: deferred loss on advance refunding.....		88,681
Add: unspent BAN/bond proceeds.....		<u>18,838,024</u>
Net investment in capital assets.....	\$	<u><u>299,446,858</u></u>

Business-Type Activities

	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>	Total Enterprise Funds/ Business-Type Activities
Capital assets, net of accumulated depreciation.....	\$ 58,683,326	\$ 60,430,367	\$ 6,524,808	\$ 125,638,501
Less: total long-term debt outstanding.....	(24,097,637)	(8,449,459)	(4,421,546)	(36,968,642)
Add: unspent BAN/bond proceeds.....	<u>11,550,963</u>	<u>16,083,363</u>	<u>1,480,099</u>	<u>29,114,425</u>
Net investment in capital assets.....	\$ <u><u>46,136,652</u></u>	\$ <u><u>68,064,271</u></u>	\$ <u><u>3,583,361</u></u>	\$ <u><u>117,784,284</u></u>

Note 7 – Inter-fund Receivables, Payables and Transfers

Receivables and payables between funds at June 30, 2020, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Revolving Funds	\$ 698,939
General Fund	School Federal Grant Fund	554,043
General Fund	Newton North High School Scholarship Fund	311,435
General Fund	CDBG Federal Grant Fund	289,478
General Fund	Municipal State Grant Fund	241,267
General Fund	Cabot School Improvements	68,857
General Fund	Scovell Education Fund	48,449
General Fund	School State Grant Fund	38,654
General Fund	Chaffin Education Fund	15,500
General Fund	Cousens Education Fund	677
General Fund	Municipal Federal Grant	<u>8</u>
	Total	\$ <u><u>2,267,307</u></u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Inter-fund transfer activity for the fiscal year ended June 30, 2020 consisted of the following:

	General Fund	Nonmajor Governmental Funds	Water Enterprise Fund	Sewer Enterprise Fund	Stormwater Enterprise Fund	Total All Funds
Solid Waste Program receipts reserved - FY 2020 operating budget	\$ 125,000	(125,000)	-	-	-	\$ -
BAA Marathon receipts reserved - FY 2020 operating budget	124,500	(124,500)	-	-	-	-
Sale of Recycling Materials receipts reserved - FY 2020 operating budget	100,000	(100,000)	-	-	-	-
CATV licensing fees receipts reserved - FY 2020 operating budget	257,500	(257,500)	-	-	-	-
NCGF golf day receipts reserved - FY 2020 operating budget	15,000	(15,000)	-	-	-	-
Sewer fund admin overhead support - FY 2020 operating budget	1,858,464	-	-	(1,858,464)	-	-
Water fund admin overhead support - FY 2020 operating budget	1,545,901	-	(1,545,901)	-	-	-
Stormwater fund admin overhead support - FY 2020 operating budget	692,940	-	-	-	(692,940)	-
Water fund indirect cost reimbursement to Sewer fund - FY 2020 operating budget	-	-	(729,613)	729,613	-	-
Water fund indirect cost reimbursement to Sewer fund - FY 2020 operating budget	(24,406)	24,406	-	-	-	-
Operation Access (from Handicap Parking Violations RR)	5,000	(5,000)	-	-	-	-
Trash Compactors for Rumford Ave (from Free Cash)	(88,000)	88,000	-	-	-	-
Police Headquarters Boiler Replacement (from General Fund)	(86,800)	86,800	-	-	-	-
Wells/Nahanton signals and Intersection (from RR- TNC Uber)	129,250	(129,250)	-	-	-	-
Walnut/Austin Streets Rehab project (from RR-Aust St Mitigation Funds)	-	1,700,000	-	-	-	1,700,000
Walnut/Austin Streets Rehab project (from RR-Aust St Mitigation Funds)	-	(1,700,000)	-	-	-	-
Comm Ave Greening Improvements (from Free Cash)	(200,000)	200,000	-	-	-	-
Site Remediation at 687 Washington St (from Free Cash)	(300,000)	300,000	-	-	-	-
Horace Mann Improvements (from Free Cash)	(150,000)	150,000	-	-	-	-
Inclement Weather Reserve (from Federal Grants-FEMA)	880,125	(880,125)	-	-	-	-
Bond Premiums to pay debt service	144,247	(144,247)	-	-	-	-
Newton Public Schools Athletic Revolving Fund Subsidy	(1,093,078)	1,093,078	-	-	-	-
School Lunch Bad Debt Write off (from GF to School lunch and School Gift)	(165,000)	165,000	-	-	-	-
Transfers from other funds	<u>\$ 5,877,927</u>	<u>\$ 3,807,284</u>	<u>\$ -</u>	<u>\$ 729,613</u>	<u>\$ -</u>	<u>\$ 10,414,824</u>
Transfers to other funds	<u>\$ 2,107,284</u>	<u>\$ 3,480,622</u>	<u>\$ 2,275,514</u>	<u>\$ 1,858,464</u>	<u>\$ 692,940</u>	<u>\$ 10,414,824</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.

The City did not have any short term debt activity for the fiscal year ended June 30, 2020.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Note 9 - Long-Term Obligations

The following represents a summary of changes that occurred in long-term obligations during the fiscal year ended June 30, 2020:

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion
Governmental Activities:					
Bonds and notes payable.....	\$ 304,886,963	\$ 35,258,586	\$ (15,252,312)	\$ 324,893,237	\$ 16,226,395
Landfill closure and other environmental	486,061	-	(45,293)	440,768	45,816
Workers' compensation.....	9,340,585	(250,793)	(783,589)	8,306,203	1,034,382
Compensated absences.....	8,849,016	845,411	(180,165)	9,514,262	4,040,226
Total.....	\$ 323,562,625	\$ 35,853,204	\$ (16,261,359)	\$ 343,154,470	\$ 21,346,819
Business-type Activities:					
Bonds and notes payable.....	\$ 21,331,969	\$ 3,200,000	\$ (1,612,992)	\$ 22,918,977	\$ 1,762,997
Direct borrowings.....	14,914,889	2,505,200	(3,370,424)	14,049,665	2,621,445
Compensated absences.....	392,765	38,475	(5,635)	425,605	42,560
Total.....	\$ 36,639,623	\$ 5,743,675	\$ (4,989,051)	\$ 37,394,247	\$ 4,427,002

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, \$8,306,203 of the internal service funds accrued liabilities (workers' compensation claims) is included above.

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.

For direct borrowings, there are no terms specified in debt agreements related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences, and (3) subjective acceleration clauses.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Note 10 - Long-Term Debt

Information on the City's long term debt at June 30, 2020, along with future year debt service requirements, is presented as follows.

Bonds Payable – Governmental Funds

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2019	Issued	Redeemed	Outstanding June 30, 2020
School new construction.....	4/27/2010	3.0-4.0%	\$ 390,000	\$ -	\$ (390,000)	\$ -
Fire station renovations.....	4/27/2010	2.0-4.0%	225,000	-	(225,000)	-
Underground fuel tanks.....	4/27/2010	2.0-4.0%	45,000	-	(45,000)	-
Modular classrooms.....	4/27/2010	2.0-4.0%	95,000	-	(95,000)	-
School renovations.....	4/27/2010	2.0-4.0%	110,000	-	(110,000)	-
Energy conservation.....	4/27/2010	2.0-4.0%	245,000	-	(245,000)	-
Fire equipment.....	4/27/2010	2.0-4.0%	50,000	-	(50,000)	-
Public works equipment.....	4/27/2010	2.0-4.0%	190,000	-	(190,000)	-
School new construction.....	3/30/2011	2.00%	8,066,664	-	(366,667)	7,699,997
School renovations.....	4/14/2011	3.0-4.5%	240,000	-	(120,000)	120,000
City Hall windows.....	4/14/2011	3.0-4.5%	20,000	-	(10,000)	10,000
Public works equipment.....	4/14/2011	3.0-4.5%	30,000	-	(15,000)	15,000
Elementary modular classrooms.....	4/12/2012	2.0 - 3.0%	480,000	-	(60,000)	420,000
Elementary modular classrooms.....	4/12/2012	2.0 - 3.0%	40,000	-	(5,000)	35,000
Elementary sprinkler design.....	4/12/2012	2.0 - 3.0%	40,000	-	(5,000)	35,000
Elementary sprinkler systems.....	4/12/2012	2.0 - 3.0%	770,000	-	(100,000)	670,000
School accessibility upgrades.....	4/12/2012	2.0 - 3.0%	160,000	-	(20,000)	140,000
School electrical system upgrades.....	4/12/2012	2.0 - 3.0%	95,000	-	(15,000)	80,000
School generator replacement.....	4/12/2012	2.0 - 3.0%	160,000	-	(20,000)	140,000
School heating system improvements.....	4/12/2012	2.0 - 3.0%	240,000	-	(30,000)	210,000
Public works equipment.....	4/12/2012	2.0 - 3.0%	110,000	-	(40,000)	70,000
Gath Pool improvements.....	4/12/2012	2.0 - 3.0%	30,000	-	(10,000)	20,000
Braceland Park improvements.....	4/12/2012	2.0 - 3.0%	80,000	-	(10,000)	70,000
Fire engine replacement.....	4/12/2012	2.0 - 3.0%	180,000	-	(60,000)	120,000
School advance refunding.....	4/12/2013	2.0 - 4.0%	2,850,000	-	(475,000)	2,375,000
School renovations.....	4/12/2013	2.0 - 4.0%	5,910,000	-	(240,000)	5,670,000
Public works equipment.....	4/12/2013	2.0 - 4.0%	60,000	-	(15,000)	45,000
Gath Pool improvements.....	4/12/2013	2.0 - 4.0%	60,000	-	(15,000)	45,000
City Hall improvements.....	4/12/2013	2.0 - 4.0%	390,000	-	(35,000)	355,000
Crafts St DPW garage improvements.....	4/12/2013	2.0 - 4.0%	80,000	-	(20,000)	60,000
Fire equipment.....	4/12/2013	2.0 - 4.0%	585,000	-	(65,000)	520,000
Elementary modular classrooms.....	3/06/2014	2.75% - 5.0%	1,600,000	-	(160,000)	1,440,000
Mason Rice School sprinklers.....	3/06/2014	2.75% - 5.0%	305,000	-	(35,000)	270,000
Carr School renovations.....	3/06/2014	2.75% - 5.0%	10,620,000	-	(255,000)	10,365,000
Angier demolition & construction.....	3/06/2014	2.75% - 5.0%	4,520,000	-	(110,000)	4,410,000
Community Ctr renovations.....	3/06/2014	2.75% - 5.0%	175,000	-	(20,000)	155,000
DPW equipment.....	3/06/2014	2.75% - 5.0%	130,000	-	(30,000)	100,000
Snow melting equipment.....	3/06/2014	2.75% - 5.0%	125,000	-	(25,000)	100,000
Salt shed & garage.....	3/06/2014	2.75% - 5.0%	375,000	-	(25,000)	350,000
School renovation adv refunding.....	1/29/2015	2.0-3.0%	3,491,000	-	(583,000)	2,908,000
DPW equip adv refunding.....	1/29/2015	2.0-3.0%	95,000	-	(50,000)	45,000
Fire ladder adv refunding.....	1/29/2015	2.0-3.0%	103,500	-	(53,500)	50,000
School renovation adv refunding.....	1/29/2015	2.0-3.0%	2,928,000	-	(440,000)	2,488,000
Fire station adv refunding.....	1/29/2015	2.0-3.0%	60,000	-	(20,000)	40,000
DPW equip adv refunding.....	1/29/2015	2.0-3.0%	119,000	-	(40,000)	79,000
Fire station adv refunding.....	1/29/2015	2.0-3.0%	129,000	-	(39,000)	90,000
School construction adv refunding.....	1/29/2015	2.0-3.0%	8,464,500	-	(989,500)	7,475,000
Cabot Feasibility study.....	1/29/2015	2.0-5.0%	195,000	-	(195,000)	-
Bigelow staircase.....	1/29/2015	2.0-5.0%	270,000	-	(45,000)	225,000

(continued)

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Bonds Payable – Governmental Funds (Continued)

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2019	Issued	Redeemed	Outstanding June 30, 2020
Angier construction.....	1/29/2015	2.0-5.0%	13,860,000	-	(330,000)	13,530,000
Fire station #10 renovations.....	1/29/2015	2.0-5.0%	4,880,000	-	(305,000)	4,575,000
Publ Bldg Energy Conservation.....	1/29/2015	2.0-5.0%	2,080,000	-	(130,000)	1,950,000
DPW equipment	1/29/2015	2.0-5.0%	200,000	-	(35,000)	165,000
North High School adv refunding.....	1/28/2016	3.0 -5.0%	17,746,710	-	(582,040)	17,164,670
Brown Windows adv refunding.....	1/28/2016	3.0 -5.0%	884,610	-	(98,290)	786,320
Fire Pumper adv refunding.....	1/28/2016	3.0 -5.0%	110,840	-	(27,710)	83,130
DPW Equipment adv refunding.....	1/28/2016	3.0 -5.0%	147,840	-	(36,960)	110,880
Zervas Elementary construction.....	1/28/2016	3.0 -5.0%	18,890,000	-	(390,000)	18,500,000
Angier Elementary construction.....	1/28/2016	3.0 -5.0%	4,680,000	-	(95,000)	4,585,000
Aquinas Acquisition.....	1/28/2016	3.0 -5.0%	16,395,000	-	(340,000)	16,055,000
FA Day Hot Water Heater.....	1/28/2016	3.0 -5.0%	110,000	-	(15,000)	95,000
NNHS Baseball Backstop.....	1/28/2016	3.0 -5.0%	300,000	-	(20,000)	280,000
Fire Station #3 Improvements.....	1/28/2016	3.0 -5.0%	3,450,000	-	(70,000)	3,380,000
Senior Center HVAC.....	1/28/2016	3.0 -5.0%	110,000	-	(15,000)	95,000
City Hall War Memorial Elevator.....	1/28/2016	3.0 -5.0%	1,020,000	-	(40,000)	980,000
Manet Rd Communications Building.....	1/28/2016	3.0 -5.0%	720,000	-	(15,000)	705,000
Main Library Improvements.....	1/28/2016	3.0 -5.0%	190,000	-	(25,000)	165,000
City Hall Roof Trace Wiring.....	1/28/2016	3.0 -5.0%	70,000	-	(10,000)	60,000
DPW Snowblower.....	1/28/2016	3.0 -5.0%	110,000	-	(15,000)	95,000
Library Automated Circulation Eqmt.....	1/28/2016	3.0 -5.0%	150,000	-	(20,000)	130,000
Fire Pumper.....	1/28/2016	3.0 -5.0%	555,000	-	(35,000)	520,000
Fire SCBA Equipment.....	1/28/2016	3.0 -5.0%	375,000	-	(45,000)	330,000
Fire Bucket Truck.....	1/28/2016	3.0 -5.0%	165,000	-	(20,000)	145,000
NSHS Tennis Courts.....	1/28/2016	3.0 -5.0%	640,000	-	(40,000)	600,000
Traffic Signal Improvements.....	1/28/2016	3.0 -5.0%	595,000	-	(75,000)	520,000
Auburndale Sq Traffic Improvements.....	1/28/2016	3.0 -5.0%	895,000	-	(110,000)	785,000
Eliot St Bridge Replacement.....	1/28/2016	3.0 -5.0%	1,800,000	-	(70,000)	1,730,000
North High School Construction.....	7/28/2016	3.0 -4.0%	62,035,000	-	(2,090,000)	59,945,000
FA Day HVAC.....	7/28/2016	3.0 -4.0%	952,500	-	(100,000)	852,500
Underwood Boiler.....	7/28/2016	3.0 -4.0%	90,100	-	(10,100)	80,000
Brown Windows.....	7/28/2016	3.0 -4.0%	357,500	-	(40,000)	317,500
NSHS Athletic Fields.....	7/28/2016	3.0 -4.0%	1,020,400	-	(209,900)	810,500
Fire Station #4 Renovations.....	7/28/2016	3.0 -4.0%	766,500	-	(155,000)	611,500
City Hall Boiler.....	7/28/2016	3.0 -4.0%	95,000	-	(10,000)	85,000
Fire Ladder Truck.....	7/28/2016	3.0 -4.0%	240,000	-	(50,000)	190,000
Parks Vehicles.....	7/28/2016	3.0 -4.0%	25,000	-	(5,000)	20,000
DPW Equipment.....	7/28/2016	3.0 -4.0%	193,000	-	(40,000)	153,000
Zervas Elementary Construction.....	1/25/2017	3.0 -4.0%	12,202,800	-	(247,800)	11,955,000
Cabot Land Acquisition.....	1/25/2017	3.0 -5.0%	945,000	-	(20,000)	925,000
Cabot Design.....	1/25/2017	3.0 -4.0%	380,700	-	(5,700)	375,000
Cabot Construction.....	1/25/2017	3.0 -5.0%	5,715,000	-	(115,000)	5,600,000
Fire Station #3 Improvements.....	1/25/2017	3.0 -4.0%	3,190,000	-	(65,000)	3,125,000
Fire Station #3 Improvements.....	1/25/2017	3.0 -5.0%	9,816,100	-	(381,500)	9,434,600
DPW Construction Vehicle.....	1/25/2017	3.0 -4.0%	190,000	-	(20,000)	170,000
Fire Pumper.....	1/25/2017	3.0 -4.0%	495,800	-	(55,000)	440,800
Police Dispatch Consoles.....	1/25/2017	3.0 -5.0%	531,800	-	(60,000)	471,800
2010 School Qualified Bonds.....	12/12/2017	3.0 -5.0%	7,200,350	-	-	7,200,350
2010 Modular Classrooms.....	12/12/2017	3.0 -5.0%	410,000	-	-	410,000
2010 Burr School Windows.....	12/12/2017	3.0 -5.0%	262,225	-	-	262,225
2010 Fire Station 4 Renovations.....	12/12/2017	3.0 -5.0%	44,000	-	-	44,000
2010 Fire Station 7 Renovations.....	12/12/2017	3.0 -5.0%	1,921,650	-	-	1,921,650
2010 Energy Conservation.....	12/12/2017	3.0 -5.0%	1,111,125	-	-	1,111,125
2011 School Roof Repairs.....	12/12/2017	3.0 -5.0%	353,000	-	-	353,000

(continued)

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Bonds Payable – Governmental Funds (Continued)

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2019	Issued	Redeemed	Outstanding June 30, 2020
2011 School Masonry Repairs.....	12/12/2017	3.0 -5.0%	190,000	-	-	190,000
2011 School Boiler Replacement.....	12/12/2017	3.0 -5.0%	145,650	-	-	145,650
2011 H. Mann School Windows/Doors.....	12/12/2017	3.0 -5.0%	221,000	-	-	221,000
2017 Zervas School Construction.....	12/12/2017	3.0 -5.0%	1,790,700	-	(65,000)	1,725,700
2017 South High Track.....	12/12/2017	3.0 -5.0%	280,000	-	(20,000)	260,000
2017 Cabot School Construction.....	12/12/2017	3.0 -5.0%	18,814,500	-	(330,500)	18,484,000
2017 Fire Station 3/HQ Construction.....	12/12/2017	3.0 -5.0%	1,685,000	-	(90,000)	1,595,000
2017 Traffic Signal Improvements.....	12/12/2017	3.0 -5.0%	1,130,000	-	(85,000)	1,045,000
2017 Intersection Improvements.....	12/12/2017	3.0 -5.0%	361,800	-	(29,500)	332,300
Fire Ladder #2 Replacement.....	2/27/2019	3.0 -5.0%	1,200,000	-	(135,000)	1,065,000
DPW Gradall Truck.....	2/27/2019	3.0 -5.0%	280,000	-	(20,000)	260,000
Parks Department Bucket Truck.....	2/27/2019	3.0 -5.0%	215,000	-	(25,000)	190,000
McGrath Park Tennis Courts.....	2/27/2019	3.0 -5.0%	213,000	-	(18,000)	195,000
Parks Department Trash Trucks.....	2/27/2019	3.0 -5.0%	192,000	-	(17,000)	175,000
DPW Backhoe.....	2/27/2019	3.0 -5.0%	149,000	-	(19,000)	130,000
Front End Loader.....	2/27/2019	3.0 -5.0%	99,081	-	(9,081)	90,000
Carr School AC Installation.....	2/27/2019	3.0 -5.0%	313,919	-	(28,919)	285,000
Crafts Street Garage Roof.....	2/27/2019	3.0 -5.0%	318,000	-	(23,000)	295,000
Newton Library Interior Improvements.....	2/27/2019	3.0 -5.0%	500,000	-	(35,000)	465,000
Cabot Elementary School.....	2/27/2019	3.0 -5.0%	5,000,000	-	(170,000)	4,830,000
Bigelow Boiler Replacement.....	2/27/2020	2.0-5.0%	-	1,000,000	-	1,000,000
West Newton Square Improvements.....	2/27/2020	2.0-5.0%	-	5,600,000	-	5,600,000
Lincoln-Eliot Window Replace & Acc. Impro	2/27/2020	2.0-5.0%	-	1,350,000	-	1,350,000
F.A. Day Boiler Replacement.....	2/27/2020	2.0-5.0%	-	750,000	-	750,000
Early Childhood Program Renovation.....	2/27/2020	2.0-5.0%	-	4,000,000	-	4,000,000
City Parking Meter Heads & Kiosks.....	2/27/2020	2.0-5.0%	-	895,000	-	895,000
Walnut St & Austin St Rehabilitation Project.	2/27/2020	2.0-5.0%	-	4,050,000	-	4,050,000
Webster Woods Land Acquisition.....	2/27/2020	2.0-5.0%	-	14,363,000	-	14,363,000
			<u>290,504,864</u>	<u>32,008,000</u>	<u>(14,026,667)</u>	<u>308,486,197</u>
Unamortized Premiums.....			<u>14,382,099</u>	<u>3,250,586</u>	<u>(1,225,645)</u>	<u>16,407,040</u>
Total Governmental Funds.....			<u>\$ 304,886,963</u>	<u>\$ 35,258,586</u>	<u>\$ (15,252,312)</u>	<u>\$ 324,893,237</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

Fiscal Year Ending	Principal	Interest	Total
2021	\$ 14,829,667	\$ 10,984,617	\$ 25,814,284
2022	14,834,667	10,405,377	25,240,044
2023	14,954,667	9,771,673	24,726,340
2024	15,154,667	9,154,609	24,309,276
2025	15,029,667	8,500,977	23,530,644
2026	14,266,867	7,921,516	22,188,383
2027	13,619,667	7,336,595	20,956,262
2028	13,309,667	6,782,812	20,092,479
2029	12,584,667	6,245,453	18,830,120
2030	12,600,667	5,737,202	18,337,869
2031	12,741,667	5,285,481	18,027,148
2032	12,831,667	4,858,529	17,690,196
2033	13,199,667	4,404,547	17,604,214
2034	13,331,667	3,983,848	17,315,515
2035	13,611,667	3,566,365	17,178,032
2036	12,631,667	3,159,507	15,791,174
2037	12,771,667	2,770,049	15,541,716
2038	12,391,667	2,375,252	14,766,919
2039	10,911,667	2,003,450	12,915,117
2040	6,886,667	1,662,848	8,549,515
2041	6,711,657	1,446,892	8,158,549
2042	6,545,000	1,229,695	7,774,695
2043	6,755,000	1,011,606	7,766,606
2044	6,970,000	788,144	7,758,144
2045	6,245,000	557,219	6,802,219
2046	5,565,000	369,794	5,934,794
2047	3,240,000	191,906	3,431,906
2048	2,075,000	89,663	2,164,663
2049	1,015,000	46,625	1,061,625
2050	870,000	20,663	890,663
Total	\$ 308,486,197	\$ 122,662,915	\$ 431,149,112

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Bonds Payable – Water Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2019	Issued	Redeemed	Outstanding June 30, 2020
MWRA Water*	5/20/2010	0.00	\$ 222,440	\$ -	\$ (222,440)	\$ -
MWRA Water*	2/15/2011	0.00	386,729	-	(193,364)	193,365
Water Meters	4/14/2011	3.0-4.5	600,000	-	(300,000)	300,000
MWRA Water*	5/14/2012	0.00	408,060	-	(136,020)	272,040
MWRA Water*	8/20/2012	0.00	544,080	-	(136,020)	408,060
Water Mains	4/12/2013	2.0-4.0	1,888,980	-	(135,000)	1,753,980
Water Garage	4/12/2013	2.0-4.0	42,500	-	(5,000)	37,500
MWRA Water*	8/15/2013	0.00	681,120	-	(136,020)	545,100
MWRA Water*	11/17/2014	0.00	816,120	-	(136,020)	680,100
MWRA Water*	11/19/2015	0.00	952,140	-	(136,020)	816,120
MWRA Water*	11/19/2016	0.00	1,088,160	-	(136,020)	952,140
Water Main Improvements	1/25/2017	3.0-4.0	2,535,000	-	(50,000)	2,485,000
MWRA Lead*	5/15/2017	0.00	3,200,000	-	(400,000)	2,800,000
MWRA Water*	5/24/2018	0.00	1,224,180	-	(136,020)	1,088,160
Water Main	2/15/2019	3.0-5.0	2,412,000	-	(167,000)	2,245,000
Water Main	2/15/2019	3.0-5.0	3,305,000	-	(225,000)	3,080,000
MWRA Water*	12/24/2018	0.00	1,360,200	-	(136,020)	1,224,180
MWRA Water*	12/2/2019	0.00	-	1,360,200	-	1,360,200
Water Main Improvements	2/27/2020	0.00	-	2,897,000	-	2,897,000
Subtotal			\$ 21,666,709	\$ 4,257,200	\$ (2,785,964)	\$ 23,137,945
Unamortized Premium			712,981	303,000	(56,289)	959,692
Total Water			\$ <u>22,379,690</u>	\$ <u>4,560,200</u>	\$ <u>(2,842,253)</u>	\$ <u>24,097,637</u>

* Notes from direct borrowings

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, 2020, the City was the recipient of \$1,360,200 in MWRA loans and \$3,435,000 in MWRA grants.

At June 30, 2020, the City had \$10,339,465 in MWRA water rehabilitation loans outstanding. Interest subsidies on these loans for the year ended June 30, 2020 totaled \$251,096.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

Fiscal Year Ending	Bonded Debt		Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 975,000	\$ 499,337	\$ 1,817,545	\$ -	\$ 2,792,545	\$ 499,337
2022	673,980	457,429	1,625,200	-	2,299,180	457,429
2023	680,000	425,628	1,488,160	-	2,168,160	425,628
2024	690,000	393,629	1,352,140	-	2,042,140	393,629
2025	700,000	361,128	1,216,120	-	1,916,120	361,128
2026	705,000	330,629	1,080,100	-	1,785,100	330,629
2027	715,000	298,829	944,080	-	1,659,080	298,829
2028	717,500	266,579	408,060	-	1,125,560	266,579
2029	730,000	234,154	272,040	-	1,002,040	234,154
2030	735,000	201,104	136,020	-	871,020	201,104
2031	745,000	173,054	-	-	745,000	173,054
2032	755,000	144,604	-	-	755,000	144,604
2033	762,000	119,554	-	-	762,000	119,554
2034	635,000	95,675	-	-	635,000	95,675
2035	260,000	76,400	-	-	260,000	76,400
2036	270,000	70,075	-	-	270,000	70,075
2037	280,000	63,369	-	-	280,000	63,369
2038	285,000	56,269	-	-	285,000	56,269
2039	290,000	49,069	-	-	290,000	49,069
2040	300,000	40,938	-	-	300,000	40,938
2041	115,000	32,500	-	-	115,000	32,500
2042	120,000	27,900	-	-	120,000	27,900
2043	125,000	23,100	-	-	125,000	23,100
2044	130,000	18,725	-	-	130,000	18,725
2045	130,000	14,175	-	-	130,000	14,175
2046	135,000	9,625	-	-	135,000	9,625
2047	140,000	4,900	-	-	140,000	4,900
Total	\$ 12,798,480	\$ 4,488,377	\$ 10,339,465	\$ -	\$ 23,137,945	\$ 4,488,377

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Bonds Payable – Sewer Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding		Outstanding	
			July 1, 2019	Issued	Redeemed	June 30, 2020
MCWT Sewer*	10/06/1999	5.16%	\$ 420,000	\$ -	\$ (420,000)	\$ -
MCWT Sewer*	11/10/2000	5.20%	982,000	-	(486,000)	496,000
MCWT Sewer*	7/03/2002	-	40,000	-	(10,000)	30,000
Sewer system improvements	4/27/2010	2.0-4.0%	25,000	-	(25,000)	-
Sewer system improvements	4/3/2012	2.0-3.0%	1,470,000	-	(115,000)	1,355,000
Sewer I& I removal	4/12/2013	2.0-4.0%	2,945,000	-	(215,000)	2,730,000
Water Garage	4/12/2013	2.0-4.0%	42,500	-	(5,000)	37,500
MWRA Sewer*	8/18/2014	-	252,560	-	(252,560)	-
MWRA Sewer*	12/15/2014	-	550,200	-	(91,700)	458,500
Sewer vehicle	11/19/2015	-	340,000	-	(20,000)	320,000
MWRA Sewer*	1/20/2016	3.0 -5.0%	641,900	-	(91,700)	550,200
Sewer system improvements	12/12/2017	3.0 -5.0%	219,000	-	-	219,000
MWRA Sewer*	11/29/2018	-	1,145,000	-	(114,500)	1,030,500
MWRA Sewer*	8/19/2019	-	-	1,145,000	-	1,145,000
Subtotal			\$ 9,073,160	\$ 1,145,000	\$ (1,846,460)	\$ 8,371,700
Unamortized Premium			85,164	-	(7,405)	77,759
Total Sewer			\$ 9,158,324	\$ 1,145,000	\$ (1,853,865)	\$ 8,449,459

* Notes from direct borrowings

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, 2020, the City had \$3,184,200 in MWRA sewer infiltration/inflow reduction loans outstanding.

The City has also entered into (3) ten-year subsidized loan agreements with the Massachusetts Clean Water Trust (MCWT) for additional sanitary sewer system infiltration and inflow reduction projects. At June 30, 2020 the City had \$526,000 in loans outstanding under this project. Interest and principal subsidies on these loans for the year ended June 30, 2020 were \$127,431 and \$263,215, respectively.

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

Fiscal Year Ending	Bonded Debt		Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 377,000	\$ 150,975	\$ 918,400	\$ 14,033	\$ 1,295,400	\$ 165,008
2022	377,000	137,151	422,400	750	799,400	137,901
2023	377,000	123,325	422,400	250	799,400	123,575
2024	377,000	110,326	412,400	-	789,400	110,326
2025	377,000	96,498	412,400	-	789,400	96,498
2026	382,000	86,687	320,700	-	702,700	86,687
2027	382,000	74,762	229,000	-	611,000	74,762
2028	374,500	62,837	229,000	-	603,500	62,837
2029	377,000	50,837	229,000	-	606,000	50,837
2030	376,000	38,687	114,500	-	490,500	38,687
2031	355,000	27,162	-	-	355,000	27,162
2032	320,000	16,162	-	-	320,000	16,162
2033	210,000	6,562	-	-	210,000	6,562
Total	\$ 4,661,500	\$ 981,971	\$ 3,710,200	\$ 15,033	\$ 8,371,700	\$ 997,004

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Bonds Payable – Stormwater Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2019	Issued	Redeemed	Outstanding June 30, 2020
Dedham St Drainage.....	1/20/2016	3.0 -5.0%	\$ 650,000	\$ -	\$ (25,000)	\$ 625,000
DPW Streetsweeper.....	1/25/2017	3.0 -5.0%	167,800	-	(20,000)	147,800
2017 Laundry Brook Drainage.....	12/12/2017	3.0 -5.0%	2,190,000	-	(120,000)	2,070,000
Forest Grove Pump Station.....	2/27/2019	3.0 -5.0%	338,000	-	(28,000)	310,000
Elgin Pelican Street Sweeper.....	2/27/2019	3.0 -5.0%	85,000	-	(10,000)	75,000
Hammond Brook Culvert Replacement.....	2/27/2019	3.0 -5.0%	300,000	-	(20,000)	280,000
Crafts Street Garage Interior Support System	2/27/2019	3.0 -5.0%	500,000	-	(35,000)	465,000
Subtotal.....			<u>4,230,800</u>	<u>-</u>	<u>(258,000)</u>	<u>3,972,800</u>
Unamortized Premium.....			478,044	-	(29,298)	448,746
Total Stormwater.....			\$ <u>4,708,844</u>	\$ <u>-</u>	\$ <u>(287,298)</u>	\$ <u>4,421,546</u>

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

Fiscal Year Ending	Principal	Interest	Total
2021	\$ 250,000	\$ 171,337	\$ 421,337
2022	255,000	159,037	414,037
2023	255,000	146,487	401,487
2024	255,000	134,237	389,237
2025	260,000	121,687	381,687
2026	262,800	109,237	372,037
2027	255,000	96,325	351,325
2028	235,000	83,825	318,825
2029	235,000	72,075	307,075
2030	225,000	60,325	285,325
2031	230,000	50,750	280,750
2032	230,000	41,550	271,550
2033	230,000	33,050	263,050
2034	235,000	25,000	260,000
2035	165,000	16,800	181,800
2036	165,000	10,700	175,700
2037	115,000	5,175	120,175
2037	<u>115,000</u>	<u>1,725</u>	<u>116,725</u>
Total	\$ <u>3,972,800</u>	\$ <u>1,339,322</u>	\$ <u>5,312,122</u>

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Authorized and Unissued Debt

At June 30, 2020 the City had a total of \$22,414,191 in authorized (by the City Council) and unissued debt, which is summarized as follows:

	Authorized and Unissued Debt			End of Year
	Beginning of Year	Increases	Decreases	
School improvements.....	\$ 18,127,143	\$ 2,510,066	(16,062,584)	\$ 4,574,625
Water main rehabilitation - MWRA....	2,720,400		(1,360,200)	1,360,200
Water main improvement.....	3,200,000	7,000,000	(3,200,000)	7,000,000
Sewer System.....	1,145,000			1,145,000
Fire engine and station repairs.....	-	800,000	(800,000)	-
Public works equipment.....	-	1,064,339	(1,064,339)	-
Public works infrastructure.....	5,600,000	4,050,000	(9,650,000)	-
Webster Land Acquisition.....	-	15,000,000	(15,000,000)	-
Newton Early Childhood Program.....	-	12,334,366	(4,000,000)	8,334,366
Traffic signal improvements.....	-	1,500,000	(1,500,000)	-
Total.....	\$ 30,792,543	\$ 44,258,771	\$ (52,637,123)	\$ 22,414,191

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 \$440,768 at June 30, 2020 for future year landfill site monitoring and maintenance. Estimated costs per year total \$38,000. The current estimate is based upon current costs and may require modification in future years due to price inflation, changes in technology or changes in state/federal law and regulations.

Note 12 – Other Post Employment Benefits (OPEB)

A - General Information about the OPEB Plan

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

The number of participants as of June 30, 2019, the latest actuarial valuation, is as follows:

Inactive plan members and beneficiaries currently receiving benefit payments.....	3,110
Active plan members.....	<u>2,296</u>
Total.....	<u><u>5,406</u></u>

B – Benefits Provided

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

C – Contributions

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

For the fiscal year ended June 30, 2020, employer contributions totaled \$26,979,660. The OPEB Trust Fund did not receive contributions from any other sources.

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

The components of the net OPEB liability of the Plan as of June 30, 2020 were as follows:

Total OPEB liability.....	\$ 884,546,235
Fiduciary Net Position.....	<u>(14,927,928)</u>
Net OPEB Liability.....	<u><u>\$ 869,618,307</u></u>
Fiduciary net position as a percentage of the total OPEB liability	1.69%

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

At June 30, 2020, the City reported a liability of \$869,618,307 for its net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was also determined by an actuarial valuation as of June 30, 2019 rolled forward to the measurement date.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

The changes in the net OPEB liability for the measurement period are as follows:

	Amounts (in thousands)		
	<u>Total</u> <u>OPEB Liability</u>	<u>Fiduciary</u> <u>Net Position</u>	<u>Net</u> <u>OPEB Liability</u>
Balance at June 30, 2019.....	\$ 700,325	11,817	688,508
Changes for the year:			
Service Cost.....	27,511	-	27,511
Interest of Liability and Service Cost	25,052	-	25,052
Differences between expected and actual experience.	61,935		61,935
Changes of assumptions.....	93,827	-	93,827
Employer Contributions.....	-	26,980	(26,980)
Net Investment Income.....	-	235	(235)
Benefit Payments.....	<u>(24,104)</u>	<u>(24,104)</u>	<u>-</u>
Balance at June 30, 2020.....	<u>\$ 884,546</u>	<u>14,928</u>	<u>869,618</u>

For the year ended June 30, 2020, the City recognized \$66,484,346 of OPEB expense associated with the Plan. At June 30, 2020, the City reported deferred outflows of resources related to OPEB of \$125,178,784 and deferred inflows of resources related to OPEB of \$54,634,535 from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual experience.....	\$ 49,547,740	\$ 1,104,767
Changes of assumptions.....	75,061,568	53,529,768
Net difference between projected and actual earnings on Plan investments.	<u>569,476</u>	<u>-</u>
	<u>\$ 125,178,784</u>	<u>\$ 54,634,535</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	<u>Amount</u>
2021	\$ 14,882,246
2022	14,928,012
2023	14,946,916
2024	25,787,075

Methods and Assumptions – Projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations, are based upon the substantive Plan (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of the assets, consistent with the long-term perspective of the calculations.

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

Valuation date:	June 30, 2019
Inflation rate:	2.75%
Actuarial cost method:	Entry Age Normal
Amortization method:	Level percentage of payroll
Remaining amortization period:	28 years from July 1, 2019
Salary increases:	7.00% decreasing to an ultimate level of 3.5% based on service-related increases for Group 1 (excluding Teachers) 8.00% decreasing to an ultimate level of 4.00% based on service-related increases for group 4 7.5% decreasing to an ultimate level of 4.00% based on service-related increases for Teachers
Interest discount rate:	2.21%
Investment rate of return:	7.25%
Healthcare/Medical cost trend rates:	Non-Medicare: 7.5% decreasing by 0.25% for 12 years to an ultimate level of 4.5% Medicare Supplement: 6.5% decreasing by 0.25% for 8 years to an ultimate level of 4.5% Medicare Advantage: 4.5% Administrative expenses: 3.0%
Contributions:	Non-Medicare: 7.5% decreasing by 0.25% for 12 years to an ultimate level of 4.50% per year Medicare Supplement: 6.5% decreasing by 0.25% for 8 years to an ultimate level of 4.5% per year. Medicare Advantage: 4.5%
Mortality:	Pre-Retirement (Non-Teachers): RP-2014 Blue Collar Employee Mortality Table projected generationally using scale MP-2017 Healthy Retiree (Non-Teachers): RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally using Scale MP-2017

CITY OF NEWTON, MASSACHUSETTS

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Fiscal Year Ended June 30, 2020

Mortality: Disabled Retiree (Non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally using Scale MP-2017

Pre-Retirement Retiree (Teachers): RP-2014 White Collar Employee Mortality Table projected generationally using Scale MP-2016

Healthy Retiree (Teachers): RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally using Scale MP-2016

Disabled Retiree (Teachers): RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally using Scale MP-2016

Investment Policies and Rates of Return – The OPEB trust fund investments are in PRIT, an external investment pool that operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee. The reported value of the pool is the same as the fair value of pool shares.

For the fiscal year ended June 30, 2020, the money-weighted rate of return on the Trust Fund’s investments, net of investment expense, was 1.79%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for amounts actually invested.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity.....	21.0%	6.15%
International Equity - Developed Markets.	13.0%	6.78%
International Equity - Emerging Markets..	5.0%	8.65%
Core Fixed Income.....	15.0%	1.11%
High-Yield Fixed Income.....	8.0%	3.51%
Real Estate.....	10.0%	4.33%
Commodities.....	4.0%	4.13%
Hedge Funds.....	11.0%	3.19%
Private Equity.....	13.0%	9.99%
	<u>100.0%</u>	

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2020 was 2.21%; compared to a discount rate of 3.50% to measure the total OPEB liability as of June 30, 2019. The discount rate is equal to the yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher reported on the Bond Buyer’s 20 bond index. Based on the current assets in the OPEB Trust, there are insufficient assets to cover projected benefit payments. Accordingly, the Bond Buyer’s 20 bond index rates were applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the Plan and City calculated using the current discount rate of 2.21 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	(1.21%)	(2.21%)	(3.21%)
Net OPEB Liability.....	\$ 1,034,861,432	\$ 869,618,307	\$ 741,039,764

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

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
		Rate	
Net OPEB Liability.....	\$ 728,546,221	\$ 869,618,307	\$ 1,056,484,715

Note 13 – Risk Financing

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

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

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

CITY OF NEWTON, MASSACHUSETTS

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Fiscal Year Ended June 30, 2020

At June 30, 2020, the City's health claims liability totaled \$2,957,759 and is based on approximately one month claims paid average. Changes in the reported liability since July 1, 2018 are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-end
Fiscal year 2019.....	\$ 4,719,736	60,529,807	(61,318,296)	\$ 3,931,247
Fiscal year 2020.....	3,931,247	59,372,040	(60,345,528)	2,957,759

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 \$8,306,203 at June 30, 2020, of which \$1,034,382 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, 2021. The liability includes an estimate of the IBNR claims.

The June 30, 2020 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 2016 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, 2018 are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-end
Fiscal year 2019.....	\$ 7,862,352	4,806,160	(3,327,927)	\$ 9,340,585
Fiscal year 2020.....	9,340,585	(250,793)	(783,589)	8,306,203

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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>Cabot School Improvements</u>	<u>Angier School Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:						
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ -	\$ 366,932	\$ 366,932
Restricted:						
Debt service.....	2,234,379	-	-	-	-	2,234,379
Capital.....	195,477	-	-	-	-	195,477
Community preservation.....	-	9,629,279	-	-	-	9,629,279
CPA- community housing.....	-	10,650,440	-	-	-	10,650,440
CPA- historic resources.....	-	769,489	-	-	-	769,489
CPA- community recreation.....	-	1,374,688	-	-	-	1,374,688
School construction.....	-	-	-	8,083	-	8,083
School lunch.....	-	-	-	-	37,673	37,673
Revolving.....	-	-	-	-	5,930,944	5,930,944
Receipts reserved.....	-	-	-	-	1,673,152	1,673,152
Community Development Block Grant....	-	-	-	-	21,362	21,362
Municipal federal grant.....	-	-	-	-	361,427	361,427
Municipal state grant.....	-	-	-	-	1,077,147	1,077,147
School state grant.....	-	-	-	-	4,797,931	4,797,931
School federal grant.....	-	-	-	-	20,257	20,257
Gift.....	-	-	-	-	965,742	965,742
Public building improvements.....	-	-	-	-	4,178,895	4,178,895
School building improvements.....	-	-	-	-	1,582,386	1,582,386
Street improvements.....	-	-	-	-	8,877,559	8,877,559
Municipal equipment replacement.....	-	-	-	-	3,223,332	3,223,332
Municipal Permanent Funds.....	-	-	-	-	63,097	63,097
Library Commons Permanent Funds.....	-	-	-	-	1,881,030	1,881,030
Sub-total -	<u>2,429,856</u>	<u>22,423,896</u>	<u>-</u>	<u>8,083</u>	<u>34,691,934</u>	<u>59,553,769</u>
Committed:						
Subsequent year's expenditures.....	4,107,222	-	-	-	-	4,107,222
Capital.....	170,580	-	-	-	-	170,580
Continuing appropriations.....	9,686,686	-	-	-	-	9,686,686
Receipts reserved.....	-	-	-	-	3,872,330	3,872,330
Sub-total -	<u>13,964,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,872,330</u>	<u>17,836,818</u>
Assigned:						
Encumbrances.....	8,043,255	-	-	-	-	8,043,255
Capital.....	157,462	-	-	-	-	157,462
Sub-total -	<u>8,200,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,200,717</u>
Unassigned.....	<u>48,429,978</u>	<u>-</u>	<u>(492,759)</u>	<u>-</u>	<u>-</u>	<u>47,937,219</u>
Total.....	<u>\$ 73,025,039</u>	<u>\$ 22,423,896</u>	<u>\$ (492,759)</u>	<u>\$ 8,083</u>	<u>\$ 38,931,196</u>	<u>\$ 133,895,455</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Note 15 – Stabilization Funds

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

The balance of the capital and rainy day stabilization funds at June 30, 2020 total \$523,519 and \$22,021,724 respectively, and are reported in the general fund as restricted (\$195,477), committed (\$170,580), assigned (\$157,462) and unassigned (\$22,021,724).

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, 2019, the System’s membership consisted of the following:

Active members.....	1,581
Inactive - entitled to or receiving benefits.....	29
Inactive - not entitled to or not receiving benefits.....	587
Retirees and beneficiaries currently receiving benefits.....	<u>1,315</u>
Total members.....	<u><u>3,512</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, 2020

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, 2019, active member contributions totaled \$10,671,799 and employer contributions totaled \$31,793,327. Contributions to the System from the City were \$31,476,023.

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, 2019, were as follows:

Total pension liability	\$ 703,550,055
Plan fiduciary net position	<u>(394,676,535)</u>
Net pension liability	<u>\$ 308,873,520</u>
Plan fiduciary net position as a percentage of the total pension liability	56.10%

At June 30, 2020, the City reported a liability of \$305,714,695 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020, rolled back to the measurement date. 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, 2019, actuarially determined. At December 31, 2019, the City’s proportion was 98.977308 percent; compared to a proportion of 98.979073 percent at December 31, 2018.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

For the year ended June 30, 2020, the City recognized pension expense of \$29,096,464 associated with the System. At June 30, 2020, the City reported deferred outflows of resources related to pensions of \$5,697,106, and deferred inflows of resources of \$15,885,671 from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience.....	\$ 2,834,148	\$ 1,687,371
Changes of assumptions.....	2,838,377	-
Net difference between projected and actual earnings on System investments.....	-	14,133,997
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	24,581	64,303
	<u>\$ 5,697,106</u>	<u>\$ 15,885,671</u>

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

<u>Year Ended June 30:</u>	<u>Amount</u>
2021	\$ (2,361,437)
2022	(3,762,078)
2023	1,142,725
2024	(5,207,775)

Actuarial Assumptions – The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method:	Entry Age Normal
Amortization method:	Increasing payments 9.60% per year
Remaining amortization period:	10 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:	7.25%, net of pension plan investment expense, including inflation
Inflation rate:	2.75% per year
Salary increases:	Ranging from 3.50% to 8.00% based upon years of service
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, 2020

Mortality rates:

Pre-Retirement - RP-2014 Employee Mortality Table projected generationally with Scale MP-2017

Healthy Retiree - RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017

Disabled Retiree - RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2017

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, 2019, the annual money-weighted rate of return on System investments, net of investment expense, was 15.56%. 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 7.25% 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	21.00%	6.15%
International Equity - Developed Markets	13.00%	6.78%
International Equity - Emerging Markets	5.00%	8.65%
Core Fixed Income	15.00%	1.11%
High-Yield Fixed Income	8.00%	3.51%
Real Estate	10.00%	4.33%
Commodities	4.00%	4.13%
Hedge Funds	11.00%	3.19%
Private Equity	13.00%	9.99%
	<u>100.00%</u>	

CITY OF NEWTON, MASSACHUSETTS

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Fiscal Year Ended June 30, 2020

Discount Rate - The discount rate used to measure the total pension liability was 7.25 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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
System's net pension liability	\$ 385,753,613	\$ 308,873,520	\$ 244,020,638

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
City's proportionate share of the net pension liability	\$ 381,808,542	\$ 305,714,695	\$ 241,525,058

Legally Required Reserve Accounts - The balance in the System's legally required reserves as of December 31, 2019 are as follows:

<u>Description</u>	<u>Amount</u>	<u>Purpose</u>
Annuity Savings Fund.....	\$ 101,627,707	Active members' contribution balance
Annuity Reserve Fund....	29,344,643	Retired members' contribution account
Military Service Fund.....	47,510	Military leave of absence contribution balance
Pension Fund.....	<u>263,656,675</u>	Remaining net reserves
Total.....	\$ <u>394,676,535</u>	

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Note 18 – Fiduciary Fund Financial Statements

The City’s Pension Trust Fund and OPEB Trust Fund statements of fiduciary net position are as follows:

	Pension Trust Fund <u>(As of 12/31/19)</u>	OPEB Trust Fund	<u>Total</u>
ASSETS			
Cash and Cash Equivalents.....	\$ 18,253,194	\$ 314,272	\$ 18,567,466
Investments:			
External Investment Pool.....	376,231,190	14,613,656	390,844,846
Receivables, Net of Allowance for Uncollectible Amounts:			
Intergovernmental.....	243,603	-	243,603
Prepaid Expenses.....	<u>5,890</u>	<u>-</u>	<u>5,890</u>
 Total Assets.....	 <u>394,733,877</u>	 <u>14,927,928</u>	 <u>409,661,805</u>
LIABILITIES			
Warrants Payable.....	<u>57,342</u>	<u>-</u>	<u>57,342</u>
NET POSITION			
Restricted for Pensions and Other Post Employment Benefits \$	<u>394,676,535</u>	<u>\$ 14,927,928</u>	<u>\$ 409,604,463</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

The City's Pension Trust Fund and OPEB Trust Fund statements of changes in fiduciary net position are as follows:

	Pension Trust Fund <u>(As of 12/31/19)</u>	OPEB Trust Fund	Total
ADDITIONS			
Contributions:			
Employer.....	\$ 31,793,327	\$ 26,979,660	\$ 58,772,987
Plan Members.....	<u>10,671,799</u>	<u>-</u>	<u>10,671,799</u>
Total Contributions.....	<u>42,465,126</u>	<u>26,979,660</u>	<u>69,444,786</u>
Net Investment Income:			
Net Appreciation in Fair Value of Investments.....	44,908,978	235,100	45,144,078
Interest and Dividends.....	<u>9,849,754</u>	<u>-</u>	<u>9,849,754</u>
Total Investment Income.....	54,758,732	235,100	54,993,832
Less: Investment Expense.....	<u>(1,825,016)</u>	<u>-</u>	<u>(1,825,016)</u>
Net Investment Income.....	<u>52,933,716</u>	<u>235,100</u>	<u>53,168,816</u>
Other.....	<u>3,254,373</u>	<u>-</u>	<u>3,254,373</u>
Total Additions.....	<u>98,653,215</u>	<u>27,214,760</u>	<u>125,867,975</u>
DEDUCTIONS			
Administration.....	399,933	-	399,933
Retirement Benefits and Refunds.....	42,165,467	24,103,703	66,269,170
Transfers to Other Systems.....	<u>3,254,375</u>	<u>-</u>	<u>3,254,375</u>
Total Deductions.....	<u>45,819,775</u>	<u>24,103,703</u>	<u>69,923,478</u>
CHANGE IN NET POSITION.....	52,833,440	3,111,057	55,944,497
Net Position - Beginning of Year.....	<u>341,843,095</u>	<u>11,816,871</u>	<u>353,659,966</u>
NET POSITION - END OF YEAR.....	<u>\$ 394,676,535</u>	<u>\$ 14,927,928</u>	<u>\$ 409,604,463</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Note 19 – 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, 2020. The Commonwealth's net pension liability associated with the City was \$422,172,622.

The MTRS' net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2019.

For the year ended June 30, 2020, the City recognized pension expense of \$51,195,758 associated with MTRS and revenue of the same amount for support provided by the Commonwealth.

Actuarial assumptions - The MTRS' total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2019. This valuation used the following assumptions:

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Investment rate of return:	7.25%
Salary increases:	Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service
Mortality Rates:	Pre-retirement - reflects RP-2014 White Collar Employees table projected generationally with Scale MP-2016 (gender distinct) Post-retirement – reflects RP-2014 White Collar Healthy Annuitant table projected generationally with a Scale MP-2016 (gender distinct) Disability – assumed to be in accordance with the RP-2014 Healthy Annuitant Table projected generationally with Scale MP-2016 (gender distinct).
Other:	3.50% interest rate credited to the annuity savings fund 3.00% cost of living increase per year

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Global Equity	39.00%	4.90%
Core Fixed Income	15.00%	1.30%
Private Equity	13.00%	8.20%
Portfolio Completion Strategies	11.00%	3.90%
Real Estate	10.00%	3.60%
Value Added Fixed Income	8.00%	4.70%
Timber/Natural Resources	4.00%	4.10%
Totals	<u>100.00%</u>	

Discount rate - The discount rate used to measure the MTRS' total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Note 20 – 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, 2020, totaled \$17,729,941 and \$11,396,397, 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 2020 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, 2020 cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the City at June 30, 2020.

Required Supplementary Information

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2020

PENSION PLAN SCHEDULES

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

	2019	2018	2017	2016	2015	2014
<u>Total pension liability</u>						
Service cost	\$ 14,914,124	\$ 14,270,532	\$ 14,020,532	\$ 12,238,508	\$ 11,948,894	\$ 10,445,973
Interest	48,859,873	47,371,930	46,282,670	44,357,326	43,307,330	41,588,936
Differences between expected and actual experience	1,843,627	(445,198)	(3,594,215)	6,942,661	(3,992,229)	2,350,371
Changes of assumptions	-	-	7,169,261	-	-	25,943,483
Benefit payments, including refunds of member contributions	<u>(42,165,467)</u>	<u>(40,469,534)</u>	<u>(40,367,473)</u>	<u>(37,883,262)</u>	<u>(36,652,624)</u>	<u>(35,872,446)</u>
Net change in total pension liability	23,452,157	20,727,730	23,510,775	25,655,233	14,611,371	44,456,317
Total pension liability - beginning	<u>680,097,898</u>	<u>659,370,168</u>	<u>635,859,393</u>	<u>610,204,160</u>	<u>595,592,789</u>	<u>551,136,472</u>
Total pension liability - ending (a)	\$ <u>703,550,055</u>	\$ <u>680,097,898</u>	\$ <u>659,370,168</u>	\$ <u>635,859,393</u>	\$ <u>610,204,160</u>	\$ <u>595,592,789</u>
<u>Plan fiduciary net position</u>						
Contributions - employer	\$ 31,793,327	\$ 28,628,399	\$ 25,829,131	\$ 23,566,725	\$ 21,670,552	\$ 19,972,859
Contributions - member	10,671,799	10,065,686	9,457,254	9,282,992	8,842,379	8,661,238
Net investment income	52,933,716	(7,235,473)	50,390,107	20,972,368	2,146,925	20,748,803
Benefit payments, including refunds of member contributions	(42,165,467)	(40,469,536)	(40,367,473)	(37,883,262)	(36,652,624)	(35,872,446)
Administrative expense	(399,933)	(325,392)	-	-	-	-
Other	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	52,833,440	(9,336,316)	45,309,019	15,938,823	(3,992,768)	13,510,454
Plan fiduciary net position - beginning	<u>341,843,095</u>	<u>351,179,411</u>	<u>305,870,392</u>	<u>289,931,569</u>	<u>293,924,337</u>	<u>280,413,883</u>
Plan fiduciary net position - ending (b)	\$ <u>394,676,535</u>	\$ <u>341,843,095</u>	\$ <u>351,179,411</u>	\$ <u>305,870,392</u>	\$ <u>289,931,569</u>	\$ <u>293,924,337</u>
Net pension liability - ending (a) - (b)	\$ <u>308,873,520</u>	\$ <u>338,254,803</u>	\$ <u>308,190,757</u>	\$ <u>329,989,001</u>	\$ <u>320,272,591</u>	\$ <u>301,668,452</u>
Plan fiduciary net position as a percentage of the total pension liability	56.10%	50.26%	53.26%	48.10%	47.51%	49.35%
Covered payroll	\$ 102,912,637	\$ 100,614,192	\$ 96,567,809	\$ 94,881,278	\$ 92,136,867	\$ 86,807,549
Net pension liability as a percentage of covered payroll	300.13%	336.19%	319.14%	347.79%	347.61%	347.51%

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

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2020

PENSION PLAN SCHEDULES (CONTINUED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 31,026,365	28,628,399	25,829,131	23,566,725	21,670,552
Contributions in relation to the actuarially determined contribution	<u>31,793,327</u>	<u>28,628,399</u>	<u>25,829,131</u>	<u>23,566,725</u>	<u>21,670,552</u>
Contribution deficiency (excess)	\$ <u><u>(766,962)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Covered payroll	\$ 102,912,637	100,614,192	96,567,809	94,881,278	92,136,867
Contributions as a percentage of covered payroll	30.89%	28.45%	26.75%	24.84%	23.52%

	<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 payroll	\$ 86,807,549	86,807,549	82,970,000	80,337,000	81,378,000
Contributions as a percentage of covered payroll	23.01%	21.15%	19.70%	20.23%	18.47%

SCHEDULE OF INVESTMENT RETURNS (SYSTEM) (A)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	15.56%	-2.07%	16.13%	6.77%	0.74%	7.51%

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

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2020

PENSION PLAN SCHEDULES (CONTINUED)

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

	2020*	2019*	2018*	2017*	2016*	2015*
City's proportion of the net pension liability	98.977308%	98.979073%	99.008917%	98.993848%	99.000556%	99.026264%
City's proportionate share of the net pension liability	305,714,695	334,801,480	305,136,331	326,668,811	317,071,646	298,730,998
City's covered payroll	101,261,817	98,995,159	95,190,276	93,926,628	90,939,864	85,643,310
City's proportionate share of the net pension liability as a percentage of its covered payroll	301.91%	338.20%	320.55%	347.79%	348.66%	348.81%
Plan fiduciary net position as a percentage of the total pension liability	56.10%	50.26%	53.26%	48.10%	47.51%	49.35%

*The amounts presented were determined as of December 31 of the previous calendar year.

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

	2020*	2019*	2018*	2017*	2016*	2015*
Actuarially Required Contribution	\$ 30,709,061	\$ 28,336,124	\$ 25,573,143	\$ 23,329,608	\$ 21,453,967	\$ 19,778,376
Contributions in Relation to the Actuarially Required Contribution	31,476,023	28,336,124	25,573,143	23,329,608	21,453,967	19,778,376
Contribution Deficiency (Excess)	<u>\$ (766,962)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 101,261,817	\$ 98,995,159	\$ 93,926,628	\$ 90,939,864	\$ 85,643,310	\$ 85,643,310
Contributions as a Percentage of Covered Payroll	31.08%	28.62%	27.23%	25.65%	25.05%	23.09%

*The amounts presented were determined as of December 31 of the previous calendar year.

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

	2020*	2019*	2018*	2017*	2016*	2015*
City's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's proportionate share of the net pension liability associated with the City	422,172,622	395,023,946	383,939,326	375,785,250	337,530,133	260,194,376
Total	<u>\$ 422,172,622</u>	<u>\$ 395,023,946</u>	<u>\$ 383,939,326</u>	<u>\$ 375,785,250</u>	<u>\$ 337,530,133</u>	<u>\$ 260,194,376</u>
City's covered payroll	121,845,437	\$ 116,999,122	\$ 113,921,033	\$ 110,555,252	\$ 104,421,833	\$ 100,361,397
City's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	53.95%	54.84%	52.73%	52.73%	55.38%	61.64%

*The amounts presented were determined as of June 30 of the previous calendar year.

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

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2020

PENSION PLAN SCHEDULES (CONTINUED)

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

	2020*	2019*	2018*	2017*	2016*	2015*
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 121,845,437	\$ 116,999,122	\$ 113,921,033	\$ 110,555,252	104,421,833	100,361,397
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

*The amounts presented were determined as of June 30 of the previous calendar year.

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2020

OTHER POSTEMPLOYMENT BENEFITS SCHEDULES

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

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

	2020	2019	2018	2017
<u>Total OPEB liability</u>				
Service cost	\$ 27,510,636	\$ 23,978,991	\$ 25,272,995	\$ 30,190,353
Interest	25,052,440	25,376,516	23,594,722	20,240,435
Differences between expected and actual experience	61,934,673	(1,415,423)	-	-
Changes of assumptions	93,826,961	28,081,870	(28,013,342)	(76,049,934)
Plan Amendments	-	4,486,261	-	-
Benefit payments	<u>(24,103,703)</u>	<u>(23,631,538)</u>	<u>(22,211,248)</u>	<u>(19,017,966)</u>
Net change in total OPEB liability	184,221,007	56,876,677	(1,356,873)	(44,637,112)
Total OPEB liability - beginning	<u>700,325,228</u>	<u>643,448,551</u>	<u>644,805,424</u>	<u>689,442,536</u>
Total OPEB liability - ending (a)	<u>\$ 884,546,235</u>	<u>\$ 700,325,228</u>	<u>\$ 643,448,551</u>	<u>\$ 644,805,424</u>
<u>Plan fiduciary net position</u>				
Contributions - employer	\$ 26,979,660	\$ 26,148,831	\$ 24,328,980	\$ 20,872,070
Net investment income	235,100	598,414	604,735	554,860
Benefit payments	<u>(24,103,703)</u>	<u>(23,631,539)</u>	<u>(22,211,248)</u>	<u>(19,017,966)</u>
Net change in plan fiduciary net position	3,111,057	3,115,706	2,722,467	2,408,964
Plan fiduciary net position - beginning	<u>11,816,871</u>	<u>8,701,165</u>	<u>5,978,698</u>	<u>3,569,734</u>
Plan fiduciary net position - ending (b)	<u>\$ 14,927,928</u>	<u>\$ 11,816,871</u>	<u>\$ 8,701,165</u>	<u>\$ 5,978,698</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 869,618,307</u>	<u>\$ 688,508,357</u>	<u>\$ 634,747,386</u>	<u>\$ 638,826,726</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.69%	1.69%	1.35%	0.93%
Covered payroll	\$ 286,194,338	\$ 265,068,902	\$ 245,502,840	\$ 227,381,047
Net OPEB liability as a percentage of covered payroll	303.86%	259.75%	258.55%	280.95%

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

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2020

OTHER POSTEMPLOYMENT BENEFITS SCHEDULES (CONTINUED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS (PLAN) (A)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Required Contribution	\$ 35,930,738	\$ 35,614,447	\$ 33,900,292	\$ 55,094,130
Contributions in Relation to the Actuarially Required Contribution	<u>26,979,660</u>	<u>26,148,831</u>	<u>24,328,980</u>	<u>20,872,070</u>
Contribution Deficiency (Excess)	<u>\$ 8,951,078</u>	<u>\$ 9,465,616</u>	<u>\$ 9,571,312</u>	<u>\$ 34,222,060</u>
City's Covered Payroll	\$ 286,194,338	\$ 265,068,902	\$ 227,381,047	\$ 227,381,047
Contributions as a Percentage of Covered Payroll	9.43%	9.86%	10.70%	9.18%

SCHEDULE OF INVESTMENT RETURNS (PLAN) (A)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	1.79%	6.14%	9.00%	15.93%

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

CITY OF NEWTON, MASSACHUSETTS

Notes to Required Supplementary Information

Fiscal Year Ended June 30, 2020

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

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

Actuarial cost method (2010-2019):	Entry Age Normal
Amortization method (2010-2012):	Payment increases 3.75% per year
Amortization method (2013):	Payment increases 8.50% per year
Amortization method (2014):	Payment increases 8.75% per year
Amortization method (2015-2019)	Payment increases 9.60% per year
Remaining amortization period (2010):	27 years
Remaining amortization period (2011):	26 years
Remaining amortization period (2012):	24 years
Remaining amortization period (2013):	15 years
Remaining amortization period (2014):	14 years
Remaining amortization period (2015-2016):	13 years
Remaining amortization period (2017):	12 years
Remaining amortization period (2018):	11 years
Remaining amortization period (2019):	10 years
Asset valuation method (2010-2019):	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 (2010-2012):	3.0%
Inflation (2013):	2.0 – 2.5%
Inflation (2014-2017):	2.5%
Inflation (2018-2019):	2.75%
Salary increases (2010-2011):	2.0 – 3.5%
Salary increases (2012):	2.5 – 3.5%
Salary increases (2013):	3.0 – 3.5%
Salary increases (2014-2016):	3.5%
Salary increases (2017-2019):	3.5 – 8.0%
Investment rate of return (2010-2012):	7.75%
Investment rate of return (2013):	7.35%
Investment rate of return (2014-2015):	7.35%
Investment rate of return (2016):	7.50%
Investment rate of return (2017-2019):	7.25%

CITY OF NEWTON, MASSACHUSETTS

Notes to Required Supplementary Information

Fiscal Year Ended June 30, 2020

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

The actuarially determined contribution rates in the schedules of contributions are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in those schedules:

Actuarial cost method (2017-2020):	Entry Age Normal
Amortization method (2017-2019):	Level dollar
Amortization method (2020):	Level percentage of payroll
Remaining amortization period (2017-2019):	30 years
Remaining amortization period (2020):	28 years
Interest discount rate (2017-2018):	2.06%
Interest discount rate (2019):	3.50%
Interest discount rate (2020):	2.21%
Healthcare/Medical cost trend rate (2017-2018):	8.39% in 2016 graded down to 6.08% in 2021 and thereafter.
Healthcare/Medical cost trend rate (2019):	7.00% decreasing by 0.25% for 10 years to an ultimate level of 4.50%
Healthcare/Medical cost trend rate (2020):	7.50% decreasing by 0.25% for 12 years to an ultimate level of 4.50%

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Special Revenue Funds

School Lunch Fund:

This fund is used to account for the operations of the Newton Public School Department's student lunch program. Revenues are generated from the sale of lunches, state and federal reimbursement grants, and investment income. A formal budget is not adopted for this fund; however, expenditures cannot exceed revenues plus the beginning fund balance. Any difference between fund revenues and expenditures is financed with a transfer from the School Department's general fund operating budget. It is the policy of the Newton Public school department to subsidize all fund employee benefit costs.

Revolving Fund

The Revolving Fund is used to account for a variety of municipal functions that are expected to be self-supporting, such as departmental private duty details. All revolving funds, except for damage recoveries of less than \$20,000; private duty details and assignments; wetlands protection and development review activities; and police asset forfeitures are authorized annually by vote of the City Council under Massachusetts General Law Chapter 44, Section 53E 1/2. Fund expenditures are limited to the lesser of actual available resources or the annual spending limit authorized by the City Council.

Receipts Reserved Fund

This fund is used to account for a variety of local revenues whose use is either legally restricted by state law, or has been restricted by vote of the City's City Council, for specific purposes and can only be spent with the prior appropriation of the City Council. The fund is used to account for proceeds from the sale of surplus real estate, parking meter receipts, development mitigation funds, and revenues generated from cable television license agreements and the sale of recyclable materials. No expenditures can be made directly from the fund; rather, resources are appropriated and transferred to the City's general fund for expenditure.

Community Development Block Grant Fund

This fund is used to account for activities undertaken with federal Community Development Block Grant funds. The Mayor and City Council approve each year's grant budget. This is a reimbursement grant.

Municipal Federal Grant Fund

This fund is used to account for a variety of categorical municipal federal grants. The City Council approve annual grant budgets and grant budget obligations are generally limited to the lesser of actual available resources or the annual spending limit authorized by the Council.

Municipal State Grant Fund

This fund is used to account for a variety of categorical municipal state grants other than ARRA grants. The City Council approve annual grant budgets and grant budget obligations are limited to the lesser of actual available resources or the annual spending limit authorized by the Council.

School State Grant Fund

This fund is used to account for all categorical public education state grants. The School Committee approves annual grant budgets and grant budgets are recorded upon receipt of approved grant agreements.

School Federal Grant Fund

This fund is used to account for all categorical public education federal grants other than ARRA grants. The School Committee approves annual grant budgets and grant budgets are recorded upon receipt of approved grant agreements.

Gift Fund

This fund is used to account for private gifts and donations that are unrelated to any other fund. Expenditures are limited to the lesser of actual available resources or the annual spending limit authorized by the City Council and School Committee.

Capital Projects Funds

Public Building Improvements Fund

This fund is used to account for the acquisition, construction, reconstruction, and/or major renovation of buildings (and related fields and facilities) other than school-related projects. Financing is generally derived from the issuance of bonds or notes. City Council appropriations are for the term of the projects. The Public Building Commissioner is responsible for all projects accounted for in this fund. A separate sub-fund is maintained within the fund for each major capital project.

School Building Improvements Fund

This fund is used to account for the acquisition, construction, reconstruction, and/or major renovation of school-related buildings (and related fields and facilities). Financing is generally derived from the issuance of bonds or notes. City Council appropriations are for the term of the project. The Public Building Commissioner is responsible for all projects accounted for in this fund. A separate sub-fund is maintained within the fund for each major capital project.

Street Improvements Fund

This fund is used to account for the revenues and expenditures of the Commonwealth of Massachusetts Chapter 90 highway construction grant funds and state construction grant for certain road and intersection improvements. Grant budgets are recorded based upon annual grant awards from the Commonwealth, City Council authorization of annual spending authority, and approval of specific construction projects by the Massachusetts Highway Department. Chapter 90 highway construction grants are paid to the City on a reimbursement basis. The City finances grant expenditures internally until reimbursements are received from the Commonwealth. Grant revenue is recognized when approved expenditures are incurred and submitted to the Commonwealth for reimbursement.

Municipal Equipment Replacement Fund

This fund is used to account for the acquisition of public safety and public works motor equipment, financed with the issuance of debt.

Permanent Funds

Municipal Fund

This fund is used to account for a variety of municipal purposes. A detailed report may be obtained from the Comptroller's Office.

Library Common Fund

This fund is used to account for the purchase of library supplies and materials and the enhancement of public library services in Newton. The Newton Library Board of Trustees maintains custody of fund assets.

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

JUNE 30, 2020

Special Revenue Funds

ASSETS	School Lunch	Revolving	Receipts Reserved	Community Development Block Grant	Municipal Federal Grant
Cash and cash equivalents.....	\$ -	\$ -	\$ 3,872,330	\$ -	\$ -
Restricted cash and cash equivalents.....	310,821	6,643,602	1,673,152	-	795,349
Restricted investments.....	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:					
Special assessments.....	-	193,990	-	-	-
Departmental and other.....	-	883,254	-	-	-
Intergovernmental.....	101,452	-	-	762,220	88,598
Other assets.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 412,273	\$ 7,720,846	\$ 5,545,482	\$ 762,220	\$ 883,947
LIABILITIES					
Warrants payable.....	\$ 128,320	\$ 352,969	\$ -	\$ 442,255	\$ 514,070
Accrued liabilities.....	1,149	24,907	-	734	-
Accrued payroll.....	-	210,315	-	8,391	-
Other liabilities.....	245,131	-	-	-	8,442
Due to other funds.....	-	698,939	-	289,478	8
TOTAL LIABILITIES.....	374,600	1,287,130	-	740,858	522,520
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	-	502,772	-	-	-
FUND BALANCES					
Nonspendable.....	-	-	-	-	-
Restricted.....	37,673	5,930,944	1,673,152	21,362	361,427
Committed.....	-	-	3,872,330	-	-
TOTAL FUND BALANCES.....	37,673	5,930,944	5,545,482	21,362	361,427
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 412,273	\$ 7,720,846	\$ 5,545,482	\$ 762,220	\$ 883,947

Special Revenue Funds

Municipal State Grant	School State Grant	School Federal Grant	Gift	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ 3,872,330
1,043,282	4,656,282	68,548	1,047,028	16,238,064
-	-	-	-	-
-	-	-	-	193,990
-	-	-	-	883,254
328,412	323,929	610,447	-	2,215,058
-	-	-	-	-
<u>\$ 1,371,694</u>	<u>\$ 4,980,211</u>	<u>\$ 678,995</u>	<u>\$ 1,047,028</u>	<u>\$ 23,402,696</u>
\$ 18,529	\$ 46,231	\$ 34,653	\$ 17,483	\$ 1,554,510
9,389	3,079	2,146	55,739	97,143
25,362	94,316	67,896	8,064	414,344
-	-	-	-	253,573
<u>241,267</u>	<u>38,654</u>	<u>554,043</u>	<u>-</u>	<u>1,822,389</u>
<u>294,547</u>	<u>182,280</u>	<u>658,738</u>	<u>81,286</u>	<u>4,141,959</u>
-	-	-	-	502,772
-	-	-	-	-
1,077,147	4,797,931	20,257	965,742	14,885,635
-	-	-	-	3,872,330
<u>1,077,147</u>	<u>4,797,931</u>	<u>20,257</u>	<u>965,742</u>	<u>18,757,965</u>
<u>\$ 1,371,694</u>	<u>\$ 4,980,211</u>	<u>\$ 678,995</u>	<u>\$ 1,047,028</u>	<u>\$ 23,402,696</u>

CITY OF NEWTON, MASSACHUSETTS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2020

Capital Projects Funds

ASSETS	Public Building Improvements	School Building Improvements	Street Improvements	Municipal Equipment Replacement	Sub-total
Cash and cash equivalents.....	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents.....	4,231,597	2,167,295	9,197,271	3,223,550	18,819,713
Restricted investments.....	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:					
Special assessments.....	-	-	-	-	-
Departmental and other.....	-	-	-	-	-
Intergovernmental.....	-	-	206,480	-	206,480
Other assets.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 4,231,597	\$ 2,167,295	\$ 9,403,751	\$ 3,223,550	\$ 19,026,193
LIABILITIES					
Warrants payable.....	\$ 52,702	\$ 584,909	\$ 499,207	\$ 218	\$ 1,137,036
Accrued liabilities.....	-	-	-	-	-
Accrued payroll.....	-	-	26,985	-	26,985
Other liabilities.....	-	-	-	-	-
Due to other funds.....	-	-	-	-	-
TOTAL LIABILITIES.....	52,702	584,909	526,192	218	1,164,021
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	-	-	-	-	-
FUND BALANCES:					
Nonspendable.....	-	-	-	-	-
Restricted.....	4,178,895	1,582,386	8,877,559	3,223,332	17,862,172
Committed.....	-	-	-	-	-
TOTAL FUND BALANCES.....	4,178,895	1,582,386	8,877,559	3,223,332	17,862,172
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 4,231,597	\$ 2,167,295	\$ 9,403,751	\$ 3,223,550	\$ 19,026,193

Permanent Funds

Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 3,872,330
400,029	450,835	850,864	35,908,641
-	1,430,195	1,430,195	1,430,195
-	-	-	193,990
-	-	-	883,254
-	-	-	2,421,538
<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
\$ <u>430,029</u>	\$ <u>1,881,030</u>	\$ <u>2,311,059</u>	\$ <u>44,739,948</u>
\$ -	\$ -	\$ -	\$ 2,691,546
-	-	-	97,143
-	-	-	441,329
-	-	-	253,573
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,822,389</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>5,305,980</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>502,772</u>
366,932	-	366,932	366,932
63,097	1,881,030	1,944,127	34,691,934
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,872,330</u>
<u>430,029</u>	<u>1,881,030</u>	<u>2,311,059</u>	<u>38,931,196</u>
\$ <u>430,029</u>	\$ <u>1,881,030</u>	\$ <u>2,311,059</u>	\$ <u>44,739,948</u>

CITY OF NEWTON, MASSACHUSETTS
NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Special Revenue Funds

	School Lunch	Revolving	Receipts Reserved	Community Development Block Grant	Municipal Federal Grant
REVENUES					
Licenses and permits.....	\$ -	\$ 30,930	\$ 2,064,747	\$ -	\$ -
Intergovernmental	563,414	50,626	143,911	1,919,763	3,514,457
Charges for services.....	1,636,074	13,361,476	-	-	-
Fines and forfeitures.....	-	3,392	28,360	-	-
Investment income	12,217	69,510	441	-	-
Contributions and donations.....	-	171,130	136,600	-	-
Miscellaneous.....	-	1,284	93,037	-	-
Special assessments.....	-	261,703	-	-	-
TOTAL REVENUES.....	2,211,705	13,950,051	2,467,096	1,919,763	3,514,457
EXPENDITURES					
Current:					
General government:					
Legislative & executive.....	-	969	-	-	-
Administrative support.....	-	-	-	-	-
Planning & development.....	-	493,744	-	1,912,575	3,108,321
Public building maintenance & operations.....	-	46,908	-	-	-
Public safety:					
Police.....	-	4,548,730	-	-	9,502
Fire.....	-	767,623	-	-	12,717
Inspectional services.....	-	9,568	-	-	-
Education.....	2,449,528	7,360,612	-	-	-
Public works:					
Streets & sidewalks.....	-	98,579	-	-	207,251
Sanitation.....	-	-	-	-	-
Engineering.....	-	63,865	-	-	-
Health and human services:					
Health & human services.....	-	-	-	-	227,236
Senior services.....	-	53,801	-	-	-
Veteran services.....	-	-	-	-	-
Culture and recreation:					
Libraries.....	-	2,251	-	-	-
Parks & recreation.....	-	2,833,989	-	-	-
TOTAL EXPENDITURES.....	2,449,528	16,280,639	-	1,912,575	3,565,027
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(237,823)	(2,330,588)	2,467,096	7,188	(50,570)
OTHER FINANCING SOURCES (USES)					
Transfers in.....	165,000	1,093,078	-	-	-
Issuance of general obligation bonds.....	-	-	-	-	-
Premium from issuance of bonds and notes.....	-	-	144,247	-	-
Transfers out.....	-	-	(2,600,497)	-	(880,125)
TOTAL OTHER FINANCING SOURCES (USES).....	165,000	1,093,078	(2,456,250)	-	(880,125)
NET CHANGE IN FUND BALANCES.....	(72,823)	(1,237,510)	10,846	7,188	(930,695)
FUND BALANCES AT BEGINNING OF YEAR.....	110,496	7,168,454	5,534,636	14,174	1,292,122
FUND BALANCES AT END OF YEAR.....	\$ 37,673	\$ 5,930,944	\$ 5,545,482	\$ 21,362	\$ 361,427

Special Revenue Funds

Municipal State Grant	School State Grant	School Federal Grant	Gift	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ 2,095,677
1,546,621	8,805,089	4,581,252	-	21,125,133
-	-	-	22,993	15,020,543
-	-	-	-	31,752
139	-	-	3,233	85,540
-	-	-	475,572	783,302
-	-	-	-	94,321
-	-	-	-	261,703
<u>1,546,760</u>	<u>8,805,089</u>	<u>4,581,252</u>	<u>501,798</u>	<u>39,497,971</u>
16,395	-	-	3,210	20,574
-	-	-	200,000	200,000
56,277	-	-	-	5,570,917
135,630	-	-	-	182,538
382,686	-	-	-	4,940,918
44,057	-	-	-	824,397
-	-	-	-	9,568
-	6,638,800	4,724,390	274,318	21,447,648
-	-	-	-	305,830
118,866	-	-	-	118,866
-	-	-	-	63,865
181,312	-	-	5,371	413,919
263,632	-	-	25,762	343,195
-	-	-	3,700	3,700
6,147	-	-	-	8,398
8,184	-	-	120,665	2,962,838
<u>1,213,186</u>	<u>6,638,800</u>	<u>4,724,390</u>	<u>633,026</u>	<u>37,417,171</u>
<u>333,574</u>	<u>2,166,289</u>	<u>(143,138)</u>	<u>(131,228)</u>	<u>2,080,800</u>
24,406	-	-	-	1,282,484
-	-	-	-	-
-	-	-	-	144,247
-	-	-	-	(3,480,622)
<u>24,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,053,891)</u>
357,980	2,166,289	(143,138)	(131,228)	26,909
<u>719,167</u>	<u>2,631,642</u>	<u>163,395</u>	<u>1,096,970</u>	<u>18,731,056</u>
<u>\$ 1,077,147</u>	<u>\$ 4,797,931</u>	<u>\$ 20,257</u>	<u>\$ 965,742</u>	<u>\$ 18,757,965</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, 2020

Capital Projects Funds

	Public Building Improvements	School Building Improvements	Street Improvements	Municipal Equipment Replacement	Sub-total
REVENUES					
Licenses and permits.....	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	322,328	1,347,748	-	1,670,076
Charges for services.....	-	-	-	-	-
Fines and forfeitures.....	-	-	-	-	-
Investment income (loss).....	-	-	-	-	-
Contributions and donations.....	-	-	-	-	-
Miscellaneous.....	-	-	-	-	-
Special assessments.....	-	-	-	-	-
TOTAL REVENUES.....	-	322,328	1,347,748	-	1,670,076
EXPENDITURES					
Current:					
General government:					
Legislative & executive.....	-	-	-	-	-
Administrative support.....	-	-	-	-	-
Planning & development.....	-	-	111,007	-	111,007
Public building maintenance & operations.....	1,125,688	406,707	-	-	1,532,395
Public safety:					
Police.....	-	-	-	-	-
Fire.....	-	-	-	12,614	12,614
Inspectional services.....	-	-	-	-	-
Education.....	-	3,695,948	-	-	3,695,948
Public works:					
Streets & sidewalks.....	-	-	4,545,358	504,335	5,049,693
Sanitation.....	-	-	-	-	-
Engineering.....	-	-	-	-	-
Health and human services:					
Health & human services.....	-	-	-	-	-
Senior services.....	-	-	-	-	-
Veteran services.....	-	-	-	-	-
Culture and recreation:					
Libraries.....	-	-	-	-	-
Parks & recreation.....	-	-	-	-	-
TOTAL EXPENDITURES.....	1,125,688	4,102,655	4,656,365	516,949	10,401,657
EXCESS (DEFICIENCY) OF REVENUES					
OVER EXPENDITURES.....	(1,125,688)	(3,780,327)	(3,308,617)	(516,949)	(8,731,581)
OTHER FINANCING SOURCES (USES)					
Transfers in.....	386,800	150,000	1,900,000	88,000	2,524,800
Issuance of general obligation bonds.....	4,000,000	3,100,000	9,650,000	895,000	17,645,000
Premium from issuance of bonds and notes.....	-	-	-	2,469,339	2,469,339
Transfers out.....	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	4,386,800	3,250,000	11,550,000	3,452,339	22,639,139
NET CHANGE IN FUND BALANCES.....	3,261,112	(530,327)	8,241,383	2,935,390	13,907,558
FUND BALANCES AT BEGINNING OF YEAR.....	917,783	2,112,713	636,176	287,942	3,954,614
FUND BALANCES AT END OF YEAR.....	\$ 4,178,895	\$ 1,582,386	\$ 8,877,559	\$ 3,223,332	\$ 17,862,172

Permanent Funds

Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 2,095,677
-	-	-	22,795,209
-	-	-	15,020,543
-	-	-	31,752
3,681	29,275	32,956	118,496
84	464,186	464,270	1,247,572
-	-	-	94,321
-	-	-	261,703
<u>3,765</u>	<u>493,461</u>	<u>497,226</u>	<u>41,665,273</u>
-	-	-	20,574
-	-	-	200,000
-	-	-	5,681,924
-	-	-	1,714,933
-	-	-	4,940,918
-	-	-	837,011
-	-	-	9,568
-	-	-	25,143,596
-	-	-	5,355,523
-	-	-	118,866
-	-	-	63,865
-	-	-	413,919
-	-	-	343,195
-	-	-	3,700
-	209,343	209,343	217,741
-	-	-	2,962,838
<u>-</u>	<u>209,343</u>	<u>209,343</u>	<u>48,028,171</u>
<u>3,765</u>	<u>284,118</u>	<u>287,883</u>	<u>(6,362,898)</u>
-	-	-	3,807,284
-	-	-	17,645,000
-	-	-	2,613,586
-	-	-	(3,480,622)
<u>-</u>	<u>-</u>	<u>-</u>	<u>20,585,248</u>
3,765	284,118	287,883	14,222,350
<u>426,264</u>	<u>1,596,912</u>	<u>2,023,176</u>	<u>24,708,846</u>
<u>\$ 430,029</u>	<u>\$ 1,881,030</u>	<u>\$ 2,311,059</u>	<u>\$ 38,931,196</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.

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, 2020

ASSETS	Health Insurance	Workers' Compensation Insurance	Liability Insurance	Total
ASSETS				
Current assets:				
Restricted cash and cash equivalents.....	\$ 24,362,113	\$ 420,228	\$ 4,626	\$ 24,786,967
Restricted investments.....	-	13,940,757	-	13,940,757
Interest and dividends.....	-	11,240	-	11,240
Working capital deposit.....	366,826	-	-	366,826
Total current assets.....	<u>24,728,939</u>	<u>14,372,225</u>	<u>4,626</u>	<u>39,105,790</u>
Total assets.....	<u>24,728,939</u>	<u>14,372,225</u>	<u>4,626</u>	<u>39,105,790</u>
LIABILITIES				
Current liabilities:				
Warrants payable.....	50,085	48,663	-	98,748
Accrued liabilities.....	-	36,650	-	36,650
Accrued payroll.....	-	19,069	-	19,069
Other liabilities.....	2,159,675	-	-	2,159,675
Accrued health claims payable.....	2,957,759	-	-	2,957,759
Workers' compensation claims.....	-	1,034,382	-	1,034,382
Total current liabilities.....	<u>5,167,519</u>	<u>1,138,764</u>	<u>-</u>	<u>6,306,283</u>
Noncurrent liabilities:				
Workers' compensation claims.....	-	7,271,821	-	7,271,821
Total noncurrent liabilities.....	<u>-</u>	<u>7,271,821</u>	<u>-</u>	<u>7,271,821</u>
Total liabilities.....	<u>5,167,519</u>	<u>8,410,585</u>	<u>-</u>	<u>13,578,104</u>
FUND NET POSITION				
Unrestricted.....	19,561,420	5,961,640	4,626	25,527,686
Total net position.....	<u>\$ 19,561,420</u>	<u>\$ 5,961,640</u>	<u>\$ 4,626</u>	<u>\$ 25,527,686</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, 2020

	Health Insurance	Workers' Compensation Insurance	Liability Insurance	Total
OPERATING REVENUES				
Employer contributions.....	\$ 53,529,460	\$ 1,800,000	\$ -	\$ 55,329,460
Plan member contributions.....	13,615,953	-	-	13,615,953
TOTAL OPERATING REVENUES.....	<u>67,145,413</u>	<u>1,800,000</u>	<u>-</u>	<u>68,945,413</u>
OPERATING EXPENSES				
Change in incurred but not reported liability.....	(579,243)	22,467	-	(556,776)
Self insurance claims.....	59,654,271	783,589	-	60,437,860
Administrative expenses.....	4,543,587	179,930	-	4,723,517
TOTAL OPERATING EXPENSES.....	<u>63,618,615</u>	<u>985,986</u>	<u>-</u>	<u>64,604,601</u>
OPERATING INCOME (LOSS).....	<u>3,526,798</u>	<u>814,014</u>	<u>-</u>	<u>4,340,812</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income.....	235,021	504,874	64	739,959
CHANGE IN FUND NET POSITION.....	3,761,819	1,318,888	64	5,080,771
FUND NET POSITION AT BEGINNING OF YEAR.....	<u>15,799,601</u>	<u>4,642,752</u>	<u>4,562</u>	<u>20,446,915</u>
FUND NET POSITION AT END OF YEAR.....	<u>\$ 19,561,420</u>	<u>\$ 5,961,640</u>	<u>\$ 4,626</u>	<u>\$ 25,527,686</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Health Insurance	Workers' Compensation Insurance	Liability Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users.....	\$ 13,615,953	\$ -	\$ -	\$ 13,615,953
Receipts from interfund services provided.....	53,529,460	1,800,000	-	55,329,460
Payments to vendors/providers.....	(64,033,425)	(1,981,150)	-	(66,014,575)
NET CASH FROM OPERATING ACTIVITIES.....	<u>3,111,988</u>	<u>(181,150)</u>	<u>-</u>	<u>2,930,838</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase and sales of investments, net.....	-	(569,934)	-	(569,934)
Investment income.....	235,022	512,642	64	747,728
NET CASH FROM INVESTING ACTIVITIES.....	<u>235,022</u>	<u>(57,292)</u>	<u>64</u>	<u>177,794</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	3,347,010	(238,442)	64	3,108,632
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (restricted).....	21,015,103	658,670	4,562	21,678,335
CASH AND CASH EQUIVALENTS AT END OF YEAR (restricted).....	<u>\$ 24,362,113</u>	<u>\$ 420,228</u>	<u>\$ 4,626</u>	<u>\$ 24,786,967</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss).....	\$ 3,526,798	\$ 814,014	\$ -	\$ 4,340,812
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Changes in assets and liabilities:				
Working capital deposit.....	(554)	-	-	(554)
Warrants payable.....	(691,255)	44,279	-	(646,976)
Accrued payroll.....	-	2,664	-	2,664
Other liabilities.....	1,250,487	-	-	1,250,487
Accrued liabilities.....	-	(7,725)	-	(7,725)
Accrued health claims payable.....	(973,488)	-	-	(973,488)
Workers' compensation.....	-	(1,034,382)	-	(1,034,382)
Total adjustments.....	<u>(414,810)</u>	<u>(995,164)</u>	<u>-</u>	<u>(1,409,974)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 3,111,988</u>	<u>\$ (181,150)</u>	<u>\$ -</u>	<u>\$ 2,930,838</u>



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Private Purpose Trust Funds

Chaffin Education Fund

This fund is used to account for higher education loans and grants issued to Newton high school graduates who are unable to afford the cost of college education. Revenues consist primarily of investment income on fund cash and investments.

Scovell Education Fund

This fund is used to account for prizes and awards to students for distinguished scholarships awarded at Newton high schools. The prizes are subject to approval of the School Committee. Revenues consist primarily of investment income on fund cash and investments.

Cousens Welfare Fund

This fund is used to account for loans and or grants to Newton residents who qualify as poor. At least 90% of the annual income of the fund is to be distributed to the deserving poor and not more than 20% of this sum may be loaned to individuals who are temporarily in financial need. Revenues consist primarily of investment income on fund cash and investments.

Newton North High School Scholarship Fund

This fund is used to account for Newton North High School scholarship funds. Detailed fund information is available from the City Comptroller's Office.

Kendrick Welfare Fund

This fund is used to account for distributions to needy industrious poor of Newton, especially widows and orphans.

Read Charity Fund

This fund is used to account for the perpetual maintenance of the donor's grave site, an annual sleigh ride or picnic for the children of the Newton Corner section of Newton, free lectures on scientific subjects in Newton Corner, library book purchases, and assistance to poor widows of the City. Revenues consist primarily of investment income on fund cash and investments.

Spear Infirmary Fund

The terms of the gift of this fund calls for the income to be used to "...provide cheer for the inmates of the City farm." The fund has been inactive for a number of years.

Mabel Riley Senior Fund

The terms of the gift of this fund calls for the income to be used for "...special treats for residents of nursing homes and homes for the elderly on holidays and for comforts for the sick throughout the year."

Elderly Tax Relief Fund

The City has accepted Massachusetts General Law Chapter 60, Section 3D, which authorizes the implementation of a voluntary tax check-off program for purposes of defraying real estate taxes for elderly and disabled Newton taxpayers with low incomes. This fund is used to account for the receipt of voluntary donations and awards voted by the Taxation Aid Committee.

Marjorie Moerschner Fund

The terms of the gift of this fund calls for the income to be used for "...the purpose of providing aid to the poor and needy inhabitants of the City of Newton as its Mayor shall from time to time determine."

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

JUNE 30, 2020

	Chaffin Education	Scovell Education	Cousens Welfare	Newton North High School Scholarship
ASSETS				
Cash and cash equivalents.....	\$ 59,066	\$ 35,812	\$ 37,223	\$ 882,020
Investments:				
Fixed Income.....	1,989,629	611,123	968,049	350,268
Equities.....	4,136,139	942,849	1,435,026	547,512
Total assets.....	<u>6,184,834</u>	<u>1,589,784</u>	<u>2,440,298</u>	<u>1,779,800</u>
LIABILITIES				
Warrants payable.....	2,000	1,000	227	1,000
Due to other funds.....	15,500	48,449	677	311,435
Total liabilities.....	<u>17,500</u>	<u>49,449</u>	<u>904</u>	<u>312,435</u>
NET POSITION				
Assets held in trust for other purposes.....	<u>\$ 6,167,334</u>	<u>\$ 1,540,335</u>	<u>\$ 2,439,394</u>	<u>\$ 1,467,365</u>

	<u>Kendrick Welfare</u>	<u>Read Charity</u>	<u>Spear Infirmary</u>	<u>Mabel Riley Senior</u>	<u>Elderly Tax Relief</u>	<u>Marjorie Moerschner Fund</u>	<u>Total</u>
\$	3,313	\$ 46,033	\$ 4,970	\$ 40,542	\$ 16,982	\$ 103,033	\$ 1,228,994
	-	-	-	-	-	-	3,919,069
	-	-	-	-	-	-	<u>7,061,526</u>
	<u>3,313</u>	<u>46,033</u>	<u>4,970</u>	<u>40,542</u>	<u>16,982</u>	<u>103,033</u>	<u>12,209,589</u>
	-	-	-	-	-	-	4,227
	-	-	-	-	-	-	<u>376,061</u>
	-	-	-	-	-	-	380,288
\$	<u><u>3,313</u></u>	<u><u>\$ 46,033</u></u>	<u><u>\$ 4,970</u></u>	<u><u>\$ 40,542</u></u>	<u><u>\$ 16,982</u></u>	<u><u>\$ 103,033</u></u>	<u><u>\$ 11,829,301</u></u>

CITY OF NEWTON, MASSACHUSETTS
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Chaffin Education</u>	<u>Scovell Education</u>	<u>Cousens Welfare</u>	<u>Newton North High School Scholarship</u>
ADDITIONS				
Contributions:				
Private donations.....	\$ -	\$ -	\$ 100	\$ 29,164
Net investment income:				
Interest.....	211,780	55,639	119,131	38,520
TOTAL ADDITIONS.....	<u>211,780</u>	<u>55,639</u>	<u>119,231</u>	<u>67,684</u>
DEDUCTIONS				
Administration expense.....	-	-	170	-
Educational scholarships & awards.....	167,000	26,000	100,831	106,960
TOTAL DEDUCTIONS.....	<u>167,000</u>	<u>26,000</u>	<u>101,001</u>	<u>106,960</u>
CHANGE IN NET POSITION.....	44,780	29,639	18,230	(39,276)
NET POSITION AT BEGINNING OF YEAR.....	<u>6,122,554</u>	<u>1,510,696</u>	<u>2,421,164</u>	<u>1,506,641</u>
NET POSITION AT END OF YEAR.....	<u>\$ 6,167,334</u>	<u>\$ 1,540,335</u>	<u>\$ 2,439,394</u>	<u>\$ 1,467,365</u>

<u>Kendrick Welfare</u>	<u>Read Charity</u>	<u>Spear Infirmary</u>	<u>Mabel Riley Senior</u>	<u>Elderly Tax Relief</u>	<u>Marjorie Moerschner Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,808	\$ -	\$ 33,072
<u>46</u>	<u>641</u>	<u>69</u>	<u>565</u>	<u>205</u>	<u>1,436</u>	<u>428,032</u>
<u>46</u>	<u>641</u>	<u>69</u>	<u>565</u>	<u>4,013</u>	<u>1,436</u>	<u>461,104</u>
-	-	-	-	-	-	170
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,791</u>
-	-	-	-	-	-	400,961
<u>46</u>	<u>641</u>	<u>69</u>	<u>565</u>	<u>4,013</u>	<u>1,436</u>	<u>60,143</u>
<u>3,267</u>	<u>45,392</u>	<u>4,901</u>	<u>39,977</u>	<u>12,969</u>	<u>101,597</u>	<u>11,769,158</u>
<u>\$ 3,313</u>	<u>\$ 46,033</u>	<u>\$ 4,970</u>	<u>\$ 40,542</u>	<u>\$ 16,982</u>	<u>\$ 103,033</u>	<u>\$ 11,829,301</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, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
ASSETS				
Cash and cash equivalents.....	\$ 5,596,206	\$ 183,445,571	\$ (185,153,783)	\$ 3,887,994
LIABILITIES				
Payroll withholdings.....	\$ 3,005,876	\$ 182,016,734	\$ (183,941,443)	\$ 1,081,167
Other liabilities.....	2,590,330	1,428,837	(1,212,340)	2,806,827
Total liabilities.....	\$ 5,596,206	\$ 183,445,571	\$ (185,153,783)	\$ 3,887,994



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General Fund

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Encumbrances/ Continued Appropriations	FY 2020 Original Budget	FY 2020 Budget Revisions
City Clerk/Clerk of the Board			
Personal Services	\$	\$ 1,463,394	\$ 69,000
Expenses	86,854	216,726	
Capital Outlay	6,643	9,000	
Fringe Benefits		363,909	
Total City Clerk/Clerk of the Board	<u>93,497</u>	<u>2,053,029</u>	<u>69,000</u>
Executive			
Personal Services	-	830,519	-
Expenses	139,288	110,100	-
Fringe Benefits	-	116,562	5,359
Total Mayor's Office	<u>139,288</u>	<u>1,057,181</u>	<u>5,359</u>
Comptroller's Office/Property Insurance/Audit			
Personal Services	-	553,229	-
Expenses	180,264	678,161	-
Fringe Benefits	-	103,191	-
Total Comptroller's Office/Property Insurance	<u>180,264</u>	<u>1,334,581</u>	<u>-</u>
Purchasing/General Services			
Personal Services	-	384,725	-
Expenses	-	63,250	-
Fringe Benefits	-	93,171	-
Total Purchasing/General Services	<u>-</u>	<u>541,146</u>	<u>-</u>
Assessing Department			
Personal Services	-	1,044,264	-
Expenses	-	64,235	-
Fringe Benefits	-	131,763	3,140
Total Assessing Department	<u>-</u>	<u>1,240,262</u>	<u>3,140</u>
Treasury & Collection Department			
Personal Services	-	730,227	-
Expenses	31,986	459,300	229,247
Fringe Benefits	-	123,602	18,341
Total Treasury & Collection Department	<u>31,986</u>	<u>1,313,129</u>	<u>247,588</u>
City Solicitor/Judgments & Settlements			
Personal Services	-	1,474,352	-
Expenses	130,700	281,451	420,000
Fringe Benefits	-	206,605	-
Total City Solicitor's Office/Settlements	<u>130,700</u>	<u>1,962,408</u>	<u>420,000</u>

<u>FY 2020 Budget As Amended</u>	<u>Total Revised FY 2020 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 1,532,394	\$ 1,532,394	\$ 1,441,644	\$	\$ 90,750
216,726	303,580	203,763	32,163	67,654
9,000	15,643	3,229	10,068	2,346
363,909	363,909	357,842		6,067
<u>2,122,029</u>	<u>2,215,526</u>	<u>2,006,478</u>	<u>42,231</u>	<u>166,817</u>
830,519	830,519	816,917	-	13,602
110,100	249,388	125,070	118,338	5,980
121,921	121,921	121,921	-	-
<u>1,062,540</u>	<u>1,201,828</u>	<u>1,063,908</u>	<u>118,338</u>	<u>19,582</u>
553,229	553,229	535,641		17,588
678,161	858,425	735,226	121,877	1,322
103,191	103,191	82,235		20,956
<u>1,334,581</u>	<u>1,514,845</u>	<u>1,353,102</u>	<u>121,877</u>	<u>39,866</u>
384,725	384,725	381,572	-	3,153
63,250	63,250	23,514	498	39,238
93,171	93,171	78,320	-	14,851
<u>541,146</u>	<u>541,146</u>	<u>483,406</u>	<u>498</u>	<u>57,242</u>
1,044,264	1,044,264	1,009,574	-	34,690
64,235	64,235	45,214	4,000	15,021
134,903	134,903	134,903	-	-
<u>1,243,402</u>	<u>1,243,402</u>	<u>1,189,691</u>	<u>4,000</u>	<u>49,711</u>
730,227	730,227	691,807		38,420
688,547	720,533	526,142	46,635	147,756
141,943	141,943	141,943		-
<u>1,560,717</u>	<u>1,592,703</u>	<u>1,359,892</u>	<u>46,635</u>	<u>186,176</u>
1,474,352	1,474,352	1,340,901		133,451
701,451	832,151	594,512	213,561	24,078
206,605	206,605	159,304		47,301
<u>2,382,408</u>	<u>2,513,108</u>	<u>2,094,717</u>	<u>213,561</u>	<u>204,830</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, 2020

	Encumbrances/ Continued Appropriations	FY 2020 Original Budget	FY 2020 Budget Revisions
Human Resources Department			
Personal Services	-	572,220	
Expenses	4,190	273,391	
Fringe Benefits	-	175,276	35,515
Total Human Resources Department	<u>4,190</u>	<u>1,020,887</u>	<u>35,515</u>
Information Technology Department			
Personal Services	-	1,147,148	
Expenses	38,958	393,303	
Capital Outlay	11,043	125,000	
Fringe Benefits	-	218,771	
Total Information Technology Department	<u>50,001</u>	<u>1,884,222</u>	<u>-</u>
Financial Information Systems			
Personal Services	-	267,047	1,500
Expenses	27,378	154,260	(1,500)
Fringe Benefits	-	66,705	
Total Financial Information Systems	<u>27,378</u>	<u>488,012</u>	<u>-</u>
Planning & Development Department			
Personal Services	-	1,675,459	
Expenses	69,895	137,050	
Capital Outlay	90,887	25,000	
Fringe Benefits	-	193,733	
Total Planning & Development Department	<u>160,782</u>	<u>2,031,242</u>	<u>-</u>
Public Building Department			
Personal Services	-	2,643,628	50,000
Expenses	5,672	1,726,795	
Capital Outlay	38,684	200,000	
Fringe Benefits	-	533,842	
Total Public Building Department	<u>44,356</u>	<u>5,104,265</u>	<u>50,000</u>
<hr/>			
GENERAL GOVERNMENT TOTAL	<u>862,442</u>	<u>20,030,364</u>	<u>830,602</u>
<hr/>			
Police Department			
Personal Services	-	18,364,993	2,500,000
Expenses	13,062	964,800	
Capital Outlay	7,450	408,000	
Fringe Benefits	-	3,066,962	
Total Police Department	<u>20,512</u>	<u>22,804,755</u>	<u>2,500,000</u>

<u>FY 2020 Budget As Amended</u>	<u>Total Revised FY 2020 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
572,220	572,220	514,983		57,237
273,391	277,581	223,200	30,069	24,312
210,791	210,791	210,789		2
<u>1,056,402</u>	<u>1,060,592</u>	<u>948,972</u>	<u>30,069</u>	<u>81,551</u>
1,147,148	1,147,148	1,092,071		55,077
393,303	432,261	388,389	43,730	142
125,000	136,043	119,105	16,537	401
218,771	218,771	218,344		427
<u>1,884,222</u>	<u>1,934,223</u>	<u>1,817,909</u>	<u>60,267</u>	<u>56,047</u>
268,547	268,547	268,042		505
152,760	180,138	120,608	57,290	2,240
66,705	66,705	65,508		1,197
<u>488,012</u>	<u>515,390</u>	<u>454,158</u>	<u>57,290</u>	<u>3,942</u>
1,675,459	1,675,459	1,505,303		170,156
137,050	206,945	121,431	32,002	53,512
25,000	115,887	42,981	72,906	-
193,733	193,733	133,080		60,653
<u>2,031,242</u>	<u>2,192,024</u>	<u>1,802,795</u>	<u>104,908</u>	<u>284,321</u>
2,693,628	2,693,628	2,635,180		58,448
1,726,795	1,732,467	1,642,918	83,988	5,561
200,000	238,684	236,180	2,415	89
533,842	533,842	483,554		50,288
<u>5,154,265</u>	<u>5,198,621</u>	<u>4,997,832</u>	<u>86,403</u>	<u>114,386</u>
<u>20,860,966</u>	<u>21,723,408</u>	<u>19,572,860</u>	<u>886,077</u>	<u>1,264,471</u>
20,864,993	20,864,993	20,467,574		397,419
964,800	977,862	795,704	29,780	152,378
408,000	415,450	72,890	267,011	75,549
3,066,962	3,066,962	2,946,222		120,740
<u>25,304,755</u>	<u>25,325,267</u>	<u>24,282,390</u>	<u>296,791</u>	<u>746,086</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, 2020

	Encumbrances/ Continued Appropriations	FY 2020 Original Budget	FY 2020 Budget Revisions
Fire Department			
Personal Services	-	19,675,955	1,650,000
Expenses	27,144	1,086,950	
Capital Outlay	205,159	150,000	
Fringe Benefits	-	3,365,888	
Total Fire Department	<u>232,303</u>	<u>24,278,793</u>	<u>1,650,000</u>
Inspectional Services Department			
Personal Services	-	1,428,517	
Expenses	8,844	66,365	
Fringe Benefits	-	256,455	
Total Inspectional Services Department	<u>8,844</u>	<u>1,751,337</u>	<u>-</u>
PUBLIC SAFETY TOTAL	<u>261,659</u>	<u>48,834,885</u>	<u>4,150,000</u>
NEWTON PUBLIC SCHOOLS	<u>1,043,377</u>	<u>234,839,234</u>	<u>525,000</u>
Public Works Department			
Personal Services	-	9,123,506	900,000
Expenses	847,418	14,967,205	1,350,000
Capital Outlay	225,757	360,000	
Fringe Benefits	-	1,846,048	(38,166)
Total Public Works Department	<u>1,073,175</u>	<u>26,296,759</u>	<u>2,211,834</u>
PUBLIC WORKS TOTAL	<u>1,073,175</u>	<u>26,296,759</u>	<u>2,211,834</u>

<u>FY 2020 Budget As Amended</u>	<u>Total Revised FY 2020 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
21,325,955	21,325,955	20,907,926		418,029
1,086,950	1,114,094	1,029,056	5,529	79,509
150,000	355,159	199,865	155,201	93
3,365,888	3,365,888	3,212,335		153,553
<u>25,928,793</u>	<u>26,161,096</u>	<u>25,349,182</u>	<u>160,730</u>	<u>651,184</u>
1,428,517	1,428,517	1,354,981		73,536
66,365	75,209	34,229	-	40,980
256,455	256,455	225,197		31,258
<u>1,751,337</u>	<u>1,760,181</u>	<u>1,614,407</u>	<u>-</u>	<u>145,774</u>
<u>52,984,885</u>	<u>53,246,544</u>	<u>51,245,979</u>	<u>457,521</u>	<u>1,543,044</u>
<u>235,364,234</u>	<u>236,407,611</u>	<u>235,096,919</u>	<u>1,310,220</u>	<u>472</u>
10,023,506	10,023,506	8,816,658		1,206,848
16,317,205	17,164,623	15,273,207	1,890,105	1,311
360,000	585,757	370,647	215,110	-
1,807,882	1,807,882	1,672,210		135,672
<u>28,508,593</u>	<u>29,581,768</u>	<u>26,132,722</u>	<u>2,105,215</u>	<u>1,343,831</u>
<u>28,508,593</u>	<u>29,581,768</u>	<u>26,132,722</u>	<u>2,105,215</u>	<u>1,343,831</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, 2020

	Encumbrances/ Continued Appropriations	FY 2020 Original Budget	FY 2020 Budget Revisions
Health & Human Services Department			
Personal Services	-	3,278,543	
Expenses	9,177	535,820	
Fringe Benefits	-	630,671	
Total Public Health Department	<u>9,177</u>	<u>4,445,034</u>	<u>-</u>
Senior Services Department			
Personal Services	-	290,424	
Expenses	-	431,200	
Fringe Benefits	-	62,249	11,192
Total Human Services Department	<u>-</u>	<u>783,873</u>	<u>11,192</u>
Veteran Services Department			
Personal Services	-	78,328	-
Expenses	-	165,050	-
Fringe Benefits	-	1,125	2
Total Veteran Services Department	<u>-</u>	<u>244,503</u>	<u>2</u>
<hr/>			
HEALTH & HUMAN SERVICES TOTAL	<u>9,177</u>	<u>5,473,410</u>	<u>11,194</u>
Newton Public Library			
Personal Services	-	4,038,987	
Expenses	10,283	1,178,706	
Capital Outlay	75,000	12,500	
Fringe Benefits	-	700,626	
Total Newton Public Library	<u>85,283</u>	<u>5,930,819</u>	<u>-</u>
Parks & Recreation Department			
Personal Services	-	3,429,281	75,000
Expenses	124,069	2,671,791	207,500
Capital Outlay	107,478	150,000	
Fringe Benefits	-	698,424	(35,515)
Total Parks & Recreation Department	<u>231,547</u>	<u>6,949,496</u>	<u>246,985</u>
Newton History Museum			
Personal Services	-	241,786	
Expenses	2,482	34,230	
Fringe Benefits	-	31,184	132
Total Newton History Museum	<u>2,482</u>	<u>307,200</u>	<u>132</u>
<hr/>			
CULTURE & RECREATION TOTAL	<u>319,312</u>	<u>13,187,515</u>	<u>247,117</u>

<u>FY 2020 Budget As Amended</u>	<u>Total Revised FY 2020 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
3,278,543	3,278,543	3,202,649		75,894
535,820	544,997	477,060	7,750	60,187
630,671	630,671	602,236		28,435
<u>4,445,034</u>	<u>4,454,211</u>	<u>4,281,945</u>	<u>7,750</u>	<u>164,516</u>
290,424	290,424	290,424		-
431,200	431,200	431,197	-	3
73,441	73,441	73,441		-
<u>795,065</u>	<u>795,065</u>	<u>795,062</u>	<u>-</u>	<u>3</u>
78,328	78,328	78,307		21
165,050	165,050	103,508	36,785	24,757
1,127	1,127	1,127		-
<u>244,505</u>	<u>244,505</u>	<u>182,942</u>	<u>36,785</u>	<u>24,778</u>
<u>5,484,604</u>	<u>5,493,781</u>	<u>5,259,949</u>	<u>44,535</u>	<u>189,297</u>
4,038,987	4,038,987	3,682,443		356,544
1,178,706	1,188,989	1,067,092	-	121,897
12,500	87,500	84,172	-	3,328
700,626	700,626	651,624		49,002
<u>5,930,819</u>	<u>6,016,102</u>	<u>5,485,331</u>	<u>-</u>	<u>530,771</u>
3,504,281	3,504,281	3,375,765		128,516
2,879,291	3,003,360	2,602,514	187,944	212,902
150,000	257,478	45,803	211,675	-
662,909	662,909	593,044		69,865
<u>7,196,481</u>	<u>7,428,028</u>	<u>6,617,126</u>	<u>399,619</u>	<u>411,283</u>
241,786	241,786	236,739		5,047
34,230	36,712	21,742	669	14,301
31,316	31,316	30,205		1,111
<u>307,332</u>	<u>309,814</u>	<u>288,686</u>	<u>669</u>	<u>20,459</u>
<u>13,434,632</u>	<u>13,753,944</u>	<u>12,391,143</u>	<u>400,288</u>	<u>962,513</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, 2020

	Encumbrances/ Continued Appropriations	FY 2020 Original Budget	FY 2020 Budget Revisions
DEBT SERVICE (PRINCIPAL & INTEREST)			
Debt Service	-	24,628,102	(86,800)
RETIREMENT			
Personal Services	-	-	
Expenses	-	-	
Fringe Benefits	12,542	41,817,879	(750,000)
Total Retirement	12,542	41,817,879	(750,000)
APPROPRIATED RESERVES			
Wage & Salary Reserve	2,192,119	2,726,679	(2,875,000)
Reserve Fund (Budget Reserve)	-	500,000	(229,000)
Reserve Fund (Staffing/Project Reserve)	-	-	
Reserve Fund (Snow & Ice)	-	3,000,000	(2,207,500)
Total Budgetary Reserves	2,192,119	6,226,679	(5,311,500)
STATE & COUNTY ASSESSMENTS	-	6,466,476	91,539
SPECIAL APPROPRIATIONS	12,999,204	-	5,227,950
TOTAL EXPENDITURES	18,773,007	427,801,303	7,146,936
TRANSFERS TO OTHER FUNDS:			
Workers Comp Self Insurance Fund - Muni	-	800,000	-
Workers Comp Self Insurance Fund - School	-	400,000	-
Rainy Day Stabilization Fund	-	150,000	-
School Athletic Revolving Fund - School	-	1,093,078	-
School Lunch Fund	-	40,000	-
School Lunch Fund	-	-	125,000
Trash Compactors- Rumford Ave	-	-	88,000
Police HQ- Boiler Replacement	-	-	86,800
687 Washington site Remediation	-	-	300,000
Commonwealth Ave Greening	-	-	200,000
Horace Mann Improvement	-	-	150,000
Total Transfers to Other Funds	-	2,483,078	949,800
TOTAL EXPENDITURES AND TRANSFERS	\$ 18,773,007	\$ 430,284,381	\$ 8,096,736

<u>FY 2020 Budget As Amended</u>	<u>Total Revised FY 2020 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
<u>24,541,302</u>	<u>24,541,302</u>	<u>24,459,169</u>	<u>-</u>	<u>82,133</u>
-	-	-	-	-
-	-	-	-	-
<u>41,067,879</u>	<u>41,080,421</u>	<u>41,058,809</u>	<u>3,101</u>	<u>18,511</u>
<u>41,067,879</u>	<u>41,080,421</u>	<u>41,058,809</u>	<u>3,101</u>	<u>18,511</u>
(148,321)	2,043,798	-	2,043,798	-
271,000	271,000	-	-	271,000
-	-	-	-	-
<u>792,500</u>	<u>792,500</u>	<u>-</u>	<u>792,500</u>	<u>-</u>
<u>915,179</u>	<u>3,107,298</u>	<u>-</u>	<u>2,836,298</u>	<u>271,000</u>
<u>6,558,015</u>	<u>6,558,015</u>	<u>6,483,982</u>	<u>-</u>	<u>74,033</u>
<u>5,227,950</u>	<u>18,227,154</u>	<u>8,540,468</u>	<u>9,686,686</u>	<u>-</u>
<u>434,948,239</u>	<u>453,721,246</u>	<u>430,242,000</u>	<u>17,729,941</u>	<u>5,749,305</u>
800,000	800,000	800,000	-	-
400,000	400,000	400,000	-	-
150,000	150,000	150,000	-	-
1,093,078	1,093,078	1,093,078	-	-
40,000	40,000	40,000	-	-
125,000	125,000	125,000	-	-
88,000	88,000	88,000	-	-
86,800	86,800	86,800	-	-
300,000	300,000	300,000	-	-
200,000	200,000	200,000	-	-
<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
<u>3,432,878</u>	<u>3,432,878</u>	<u>3,432,878</u>	<u>-</u>	<u>-</u>
<u><u>438,381,117</u></u> \$	<u><u>457,154,124</u></u> \$	<u><u>433,674,878</u></u> \$	<u><u>17,729,941</u></u> \$	<u><u>5,749,305</u></u>

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Community Preservation Fund

This fund accounts for the 1% local property tax surcharge that the voters of the City approved in November of 2001 for open space, historic resource and affordable housing purposes. The Commonwealth of Massachusetts currently matches local surcharge revenue on a dollar for dollar basis.

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Encumbrances/ Continued Appropriations	Current Year Appropriations	Original Budget
Administration & operations:			
Planning	\$ 2,155	\$ 205,075	\$ 207,230
Transfers to various reserves		1,293,915	1,293,915
Total - Administration & operations	<u>2,155</u>	<u>1,498,990</u>	<u>1,501,145</u>
CPA appropriation reserve	<u>-</u>	<u>2,670,425</u>	<u>2,670,425</u>
Open space:			
Open space reserve	-	410,786	410,786
300 Hammond Pond Parkway/Webster Woods	14,512		14,512
Kessler Woods land acquisition - Planning (Wabasso)	7,500		7,500
Webster Woods Legal Services	-	373,695	373,695
Webster Woods- Newton Conservators	-	-	-
Webster Woods Land Acquisition	-	15,000,000	15,000,000
Kessler Woods- Newton Conservators	-		-
Total - Open space projects	<u>22,012</u>	<u>15,784,481</u>	<u>15,806,493</u>
Historic resources:			
Historic preservation reserve	-	410,786	410,786
Historical burial grounds restoration	2,048	-	2,048
Historical burial grounds restoration Phase Iia	2,349	-	2,349
Nathan Allen House Preservation/Rehabilitation	800,000	-	800,000
East Parish Burial Ground Restoration	79,611	-	79,611
Whipple-Beal Fence Project (Newton Cemetary)	6,000	-	6,000
Auburn St. Historic Rehab	103,166	-	103,166
Total - Historic preservation	<u>993,174</u>	<u>410,786</u>	<u>1,403,960</u>
Community housing:			
Community housing reserve	-	410,786	410,786
Newton Homebuyer Assistance Program II	53,246	-	53,246
Newton Homebuyer Assistance Program III	462,700	-	462,700
CAN-DO Housing Portfolio Acquisition (NHA)	-	-	-
COVID-19 Emergency Housing Assistance	-	-	-
Newton Homebuyer Assistance Program - IV	259,797	-	259,797
Crescent Street Design - Housing	4,412	-	4,412
Auburn St. Housing	520,906	-	520,906
Haywood House Jackson Rd	3,000,000	-	3,000,000
Stanton Ave/Golda Meir Expansion	3,250,000	-	3,250,000
Total - community housing	<u>7,551,061</u>	<u>410,786</u>	<u>7,961,847</u>
Community recreation:			
20 Rogers Street Land Acquisition	22,500	-	22,500
Pigeon Hill Trail	-	-	-
Waban Hill Reservoir Land Acquisition	371,467	-	371,467
Crescent Street Design - playground	167,134	-	167,134
Total - community recreation	<u>561,101</u>	<u>-</u>	<u>561,101</u>
TOTAL CPA FUND	<u>\$ 9,129,503</u>	<u>\$ 19,481,553</u>	<u>\$ 28,611,056</u>

Budget Revisions	Final Budget	Expended	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ 10,381	\$ 217,611	\$ 145,983	\$ 155	\$ 71,473
3,105,000	4,398,915	-	-	4,398,915
<u>3,115,381</u>	<u>4,616,526</u>	<u>145,983</u>	<u>155</u>	<u>4,470,388</u>
(971,749)	1,698,676	-	-	1,698,676
(360,786)	50,000	-	-	50,000
	14,512	14,400	112	-
	7,500		7,500	-
351,305	725,000	69,214	655,786	-
15,000	15,000		15,000	-
	15,000,000	15,000,000		-
<u>15,000</u>	<u>15,000</u>		<u>15,000</u>	<u>-</u>
<u>20,519</u>	<u>15,827,012</u>	<u>15,083,614</u>	<u>693,398</u>	<u>50,000</u>
20,519	431,305	-	-	431,305
-	2,048	-	2,048	-
-	2,349	-	2,349	-
-	800,000	670,000	130,000	-
-	79,611	7,900	71,711	-
-	6,000	-	6,000	-
-	103,166	103,166	-	-
<u>20,519</u>	<u>1,424,479</u>	<u>781,066</u>	<u>212,108</u>	<u>431,305</u>
20,519	431,305	-	-	431,305
	53,246		53,246	-
	462,700	13,020	449,680	-
1,105,000	1,105,000		1,105,000	-
2,000,000	2,000,000		2,000,000	-
	259,797		259,797	-
	4,412		4,412	-
-	520,906	423,906	97,000	-
-	3,000,000		3,000,000	-
-	3,250,000		3,250,000	-
<u>3,125,519</u>	<u>11,087,366</u>	<u>436,926</u>	<u>10,219,135</u>	<u>431,305</u>
-	22,500	-	22,500	-
50,000	50,000	-	50,000	-
-	371,467	339,500	31,967	-
-	167,134	-	167,134	-
<u>50,000</u>	<u>611,101</u>	<u>339,500</u>	<u>271,601</u>	<u>-</u>
<u>\$ 2,255,189</u>	<u>\$ 30,866,245</u>	<u>\$ 16,787,089</u>	<u>\$ 11,396,397</u>	<u>\$ 2,682,759</u>



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Additional Information

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Continued Appropriations	FY 2020 Appropriations	Transfers
School Building Improvement Fund:			
Carr Elementary Evaluation/Design - 2012	\$ 1,674	\$ -	\$ -
Carr Elementary Renovations - 2013	17,977	-	-
Lincoln Eliot HVAC System	280,969	-	-
150 Jackson St Feas Study	928,047	-	-
Horace Mann Elevator	34,550	-	-
Carr School AC Units-2019	477,160	-	-
Bigelow Boiler Repl-2019	1,317,506	-	-
Lincoln -Eliot Window Repl Access-2020	-	1,350,000	-
FA Day Boilers- 2020	-	1,160,066	-
Horace Mann Improvements	-	150,000	-
Total School Building Improvement Fund	<u>3,057,883</u>	<u>2,660,066</u>	<u>-</u>
Angier School Improvement Fund			
Angier Elementary School Construction - 2014	<u>8,083</u>	<u>-</u>	<u>-</u>
Zervas School Improvement Fund			
Zervas Elementary Renovation - 2014	<u>1,923,679</u>	<u>-</u>	<u>-</u>
Cabot School Improvement Fund			
Cabot Construction 1/2017	8,767,067	-	-
23 Parkview Ave Land Taking - 2016	<u>10,228</u>	<u>-</u>	<u>-</u>
Total Cabot School Improvement Fund	<u>8,777,295</u>	<u>-</u>	<u>-</u>
Municipal Building Improvement Fund			
Fire Station #3/HQ - 2015	90,074	-	-
Fire Station#3/HQ - 2016	54,221	-	-
City Hall Window Replacement/Repairs - 2011	85,594	-	-
Senior Center HVAC improvements - 2015	21,985	-	-
Energy Conservation Improvements - 2016	12,403	-	-
City Hall Roof Heat Trace Wiring - 2016	58,926	-	-
Crafts Street Garage Roof-2019	114,490	-	-
Library Interior Imprv-2019	127,090	-	-
Senior Ctr Construction- Feas 2019	100,000	-	-
NEWCAL- Feas, Design, Site 2019	400,000	-	-
Police HQ- Boiler Repl 2020	-	86,800	-
Newton Early Childhood Prog 2020	-	12,334,366	-
687 Washington St Site Remediation 2020	-	300,000	-
Total Municipal Building Improvement Fund	<u>1,064,783</u>	<u>12,721,166</u>	<u>-</u>

Expended	Encumbered	Balance
\$ -	\$ 1,674	\$ -
-	5,427	12,550
162,948	117,925	96
598,774	191,929	137,344
-	-	34,550
477,160	-	-
1,167,643	-	149,863
1,211,644	38,356	100,000
376,290	429,733	354,043
5,978	99,200	44,822
<u>4,000,437</u>	<u>884,244</u>	<u>833,268</u>
-	-	8,083
<u>102,218</u>	<u>256,532</u>	<u>1,564,929</u>
6,540,553	735,290	1,491,224
-	-	10,228
<u>6,540,553</u>	<u>735,290</u>	<u>1,501,452</u>
-	-	90,074
-	-	54,221
-	85,594	-
7,355	-	14,630
-	-	12,403
-	7,500	51,426
83,939	-	30,551
127,090	-	-
53,500	3,538	42,962
126,122	2,778	271,100
82,664	-	4,136
422,226	514,163	11,397,977
222,792	-	77,208
<u>1,125,688</u>	<u>613,573</u>	<u>12,046,688</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, 2020

	Continued Appropriations	FY 2020 Appropriations	Transfers
CH 90 Highway Improvement Fund:			
Unallocated	329,341	(100,186)	-
Approved projects	1,956,502	2,620,894	-
Total CH 90 Highway Improvement Fund	2,285,843	2,520,708	-
Massworks Road Improvement Fund:			
2016 Grant Award	662,663	396,500	-
Municipal Equipment Replacement Fund:			
Sewer Cleaner Equipment - 2016	40,410	-	-
Police Dispatch Console Replacement - 2017	45,000	-	-
Fire SCBA Replacement - 2016	7,727	-	-
Fire Ladder Replacement - 2018	146,636	-	-
Parks Two trash trucks - 2018	2,520	-	-
Backhoe truck - 2018	25,649	-	-
2 6-Wheel Dump Trucks-2019	420,000	-	-
Fire Engine #2 repl (#254-19)	-	800,000	-
2 Ford F550 Trucks- 2020	-	150,280	-
3 6-Wheel All Season Trucks- 2020	-	739,059	-
Modular Trailer at Rumford Ave-2020	-	175,000	-
Two trash Compactors- Rumford Ave-2020	-	88,000	-
Parking Meters and Kiosks- 2020	-	1,500,000	-
Total Municipal Equipment Replacement Fund	687,942	3,452,339	-
Street Improvement Fund			
Ded/Nah/Brk Intersection Improvement	451,681	-	-
Dedham/Nahanton/Brk Intersection Improv	51,885	-	-
West Newton Sq Improv	5,600,000	-	-
Comm Ave Greening Improvements	-	200,000	-
Walnut/Austin St Rehab	-	5,750,000	-
Total Street Improvement Fund	6,103,566	5,950,000	-
Water System Improvement Fund:			
MWRA - Water System - Accumulated Interest Income	277,540	80,922	-
MWRA - Water System Improvements - Loan of 2016	242,153	-	-
MWRA - Water System Improvements - Loan of 2017	266,582	-	-
MWRA - Water System Improvements - Loan of 2018	1,360,200	-	-
2017 MWRA Lead Replacement	792,776	-	-
MWRA - Water System Improvements - Loan of 2019	1,360,200	-	-
MWRA - Water System Improvements - Loan of 2020	-	1,360,200	-
Water Meter Replacement - 2009	42,298	-	-
Water Main Cleaning & Relining - 2014	41,730	-	-
Water Main Improvements - 2015	21,940	-	-
Water Main Improvements - 2017/18	2,275,460	-	-
Water Main Improvements - 2018/19	2,444,925	-	-
Waban Hill Reservoir Improvements - 2001/2003	250,467	-	-
Water Main Improvements- 2020	3,200,000	-	-
Water Main Improvements-2021	-	7,000,000	-
Total Water System Improvement Fund	12,576,271	8,441,122	-

Expended	Encumbered	Balance
-	-	229,155
685,087	2,834,394	1,057,915
685,087	2,834,394	1,287,070

662,663	360,000	36,500
---------	---------	--------

-	-	40,410
-	-	45,000
-	-	7,727
4,051	-	142,585
-	-	2,520
12,980	12,669	-
420,000	-	-
8,563	614,057	177,380
-	150,280	-
-	739,059	-
65,950	18,750	90,300
-	87,197	803
5,405	1,177,548	317,047
516,949	2,799,560	823,772

357,407	-	94,274
6,988	19,042	25,855
1,198,000	3,799,134	602,866
111,007	88,993	-
1,635,213	3,473,917	640,870
3,308,615	7,381,086	1,363,865

-	-	358,462
121,040	70,552	50,561
115,983	150,599	-
-	1,360,200	-
30,601	-	762,175
-	1,360,200	-
33,527	139,168	1,187,505
-	33,798	8,500
1,164	40,566	-
-	19,012	2,928
1,063,932	1,211,528	-
1,289,099	1,090,622	65,204
-	-	250,467
-	801,778	2,398,222
-	-	7,000,000
2,655,346	6,278,023	12,084,024

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Continued Appropriations	FY 2020 Appropriations	Transfers
Sanitary Sewer Improvement Fund:			
MWRA - Sewer I&I - Accumulated Interest Income	265,763	133,964	-
Cochituate Sewer Repair (Town of Wellesley Contb)	93,718	-	-
2011 Sewer Improvements	4,741	-	-
Phase I Underground Infrastructure Impv Plan - 2012	179,808	-	-
Project Area III/IV/V - 2015	686,904	-	-
Sewer I&I - 2016	719,802	-	-
Sewer I&I- 2018	1,774,840	-	-
Sewer I&I- 2019	1,326,260	-	-
Staniford St Sewer Extension- 2019	256,000	-	-
Rumford Ave Transfer Station-2019	129,000	-	-
Vactor Combination Cleaner Truck-2020	-	496,000	-
MWRA - Infiltration/Inflow - 2014 (Project Area II)	626	-	-
MWRA - Infiltration/Inflow - 2015 (Project Area II - V)	38,785	-	-
MWRA Infiltration/Inflow - 2016 (Projects III & IV)	706,010	-	-
MWRA Infiltration/Inflow - 2017 Proj	1,708,220	-	-
MWRA Infiltration/Inflow - 2018 (Proj 6)	1,665,251	-	-
MWRA Sewer Improvements Grant 2019	4,580,000	-	-
MWRA Sewer Improvements Grant 2020	-	4,580,000	-
Total Sanitary Sewer Improvement Fund	<u>14,135,728</u>	<u>5,209,964</u>	<u>-</u>
Storm Drainage Improvement Fund			
Dedham Street Storm Drainage Improvements	12,677	-	-
Laundry Brook Culvert Construction	185,098	-	-
Forest Grove Pump Station	323,027	-	-
Franklin Storm Water Project	47,182	-	-
Hammond Brook Culvert Repl- 2018	183,149	-	-
Crafts Street Wash Bay -2019	499,015	-	-
S. Meadow Brook Drain Basin- 2019	250,000	-	-
Vacuum Street Sweeper- 2020	-	315,000	-
City Hall Pond & Culverts Dredging-2020	-	500,000	-
Total Storm Drainage Improvement Fund	<u>1,500,148</u>	<u>815,000</u>	<u>-</u>
Capital Stabilization Fund:			
Designated for Fire Station Renovations	16,395	-	-
Designated for Energy Conservation Projects	80,609	101,259	(24,406)
Designated for 2013 Override Capital Projects	354,185	-	(200,000)
Designated for Ordinary Capital Appropriations	195,477	-	-
Total Capital Stabilization Fund	<u>646,666</u>	<u>101,259</u>	<u>(224,406)</u>
Total Capital Projects Funds	<u>\$ 53,430,550</u>	<u>\$ 42,268,124</u>	<u>\$ (224,406)</u>

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
-	-	399,727
93,718	-	-
-	-	4,741
175,641	-	4,167
641,576	-	45,328
420,854	-	298,948
646,117	1,128,723	-
236,777	880,215	209,268
188,823	45,858	21,319
127,701	1,299	-
-	494,270	1,730
-	-	626
-	-	38,785
278,095	1,135	426,780
1,113,441	594,779	-
149,227	1,516,024	-
31,525	4,168,889	379,586
-	-	4,580,000
<u>4,103,495</u>	<u>8,831,192</u>	<u>6,411,005</u>

-	12,677	-
13,963	171,135	-
175,545	-	147,482
3,650	-	43,532
151,652	6,720	24,777
380	-	498,635
244,466	-	5,534
295,760	-	19,240
-	-	500,000
<u>885,416</u>	<u>190,532</u>	<u>1,239,200</u>

-	-	16,395
-	-	157,462
-	-	154,185
-	-	195,477
<u>-</u>	<u>-</u>	<u>523,519</u>

\$ 24,586,467 \$ 31,164,426 \$ 39,723,375

(Concluded)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Continued <u>Appropriations</u>	FY 2020 <u>Original Budget</u>	FY 2020 <u>Budget Revisions</u>
Sewer Maintenance & Operation			
Personal Services	\$ -	\$ 2,246,576	\$ 90,000
Expenses	380,528	1,400,510	
Capital Outlay	769,402	839,500	
Fringe Benefits	-	368,631	
Total	<u>1,149,930</u>	<u>4,855,217</u>	<u>90,000</u>
MWRA Sewer Assessment			
Intergovernmental	<u>-</u>	<u>22,639,537</u>	<u>-</u>
Legal settlements	<u>48,831</u>	<u>50,000</u>	<u>-</u>
Debt Maturities & Interest	<u>-</u>	<u>1,947,255</u>	<u>-</u>
Retirement	<u>-</u>	<u>609,207</u>	<u>-</u>
Operating Reserve	<u>-</u>	<u>1,000,000</u>	<u>(90,000)</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>250,000</u>	<u>-</u>
Transfer - Sewer Capital Project Fund	<u>-</u>	<u>-</u>	<u>496,000</u>
Transfer - General Fund	<u>-</u>	<u>1,858,464</u>	<u>-</u>
Total Sewer Enterprise Fund	<u>\$ 1,198,761</u>	<u>\$ 33,209,680</u>	<u>\$ 496,000</u>

FY 2020 Budget As Amended	Total Revised FY 2020 Budget	Expended	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ 2,336,576	\$ 2,336,576	\$ 1,954,676	\$ -	\$ 381,900
1,400,510	1,781,038	1,060,310	720,493	235
839,500	1,608,902	841,923	766,979	-
368,631	368,631	411,362		(42,731)
<u>4,945,217</u>	<u>6,095,147</u>	<u>4,268,271</u>	<u>1,487,472</u>	<u>339,404</u>
<u>22,639,537</u>	<u>22,639,537</u>	<u>22,445,951</u>	<u>-</u>	<u>193,586</u>
<u>50,000</u>	<u>98,831</u>	<u>-</u>	<u>98,831</u>	<u>-</u>
<u>1,947,255</u>	<u>1,947,255</u>	<u>1,748,797</u>	<u>-</u>	<u>198,458</u>
<u>609,207</u>	<u>609,207</u>	<u>543,943</u>	<u>-</u>	<u>65,264</u>
<u>910,000</u>	<u>910,000</u>	<u>-</u>	<u>-</u>	<u>910,000</u>
<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
<u>496,000</u>	<u>496,000</u>	<u>496,000</u>	<u>-</u>	<u>-</u>
<u>1,858,464</u>	<u>1,858,464</u>	<u>1,858,464</u>	<u>-</u>	<u>-</u>
<u>\$ 33,705,680</u>	<u>\$ 34,904,441</u>	<u>\$ 31,611,426</u>	<u>\$ 1,586,303</u>	<u>\$ 1,706,712</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Continued Appropriations	FY 2020 Original Budget	FY 2020 Budget Revisions
Water Maintenance & Operation			
Personal Services	\$ -	\$ 2,203,403	\$ 55,000
Expenses	1,506,284	1,885,000	
Capital Outlay	1,205,822	583,000	
Fringe Benefits	-	375,374	
Total	<u>2,712,106</u>	<u>5,046,777</u>	<u>55,000</u>
Debt Maturities & Interest	<u>-</u>	<u>3,219,153</u>	<u>-</u>
Retirement	<u>-</u>	<u>822,501</u>	<u>-</u>
MWRA/DEP Assessments & Charges	<u>-</u>	<u>12,759,326</u>	<u>-</u>
Operating Reserve	<u>-</u>	<u>750,000</u>	<u>(55,000)</u>
Transfer - Sewer Fund	<u>-</u>	<u>729,613</u>	<u>-</u>
Transfer - General Fund	<u>-</u>	<u>1,545,901</u>	<u>-</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>250,000</u>	<u>-</u>
Total Water Enterprise Fund	<u>\$ 2,712,106</u>	<u>\$ 25,123,271</u>	<u>\$ -</u>

<u>FY 2020 Budget As Amended</u>	<u>Total Revised FY 2020 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 2,258,403	\$ 2,258,403	\$ 1,879,294	\$ -	\$ 379,109
1,885,000	3,391,284	1,082,243	2,309,041	-
583,000	1,788,822	520,610	1,268,212	-
375,374	375,374	440,702		(65,328)
<u>5,101,777</u>	<u>7,813,883</u>	<u>3,922,849</u>	<u>3,577,253</u>	<u>313,781</u>
<u>3,219,153</u>	<u>3,219,153</u>	<u>3,219,151</u>	<u>-</u>	<u>2</u>
<u>822,501</u>	<u>822,501</u>	<u>795,118</u>	<u>-</u>	<u>27,383</u>
<u>12,759,326</u>	<u>12,759,326</u>	<u>12,707,811</u>	<u>-</u>	<u>51,515</u>
<u>695,000</u>	<u>695,000</u>	<u>-</u>	<u>-</u>	<u>695,000</u>
<u>729,613</u>	<u>729,613</u>	<u>729,613</u>	<u>-</u>	<u>-</u>
<u>1,545,901</u>	<u>1,545,901</u>	<u>1,545,901</u>	<u>-</u>	<u>-</u>
<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
<u>\$ 25,123,271</u>	<u>\$ 27,835,377</u>	<u>\$ 23,170,443</u>	<u>\$ 3,577,253</u>	<u>\$ 1,087,681</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Continued <u>Appropriations</u>	FY 2020 <u>Original Budget</u>	FY 2020 <u>Budget Revisions</u>
Stormwater Maintenance & Operation			
Personal Services	\$ -	\$ 752,516	\$ -
Expenses	531,620	773,975	
Capital Outlay	278,845	100,000	
Fringe Benefits	-	92,754	
Total	<u>810,465</u>	<u>1,719,245</u>	<u>-</u>
Retirement	<u>-</u>	<u>92,849</u>	<u>-</u>
Debt Maturities and Interest	<u>-</u>	<u>440,062</u>	<u>-</u>
Budget Reserve	<u>-</u>	<u>750,000</u>	<u>-</u>
Transfer - Stormwater Capital Fund			<u>815,000</u>
Transfer - General Fund	<u>-</u>	<u>692,940</u>	<u>-</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>100,000</u>	<u>-</u>
Total Stormwater Enterprise Fund	<u>\$ 810,465</u>	<u>\$ 3,795,096</u>	<u>\$ 815,000</u>

<u>FY 2020 Budget As Amended</u>	<u>Total Revised FY 2020 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 752,516	\$ 752,516	\$ 643,271	\$ -	\$ 109,245
773,975	1,305,595	625,501	680,094	-
100,000	378,845	111,400	267,445	-
92,754	92,754	84,916		7,838
<u>1,719,245</u>	<u>2,529,710</u>	<u>1,465,088</u>	<u>947,539</u>	<u>117,083</u>
<u>92,849</u>	<u>92,849</u>	<u>97,405</u>	<u>-</u>	<u>(4,556)</u>
<u>440,062</u>	<u>440,062</u>	<u>440,060</u>	<u>-</u>	<u>2</u>
<u>750,000</u>	<u>750,000</u>	<u>-</u>	<u>-</u>	<u>750,000</u>
<u>815,000</u>	<u>815,000</u>	<u>815,000</u>	<u>-</u>	<u>-</u>
<u>692,940</u>	<u>692,940</u>	<u>692,940</u>	<u>-</u>	<u>-</u>
<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
<u>\$ 4,610,096</u>	<u>\$ 5,420,561</u>	<u>\$ 3,610,493</u>	<u>\$ 947,539</u>	<u>\$ 862,529</u>



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STATISTICAL SECTION

This part of the City of Newton's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

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

Debt Capacity

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

This schedule offers demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

NET POSITION BY COMPONENT
(ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Activities				
Net investment in capital assets.....	\$ 211,763,420	\$ 227,091,798	\$ 238,374,247	\$ 248,739,230
Restricted.....	34,096,760	27,700,568	27,981,384	29,816,361
Unrestricted.....	<u>(65,309,262)</u>	<u>(93,548,399)</u>	<u>(122,355,108)</u>	<u>(138,654,442)</u>
Total governmental activities net position.....	<u>\$ 180,550,918</u>	<u>\$ 161,243,967</u>	<u>\$ 144,000,523</u>	<u>\$ 139,901,149</u>
Business-Type Activities				
Net investment in capital assets.....	\$ 54,124,183	\$ 55,890,406	\$ 56,271,350	\$ 66,943,719
Unrestricted.....	<u>15,055,372</u>	<u>21,130,465</u>	<u>26,098,363</u>	<u>23,050,090</u>
Total business-type activities net position.....	<u>\$ 69,179,554</u>	<u>\$ 77,020,871</u>	<u>\$ 82,369,713</u>	<u>\$ 89,993,809</u>
Primary Government				
Net investment in capital assets.....	\$ 258,565,946	\$ 269,287,104	\$ 294,645,597	\$ 315,682,949
Restricted.....	41,418,417	41,395,668	27,981,384	29,816,361
Unrestricted.....	<u>(50,253,891)</u>	<u>(72,417,934)</u>	<u>(96,256,745)</u>	<u>(115,604,352)</u>
Total primary government net position.....	<u>\$ 249,730,472</u>	<u>\$ 238,264,838</u>	<u>\$ 226,370,236</u>	<u>\$ 229,894,958</u>

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	258,490,143	\$ 260,763,492	\$ 271,665,564	\$ 278,142,332	\$ 289,288,369	\$ 299,446,858
	32,723,876	34,250,976	33,507,464	39,481,750	43,753,181	44,698,129
	<u>(436,919,140)</u>	<u>(455,531,782)</u>	<u>(853,427,299)</u>	<u>(880,169,294)</u>	<u>(885,881,588)</u>	<u>(977,457,362)</u>
\$	<u><u>(145,705,121)</u></u>	<u><u>(160,517,314)</u></u>	<u><u>(548,254,271)</u></u>	<u><u>(562,545,212)</u></u>	<u><u>(552,840,038)</u></u>	<u><u>(633,312,375)</u></u>
\$	83,521,987	\$ 89,426,102	\$ 94,552,211	\$ 101,217,609	\$ 111,179,650	\$ 117,784,284
	<u>12,101,552</u>	<u>20,314,782</u>	<u>17,913,166</u>	<u>18,708,882</u>	<u>20,677,223</u>	<u>21,775,318</u>
\$	<u><u>95,623,539</u></u>	<u><u>109,740,884</u></u>	<u><u>112,465,377</u></u>	<u><u>119,926,491</u></u>	<u><u>131,856,873</u></u>	<u><u>139,559,602</u></u>
\$	342,012,130	\$ 350,189,594	\$ 366,217,775	\$ 379,359,941	\$ 400,468,019	\$ 417,231,142
	32,723,876	34,250,976	33,507,464	39,481,750	43,753,181	44,698,129
	<u>(424,817,588)</u>	<u>(435,217,000)</u>	<u>(835,514,133)</u>	<u>(861,460,412)</u>	<u>(865,204,365)</u>	<u>(955,682,044)</u>
\$	<u><u>(50,081,582)</u></u>	<u><u>(50,776,430)</u></u>	<u><u>(435,788,894)</u></u>	<u><u>(442,618,721)</u></u>	<u><u>(420,983,165)</u></u>	<u><u>(493,752,773)</u></u>

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

LAST TEN FISCAL YEARS

	2011	2012	2013	2014
Expenses				
General government.....	\$ 26,974,952	\$ 21,992,988	\$ 22,997,802	\$ 22,716,559
Public safety.....	55,800,259	56,061,495	56,962,698	61,290,201
Education.....	252,413,006	252,922,994	264,655,220	272,447,586
Public works.....	28,410,758	24,221,365	28,194,390	29,223,056
Health and human services.....	10,757,372	10,684,932	11,323,484	11,328,446
Culture and recreation.....	15,092,035	16,216,945	16,177,118	15,164,811
Debt service - interest.....	7,670,746	7,559,469	7,989,634	7,714,546
Total expenses.....	<u>397,119,128</u>	<u>389,660,188</u>	<u>408,300,346</u>	<u>419,885,205</u>
Program Revenues				
Charges for services.....	21,915,225	25,732,684	28,970,340	28,321,486
Operating grants and contributions.....	66,976,636	65,780,261	69,319,711	74,285,730
Capital grants and contributions.....	1,764,258	2,519,356	5,975,327	5,053,677
Total program revenues.....	<u>90,656,119</u>	<u>94,032,301</u>	<u>104,265,378</u>	<u>107,660,893</u>
Net (expense)/revenue.....	<u>(306,463,009)</u>	<u>(295,627,887)</u>	<u>(304,034,968)</u>	<u>(312,224,312)</u>
General Revenues and Other Changes in Net Position				
Real estate and personal property taxes.....	239,761,554	249,340,011	258,590,398	278,426,655
Motor vehicle and other excise taxes.....	10,541,624	10,514,832	11,404,708	11,953,727
Hotel/motel taxes.....	1,588,882	1,814,792	2,051,414	2,218,759
Meal taxes.....	1,308,191	1,403,261	1,407,803	1,557,737
Cannabis state taxes.....	-	-	-	-
Penalties and interest on taxes.....	1,038,225	1,146,496	1,011,590	1,160,092
Payments in lieu of taxes.....	515,471	529,294	524,906	557,065
Community preservation surcharges.....	2,352,389	2,431,863	2,501,875	2,697,187
Grants and contributions not restricted to specific programs.....	5,596,391	5,263,525	6,276,114	5,716,482
Unrestricted investment income.....	454,365	278,106	202,473	230,699
Gain (Loss) on sale of capital assets.....	32,280	-	-	-
Other.....	3,002,856	2,169,238	1,492,956	1,622,541
Transfers, net.....	<u>1,240,538</u>	<u>1,429,518</u>	<u>1,640,260</u>	<u>1,983,994</u>
Total general revenues and other changes in net position.....	<u>267,432,766</u>	<u>276,320,936</u>	<u>287,104,497</u>	<u>308,124,938</u>
Change in net position.....	<u>\$ (39,030,243)</u>	<u>\$ (19,306,951)</u>	<u>\$ (16,930,471)</u>	<u>\$ (4,099,374)</u>

	2015	2016	2017	2018	2019	2020
\$	26,440,640	\$ 28,489,575	\$ 30,363,602	\$ 30,081,504	\$ 31,005,249	\$ 36,091,937
	68,685,178	74,526,967	77,684,860	78,526,981	80,638,692	100,638,858
	273,738,170	287,559,898	309,135,770	315,908,244	318,140,994	397,128,915
	33,419,187	29,698,488	32,690,317	37,206,974	34,337,618	37,447,196
	11,625,318	12,319,296	12,650,838	12,812,793	12,881,214	15,079,778
	17,759,803	20,385,376	20,368,611	21,312,457	20,216,213	21,451,308
	9,906,400	10,945,881	10,725,817	14,416,456	12,394,788	9,292,945
	<u>441,574,696</u>	<u>463,925,481</u>	<u>493,619,815</u>	<u>510,265,409</u>	<u>509,614,768</u>	<u>617,130,937</u>
	28,572,429	32,651,120	32,016,871	34,118,209	35,745,286	33,454,980
	64,031,611	67,774,244	83,577,037	87,258,085	86,589,421	99,194,694
	3,703,180	4,232,242	2,616,320	4,264,589	11,176,779	3,727,020
	<u>96,307,220</u>	<u>104,657,606</u>	<u>118,210,228</u>	<u>125,640,883</u>	<u>133,511,486</u>	<u>136,376,694</u>
	<u>(345,267,476)</u>	<u>(359,267,875)</u>	<u>(375,409,587)</u>	<u>(384,624,526)</u>	<u>(376,103,282)</u>	<u>(480,754,243)</u>
	289,075,613	309,686,267	321,041,250	331,364,668	346,757,156	359,616,332
	12,670,852	13,061,883	13,392,891	13,649,251	13,857,190	14,331,513
	2,330,724	2,444,007	2,263,279	2,440,667	2,411,164	2,158,604
	1,786,617	1,880,428	1,938,182	1,902,662	2,026,232	1,838,810
	-	-	-	-	-	269,805
	1,509,583	1,282,596	1,409,030	2,198,862	1,456,045	1,263,507
	476,899	461,586	443,150	1,229,355	620,405	659,283
	2,818,748	2,945,936	3,085,259	3,254,161	3,385,398	3,527,894
	5,968,282	6,309,128	6,160,868	6,321,899	6,710,460	7,281,872
	265,809	483,866	909,764	1,986,190	3,856,837	2,851,265
	-	-	119,489	92,435	-	-
	2,304,964	3,305,255	1,966,066	2,157,648	898,387	2,385,716
	2,088,882	2,594,730	3,099,125	3,735,787	3,829,182	4,097,305
	<u>321,296,973</u>	<u>344,455,682</u>	<u>355,828,353</u>	<u>370,333,585</u>	<u>385,808,456</u>	<u>400,281,906</u>
\$	<u>(23,970,503)</u>	<u>(14,812,193)</u>	<u>(19,581,234)</u>	<u>(14,290,941)</u>	<u>9,705,174</u>	<u>(80,472,337)</u>

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

LAST TEN FISCAL YEARS

	2011	2012	2013	2014
Expenses				
Sewer.....	\$ 23,468,371	\$ 24,953,457	\$ 25,359,689	\$ 25,557,836
Water.....	14,260,631	15,185,784	15,896,034	16,702,263
Stormwater.....	-	-	-	-
Total expenses.....	<u>37,729,002</u>	<u>40,139,241</u>	<u>41,255,723</u>	<u>42,260,099</u>
Program Revenues				
Charges for services.....	45,171,479	48,273,768	47,175,932	51,347,815
Operating grants and contributions.....	847,004	646,975	1,059,085	514,894
Capital grants and contributions.....	24,182	489,333	9,808	5,480
Total program revenues.....	<u>46,042,665</u>	<u>49,410,076</u>	<u>48,244,825</u>	<u>51,868,189</u>
Net (expense)/revenue.....	<u>8,313,663</u>	<u>9,270,835</u>	<u>6,989,102</u>	<u>9,608,090</u>
General Revenues and Transfers				
Gain (loss) on sale of capital asset.....	-	-	-	-
Transfers, net.....	<u>(1,240,538)</u>	<u>(1,429,518)</u>	<u>(1,640,260)</u>	<u>(1,983,994)</u>
Change in net position.....	<u>\$ 7,073,125</u>	<u>\$ 7,841,317</u>	<u>\$ 5,348,842</u>	<u>\$ 7,624,096</u>

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	26,254,561	\$ 24,958,975	\$ 26,159,136	\$ 26,252,621	\$ 28,066,143	\$ 29,156,347
	17,503,699	19,439,528	20,212,470	20,424,302	19,845,729	21,402,813
	<u>1,118,476</u>	<u>1,295,988</u>	<u>925,695</u>	<u>2,785,074</u>	<u>1,630,752</u>	<u>1,801,572</u>
	<u>44,876,736</u>	<u>45,694,491</u>	<u>47,297,301</u>	<u>49,461,997</u>	<u>49,542,624</u>	<u>52,360,732</u>
	54,741,671	59,064,372	61,488,035	59,362,817	60,059,988	60,011,504
	506,547	545,793	464,271	348,089	1,182,080	471,521
	<u>3,797,829</u>	<u>2,796,401</u>	<u>91,567</u>	<u>947,992</u>	<u>4,118,366</u>	<u>3,649,886</u>
	<u>59,046,047</u>	<u>62,406,566</u>	<u>62,043,873</u>	<u>60,658,898</u>	<u>65,360,434</u>	<u>64,132,911</u>
	<u>14,169,311</u>	<u>16,712,075</u>	<u>14,746,572</u>	<u>11,196,901</u>	<u>15,817,810</u>	<u>11,772,179</u>
	-	-	(55,259)	-	(58,246)	27,855
	<u>(2,088,882)</u>	<u>(2,594,730)</u>	<u>(3,099,125)</u>	<u>(3,735,787)</u>	<u>(3,829,182)</u>	<u>(4,097,305)</u>
\$	<u><u>12,080,429</u></u>	<u><u>14,117,345</u></u>	<u><u>11,592,188</u></u>	<u><u>7,461,114</u></u>	<u><u>11,930,382</u></u>	<u><u>7,702,729</u></u>

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

LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total expenses.....	\$ 434,848,130	\$ 429,799,429	\$ 449,556,069	\$ 462,145,304
Total program revenues.....	<u>136,698,784</u>	<u>143,442,377</u>	<u>152,510,203</u>	<u>159,529,082</u>
Net (expense)/revenue.....	(298,149,346)	(286,357,052)	(297,045,866)	(302,616,222)
Total general revenues, transfers and other changes in net position.....	<u>266,192,228</u>	<u>274,891,418</u>	<u>285,464,237</u>	<u>306,140,944</u>
Change in net position.....	<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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	486,451,432	\$ 509,619,972	\$ 540,917,116	\$ 559,727,406	\$ 559,157,392	\$ 669,491,669
	<u>155,353,267</u>	<u>167,064,172</u>	<u>180,254,101</u>	<u>186,299,781</u>	<u>198,871,920</u>	<u>200,509,605</u>
	(331,098,165)	(342,555,800)	(360,663,015)	(373,427,625)	(360,285,472)	(468,982,064)
	<u>319,208,091</u>	<u>341,860,952</u>	<u>352,673,969</u>	<u>366,597,798</u>	<u>381,921,028</u>	<u>396,212,456</u>
\$	<u><u>(11,890,074)</u></u>	<u><u>(694,848)</u></u>	<u><u>(7,989,046)</u></u>	<u><u>(6,829,827)</u></u>	<u><u>21,635,556</u></u>	<u><u>(72,769,608)</u></u>

GOVERNMENTAL FUNDS
 FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund				
Restricted.....	\$ 928,722	\$ 938,274	\$ 3,164,616	\$ 2,849,507
Committed.....	14,877,088	9,816,666	5,348,800	4,889,216
Assigned.....	844,441	2,583,061	3,110,521	2,677,990
Unassigned.....	<u>14,123,323</u>	<u>14,886,340</u>	<u>21,091,447</u>	<u>26,259,064</u>
Total general fund.....	<u>\$ 30,773,574</u>	<u>\$ 28,224,341</u>	<u>\$ 32,715,384</u>	<u>\$ 36,675,777</u>
All Other Governmental Funds				
Nonspendable.....	\$ 445,570	\$ 446,818	\$ 447,206	\$ 397,250
Restricted.....	28,989,163	28,617,216	26,869,665	30,289,935
Committed.....	886,894	1,745,209	1,718,332	1,736,249
Unassigned.....	<u>(354,498)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds.....	<u>\$ 29,967,129</u>	<u>\$ 30,809,243</u>	<u>\$ 29,035,203</u>	<u>\$ 32,423,434</u>

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	3,006,074	\$ 2,814,268	\$ 3,557,530	\$ 2,534,792	\$ 2,429,856	\$ 2,429,856
	5,308,421	8,851,803	14,868,949	14,389,268	15,274,720	13,964,488
	2,451,384	2,176,104	2,376,483	5,667,495	5,854,412	8,200,717
	<u>27,757,785</u>	<u>43,616,522</u>	<u>46,247,662</u>	<u>44,030,380</u>	<u>47,461,036</u>	<u>48,429,978</u>
\$	<u><u>38,523,664</u></u>	<u><u>57,458,697</u></u>	<u><u>67,050,624</u></u>	<u><u>66,621,935</u></u>	<u><u>71,020,024</u></u>	<u><u>73,025,039</u></u>
\$	397,170	\$ 397,049	\$ 396,932	\$ 397,064	\$ 399,125	\$ 366,932
	38,421,915	50,313,321	39,994,517	54,303,913	44,186,541	57,123,913
	1,281,577	1,554,522	1,679,111	3,440,236	4,211,733	3,872,330
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(482,998)</u>	<u>-</u>	<u>(492,759)</u>
\$	<u><u>40,100,662</u></u>	<u><u>52,264,892</u></u>	<u><u>42,070,560</u></u>	<u><u>57,658,215</u></u>	<u><u>48,797,399</u></u>	<u><u>60,870,416</u></u>

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

LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015	2016
REVENUES						
Real estate and personal property taxes.....	\$ 240,732,647	\$ 248,503,570	\$ 257,225,856	\$ 277,636,527	\$ 288,700,477	\$ 308,965,868
Motor vehicle and other excise taxes.....	10,463,796	10,567,479	11,351,368	12,057,191	12,486,356	13,122,277
Hotel/motel tax.....	1,588,882	1,814,792	2,051,414	2,218,759	2,330,724	2,444,007
Meals tax.....	1,308,191	1,403,261	1,407,803	1,557,737	1,786,617	1,880,428
Cannabis State Tax.....	-	-	-	-	-	-
Payments in lieu of taxes.....	439,721	479,617	521,643	475,741	465,822	476,083
Community preservation surcharges.....	2,365,422	2,427,905	2,508,969	2,689,198	2,814,155	2,946,847
Charges for services.....	14,674,078	17,340,467	17,702,424	19,090,133	19,628,195	20,126,506
Intergovernmental.....	73,856,678	73,036,706	81,971,057	83,629,746	53,128,480	60,527,637
Special assessments.....	254,638	350,639	224,503	189,547	190,603	169,588
Penalties and interest on taxes.....	1,038,224	1,146,496	1,011,591	1,160,091	1,508,259	1,282,596
Licenses and permits.....	5,523,613	6,081,388	9,291,263	7,538,284	7,621,990	10,483,024
Fines and forfeitures.....	1,907,471	2,017,085	2,029,860	1,889,935	1,808,854	2,046,389
Contributions.....	1,382,243	1,299,748	833,888	1,112,823	1,016,439	1,446,969
Investment income.....	554,473	271,250	257,726	328,015	270,552	490,874
Miscellaneous/other.....	1,676,863	1,222,231	593,712	737,709	1,606,532	1,127,899
	<u>357,766,940</u>	<u>367,962,634</u>	<u>388,983,077</u>	<u>412,311,436</u>	<u>395,364,055</u>	<u>427,536,992</u>
EXPENDITURES						
Current:						
General government.....	27,495,142	21,216,365	18,961,966	22,784,656	27,381,322	30,839,020
Public safety.....	37,725,281	39,687,309	40,232,455	42,177,396	43,368,473	46,354,662
Education.....	214,802,244	196,486,485	210,372,992	230,391,740	236,571,691	273,044,983
Public works.....	24,730,797	21,918,256	28,939,827	31,082,397	33,411,422	29,034,856
Health and human services.....	4,177,515	4,123,498	4,358,995	4,656,637	4,545,590	4,924,260
Culture and recreation.....	11,232,808	13,839,046	13,634,682	12,443,344	13,867,205	16,256,351
Retirement benefits.....	53,157,157	56,055,483	57,813,067	60,134,090	29,199,509	31,235,486
Insurance.....	1,445,803	1,559,274	1,722,006	1,778,619	2,000,027	1,618,006
Claims and judgments.....	160,733	58,504	128,950	171,221	232,282	244,752
State and county charges.....	5,472,487	5,503,956	5,722,550	5,783,939	5,875,034	6,113,282
Debt service:						
Principal.....	9,460,500	9,408,367	9,596,167	10,367,425	9,824,367	10,747,967
Interest.....	7,509,703	7,574,440	7,568,326	7,411,724	8,009,057	8,177,639
	<u>397,370,170</u>	<u>377,430,983</u>	<u>399,051,983</u>	<u>429,183,188</u>	<u>414,285,979</u>	<u>458,591,264</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(39,603,230)	(9,468,349)	(10,068,906)	(16,871,752)	(18,921,924)	(31,054,272)
OTHER FINANCING SOURCES (USES)						
Transfers in.....	6,386,643	8,413,437	7,732,178	10,802,542	9,399,205	10,001,522
Proceeds of bonds and notes.....	13,770,000	5,734,000	10,812,558	20,936,000	25,505,000	55,340,000
Premium from issuance of bonds and notes.....	168,147	131,379	590,740	749,963	1,197,352	3,955,263
Proceeds of refunding bonds.....	-	-	-	-	19,635,000	19,610,000
Premium from issuance of refunding bonds.....	-	-	-	-	1,759,523	2,430,245
Sale of capital assets.....	36,262	67,610	55,325	27,419	13,300	129,179
Transfers out.....	(4,868,523)	(6,585,196)	(6,091,919)	(8,295,548)	(7,264,297)	(7,272,429)
Payments to refunding bond escrow agent.....	-	-	-	-	(21,798,044)	(22,040,245)
	<u>15,492,529</u>	<u>7,761,230</u>	<u>13,098,882</u>	<u>24,220,376</u>	<u>28,447,039</u>	<u>62,153,535</u>
NET CHANGE IN FUND BALANCES.....	<u>\$ (24,110,701)</u>	<u>\$ (1,707,119)</u>	<u>\$ 3,029,976</u>	<u>\$ 7,348,624</u>	<u>\$ 9,525,115</u>	<u>\$ 31,099,263</u>
DEBT SERVICE EXPENDITURES AS A PERCENTAGE OF NONCAPITAL EXPENDITURES.....						
	4.3%	4.5%	4.3%	4.1%	4.3%	4.1%

	2017	2018	2019	2020
\$	319,976,273	\$ 331,697,183	\$ 345,311,921	\$ 357,254,573
	13,486,831	13,482,711	13,734,610	13,682,730
	2,263,279	2,440,667	2,411,164	2,158,604
	1,938,182	1,902,662	2,026,232	1,838,810
	-	-	-	269,805
	415,835	1,304,593	618,720	712,629
	3,074,706	3,255,316	3,372,765	3,490,319
	20,403,479	21,772,655	22,531,156	18,844,265
	91,204,897	95,618,448	102,923,784	109,212,374
	193,238	255,536	196,479	303,789
	1,409,030	2,198,862	1,456,045	1,263,507
	10,084,619	11,226,292	13,165,275	14,154,952
	1,762,093	1,703,654	1,573,549	1,235,061
	1,336,660	1,395,073	947,105	1,247,572
	1,036,413	2,102,896	3,970,778	2,969,762
	837,319	904,088	613,662	534,397
	<u>469,422,854</u>	<u>491,260,636</u>	<u>514,853,245</u>	<u>529,173,149</u>
	38,944,088	30,635,662	26,456,370	43,389,873
	51,881,011	52,080,273	55,766,763	57,552,339
	300,304,073	295,108,157	318,471,378	318,228,515
	33,766,661	38,029,703	36,456,127	38,953,081
	5,172,086	5,335,432	5,525,265	6,020,763
	18,098,831	18,719,503	17,824,959	16,047,376
	33,521,494	35,651,800	39,410,176	41,058,809
	1,931,586	1,706,172	1,717,261	1,786,233
	157,075	116,369	368,203	470,867
	6,143,354	6,050,954	6,351,888	6,483,982
	12,247,667	12,840,967	13,162,267	14,026,667
	8,325,141	9,814,380	10,919,960	10,432,503
	<u>510,493,067</u>	<u>506,089,372</u>	<u>532,430,617</u>	<u>554,451,008</u>
	<u>(41,070,213)</u>	<u>(14,828,736)</u>	<u>(17,577,372)</u>	<u>(25,277,859)</u>
	9,103,803	7,259,431	9,126,677	9,685,211
	35,528,500	24,542,000	8,480,000	32,008,000
	1,479,298	1,880,482	805,463	3,250,586
	65,775,000	11,859,000	-	-
	5,535,226	1,673,284	-	-
	115,194	92,435	-	-
	(6,004,678)	(3,523,644)	(5,297,495)	(5,587,906)
	<u>(71,064,535)</u>	<u>(13,795,286)</u>	<u>-</u>	<u>-</u>
	<u>40,467,808</u>	<u>29,987,702</u>	<u>13,114,645</u>	<u>39,355,891</u>
\$	<u>(602,405)</u>	\$ <u>15,158,966</u>	\$ <u>(4,462,727)</u>	\$ <u>14,078,032</u>
	4.0%	4.5%	5.0%	4.8%

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				
2011	\$ 18,113,668,363	\$ 1,830,045,937	\$ 289,095,700	\$ 20,232,810,000	\$ 11.80	\$ 22,506,213,100	89.90%
2012	18,276,909,150	1,851,072,350	336,017,900	20,463,999,400	12.10	21,744,090,700	94.11%
2013	18,445,998,977	1,847,689,523	351,617,700	20,645,306,200	12.43	21,744,090,700	94.95%
2014	18,687,096,235	1,906,786,065	368,307,500	20,962,189,800	13.13	22,305,253,800	93.98%
2015	19,995,837,989	2,270,794,311	398,472,900	22,665,105,200	12.65	22,305,253,800	101.61%
2016	21,618,642,652	2,285,453,048	417,722,300	24,321,818,000	12.31	26,223,773,800	92.75%
2017	23,453,469,746	2,287,653,254	401,743,300	26,142,866,300	11.98	26,223,773,800	99.69%
2018	25,270,096,630	2,400,479,370	434,148,500	28,104,724,500	11.64	30,006,442,400	93.66%
2019	27,369,325,232	2,596,372,968	459,149,400	30,424,847,600	11.24	30,006,442,400	101.39%
2020	28,565,605,020	2,499,190,780	472,007,200	31,536,803,000	11.30	33,734,313,300	93.49%

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

<u>Fiscal Year</u>	<u>Residential Real Property</u>	<u>Commercial and Industrial Real Property</u>	<u>Personal Property</u>	<u>Total Direct (3)</u>
2011	\$ 10.90	\$ 20.89	\$ 20.89	11.80
2012	11.17	21.32	21.32	12.10
2013	11.49	21.93	21.93	12.43
2014	12.12	23.18	23.18	13.13
2015	11.61	22.38	22.38	12.65
2016	11.38	21.94	21.94	12.31
2017	11.12	21.27	21.27	11.98
2018	10.82	20.62	20.62	11.64
2019	10.45	19.94	19.94	11.24
2020	10.44	19.92	19.92	11.30

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	2020			2010		
	Tax Levy	Rank	Percentage of Total Tax Levy	Tax Levy	Rank	Percentage of Total Tax Levy
NStar Electric	\$ 3,323,218	1	0.92%	\$ 1,244,216	3	0.53%
Hines Global REIT	3,041,350	2	0.84%	N/A	N/A	N/A
Chestnut Hill Shopping Center, LLC	2,814,422	3	0.78%	N/A	N/A	N/A
Mall at Chestnut Hill, LLC	2,529,121	4	0.70%	N/A	N/A	N/A
CHS Commercial Owner LLC	2,250,566	5	0.62%	N/A	N/A	N/A
Boston Gas/National Grid	2,210,554	6	0.61%	N/A	N/A	N/A
Chsp Newton LLC	1,832,640	7	0.51%	788,915	8	0.34%
Atrium Wellness Center II LLC	1,307,601	8	0.36%	N/A	N/A	N/A
Avalon Upper Falls LLC	949,350	9	0.26%	N/A	N/A	N/A
Ag-Jcm Wells Ave Prop Owner LLC	900,723	10	0.25%	N/A	N/A	N/A
Riverside Project, LLC	N/A	N/A	N/A	2,105,579	1	0.90%
Mayflower Atrium, LLC	N/A	N/A	N/A	1,374,747	2	0.59%
Daniel Rothenberg	N/A	N/A	N/A	1,190,789	4	0.51%
Verizon, New England Inc.	N/A	N/A	N/A	1,124,977	5	0.48%
Julian Cohen & Daniel Rothenberg Trust	N/A	N/A	N/A	1,088,118	6	0.47%
NS Wells Acquisition LLC	N/A	N/A	N/A	863,770	7	0.37%
Thomas White Trust	N/A	N/A	N/A	733,083	9	0.31%
Lasell College	N/A	N/A	N/A	646,089	10	0.28%
Total	\$ 21,159,545		5.85%	\$ 11,160,283		4.78%

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)
2011	\$ 238,752,520	\$ 237,347,484	99.41%	\$ 2,027,657	\$ 239,375,141	100.26%
2012	247,532,017	246,717,069	99.67%	1,659,380	248,376,449	100.34%
2013	256,559,763	255,584,775	99.62%	1,957,507	257,542,282	100.38%
2014	275,166,240	274,820,049	99.87%	2,208,324	277,028,373	100.68%
2015	286,813,970	286,945,789	100.05%	2,554,521	289,500,310	100.94%
2016	299,404,279	300,308,851	100.30%	2,439,013	302,747,864	101.12%
2017	313,076,020	312,929,603	99.95%	4,643,000	317,572,603	101.44%
2018	327,216,395	324,044,849	99.03%	2,697,398	326,742,247	99.86%
2019	341,869,514	341,193,965	99.80%	2,965,543	344,159,508	100.67%
2020	356,245,085	352,098,630	98.84%		352,098,630	98.84%

Source: Annual Tax Recap Sheet and General Ledger records

(1) Total collections can exceed 100% due to the City's conservative statutory reserve for abatements, which reduces the net tax levy.

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Per Capita (1)
	General Obligation Bonds	General Obligation Bonds	General Obligation Bonds	MWRA/ MCWT Loans		
2011	\$ 191,994,800	\$ 8,275,000	\$ 21,449,014	\$ 221,718,814	\$ 2,639	
2012	188,320,433	9,627,000	19,699,017	217,646,450	2,556	
2013	189,297,824	15,671,442	17,643,162	222,612,428	2,579	
2014	199,866,399	14,265,000	15,726,829	229,858,228	2,663	
2015	215,267,032	16,364,817	12,863,980	244,495,829	2,769	
2016	265,560,962	12,753,651	15,539,608	293,854,221	3,309	
2017	297,129,294	11,363,684	20,434,763	328,927,741	3,694	
2018	309,971,105	12,669,055	18,453,577	341,093,737	3,833	
2019	304,886,963	18,797,987	17,448,871	341,133,821	3,837	
2020	324,893,237	18,682,996	18,285,646	361,861,879	4,093	

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

<u>Net General Bonded Debt Outstanding</u>					
Fiscal Year	General Obligation Bonds	Less: Resources Restricted for Debt Principal	Total Net General Bonded Debt	Percentage of Actual Taxable Value of Property (1)	Percentage of Estimated Personal Income (2)
2011	\$ 191,994,800	\$ (683,320)	\$ 191,311,480	0.85%	3.70%
2012	188,320,433	(2,946,430)	185,374,003	0.85%	3.54%
2013	189,297,824	(2,896,430)	186,401,394	0.86%	3.51%
2014	199,866,399	(2,835,755)	197,030,644	0.88%	3.71%
2015	215,267,032	(2,992,322)	212,274,710	0.95%	3.76%
2016	265,560,962	(2,803,983)	262,756,979	1.00%	4.59%
2017	297,129,294	(2,442,053)	294,687,241	1.12%	5.25%
2018	309,971,105	(2,339,315)	307,631,790	1.03%	5.23%
2019	304,886,963	(2,234,379)	302,652,584	1.01%	4.99%
2020	324,893,237	(2,234,379)	322,658,858	0.96%	5.22%

(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, 2020

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Massachusetts Water Resources Authority.....	\$ 5,210,459,000	4.51%	\$ <u>235,031,605</u>
City direct debt.....			<u>361,861,879</u>
Total direct and overlapping debt.....			<u>\$ 596,893,484</u>

Sources: MWRA

LEGAL DEBT MARGIN INFORMATION

LAST FIVE FISCAL YEARS

	2020	2019	2018	2017	2016
Equalized valuation.....	\$ 33,734,313,300	\$ 30,006,442,400	\$ 30,006,442,400	\$ 26,223,773,800	\$ 26,223,773,800
Normal debt limit (5% of equalized valuation).....	1,686,715,665	1,500,322,120	1,500,322,120	1,311,188,690	1,311,188,690
Debt applicable to limit:					
Total bonded debt.....	361,861,879	341,133,821	341,093,737	328,927,741	293,854,221
Less: General obligation bonds exempted by authority of state legislature.....	<u>(23,100,445)</u>	<u>(21,624,211)</u>	<u>(16,399,757)</u>	<u>(19,474,183)</u>	<u>(14,230,992)</u>
Total net debt applicable to limit.....	<u>338,761,434</u>	<u>319,509,610</u>	<u>324,693,980</u>	<u>309,453,558</u>	<u>279,623,229</u>
Legal debt margin.....	\$ <u>1,347,954,231</u>	\$ <u>1,180,812,510</u>	\$ <u>1,175,628,140</u>	\$ <u>1,001,735,132</u>	\$ <u>1,031,565,461</u>
Total net debt applicable to the limit as a percentage of normal debt limit.....	<u>20.1%</u>	<u>21.3%</u>	<u>21.6%</u>	<u>23.6%</u>	<u>21.3%</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 (%)
2010	84,024	40.5	61,530	5,169,996,720	113,416	11,775	5.3%
2011	85,146	39.9	61,530	5,239,033,380	113,416	12,172	4.3%
2012	86,307	40.2	61,530	5,310,469,710	113,416	12,170	4.3%
2013	86,307	40.2	61,530	5,310,469,710	113,416	12,441	4.2%
2014	88,287	40.1	63,872	5,639,067,264	119,148	12,503	3.4%
2015	88,817	41.9	64,475	5,726,476,075	118,639	12,508	3.1%
2016	89,045	42.3	62,983	5,608,321,235	122,080	12,657	2.5%
2017	88,994	40.5	66,047	5,877,786,718	127,402	12,750	2.4%
2018	88,904	40.5	68,155	6,059,252,120	133,853	12,685	1.8%
2019	88,414	40.5	69,859	6,176,513,626	139,696	12,611	1.5%

Sources: Population from City census

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

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

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

EMPLOYEES BY FUNCTION/PROGRAM

LAST FIVE FISCAL YEARS

<u>Employees as of June 30</u>					
<u>Function/Program</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General government.....	149	148	141	141	135
Public safety.....	389	411	412	412	403
Education.....	1,424	1,424	1,413	1,439	1,427
Public works.....	111	103	107	96	115
Health and human services.....	50	48	49	47	47
Culture and recreation.....	92	95	98	96	97
Water.....	21	24	23	28	29
Sewer.....	26	24	26	25	25
Stormwater.....	8	6	8	-	-
Total.....	<u>2,270</u>	<u>2,283</u>	<u>2,277</u>	<u>2,284</u>	<u>2,278</u>

*Stormwater was allocated to Water and Sewer prior to 2018 for the purposes of this exhibit.

Source: City of Newton payroll

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST FIVE FISCAL YEARS

Function/Program	Fiscal Year				
	2020	2019	2018	2017	2016
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.....	22	22	22	22	22
Public works					
Streets (miles).....	310	310	310	310	310
Streetlights.....	8,595	8,595	8,595	8,595	8,595
Traffic signals.....	98	98	98	98	98
Parking meters.....	1,671	1,671	1,671	1,671	1,671
Culture and recreation					
Public libraries					
Main library.....	1	1	1	1	1
Park & playground Acreage.....	595	595	595	595	595
Outdoor swimming facilities.....	2	2	2	2	2
Indoor swimming facilities.....	1	1	1	1	1
Public street trees	30,000	30,000	30,000	30,000	30,000
Water					
Water mains (miles).....	300	300	300	300	300
Fire hydrants.....	2,400	2,400	2,400	2,400	2,400
Storage capacity (thousands of gallons).....	26,000,000	26,000,000	26,000,000	26,000,000	26,000,000
Sewer					
Sanitary sewers (miles).....	300	300	300	300	300
Sewer pump stations.....	10	10	10	10	10
Stormwater					
Stormdrains (miles).....	324	324	324	324	324

Sources: Various departments of the City of Newton