

City of Newton, Massachusetts

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018



City of Newton, Massachusetts

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018



Prepared by the Comptroller's Office

CITY OF NEWTON, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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INTRODUCTORY SECTION

COMPTROLLER'S OFFICE



CITY OF NEWTON, MASSACHUSETTS

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

SUSAN DZIKOWSKI
COMPTROLLER

January 15, 2019

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, 2018. This report has been prepared by the Comptroller's Office of the City in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Government Accounting Standards Board (GASB).

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

The independent auditors' unqualified ("clean") opinion on the City's financial statements for the year ended June 30, 2018 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. The City Council selected CLA to provide independent financial audit services to the City for the five year period ending with fiscal year 2018. A competitive search undertaken in fall 2018 returned three qualified firms, and after a thorough evaluation and interview process, CLA was chosen to carry on as Newton's independent auditor for the next five fiscal years, from 2019 through 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 54,995 individuals employed in 4,054 establishments within the boundaries of the City, with an estimated annual payroll of \$3.75 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 that are recommended by the Mayor. An eight member Finance Committee of the City Council oversees financial policy and a majority of the membership of the Finance Committee also serves on the Audit Subcommittee.

The City's senior financial 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 monthly revenue and expenditure information is provided on-line to operating departments. Monthly comparative financial management reports are issued to the Mayor, City Council and public on the Comptroller's page of the City web site. Un-audited budgetary basis year-end financial reports are issued within 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 three primary financial management challenges facing the City for the past several years have been the need to fund general purpose budget reserves; the need to more aggressively fund the City's defined benefit pension plan; and the need to formalize a plan for actuarially funding the City's Other Post-Employment Benefits (OPEB) liability.

The City's Rainy Day Stabilization Fund ended fiscal year 2018 with a fund balance of \$20.5 million, \$826,000 or 4.2% more than the balance as of the start of the year and 5% of General Fund expenditures for the year.

The City is now on track to fund its defined benefit pension obligations in full by fiscal year 2030. For fiscal year 2019 and later years, each year's appropriation increases 9.6%. The Plan's Net Pension Liability decreased from \$330.0 million as of December 31, 2016 to \$308.2 million as of December 31, 2017, and the Plan's Fiduciary Net Position as a percent of the Total Pension Liability increased from 48.1% to 53.3%.

The OPEB trust ended fiscal year 2018 with assets of \$8.7 million, \$2.7 million or 46% 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, 2017 and January 1, 2018 OPEB actuarial valuations include significant funding to begin in fiscal year 2031, after the defined benefit plan is scheduled to be actuarially funded. Nine years later, by fiscal year 2040, the City's OPEB obligations will reach full actuarial funding.

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 financial accounting software as of July 1, 2019.

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 113-138 of this report.

The City's books on fiscal year 2018 were closed within 160 days of year end and on October 23, 2018 the Massachusetts Department of Revenue certified the City's July 1, 2018 free cash (General Fund balance available for appropriation) at \$11.9 million. All statutory filings have also been made with the Massachusetts Department of Revenue and the Department of Elementary and Secondary Education.

The City's current financial software is no longer supported by the vendor and is in the process of being replaced. The City has entered into a contract for a fully integrated financial and human resources management information system, with target implementation dates of July 2019 for financial transactions and January 2020 for payroll and human resources transactions. In preparation, the City has developed a new chart of accounts and has initiated staff training on new and updated processes to perform financial and other functions in the new system. The tax and utility billings, fund accounting, budget preparation, purchasing, and payroll/human resources modules of the new system will be completely integrated. The new modules will be used for all City financial activities, including the disbursement of contributory and non-contributory retirement benefits.

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, 2018 actuarial valuation used a measurement date of June 30, 2017, based on the actuary's report dated January 4, 2018. 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 decreased from \$685.9 million as of June 30, 2016 to \$638.8 million as of June 30, 2017, and the Plan's Fiduciary Net Position as a percent of the Total OPEB Liability increased from 0.52% to 0.94%.

Newton, like most communities in Massachusetts and for that matter New England, does not currently have a formally adopted plan for funding health benefits on a basis other than the historical pay as you go approach. Beginning on July 1 of 2012 the City began making a contribution of 2.5% of compensation for all new health plan participants; the 2.5% contribution level was increased to 3% in 2014, and then again to the current rate of 3.25%. Please refer to Note 12 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 2018. A complete accounting of the work of the Audit Committee is documented on their page of the City web site.

Awards and Acknowledgments

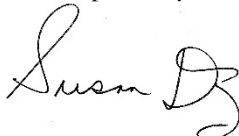
The City currently maintains an Aaa credit rating with both Moody's Investor Service and S&P.

The Comptroller's Office thrives because of the exceptional analytical skills and professional commitment of staff including Stephen Curley, Regina Zegarelli, Denise King, Juiling De Los Reyes, Mary Santoes and Maria Mastroianni. The Comptroller's Office will say goodbye to Mary Santoes in January 2019 as she begins her well-deserved retirement from the City.

I am appreciative of the Chair of the Finance Committee, Councilor Leonard Gentile, for his insightful leadership and to the members of the Finance Committee for their support. My gratitude extends to Maureen Lemieux, Chief Financial Officer, whose unparalleled financial stewardship benefits the citizens and taxpayers of Newton every single day. Finally, it has been a joy to observe the Honorable Mayor Ruthanne Fuller unpack her priorities for Newton; her caring and enthusiasm are contagious, and her intellect is a highly valuable asset for Newton.

Thank you to the public accounting firm of CliftonLarsonAllen, LLP for the efficient completion of this year's audit and for asking (and answering) many questions during the preparation of this report and over the course of the year.

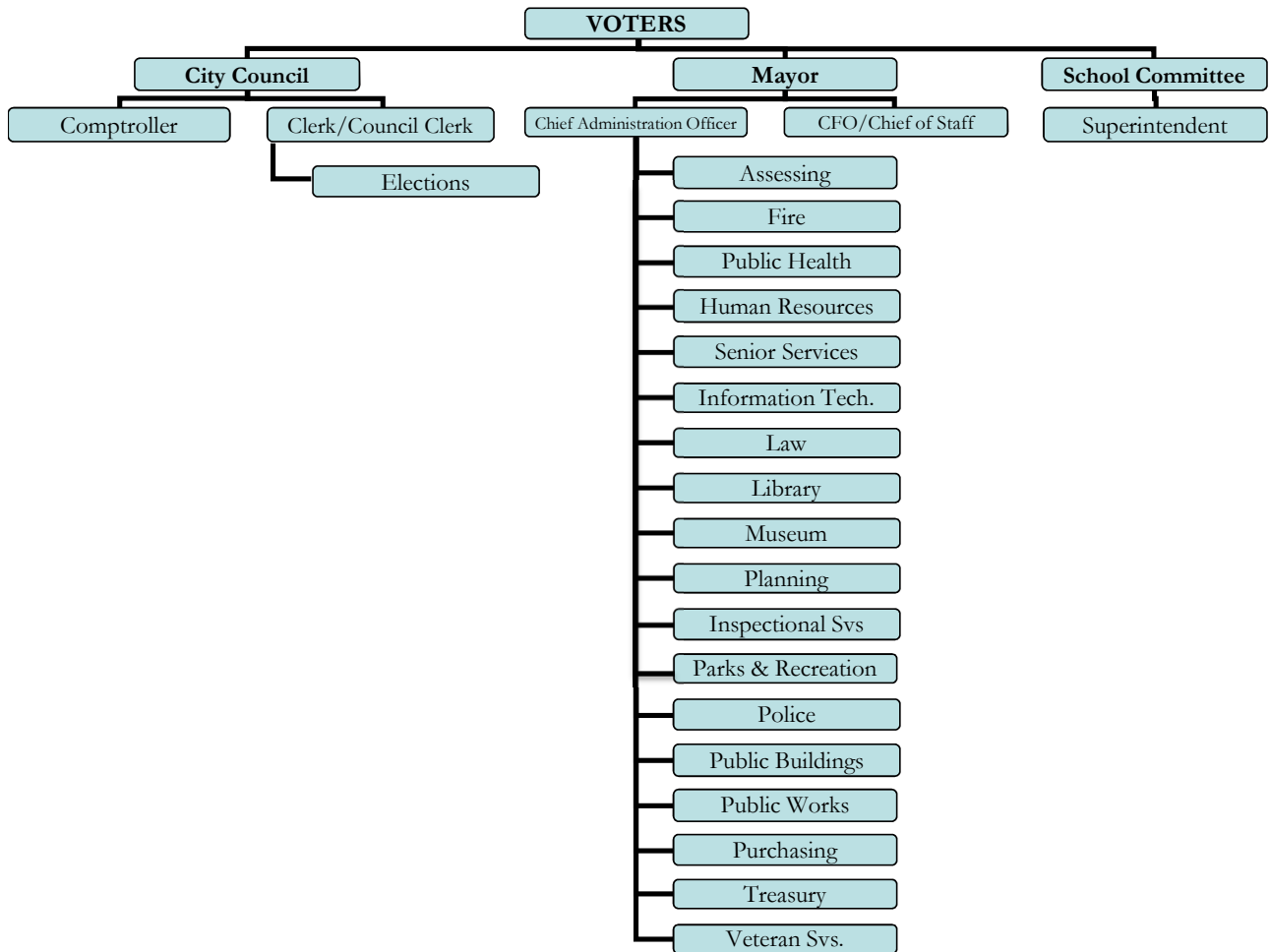
Respectfully,

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

Susan Dzikowski
Comptroller, City of Newton

CITY OF NEWTON, MASSACHUSETTS

ORGANIZATIONAL CHART



CITY OF NEWTON, MASSACHUSETTS
ELECTED OFFICIALS AND DEPARTMENT HEADS
JUNE 30, 2018

CITY COUNCIL

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

SCHOOL COMMITTEE

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

EXECUTIVE

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

DEPARTMENT HEADS

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

CONTRIBUTORY RETIREMENT BOARD

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



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FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts, as of and for the year ended June 30, 2018 (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, 2017), and the related notes to the financial statements, which collectively comprise the City of Newton, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Newton Commonwealth Foundation, Inc., which represents 43.6%, 43.1%, and 99.9%, respectively, of the assets, net position, and operating revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Newton Commonwealth Foundation, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Newton Commonwealth Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts, as of June 30, 2018 (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, 2017) and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Community Preservation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the basic financial statements, during the fiscal year ended June 30, 2018, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our auditors' opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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

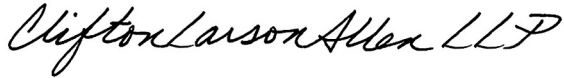
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newton, Massachusetts' basic financial statements. The introductory section, combining and individual fund financial statements and schedules, additional information and statistical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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2019 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".

CliftonLarsonAllen LLP

Boston, MA

January 15, 2019

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, 2018.

Financial Highlights:

- The government-wide and proprietary funds financial statements for the City's fiscal year ended June 30, 2018 reflect the results of implementing Government Accounting Standards Board Statement No. 75. The cumulative impact of bringing the unfunded net other postemployment benefits (OPEB) liabilities onto the Statement of Net Position and Statement of Proprietary Funds Net Position as of June 30, 2017 was \$377.0 million (\$368.1 million for governmental activities and \$8.9 million for business-type activities).
- 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 \$442.6 million – an increase of \$6.8 million or 1.6% in negative net position from June 30, 2017. The negative (\$442.6) million net position for June 30, 2018 consisted of (\$562.5) in negative net position in governmental activities and a positive \$119.9 million in the City's business type activities.
- Unrestricted governmental net position decreased by \$26.8 million to (\$880.2) million at June 30, 2018. 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 2018 was \$559.7 million, \$510.3 million (91%) of which was for governmental services, and \$49.5 million (9%) of which was for business type services. The total cost of City services increased by \$18.8 million or 3.5% from the total cost of services in the previous fiscal year.
- A total of \$125.6 million or 25.5% of governmental services were financed from program revenue, leaving 74.5% 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 89.5% of 2018 governmental services funding.
- At June 30, 2018, the City's governmental funds reported a combined fund balance of \$124.3 million. The combined governmental funds fund balance increased by \$15.2 million (13.9%) from the prior year's ending fund balance.
- The City's general fund reported total fund balance of \$66.6 million at the end of fiscal year 2018, a \$0.4 million (0.6%) decrease from the total fund balance at June 30 of the prior fiscal year. The unassigned portion of the fund balance decreased by \$2.2 million to \$44.0 million or 9.9% of total general fund revenues and other financing sources. The unassigned fund balance includes \$20.5 million that the City has set aside over the course of the seven most recent fiscal years as a "Rainy Day Stabilization" fund and \$11.9 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.

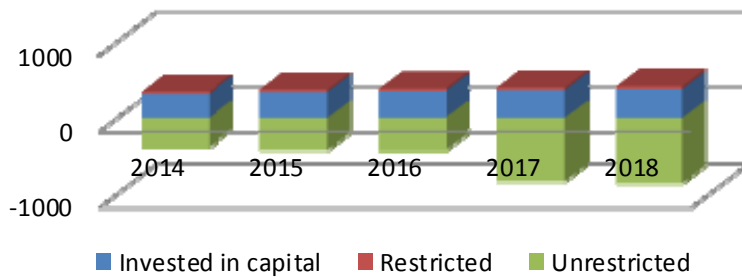
Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's progress in funding its obligation to provide pension and post-employment benefits to its employees. Such information is located 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 \$442.6 million at June 30, 2018. This represents a decrease of \$6.8 million or 1.6% 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. Unfunded pension benefit liabilities are recognized in full beginning with the fiscal year ended June 30, 2015.

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>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets						
Current assets.....	\$ 207,677,233	\$ 195,489,845	\$ 69,378,370	\$ 69,909,871	\$ 277,055,603	\$ 265,399,716
Noncurrent assets (excluding capital assets).....	7,659,250	7,861,285	461,572	720,391	8,120,822	8,581,676
Capital assets (net).....	<u>559,567,399</u>	<u>544,210,714</u>	<u>113,252,518</u>	<u>102,464,499</u>	<u>672,819,917</u>	<u>646,675,213</u>
Total assets.....	<u>774,903,882</u>	<u>747,561,844</u>	<u>183,092,460</u>	<u>173,094,761</u>	<u>957,996,342</u>	<u>920,656,605</u>
Deferred Outflows of Resources	<u>39,631,575</u>	<u>51,256,164</u>	<u>1,028,662</u>	<u>1,301,486</u>	<u>40,660,237</u>	<u>52,557,650</u>
Liabilities						
Current liabilities (excluding debt).....	49,266,159	48,141,173	5,490,479	3,813,854	54,756,638	51,955,027
Noncurrent liabilities (excluding debt).....	932,573,125	999,486,616	25,343,247	26,246,920	957,916,372	1,025,733,536
Current debt.....	14,351,299	13,785,909	4,981,843	4,799,870	19,333,142	18,585,779
Noncurrent debt.....	<u>295,619,806</u>	<u>283,343,385</u>	<u>26,140,789</u>	<u>26,998,577</u>	<u>321,760,595</u>	<u>310,341,962</u>
Total liabilities.....	<u>1,291,810,389</u>	<u>1,344,757,083</u>	<u>61,956,358</u>	<u>61,859,221</u>	<u>1,353,766,747</u>	<u>1,406,616,304</u>
Deferred Inflows of Resources	<u>85,270,280</u>	<u>2,315,196</u>	<u>2,238,273</u>	<u>71,649</u>	<u>87,508,553</u>	<u>2,386,845</u>
Net Position						
Net investment in capital assets....	278,142,332	271,665,564	101,217,609	94,552,211	379,359,941	366,217,775
Restricted.....	39,481,750	33,507,464	-	-	39,481,750	33,507,464
Unrestricted.....	<u>(880,169,294)</u>	<u>(853,427,299)</u>	<u>18,708,882</u>	<u>17,913,166</u>	<u>(861,460,412)</u>	<u>(835,514,133)</u>
Total net position.....	\$ <u>(562,545,212)</u>	\$ <u>(548,254,271)</u>	\$ <u>119,926,491</u>	\$ <u>112,465,377</u>	\$ <u>(442,618,721)</u>	\$ <u>(435,788,894)</u>

The largest single components of the City's negative total net position are \$305.1 million in unfunded pension benefits (Net Pension Liabilities) and \$638.8 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 2042.

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

An additional portion of the City's net position, \$39.5 million, represents resources that are subject to restrictions placed on how they may be used by parties external to the City. A total of \$17.8 million (45.0%) 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.

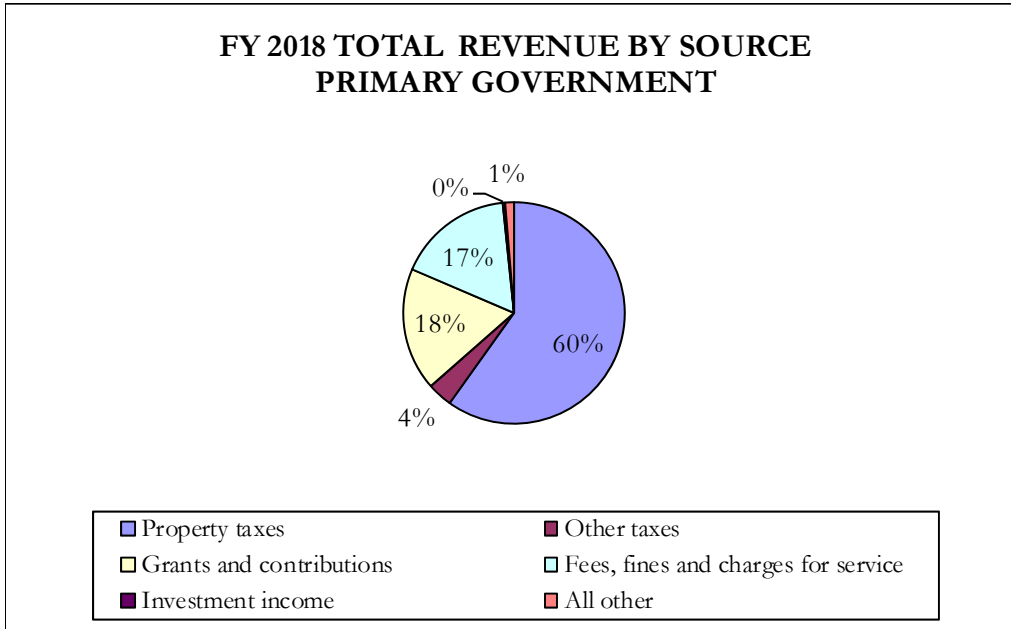
Changes in net position:

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
<i>Program Revenues:</i>						
Fees, fines and charges for services.....	\$ 34,118,209	\$ 32,016,871	\$ 59,362,817	\$ 61,488,035	\$ 93,481,026	\$ 93,504,906
Operating grants and contributions.....	87,258,085	83,577,037	348,089	464,271	87,606,174	84,041,308
Capital grants and contributions.....	4,264,589	2,616,320	947,992	91,567	5,212,581	2,707,887
<i>General Revenues:</i>						
Real estate and personal property taxes.....	331,364,668	321,041,250	-	-	331,364,668	321,041,250
Motor vehicle and other excise taxes.....	13,649,251	13,392,891	-	-	13,649,251	13,392,891
Hotel room occupancy taxes.....	2,440,667	2,263,279	-	-	2,440,667	2,263,279
Meals taxes.....	1,902,662	1,938,182	-	-	1,902,662	1,938,182
Penalties and interest on taxes.....	2,198,862	1,409,030	-	-	2,198,862	1,409,030
Payments in lieu of taxes.....	1,229,355	443,150	-	-	1,229,355	443,150
Community preservation surcharges.....	3,254,161	3,085,259	-	-	3,254,161	3,085,259
Grants and contributions not restricted to specific programs.....	6,321,899	6,160,868	-	-	6,321,899	6,160,868
Unrestricted investment income.....	1,986,190	909,764	-	-	1,986,190	909,764
Gain/(loss) on sales/disposals of capital assets.....	92,435	119,489	-	(55,259)	92,435	64,230
Other.....	2,157,648	1,966,066	-	-	2,157,648	1,966,066
Total revenues.....	<u>492,238,681</u>	<u>470,939,456</u>	<u>60,658,898</u>	<u>61,988,614</u>	<u>552,897,579</u>	<u>532,928,070</u>
Expenses						
General government.....	30,081,504	30,363,602	-	-	30,081,504	30,363,602
Public safety.....	78,526,981	77,684,860	-	-	78,526,981	77,684,860
Education.....	315,908,244	309,135,770	-	-	315,908,244	309,135,770
Public works.....	37,206,974	32,690,317	-	-	37,206,974	32,690,317
Health and human services.....	12,812,793	12,650,838	-	-	12,812,793	12,650,838
Culture and recreation.....	21,312,457	20,368,611	-	-	21,312,457	20,368,611
Debt service - interest.....	14,416,456	10,725,817	-	-	14,416,456	10,725,817
Water.....	-	-	20,424,302	20,212,470	20,424,302	20,212,470
Sewer.....	-	-	26,252,621	26,159,136	26,252,621	26,159,136
Stormwater.....	-	-	2,785,074	925,695	2,785,074	925,695
Total expenses.....	<u>510,265,409</u>	<u>493,619,815</u>	<u>49,461,997</u>	<u>47,297,301</u>	<u>559,727,406</u>	<u>540,917,116</u>
Change in net position before transfers.....	(18,026,728)	(22,680,359)	11,196,901	14,691,313	(6,829,827)	(7,989,046)
Transfers, net.....	<u>3,735,787</u>	<u>3,099,125</u>	<u>(3,735,787)</u>	<u>(3,099,125)</u>	<u>-</u>	<u>-</u>
Change in net position.....	(14,290,941)	(19,581,234)	7,461,114	11,592,188	(6,829,827)	(7,989,046)
Net position - beginning of year.....	<u>(548,254,271)</u>	<u>(528,673,037)</u>	<u>112,465,377</u>	<u>100,873,189</u>	<u>(435,788,894)</u>	<u>(427,799,848)</u>
Net position - end of year.....	\$ <u>(562,545,212)</u>	\$ <u>(548,254,271)</u>	\$ <u>119,926,491</u>	\$ <u>112,465,377</u>	\$ <u>(442,618,721)</u>	\$ <u>(435,788,894)</u>

Total revenue for the year ended June 30, 2018 amounted to \$552.9 million, an increase of \$20.0 million or 3.8% from the prior year. Real estate tax revenue, the City's largest revenue source, accounted for \$10.3 million or 51.7% of the revenue growth.

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

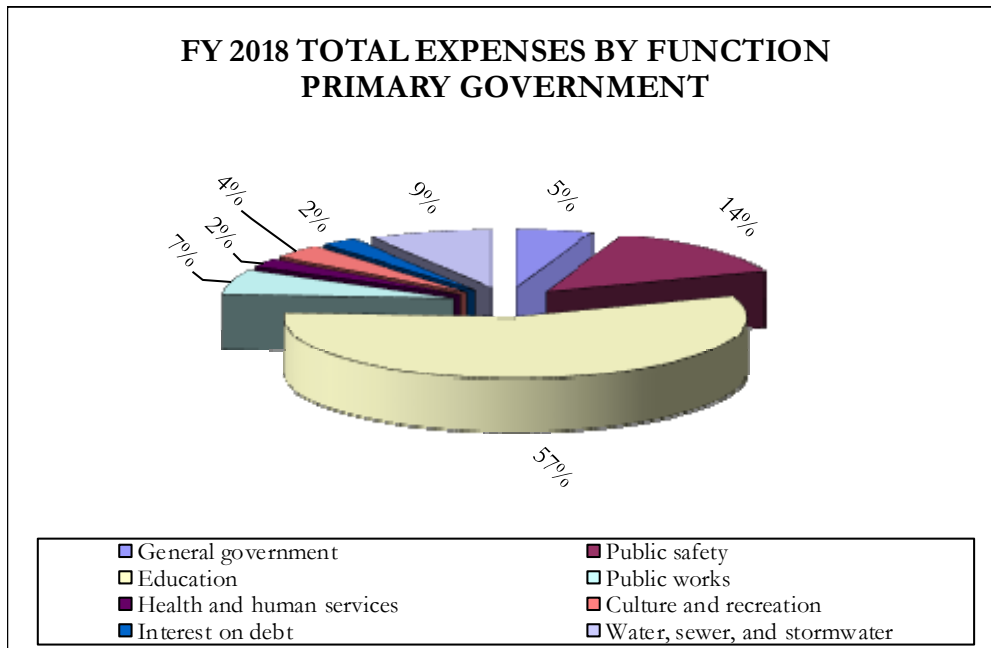


Total expenses increased by \$18.8 million or 3.5% during the year.

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, 2018, total spending for education purposes was \$315.9 million or 56% of total spending, 62% of governmental activity spending and \$6.8 million or 2% 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, 2018.



Governmental activities – Governmental activities decreased the City’s net position by \$14.3 million or 3.3% during fiscal 2018 primarily due to the net changes in the net pension and OPEB liabilities and related deferred outflows and inflows. 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 2018. Inspectional service department program revenues exceeded total program expenses by \$5.0 million for the year. In the fiscal year ending June 30, 2017, Inspectional services department program revenue exceeded program expenses by \$6.1 million.

Business-type activities – Business-type activities increased the City’s net position by \$7.5 million or 1.7% during fiscal year 2018.

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, 2018, the City’s governmental funds reported a combined fund balance totaling \$124.3 million, a \$15.2 million or 13.9% increase from the prior year reported financial position.

All major governmental funds, with the exception of the General Fund reported improved financial position.

The General fund is the primary operating fund of the City and at June 30, 2018 reported a total fund balance of \$66.6 million, \$0.4 million or 0.6% less than the total fund balance for the previous fiscal year. The unassigned portion of fund balance decreased from \$46.2 million or approximately 10.8% of total fund revenues and other financing sources at June 30, 2017 to \$44.0 million or 9.9% of fund revenues and other financing sources at June 30, 2018. The City’s Rainy Day (fiscal/economic stabilization) Fund accounts for \$20.5 million or approximately 47% 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 2018 and (5) previous fiscal years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total fund balance	\$ 66,621,935	\$ 67,050,624	\$ 57,458,697	\$ 38,523,664	\$ 36,675,777	\$ 32,715,384
Less: Fund balance restrictions for:						
Debt service.....	2,339,315	2,442,053	2,803,983	2,992,322	2,835,755	2,896,430
Capital.....	195,477	1,115,477	10,285	13,752	13,752	268,186
Less: Fund balance committed for:						
Subsequent year's expenditures.....	1,602,738	1,600,564	1,598,546	1,595,628	1,595,130	300,000
Capital.....	728,835	1,070,580	2,168,821	714,055	714,835	2,149,216
Continued appropriations.....	12,057,695	12,197,805	5,084,436	2,998,738	2,579,251	2,899,584
Less: Fund balance assigned for:						
Encumbrances.....	5,656,818	2,365,805	1,881,754	1,546,338	2,556,214	2,977,415
Capital.....	10,677	10,678	294,350	905,046	121,776	133,106
Unassigned fund balance.....	44,030,380	46,247,662	43,616,522	27,757,785	26,259,064	21,091,447
Total revenues & other financing sources.....	\$ 444,960,412	\$ 428,920,940	\$ 380,459,215	\$ 352,531,003	\$ 370,804,386	\$ 349,844,773
Total fund balance as % total revenues and ofs.....	15.0%	15.6%	15.1%	10.9%	9.9%	9.4%
Unassigned fund balance as % total revenues and ofs..	9.9%	10.8%	11.5%	7.9%	7.1%	6.0%

Total general fund revenues and other financing sources increased by \$16.0 million or 3.7%, during fiscal year 2018 principally as a result of real estate and personal property tax collection and intergovernmental revenues.

Property tax revenue growth of \$11.7 million accounted for 73.1% of all revenue growth for the year. The 3.7% increase in property tax revenue resulted from a combination of the normal increase authorized by Proposition 2 ½ and new growth. The City also collected 99.0% 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 \$1,417,624 or 0.4% of the tax levy for the year. A tax refund payable liability of \$1.5 million has been recorded at fiscal year-end for abatement applications that, in the opinion of the Board of Assessors, are likely to result in tax refunds.

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.....	\$ 331,697,183	74.4%	\$ 11,720,910	3.7%
Motor vehicle excise taxes.....	13,482,711	3.0%	(4,120)	0.0%
Hotel room occupancy taxes.....	2,440,667	0.5%	177,388	7.8%
Meals taxes.....	1,902,662	0.4%	(35,520)	-1.8%
Penalties and interest on taxes.....	2,198,862	0.5%	789,832	56.1%
Licenses and permits.....	8,421,771	1.9%	(915,012)	-9.8%
Intergovernmental.....	70,816,658	15.9%	3,408,120	5.1%
Charges for services.....	3,809,389	0.9%	1,157,652	43.7%
Fines and forfeitures.....	1,610,325	0.4%	(58,242)	-3.5%
Investment income.....	1,767,197	0.4%	979,529	124.4%
Payments in lieu of taxes.....	1,304,593	0.3%	888,758	213.7%
Special assessments.....	50,514	0.0%	(6,392)	-11.2%
Other.....	295,411	0.1%	(309,095)	-51.1%
Total revenues.....	439,797,943	98.8%	17,793,808	4.2%
Premium from issuance of refunding bonds.....	-	0.0%	(245,691)	100.0%
Sale of capital assets.....	40,631	0.0%	(23,129)	-36.3%
Transfers from other funds.....	5,121,838	1.2%	(1,485,516)	-22.5%
Total revenues and other financing sources.....	\$ 444,960,412	100.0%	\$ 16,039,472	3.7%

Total general fund expenditures and transfers to other funds totaled \$445.4 million, an increase of \$26.1 million or 6.2% from the previous fiscal year.

	Amount	% of Total	Increase/ (Decrease)	% Change
General government.....	\$ 20,246,442	4.5%	\$ 2,214,696	12.3%
Public safety.....	46,470,853	10.4%	1,676,885	3.7%
Education.....	256,444,039	57.5%	8,061,663	3.2%
Public works.....	36,020,443	8.1%	9,416,878	35.4%
Health and human services.....	4,715,027	1.1%	224,694	5.0%
Culture and recreation.....	13,217,042	3.0%	647,115	5.1%
Retirement benefits.....	35,651,800	8.0%	2,130,306	6.4%
Workers' compensation insurance.....	1,200,000	0.3%	(250,000)	-17.2%
Property and liability insurance.....	506,172	0.1%	24,586	5.1%
Claims and judgments.....	116,369	0.0%	(40,706)	-25.9%
State assessments and charges.....	6,050,954	1.4%	(92,400)	-1.5%
Debt service				
Principal.....	12,840,967	2.9%	848,300	7.1%
Interest.....	9,814,380	2.2%	1,494,020	18.0%
Total expenditures.....	443,294,488	99.5%	26,356,037	6.3%
Transfers to other funds.....	2,094,613	0.5%	(295,949)	-12.4%
Total expenditures and transfers.....	\$ 445,389,101	100.0%	\$ 26,060,088	6.2%

The \$9.4 million (35%) increase in public works spending is a function of significant increases in budgeted paving projects in fiscal year 2018.

The \$8.1 million or 3.2% increase in education spending resulted principally from the recognition of on-behalf payments from the Massachusetts Teachers' Retirement System during the year.

The voters of the City elected to implement the Community Preservation Act (CPA), with a 1% surcharge on all real estate tax bills, in November 2001. During the fiscal year ended June 30, 2018, the City realized \$4.0 million in CPA fund revenue, \$3.3 million (81.0%) of which came from the local property tax surcharge. State matching funds amounted to \$0.5 million. Fund expenditures totaled \$2.1 million for the year, \$0.4 million of which was for historic resources preservation; \$0.2 million of which was for community housing; \$1.4 million was for community recreation, and \$0.1 million for program administration.

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

The financial position of the City's sewer fund increased by \$4.4 million to \$69.3 million at June 30, 2018. Unrestricted fund net position decreased by \$1.4 million or 8.0% to \$15.9 million at June 30, 2018.

The financial position of the City's water fund also improved during the last fiscal year from \$44.0 million at June 30, 2017 to \$47.5 million at June 30, 2018. Unrestricted fund net position was \$1.7 million.

The City's stormwater management fund ended the year with a net position of \$3.1 million – a decrease of \$0.5 million or 13% from June 30, 2017. Unrestricted net position amounted to \$1.1 million.

The financial position of the City's Internal Service Funds decreased by \$3.1 million, or 14.2% during the year ended June 30, 2018. 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 \$1.1 million during the year as a result of the \$1.3 million of investment income earned during the year.

The financial position of the group health self-insurance fund decreased by \$4.2 million or 24.6% as a result of a \$6.5 million (12.0%) increase in self-insurance claims during the year. The \$12.9 million year-end net position represents approximately 3 months of average paid claims. The City's target financial position for the fund is 1.5 – 2.0 months of average paid claims.

Fiduciary funds – The net position of the City's contributory retirement system increased by \$45 million (14.8%) to \$351.2 million during the system's fiscal year that ended December 31, 2017, as a result of the fact that investment income earnings for the year (net of investment management fees) were \$50.4 million. According to the Commonwealth of Massachusetts Public Employee Retirement Administration Commission's 2017 Annual Report, the Newton Contributory Retirement System's investment portfolio returned 8.59% for the year (compared to a long term return assumption of 7.65% for funding and 7.25% for financial reporting). The plan's thirty-three year average annual return as of 1/1/17 was 8.79%.

The funded status of the defined benefit retirement plan at January 1, 2018 on an actuarial funding basis was 53.26%. 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 7.65%; and projected annual salary increases ranging from 3.5% to 8.0% per year. The City made its actuarially required contribution to the fund in full. More specific information about the local retirement system may be found in the Notes to the Basic Financial Statements.

The net position of the City's OPEB fund increased from \$6.0 million to \$8.7 million during fiscal year 2018, primarily as a result of employer contributions. All OPEB assets were invested with the Commonwealth of Massachusetts State Employee Benefit Fund (under the management of the Pension Reserve Investment Management Board) during 2018.

General Fund Budgetary Highlights:

The difference between the original General Fund budget of \$409.9 million (including prior year encumbrances and continuing appropriations) and the final amended budget of \$425.2 million amounts to 3.7% and can be summarized as follows:

Description	Amount
Street improvements.....	\$ 6,642,411
Snow and ice control.....	3,350,000
Capital outlay and improvements.....	3,148,105
Rainy Day Stabilization fund.....	350,000
Newton Public Schools.....	132,297
All other.....	<u>1,671,477</u>
 Total supplemental appropriations.....	 <u>\$ 15,294,290</u>

There were no deficits incurred in the appropriations of the various departments of the City. All but \$2.6 million (0.6%) of total appropriations were expended, encumbered, or continued into fiscal year 2019 for completion of the appropriated purposes at June 30, 2018. 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, 2018, amounts to \$672.8 million. The investment in capital assets includes land and land improvements, intangible assets, buildings and improvements, machinery and equipment, infrastructure and construction in progress.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2018	2017	2018	2017	2018	2017
Land and improvements.....	\$ 31,200,152	\$ 31,144,152	\$ 284,785	\$ 284,785	\$ 31,484,937	\$ 31,428,937
Intangible assets.....	2,238,261	2,238,261	-	-	2,238,261	2,238,261
Buildings and improvements..	401,842,832	406,114,635	2,060,033	2,145,918	403,902,865	408,260,553
Machinery and equipment.....	28,851,022	27,236,575	8,342,821	8,698,446	37,193,843	35,935,021
Infrastructure.....	73,502,668	67,254,964	100,084,109	91,145,777	173,586,777	158,400,741
Construction in progress.....	<u>21,932,464</u>	<u>10,222,127</u>	<u>2,480,770</u>	<u>189,573</u>	<u>24,413,234</u>	<u>10,411,700</u>
Total capital assets.....	<u>\$ 559,567,399</u>	<u>\$ 544,210,714</u>	<u>\$ 113,252,518</u>	<u>\$ 102,464,499</u>	<u>\$ 672,819,917</u>	<u>\$ 646,675,213</u>

Total capital assets, net of accumulated depreciation, increased by \$26.1 million or 4.0%. Major capital asset events during 2018 included the following:

- Business-type activity net capital assets increased by \$10.8 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 \$15.4 million, principally as a result of a variety of school improvement projects and roadway improvements that are being funded with a combination of state capital construction grants and property taxes.

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, 2018, the City had total long term debt outstanding of \$325.8 million, \$295.2 million for governmental activities and \$30.6 million for business-type activities. At June 30, 2018, the City had total short-term debt outstanding of \$4.8 million, \$2.1 million for governmental activities and \$2.7 million for business-type activities. 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**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Education Buildings.....	\$ 248,407,881	\$ 234,672,148	\$ -	\$ -	\$ 248,407,881	\$ 234,672,148
Municipal buildings.....	40,225,900	42,136,700	-	-	40,225,900	42,136,700
Departmental equipment...	6,367,750	7,451,850	-	-	6,367,750	7,451,850
Landfill closure.....	170,600	336,400	-	-	170,600	336,400
Street reconstruction.....	15,000	30,000	-	-	15,000	30,000
Water system.....	-	-	17,807,455	19,526,681	17,807,455	19,526,681
Sanitary sewer system.....	-	-	9,640,120	11,353,080	9,640,120	11,353,080
Stormwater system.....	-	-	3,167,800	897,800	3,167,800	897,800
Total bonds and notes.....	\$ <u>295,187,131</u>	\$ <u>284,627,098</u>	\$ <u>30,615,375</u>	\$ <u>31,777,561</u>	\$ <u>325,802,506</u>	\$ <u>316,404,659</u>

During the year just ended, the City added \$40.3 million in new bonds and notes and retired \$30.9 million in existing bonds, and notes including \$12.1 million in advance refunding bonds that were issued to defease \$13.3 million in existing debt, with a resulting future debt service savings of \$1.6 million. General fund interest and principal payments amounted to \$22.7 million or 5.1% of fund revenues and other financing sources.

A total of \$153.2 million or 47.0% of existing bonded debt will be retired within ten years; \$271.9 million or 83.5% will be retired within twenty years; and all existing debt will be extinguished by June 30, 2048.

At June 30, 2018 the City’s authorized and unissued long term debt amounted to \$37.3 million, a decrease of \$22.7 million (37.9%) from June 30, 2017.

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

Additional information on the City’s long-term debt can be found 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 \$127,402. This compares favorably with the Massachusetts median household income of \$70,954, and the U.S. median household income of \$55,322.
- According to Homefacts.com, the unemployment rate for the City for September 2018 was 2.4%, which compared favorably with the statewide unemployment rate of 3.2% and the national unemployment rate of 3.7%.
- The City of Newton’s fiscal year 2019 general fund original operating budget amounts to \$412.5 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.

Basic Financial Statements

CITY OF NEWTON
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents.....	\$ 90,463,387	\$ 33,550,716	\$ 124,014,103	\$ 1,098,264
Restricted Cash and Cash Equivalents.....	80,329,600	19,087,723	99,417,323	2,157
Restricted Investments.....	13,694,943	-	13,694,943	-
Interest and Dividends.....	16,105	-	16,105	446,286
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate and Personal Property Taxes.....	8,380,879	-	8,380,879	-
Tax and utility liens.....	7,291,445	397,882	7,689,327	-
Motor Vehicle and Other Excise Taxes.....	956,199	-	956,199	-
Community Preservation Surcharges.....	42,457	-	42,457	-
User Charges.....	604,607	15,598,687	16,203,294	-
Departmental and Other.....	1,330,756	-	1,330,756	-
Intergovernmental.....	4,163,550	743,362	4,906,912	-
Loans.....	-	-	-	35,936
Other Assets.....	30,000	-	30,000	-
Working Capital Deposit.....	373,305	-	373,305	-
Total Current Assets.....	207,677,233	69,378,370	277,055,603	1,586,359
Noncurrent Assets:				
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate Tax Deferrals.....	3,099,384	-	3,099,384	-
Departmental and Other.....	4,150,818	-	4,150,818	-
Intergovernmental.....	44,347	413,792	458,139	-
Special Assessments.....	364,701	47,780	412,481	-
Loans.....	-	-	-	3,565,058
Capital assets:				
Nondepreciable.....	55,370,877	2,765,555	58,136,432	-
Depreciable, net of accumulated depreciation.....	504,196,522	110,486,963	614,683,485	2,023,641
Total Noncurrent Assets.....	567,226,649	113,714,090	680,940,739	5,588,699
Total Assets.....	774,903,882	183,092,460	957,996,342	7,175,058
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding.....	3,006,812	-	3,006,812	-
Related to OPEB.....	21,687,351	523,897	22,211,248	-
Related to Pension.....	14,937,412	504,765	15,442,177	-
Total Deferred Outflows of Resources.....	39,631,575	1,028,662	40,660,237	-
LIABILITIES				
Current Liabilities:				
Warrants Payable.....	7,805,286	592,614	8,397,900	59,050
Accrued Liabilities.....	2,620,787	971,507	3,592,294	-
Accrued Payroll.....	18,891,304	123,545	19,014,849	-
Revenue Refunds Payable.....	1,520,544	-	1,520,544	-
Health Claims Payable.....	4,719,736	-	4,719,736	-
Other Liabilities.....	2,480,078	-	2,480,078	-
Accrued Interest.....	4,777,903	277,063	5,054,966	-
Abandoned Property.....	645,463	-	645,463	-
Liabilities payable from restricted assets.....	273,419	789,416	1,062,835	-
Short-Term Notes Payable.....	2,100,000	2,700,000	4,800,000	-
Bonds Payable.....	14,351,299	4,981,843	19,333,142	-
Landfill Closure and Other Environmental Liabilities.....	62,260	-	62,260	-
Compensated Absences.....	3,241,236	36,334	3,277,570	-
Workers' Compensation Claims.....	128,143	-	128,143	-
Total Current Liabilities.....	63,617,458	10,472,322	74,089,780	59,050

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

JUNE 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Noncurrent Liabilities:				
Bonds Payable.....	295,619,806	26,140,789	321,760,595	-
Landfill Closure and Other Environmental Liabilities.....	485,758	-	485,758	-
Compensated Absences.....	5,406,338	327,010	5,733,348	-
Net Pension Liability.....	295,162,224	9,974,107	305,136,331	-
Net OPEB Liability.....	623,784,596	15,042,130	638,826,726	-
Workers' Compensation Claims.....	7,734,209	-	7,734,209	-
	<u>1,228,192,931</u>	<u>51,484,036</u>	<u>1,279,676,967</u>	<u>-</u>
Total Noncurrent Liabilities.....				
Total Liabilities.....	<u>1,291,810,389</u>	<u>61,956,358</u>	<u>1,353,766,747</u>	<u>59,050</u>
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB.....	66,753,188	1,612,544	68,365,732	
Related to Pension.....	18,517,092	625,729	19,142,821	-
	<u>85,270,280</u>	<u>2,238,273</u>	<u>87,508,553</u>	<u>-</u>
Total Deferred Inflows of Resources.....				
NET POSITION				
Net Investment in Capital Assets.....	278,142,332	101,217,609	379,359,941	2,023,641
Restricted for:				
Community preservation activities.....	17,766,891	-	17,766,891	-
Education activities.....	5,127,749	-	5,127,749	-
Debt service.....	2,339,315	-	2,339,315	-
Receipts reserved.....	1,142,672	-	1,142,672	-
Community development block grant.....	13,219	-	13,219	-
Municipal federal grants.....	1,205,834	-	1,205,834	-
Municipal state grants.....	476,464	-	476,464	-
Permanent Funds:				
Expendable.....	1,608,974	-	1,608,974	-
Nonexpendable.....	397,064	-	397,064	-
Other Specific Purposes.....	9,403,568	-	9,403,568	-
Unrestricted.....	<u>(880,169,294)</u>	<u>18,708,882</u>	<u>(861,460,412)</u>	<u>5,092,367</u>
Total Net Position.....	<u>\$ (562,545,212)</u>	<u>\$ 119,926,491</u>	<u>\$ (442,618,721)</u>	<u>\$ 7,116,008</u>

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government					
Legislative & executive.....	\$ 3,853,957	\$ 1,340,125	\$ 120,565	\$ -	\$ (2,393,267)
Financial administration.....	5,535,714	168,596	3,695	-	(5,363,423)
Administrative support.....	5,725,492	477,420	36	-	(5,248,036)
Planning & development.....	8,467,632	1,908,187	5,362,649	-	(1,196,796)
Public building maintenance & operation.....	6,498,709	11,909	274,776	-	(6,212,024)
Public Safety					
Police.....	38,437,314	6,424,377	267,096	-	(31,745,841)
Fire.....	37,967,280	727,648	116,539	-	(37,123,093)
Inspectional services.....	2,122,387	7,126,242	-	-	5,003,855
Education.....	315,908,244	9,792,707	77,920,265	3,412,433	(224,782,839)
Public Works					
Streets & sidewalks.....	17,366,394	2,285,113	-	589,153	(14,492,128)
Control of snow & ice.....	7,145,237	-	48,975	-	(7,096,262)
Sanitation.....	9,313,038	2,500	10,000	-	(9,300,538)
Engineering.....	3,382,305	86,580	-	-	(3,295,725)
Health and Human Services					
Public health & human services.....	11,219,802	135,710	224,801	-	(10,859,291)
Senior services.....	1,072,682	11,444	326,838	-	(734,400)
Veteran services.....	520,309	-	222,378	-	(297,931)
Culture and Recreation					
Libraries.....	8,361,803	113,245	846,791	-	(7,401,767)
Parks & recreation.....	12,551,031	3,506,406	307,672	-	(8,736,953)
Newton History museum.....	399,623	-	3,987	-	(395,636)
Debt Service-Interest.....	14,416,456	-	1,201,022	263,003	(12,952,431)
Total Governmental Activities.....	510,265,409	34,118,209	87,258,085	4,264,589	(384,624,526)
Business-Type Activities:					
Water.....	20,424,302	25,096,988	193,680	869,474	5,735,840
Sewer.....	26,252,621	31,488,591	143,061	78,518	5,457,549
Stormwater.....	2,785,074	2,777,238	11,348	-	3,512
Total Business-Type Activities.....	49,461,997	59,362,817	348,089	947,992	11,196,901
Total Primary Government.....	\$ 559,727,406	\$ 93,481,026	\$ 87,606,174	\$ 5,212,581	\$ (373,427,625)
Component Units:					
Newton Commonwealth Foundation, Inc.....	\$ 258,073	\$ 394,700	\$ 8,781	\$ -	\$ 145,408
Newton Community Development Authority.....	231,066	34	1,732	-	(229,300)
Total Component Units.....	\$ 489,139	\$ 394,734	\$ 10,513	\$ -	\$ (83,892)

CITY OF NEWTON, MASSACHUSETTS
STATEMENT OF ACTIVITIES (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
CHANGES IN NET POSITION				
Net (Expense) Revenue (From Previous Page).....	\$ (384,624,526)	\$ 11,196,901	\$ (373,427,625)	\$ (83,892)
General Revenues:				
Real estate and personal property taxes, levied for general purposes.....	331,364,668	-	331,364,668	-
Real estate and personal property taxes, levied for community preservation purposes.....	3,254,161	-	3,254,161	-
Motor Vehicle and Other Excise Taxes.....	13,649,251	-	13,649,251	-
Hotel Room Occupancy Taxes.....	2,440,667	-	2,440,667	-
Meals Taxes.....	1,902,662	-	1,902,662	-
Penalties and Interest on Taxes.....	2,198,862	-	2,198,862	-
Payments in Lieu of Taxes.....	1,229,355	-	1,229,355	-
Grants and Contributions not Restricted to				
Specific Programs.....	6,321,899	-	6,321,899	-
Unrestricted Investment Income.....	1,986,190	-	1,986,190	-
Gain (Loss) on Sale of Capital Assets.....	92,435	-	92,435	-
Other.....	2,157,648	-	2,157,648	-
Transfers, Net.....	3,735,787	(3,735,787)	-	-
Total General Revenues and Transfers.....	370,333,585	(3,735,787)	366,597,798	-
CHANGE IN NET POSITION	(14,290,941)	7,461,114	(6,829,827)	(83,892)
Net Position - Beginning of Year (As Restated).....	(548,254,271)	112,465,377	(435,788,894)	7,199,900
NET POSITION - END OF YEAR.....	\$ (562,545,212)	\$ 119,926,491	\$ (442,618,721)	\$ 7,116,008

CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

ASSETS	General	Community Preservation	Cabot School Improvements	Angier School Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents.....	\$ 87,023,151	\$ -	\$ -	\$ -	\$ 3,440,236	\$ 90,463,387
Receivables, Net of Allowance for Uncollectible Amounts:						
Real Estate and Personal Property Taxes.....	8,380,879	-	-	-	-	8,380,879
Real Estate Tax Deferrals.....	3,099,384	-	-	-	-	3,099,384
Tax Liens.....	7,291,445	-	-	-	-	7,291,445
Motor Vehicle and Other Excise Taxes.....	956,199	-	-	-	-	956,199
Community Preservation Surcharges.....	-	42,457	-	-	-	42,457
User Charges.....	27,942	-	-	-	576,665	604,607
Departmental and Other.....	4,741,260	-	-	-	-	4,741,260
Intergovernmental.....	476,029	371,816	-	-	3,360,052	4,207,897
Special Assessments.....	165,956	-	-	-	198,745	364,701
Due from Other Funds.....	715,866	-	-	-	-	715,866
Other Assets.....	-	-	-	-	30,000	30,000
Restricted Assets:						
Cash and Cash Equivalents.....	2,534,792	17,374,266	20,168,558	1,258,083	19,125,272	60,460,971
Investments.....	-	-	-	-	770,079	770,079
Total Assets.....	\$ 115,412,903	\$ 17,788,539	\$ 20,168,558	\$ 1,258,083	\$ 27,501,049	\$ 182,129,132
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Warrants Payable.....	\$ 3,344,782	\$ 1,200	\$ 2,975,274	\$ -	\$ 1,432,156	\$ 7,753,412
Accrued Liabilities.....	1,666,575	19,183	-	-	244,885	1,930,643
Accrued Payroll.....	18,354,109	1,265	-	-	520,865	18,876,239
Revenue Refunds Payable.....	1,520,544	-	-	-	-	1,520,544
Other Liabilities.....	312,294	-	-	-	273,662	585,956
Abandoned Property.....	645,463	-	-	-	-	645,463
Liabilities Due Depositors.....	273,419	-	-	-	-	273,419
Due to Other Funds.....	-	-	-	-	715,866	715,866
Short-Term Notes Payable.....	-	-	-	-	2,100,000	2,100,000
Total Liabilities.....	26,117,186	21,648	2,975,274	-	5,287,434	34,401,542
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue.....	22,673,782	400,049	-	-	373,609	23,447,440
FUND BALANCES						
Nonspendable.....	-	-	-	-	397,064	397,064
Restricted.....	2,534,792	17,366,842	17,193,284	1,258,083	18,485,704	56,838,705
Committed.....	14,389,268	-	-	-	3,440,236	17,829,504
Assigned.....	5,667,495	-	-	-	-	5,667,495
Unassigned.....	44,030,380	-	-	-	(482,998)	43,547,382
Total Fund Balances.....	66,621,935	17,366,842	17,193,284	1,258,083	21,840,006	124,280,150
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 115,412,903	\$ 17,788,539	\$ 20,168,558	\$ 1,258,083	\$ 27,501,049	\$ 182,129,132

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, 2018

Total Governmental Fund Balances	\$	124,280,150
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		559,567,399
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.....		23,447,440
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.....		(4,777,903)
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.....		(309,971,105)
Landfill Post-Closure.....		(548,018)
Compensated Absences.....		(8,647,574)
Net OPEB Obligation.....		(623,784,596)
Net Pension Liability.....		(295,162,224)
In the statement of net position, deferred outflows of resources are reported for amounts related to pensions.....		14,937,412
In the statement of net position, deferred outflows of resources are reported for the loss on advanced refunding transactions.....		3,006,812
In the statement of net position, deferred inflows of resources are reported for amounts related to pensions.....		(18,517,092)
In the statement of net position, deferred outflows of resources are reported for amounts related to OPEB.....		21,687,351
In the statement of net position, deferred inflows of resources are reported for amounts related to OPEB.....		(66,753,188)
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.....		18,689,924
Net Position of Governmental Activities.....	\$	<u><u>562,545,212</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, 2018

	General	Community Preservation	Cabot School Improvements	Angier School Improvement	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Real Estate and Personal Property Taxes.....	\$ 331,697,183	\$ -	\$ -	\$ -	\$ -	\$ 331,697,183
Motor Vehicle and Other Excise Taxes.....	13,482,711	-	-	-	-	13,482,711
Hotel/Motel Tax.....	2,440,667	-	-	-	-	2,440,667
Meals Taxes.....	1,902,662	-	-	-	-	1,902,662
Payments in Lieu of Taxes.....	1,304,593	-	-	-	-	1,304,593
Community Preservation Surcharges.....	-	3,255,316	-	-	-	3,255,316
Charges for Services.....	3,809,389	-	-	-	17,963,266	21,772,655
Intergovernmental.....	70,816,658	531,924	3,412,431	240,885	20,616,550	95,618,448
Special Assessments.....	50,514	-	-	-	205,022	255,536
Penalties and Interest on Taxes.....	2,198,862	-	-	-	-	2,198,862
Licenses and Permits.....	8,421,771	-	-	-	2,804,521	11,226,292
Fines and Forfeitures.....	1,610,325	-	-	-	93,329	1,703,654
Contributions.....	-	-	-	-	1,395,073	1,395,073
Investment Income (loss).....	1,767,197	218,993	-	-	116,706	2,102,896
Other.....	295,411	13,113	-	-	595,564	904,088
Total Revenues.....	439,797,943	4,019,346	3,412,431	240,885	43,790,031	491,260,636
EXPENDITURES						
Current:						
General Government						
Legislative & Executive.....	2,788,251	-	-	-	12,214	2,800,465
Financial Administration.....	4,123,017	-	-	-	-	4,123,017
Administrative Support.....	5,220,829	-	-	-	-	5,220,829
Planning & Development.....	2,407,168	668,215	-	-	5,435,060	8,510,443
Public Building Maintenance & Operations.....	5,707,177	41,594	-	-	4,232,137	9,980,908
Public Safety						
Police.....	21,970,288	-	-	-	4,749,154	26,719,442
Fire.....	22,992,592	-	-	-	851,395	23,843,987
Inspectional Services.....	1,507,973	-	-	-	8,871	1,516,844
Education.....	256,444,039	-	11,086,371	39,688	27,538,059	295,108,157
Public Works						
Streets & Sidewalks.....	15,105,293	-	-	-	1,891,424	16,996,717
Control of Snow & Ice.....	6,563,773	-	-	-	-	6,563,773
Sanitation.....	8,238,675	-	-	-	58,244	8,296,919
Vehicle Maintenance.....	2,130,780	-	-	-	-	2,130,780
Engineering.....	2,426,424	-	-	-	59,592	2,486,016
Administration & Support.....	1,555,498	-	-	-	-	1,555,498
Health and Human Services						
Health and Human Services.....	3,729,898	-	-	-	234,593	3,964,491
Senior Services.....	613,490	-	-	-	384,267	997,757
Veteran Services.....	371,639	-	-	-	1,545	373,184
Culture and Recreation						
Libraries.....	5,460,383	-	-	-	516,743	5,977,126
Parks & Recreation.....	7,482,249	1,377,964	-	-	3,599,503	12,459,716
Newton History Museum.....	274,410	2,995	-	-	5,256	282,661
Retirement Benefits.....	35,651,800	-	-	-	-	35,651,800
Worker's Compensation Insurance.....	1,200,000	-	-	-	-	1,200,000
Property and Liability Insurance.....	506,172	-	-	-	-	506,172
Claims and Judgments.....	116,369	-	-	-	-	116,369
State and County Charges.....	6,050,954	-	-	-	-	6,050,954
Debt Service:						
Principal.....	12,840,967	-	-	-	-	12,840,967
Interest.....	9,814,380	-	-	-	-	9,814,380
Total Expenditures.....	443,294,488	2,090,768	11,086,371	39,688	49,578,057	506,089,372
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(3,496,545)	1,928,578	(7,673,940)	201,197	(5,788,026)	(14,828,736)
OTHER FINANCING SOURCES (USES)						
Proceeds of Bonds and Notes.....	-	-	19,000,275	-	5,541,725	24,542,000
Premium from Issuance of Bonds and Notes.....	-	-	999,725	-	880,757	1,880,482
Proceeds of Refunding Bonds.....	-	-	-	-	11,859,000	11,859,000
Premium from Issuance of Refunding Bonds.....	-	-	-	-	1,673,284	1,673,284
Sale of Capital Assets.....	40,631	-	-	-	51,804	92,435
Transfers In.....	5,121,838	-	-	-	2,137,593	7,259,431
Transfers Out.....	(2,094,613)	-	-	-	(1,429,031)	(3,523,644)
Payments to Refunding Bonds Escrow.....	-	-	-	-	(13,795,286)	(13,795,286)
Total Other Financing Sources (Uses).....	3,067,856	-	20,000,000	-	6,919,846	29,987,702
NET CHANGE IN FUND BALANCES.....	(428,689)	1,928,578	12,326,060	201,197	1,131,820	15,158,966
Fund Balances - Beginning of Year.....	67,050,624	15,438,264	4,867,224	1,056,886	20,708,186	109,121,184
FUND BALANCES - END OF YEAR.....	\$ 66,621,935	\$ 17,366,842	\$ 17,193,284	\$ 1,258,083	\$ 21,840,006	\$ 124,280,150

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, 2018

Net Change in Fund Balances - Total Governmental Funds.....	\$	15,158,966
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.</p>		
Capital Outlays.....		37,592,993
Depreciation.....		(22,210,099)
<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>		
		(26,209)
<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>		
		(147,274)
<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.....		(24,542,000)
Proceeds of Refunding Bonds.....		(11,859,000)
Retirement of Refunded Bonds.....		13,000,000
Bond Maturities.....		12,840,967
Bond Premiums.....		(3,553,766)
Net Amortization of Bond Premiums.....		1,074,188
<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>		
		(1,722,131)
<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.....		31,811
Compensated Absences.....		131,936
Net OPEB Liability.....		45,949,018
Net Pension Liability.....		21,700,518
<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>		
		(12,622,546)
<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>		
		(2,120,005)
<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>		
		(16,201,896)
<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>		
		3,117,962
<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>		
		(66,753,188)
<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>		
		(3,131,186)
Changes in Net Position of Governmental Activities.....	\$	<u>(14,290,941)</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, 2018

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
REVENUES				
Real estate and personal property taxes.....	\$ 326,821,941	327,216,395	\$ 331,752,755	\$ 4,536,360
Motor vehicle excise taxes.....	13,125,000	13,125,000	13,541,813	416,813
Hotel room occupancy taxes.....	2,493,132	2,493,132	2,440,667	(52,465)
Meals tax.....	1,918,224	1,918,224	1,902,662	(15,562)
Penalties and interest on taxes.....	1,220,000	1,220,000	2,198,862	978,862
Licenses and permits.....	7,075,943	6,590,000	8,421,771	1,831,771
Intergovernmental.....	30,340,285	30,503,988	30,690,994	187,006
Charges for services.....	3,307,861	3,307,861	3,809,389	501,528
Fines and forfeitures.....	1,505,000	1,505,000	1,610,325	105,325
Investment income.....	525,000	525,000	1,441,094	916,094
Payments in lieu of taxes.....	335,000	335,000	1,304,593	969,593
Miscellaneous.....	50,000	50,000	237,157	187,157
Special assessments.....	50,000	50,000	50,514	514
TOTAL REVENUES.....	388,767,386	388,839,600	399,402,596	10,562,996
EXPENDITURES				
Current:				
General government:				
Legislative & executive.....	3,116,406	3,147,121	2,788,251	358,870
Financial administration.....	5,489,821	5,631,123	3,855,158	1,775,965
Administrative support.....	4,845,229	6,439,834	5,220,828	1,219,006
Planning & development.....	2,296,482	3,079,821	2,407,168	672,653
Public building maintenance & operations.....	6,081,196	6,529,076	5,707,175	821,901
Public safety:				
Police.....	22,257,736	23,286,648	21,970,289	1,316,359
Fire.....	23,568,270	24,754,035	22,992,594	1,761,441
Inspectional services.....	1,594,061	1,586,745	1,507,974	78,771
Education.....	218,447,632	218,498,394	216,371,175	2,127,219
Public works:				
Streets & sidewalks.....	13,680,866	20,956,848	15,105,294	5,851,554
Control of snow & ice.....	2,117,584	6,690,636	6,563,773	126,863
Sanitation.....	8,180,865	8,295,507	8,238,675	56,832
Vehicle maintenance.....	2,383,680	2,456,668	2,130,780	325,888
Engineering.....	2,544,777	2,601,228	2,426,424	174,804
Administration & support.....	1,576,269	1,570,373	1,555,498	14,875
Health and human services:				
Health & human services.....	3,939,446	3,937,696	3,729,898	207,798
Senior services.....	595,773	618,302	613,490	4,812
Veteran services.....	437,550	435,192	371,638	63,554
Culture and recreation:				
Libraries.....	5,646,280	5,645,153	5,460,383	184,770
Parks & recreation.....	7,294,649	8,421,232	7,482,248	938,984
Newton History museum.....	278,337	284,030	274,411	9,619
Retirement benefits.....	36,297,308	36,297,308	35,651,800	645,508
Workers' compensation insurance.....	1,200,000	1,200,000	1,200,000	-
Property and liability insurance.....	582,508	582,508	506,172	76,336
Claims and judgments.....	369,445	369,445	116,369	253,076
Reserve fund.....	4,761,119	995,950	-	995,950
State assessments & charges.....	6,206,582	6,246,499	6,050,954	195,545
Debt service:				
Principal.....	12,840,967	12,833,150	12,832,240	910
Interest.....	10,077,228	10,095,045	10,038,166	56,879
TOTAL EXPENDITURES.....	408,708,066	423,485,567	403,168,825	20,316,742
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(19,940,680)	(34,645,967)	(3,766,229)	30,879,738
OTHER FINANCING SOURCES (USES)				
Transfers in.....	4,945,787	5,521,838	5,521,838	-
Sale of assets.....	-	-	40,631	40,631
Transfers out.....	(1,157,824)	(1,674,613)	(1,674,613)	-
TOTAL OTHER FINANCING SOURCES (USES).....	3,787,963	3,847,225	3,887,856	40,631
NET CHANGE IN FUND BALANCE.....	(16,152,717)	(30,798,742)	121,627	30,920,369
FUND BALANCE AT BEGINNING OF YEAR.....	45,820,415	45,820,415	45,820,415	-
FUND BALANCE AT END OF YEAR.....	\$ 29,667,698	\$ 15,021,673	\$ 45,942,042	\$ 30,920,369

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, 2018

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
REVENUES				
Community preservation surcharges.....	\$ 2,987,877	\$ 2,987,877	\$ 3,255,603	\$ 267,726
Intergovernmental	291,500	291,500	531,924	240,424
Investment income.....	-	-	218,993	218,993
Miscellaneous.....	181,657	181,657	13,113	(168,544)
TOTAL REVENUES.....	3,461,034	3,461,034	4,019,633	558,599
EXPENDITURES				
Current:				
General government:				
Legislative & executive.....	20,000	20,000	-	20,000
Planning & development.....	4,867,658	4,521,555	668,215	3,853,340
Public building maintenance & operations.....	661,511	299,908	41,594	258,314
Culture and recreation:				
Parks & recreation.....	1,858,582	1,858,582	1,377,964	480,618
Newton History museum.....	84,955	84,955	2,995	81,960
Reserve fund.....	2,613,099	2,281,502	-	2,281,502
TOTAL EXPENDITURES.....	10,105,805	9,066,502	2,090,768	6,975,734
NET CHANGE IN FUND BALANCE.....	(6,644,771)	(5,605,468)	1,928,865	7,534,333
FUND BALANCE AT BEGINNING OF YEAR.....	15,423,753	15,423,753	15,423,753	-
FUND BALANCE AT END OF YEAR.....	\$ 8,778,982	\$ 9,818,285	\$ 17,352,618	\$ 7,534,333

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF FUND NET POSITION
 JUNE 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Nonmajor Stormwater	Total	
ASSETS					
Current Assets:					
Cash and Cash Equivalents.....	\$ 18,750,607	\$ 12,782,469	\$ 2,017,640	\$ 33,550,716	\$ -
Restricted Cash and Cash Equivalents.....	9,480,047	9,077,552	530,124	19,087,723	19,868,629
Restricted Investments.....	-	-	-	-	12,924,864
Interest and Dividends.....	-	-	-	-	16,105
Receivables, Net of Allowance for Uncollectible Amounts:					
User Charges.....	8,279,745	6,609,270	709,672	15,598,687	-
Utility Liens.....	207,872	175,358	14,652	397,882	-
Departmental and Other.....	-	-	-	-	740,314
Intergovernmental.....	252,353	491,009	-	743,362	-
Working Capital Deposit.....	-	-	-	-	373,305
Total Current Assets.....	36,970,624	29,135,658	3,272,088	69,378,370	33,923,217
Noncurrent Assets:					
Receivables, Net of Allowance for Uncollectible Amounts:					
Special Assessments.....	47,780	-	-	47,780	-
Intergovernmental.....	413,792	-	-	413,792	-
Capital Assets					
Nondepreciable.....	26,245	262,885	2,476,425	2,765,555	-
Depreciable, Net of Accumulated Depreciation.....	53,584,157	54,413,865	2,488,941	110,486,963	-
Total Noncurrent Assets.....	54,071,974	54,676,750	4,965,366	113,714,090	-
Total Assets.....	91,042,598	83,812,408	8,237,454	183,092,460	33,923,217
DEFERRED OUTFLOWS OF RESOURCES					
Related to OPEB.....	237,134	281,314	5,449	523,897	-
Related to Pension.....	197,843	247,766	59,156	504,765	-
Total Deferred Outflows of Resources.....	434,977	529,080	64,605	1,028,662	-
LIABILITIES					
Current Liabilities:					
Warrants Payable.....	258,245	262,197	72,172	592,614	51,874
Accrued Liabilities.....	95,759	852,465	23,283	971,507	690,144
Accrued Payroll.....	36,644	60,345	26,356	123,545	15,065
Other Liabilities.....	-	-	-	-	1,894,122
Liabilities Payable from Restricted Assets.....	165,670	623,746	-	789,416	-
Accrued Interest.....	74,662	114,126	88,275	277,063	-
Accrued Health Claims Payable.....	-	-	-	-	4,719,736
Workers' Compensation Claims.....	-	-	-	-	128,143
Compensated Absences.....	16,317	16,572	3,445	36,334	-
Short-Term Notes Payable	-	2,700,000	-	2,700,000	-
Long-Term Bonds and Notes Payable.....	1,718,177	3,085,676	177,990	4,981,843	-
Total Current Liabilities.....	2,365,474	7,715,327	391,521	10,472,322	7,499,084
Noncurrent Liabilities:					
Workers' Compensation Claims.....	-	-	-	-	7,734,209
Compensated Absences.....	146,851	149,153	31,006	327,010	-
Net Pension Liability.....	3,909,358	4,895,840	1,168,909	9,974,107	-
Net OPEB Obligation.....	6,808,595	8,077,083	156,452	15,042,130	-
Long-Term Bonds and Notes Payable.....	8,014,512	14,781,779	3,344,498	26,140,789	-
Total Noncurrent Liabilities.....	18,879,316	27,903,855	4,700,865	51,484,036	7,734,209
Total Liabilities.....	21,244,790	35,619,182	5,092,386	61,956,358	15,233,293
DEFERRED INFLOWS OF RESOURCES					
Related to OPEB.....	729,894	865,878	16,772	1,612,544	-
Related to Pension.....	245,255	307,142	73,332	625,729	-
Total Deferred Outflows of Resources.....	975,149	1,173,020	90,104	2,238,273	-
FUND NET POSITION					
Net Investment in Capital Assets.....	53,357,760	45,886,847	1,973,002	101,217,609	-
Unrestricted.....	15,899,876	1,662,439	1,146,567	18,708,882	18,689,924
Total Net Position.....	\$ 69,257,636	\$ 47,549,286	\$ 3,119,569	\$ 119,926,491	\$ 18,689,924

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, 2018

	Business-Type Activities - Enterprise Funds				Internal Service Funds
	Sewer	Water	Nonmajor Stormwater	Total	
OPERATING REVENUES					
Charges for Services.....	\$ 31,480,737	\$ 25,096,988	\$ 2,777,238	\$ 59,354,963	\$ -
Special Assessments.....	7,854	-	-	7,854	-
Employer Contributions.....	-	-	-	-	49,442,179
Plan Member Contributions.....	-	-	-	-	12,963,881
Total Operating Revenues.....	31,488,591	25,096,988	2,777,238	59,362,817	62,406,060
OPERATING EXPENSES					
Salaries, Wages and Employee Benefits.....	2,086,385	3,929,997	2,386,362	8,402,744	-
Other Operating Expense.....	173,201	910,787	-	1,083,988	4,126,308
MWRA Assessment.....	21,760,724	12,891,560	-	34,652,284	-
Worker's Compensation.....	252,666	250,000	-	502,666	-
Self Insurance Claims.....	-	-	-	-	62,919,348
Depreciation.....	1,617,642	2,005,714	89,290	3,712,646	-
Total Operating Expenses.....	25,890,618	19,988,058	2,475,652	48,354,328	67,045,656
OPERATING INCOME (LOSS).....	5,597,973	5,108,930	301,586	11,008,489	(4,639,596)
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental	167,745	959,430	-	1,127,175	-
Premium from Issuance of Bonds and Notes.....	6,217	3,750	11,348	21,315	-
Interest Income.....	47,617	99,974	-	147,591	1,508,410
Interest Expense.....	(362,003)	(436,244)	(309,422)	(1,107,669)	-
Total Nonoperating Revenues (Expenses), Net.....	(140,424)	626,910	(298,074)	188,412	1,508,410
INCOME (LOSS) BEFORE TRANSFERS.....	5,457,549	5,735,840	3,512	11,196,901	(3,131,186)
TRANSFERS					
Transfers In.....	691,085	-	150,000	841,085	-
Transfers Out.....	(1,769,797)	(2,155,353)	(651,722)	(4,576,872)	-
Total Transfers.....	(1,078,712)	(2,155,353)	(501,722)	(3,735,787)	-
CHANGE IN FUND NET POSITION.....	4,378,837	3,580,487	(498,210)	7,461,114	(3,131,186)
Fund Net Position - Beginning of Year (As Restated).....	64,878,799	43,968,799	3,617,779	112,465,377	21,821,110
FUND NET POSITION - END OF YEAR.....	\$ 69,257,636	\$ 47,549,286	\$ 3,119,569	\$ 119,926,491	\$ 18,689,924

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Nonmajor Stormwater	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users.....	\$ 31,223,067	\$ 24,386,151	\$ 2,781,423	\$ 58,390,641	\$ 12,963,881
Receipts from Interfund Services Provided.....	-	-	-	-	48,853,807
Payments to Vendors/Providers.....	(24,707,576)	(14,894,768)	(557,491)	(40,159,835)	(65,345,809)
Payments to Employees.....	(1,257,510)	(1,990,340)	(768,696)	(4,016,546)	-
Net Cash Provided by Operating Activities.....	5,257,981	7,501,043	1,455,236	14,214,260	(3,528,121)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In.....	691,085	-	150,000	841,085	-
Transfers Out.....	(1,769,797)	(2,155,353)	(651,722)	(4,576,872)	-
Intergovernmental Subsidy.....	-	769,500	-	769,500	-
Net Cash Provided by Noncapital Financing Activities.....	(1,078,712)	(1,385,853)	(501,722)	(2,966,287)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the Issuance of Bonds and Notes.....	219,000	4,060,200	2,310,000	6,589,200	-
Premium from the Issuance of Bonds and Notes.....	-	-	278,985	278,985	-
Premium from Issuance of Refunding Bonds.....	30,901	-	-	30,901	-
Acquisition and Construction of Capital Assets.....	(5,993,120)	(6,216,348)	(2,291,197)	(14,500,665)	-
Principal Payments on Bonds and Notes.....	(1,439,562)	(3,079,426)	(40,000)	(4,558,988)	-
Principal Payments on Refunded Bonds.....	(249,900)	-	-	(249,900)	-
Interest Expense.....	(204,100)	(264,603)	(36,492)	(505,195)	-
Net Cash Used by Capital and Related Financing Activities.....	(7,636,781)	(5,500,177)	221,296	(12,915,662)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase and sales of Investments, net.....	-	-	-	-	(1,192,515)
Investment Income.....	47,617	99,974	-	147,591	1,507,832
Net Cash Provided by Investing Activities.....	47,617	99,974	-	147,591	315,317
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(3,409,895)	714,987	1,174,810	(1,520,098)	(3,212,804)
Cash and Cash Equivalents - Beginning of Year (Includes \$13,573,282, \$10,249,732, \$63,145, and \$23,081,433 Reported as Restricted in the Sewer, Water, and Stormwater Enterprise Funds and Internal Service Funds Respectively).....	31,640,549	21,145,034	1,372,954	54,158,537	23,081,433
CASH AND CASH EQUIVALENTS AT END OF YEAR (Includes \$9,480,047, \$9,077,522, \$530,124, and \$19,868,629 Reported as Restricted in the Sewer, Water, and Stormwater Enterprise Funds and Internal Service Funds Respectively).....	\$ 28,230,654	\$ 21,860,021	\$ 2,547,764	\$ 52,638,439	\$ 19,868,629
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating Income (Loss).....	\$ 5,597,973	\$ 5,108,930	\$ 301,586	\$ 11,008,489	\$ (4,639,596)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Changes in Assets and Liabilities not Requiring Current Cash Flows:					
Depreciation.....	1,617,642	2,005,714	89,290	3,712,646	-
Net Pension Liability.....	(270,676)	317,674	1,023,263	1,070,261	-
Net OPEB Liability.....	263,040	243,660	(66,533)	440,167	-
Effect of Changes in Operating Assets and Liabilities:					
Utility Liens.....	(31,766)	(27,118)	(7,119)	(66,003)	-
User Charges.....	(240,225)	(192,710)	11,304	(421,631)	-
Special Assessments.....	6,467	-	-	6,467	-
Departmental and Other.....	-	-	-	-	(588,372)
Intergovernmental.....	-	(491,009)	-	(491,009)	-
Working Capital Deposit.....	-	-	-	-	22,162
Warrants Payable.....	(236,235)	49,296	67,084	(119,855)	(58,217)
Accrued Liabilities.....	(1,471,085)	364,817	10,660	(1,095,608)	269,003
Accrued Payroll.....	17,494	31,866	17,449	66,809	(11,445)
Other Liabilities.....	-	-	-	-	808,012
Liabilities payable from restricted assets.....	-	75,365	-	75,365	-
Accrued Health Claims Payable.....	-	-	-	-	542,189
Workers' Compensation Claims.....	-	-	-	-	128,143
Compensated Absences.....	5,352	14,558	8,252	28,162	-
Total Adjustments.....	(339,992)	2,392,113	1,153,650	3,205,771	1,111,475
Net Cash Provided by Operating Activities.....	\$ 5,257,981	\$ 7,501,043	\$ 1,455,236	\$ 14,214,260	\$ (3,528,121)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Intergovernmental Debt Subsidies (MCWT).....	\$ 410,144	\$ 189,930	\$ -	\$ 600,074	\$ -

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2018

ASSETS	Pension and OPEB Trust Funds	Private Purpose Trust Funds	Agency Funds
Cash and Cash Equivalents.....	\$ 12,966,054	\$ 744,548	\$ 2,903,806
Investments:	-		
Fixed Income	-	3,342,687	-
Equities.....	-	6,979,332	-
External Investment Pool.....	346,503,949	-	-
Interest and Dividends.....	-	9,919	-
Receivables, Net of Allowance for Uncollectible Amounts:			
Intergovernmental.....	482,509	-	-
Prepaid Expenses.....	6,979	-	-
	359,959,491	11,076,486	\$ 2,903,806
Total Assets.....	359,959,491	11,076,486	\$ 2,903,806
LIABILITIES			
Warrants Payable.....	78,915	1,000	-
Payroll Withholding.....	-	-	386,276
Other Liabilities.....	-	-	2,517,530
	78,915	1,000	\$ 2,903,806
Total Liabilities.....	78,915	1,000	\$ 2,903,806
NET POSITION			
Restricted for Pensions, Other Post Employment Benefits and Other Purposes.....	\$ 359,880,576	\$ 11,075,486	
	359,880,576	11,075,486	

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, 2018

	Pension and OPEB Trust Funds	Private Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer.....	\$ 50,158,111	\$ -
Plan Members.....	9,457,254	-
Private Donations.....	-	92,745
Total Contributions.....	59,615,365	92,745
Net Investment Income:		
Net Appreciation in Fair Value of Investments.....	43,672,484	-
Interest and Dividends.....	8,993,219	697,386
Total Investment Income.....	52,665,703	697,386
Less: Investment Expense.....	(1,670,861)	-
Net Investment Income.....	50,994,842	697,386
Other.....	4,079,393	-
Total Additions.....	114,689,600	790,131
DEDUCTIONS		
Administration.....	314,917	27,238
Retirement Benefits and Refunds.....	62,578,721	-
Transfers to Other Systems.....	3,764,476	-
Scholarships Awarded.....	-	371,184
Total Deductions.....	66,658,114	398,422
CHANGE IN NET POSITION.....	48,031,486	391,709
Net Position - Beginning of Year.....	311,849,090	10,683,777
NET POSITION - END OF YEAR.....	\$ 359,880,576	\$ 11,075,486

See notes to basic financial statements.

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

JUNE 30, 2018

	Component Units		
	Newton Commonwealth Foundation, Inc. (As of 12/31/17)	Newton Community Development Authority	Total
ASSETS			
Current assets:			
Cash and cash equivalents.....	\$ 1,098,264	\$ -	\$ 1,098,264
Restricted cash and cash equivalents.....	-	2,157	2,157
Interest and dividends.....	-	446,286	446,286
Receivables, net of allowance for uncollectibles:			
Loans.....	-	35,936	35,936
Prepaid expenses.....	3,716	-	3,716
Total current assets.....	<u>1,101,980</u>	<u>484,379</u>	<u>1,586,359</u>
Noncurrent assets:			
Receivables, net of allowance for uncollectible amounts:			
Loans.....	-	3,565,058	3,565,058
Capital assets:			
Depreciable, net of accumulated depreciation.....	<u>2,023,641</u>	<u>-</u>	<u>2,023,641</u>
Total noncurrent assets.....	<u>2,023,641</u>	<u>3,565,058</u>	<u>5,588,699</u>
Total assets.....	<u>3,125,621</u>	<u>4,049,437</u>	<u>7,175,058</u>
LIABILITIES			
Current liabilities:			
Warrants payable.....	<u>59,050</u>	<u>-</u>	<u>59,050</u>
FUND NET POSITION			
Net investment in capital assets.....	2,023,641	-	2,023,641
Unrestricted.....	<u>1,042,930</u>	<u>4,049,437</u>	<u>5,092,367</u>
Total fund net position.....	<u>\$ 3,066,571</u>	<u>\$ 4,049,437</u>	<u>\$ 7,116,008</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, 2018

	Component Units		
	Newton Commonwealth Foundation, Inc. (As of 12/31/17)	Newton Community Development Authority	Total
OPERATING REVENUES			
Charges for services.....	\$ 394,700	\$ -	\$ 394,700
Other.....	-	34	34
TOTAL OPERATING REVENUES.....	394,700	34	394,734
OPERATING EXPENSES			
Salaries, wages and employee benefits.....	12,521	-	12,521
Other operating expenses.....	50,000	231,066	281,066
Depreciation.....	195,552	-	195,552
TOTAL OPERATING EXPENSES.....	258,073	231,066	489,139
OPERATING INCOME (LOSS).....	136,627	(231,032)	(94,405)
NONOPERATING REVENUES (EXPENSES)			
Investment/interest income.....	8,781	1,732	10,513
CHANGE IN FUND NET POSITION.....	145,408	(229,300)	(83,892)
FUND NET POSITION AT BEGINNING OF YEAR.....	2,921,163	4,278,737	7,199,900
FUND NET POSITION AT END OF YEAR.....	\$ 3,066,571	\$ 4,049,437	\$ 7,116,008

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

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, 2018

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, 2018

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, 2018

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, 2018, the City implemented the following pronouncements issued by the GASB:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*
- GASB Statement No. 85, *Omnibus 2017*
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*

As further described in Note 21, the implementation of GASB Statement No. 75 required the restatement of beginning net position in the governmental activities, business-type activities, major enterprise funds, and nonmajor enterprise fund; as well as the presentation of certain disclosures and required supplementary information related to the City's Net Other Postemployment Benefits Liability.

The implementation of GASB Statement No.'s 81, 85, and 86 had no reporting impact for the City.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

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, 2018

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

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

Capital Assets

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

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

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

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

Inter-fund Transactions

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

Deferred Outflows of Resources

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

The government has 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, 2018

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, 2018

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

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

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

Governmental Funds Statements (Fund Balances)

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

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

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

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

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

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

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

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

Long term debt

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

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

Investment Income

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

Compensated Absences

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

Pensions

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

Post Retirement Benefits

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

Use of Estimates

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

Total Column

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

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

Note 2 - Stewardship, Compliance, and Accountability

A. Budget Information

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

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 2018 General Fund and Community Preservation Fund budgets authorized \$409,865,890 and \$10,105,805 (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 and reversions for the General Fund and Community Preservation Fund totaling \$15,294,290, and \$(1,039,303), respectively, for total budgets of \$425,160,180 and \$9,066,502, respectively.

Total General Fund expenditures and transfers to other funds totaled \$404,843,438, and \$17,714,513 in appropriation balances were carried forward into fiscal year 2018 to support encumbrances and continuing appropriations.

Total Community Preservation Fund expenditures and transfers to other funds were \$2,090,768 and \$4,683,297 in appropriation balances were carried forward into fiscal year 2018 to support encumbrances and continuing appropriations.

B. Deficit Net Position and Fund Balance

At June 30, 2018, the net position of governmental activities and the primary government have a deficit balance of \$562,545,212 and \$442,618,721 respectively. The primary causes of the deficits are the net pension liability and net OPEB liability. At June 30, 2018, these liabilities total \$918,946,820 and \$943,963,057 for governmental activities and the primary government, respectively.

At June 30, 2018, the fund balance of the municipal equipment replacement fund has a deficit balance of \$482,998. This deficit will be funded by the future issuance of long-term debt.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

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, 2018 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.....	\$ 399,402,596	\$ 403,168,825	\$ 3,887,856
 <u>Reclassifications</u>			
Activity of stabilization fund recorded in the general fund for GAAP purposes.....	326,102	-	(820,000)
 <u>Adjustments</u>			
Net change in recording 60-day receipts.....	(59,103)	-	-
Net change in recording tax refunds payable.....	(55,569)	-	-
To record activity for landfill closure subsidy.....	52,798	52,798	-
To record activity of MTRS on-behalf payments.....	40,072,865	40,072,865	-
Net change in recording other revenues.....	58,254	-	-
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ 439,797,943	\$ 443,294,488	\$ 3,067,856

	CPA Fund
	Revenues
Budgetary basis as reported on the statement of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 4,019,633
 <u>Adjustment</u>	
Net change in recording 60-day receipts.....	(287)
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ 4,019,346

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

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, 2018, \$95,782,493 of the City's bank balance of \$121,866,059 was uninsured and uncollateralized.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

Investments Summary

The City's investments at June 30, 2018 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.....	\$ 961,556	\$ -	\$ 208,651	\$ 583,941	\$ 168,964
U.S. Agencies.....	209,240	-	113,259	95,981	-
Corporate bonds.....	370,886	109,183	181,597	80,106	-
Money market mutual funds.....	573,277	573,277	-	-	-
Mutual bond funds.....	5,226,160	5,226,160	-	-	-
External investment pools.....	124,732,484	124,732,484	-	-	-
Total debt securities.....	<u>132,073,603</u>	<u>\$ 130,641,104</u>	<u>\$ 503,507</u>	<u>\$ 760,028</u>	<u>\$ 168,964</u>
<u>Other Investments:</u>					
Equity mutual funds.....	5,159,808				
Equity securities.....	9,057,305				
International equities.....	<u>3,032,007</u>				
Total other investments.....	<u>17,249,120</u>				
Total investments.....	<u>\$ 149,322,723</u>				

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The 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, 2018

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, 2018, \$24,590,239 of the City's investments of \$149,322,723 were uninsured, not registered in the name of the City and exposed to custodial credit risk as follows:

Investment Type	Total Amount	Held by	
		Held by Counterparty	Counterparty's Trust or Agent
U.S. Treasuries.....	\$ 961,556	\$ -	\$ 961,556
U.S. Agencies.....	209,240	-	209,240
Corporate bonds.....	370,886	-	370,886
Money market mutual funds	573,277	573,277	-
Mutual bond funds.....	5,226,160	-	5,226,160
Equity mutual funds.....	5,159,808	-	5,159,808
Equity securities.....	9,057,305	-	9,057,305
International equities.....	3,032,007	-	3,032,007
Total.....	<u>\$ 24,590,239</u>	<u>\$ 573,277</u>	<u>\$ 24,016,962</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, 2018, the credit quality ratings of the City's investments in debt securities are as follows:

Investment Type	Total Amount	Quality Ratings *				
		AA+	AA-	A+	A-	Unrated
Corporate bonds.....	\$ 370,886	\$ 29,908	\$ 80,106	\$ 79,342	\$ 29,841	\$ 151,689
Money market mutual funds	573,277	-	-	-	-	573,277
Mutual bond funds.....	5,226,160	-	-	-	-	5,226,160
External investment pools..	124,732,484	-	-	-	-	124,732,484
Total.....	<u>\$ 130,902,807</u>	<u>\$ 29,908</u>	<u>\$ 80,106</u>	<u>\$ 79,342</u>	<u>\$ 29,841</u>	<u>\$ 130,683,610</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, 2018

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, 2018:

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.....	\$ 961,556	\$ 961,556	\$ -	\$ -
U.S. Agencies.....	209,240	209,240	-	-
Corporate bonds.....	370,886	370,886	-	-
Mutual bond funds.....	5,226,160	5,226,160	-	-
Total Debt Securities.....	<u>6,767,842</u>	<u>6,767,842</u>	<u>-</u>	<u>-</u>
<u>Equity Securities:</u>				
Equity mutual funds.....	5,159,808	5,159,808	-	-
Equity securities.....	9,057,305	9,057,305	-	-
International equities.....	3,032,007	3,032,007	-	-
Total Equity Securities	<u>17,249,120</u>	<u>17,249,120</u>	<u>-</u>	<u>-</u>
Total Investments by Fair Value Level	<u>24,016,962</u>	<u>\$ 24,016,962</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Investments measured at the net asset value (NAV)</u>				
PRIT Fund.....	<u>8,615,911</u>			
Total Investments measured at Fair Value ...	<u>\$ 32,632,873</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, 2018

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, 2017, the System is not exposed to custodial credit risk.

Investments Summary

The System's investments at December 31, 2017 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.....	\$ 338,313,582	\$ 338,313,582
Massachusetts Municipal Depository Trust..	12,455,256	12,455,256
Total investments.....	\$ 350,768,838	\$ 350,768,838

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, 2017, 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, 2018

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, 2017, 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, 2018, 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.....	\$ 9,067,308	\$ (686,429)	\$ 8,380,879
Real estate tax deferrals.....	3,099,384	-	3,099,384
Tax liens.....	7,291,445	-	7,291,445
Motor vehicle excise taxes.....	2,379,273	(1,423,074)	956,199
Community preservation surcharges.....	42,457	-	42,457
User charges.....	604,607	-	604,607
Special assessments.....	364,701	-	364,701
Departmental and other.....	9,675,987	(4,194,413)	5,481,574
Intergovernmental.....	4,690,406	-	4,690,406
	<u>\$ 37,215,568</u>	<u>\$ (6,303,916)</u>	<u>\$ 30,911,652</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

At June 30, 2018, receivables for the Enterprise Funds consist of the following:

	<u>Gross</u>	<u>Allowance</u>	<u>Net</u>
	<u>Amount</u>	<u>for</u>	<u>Amount</u>
		<u>Uncollectibles</u>	
<u>Receivables:</u>			
Charges for services.....	\$ 15,755,730	\$ (157,043)	\$ 15,598,687
Utility liens.....	397,882	-	397,882
Special assessments.....	47,780	-	47,780
Intergovernmental.....	<u>1,157,154</u>	<u>-</u>	<u>1,157,154</u>
	<u>\$ 17,358,546</u>	<u>\$ (157,043)</u>	<u>\$ 17,201,503</u>

Note 5 – Capital Assets

Capital asset activity for governmental activities for the fiscal year ended June 30, 2018 was as follows:

	<u>July 1, 2017</u>			<u>June 30, 2018</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land.....	\$ 31,144,152	\$ 56,000	\$ -	\$ 31,200,152
Intangible assets.....	2,238,261	-	-	2,238,261
Construction in progress.....	<u>10,222,127</u>	<u>13,725,240</u>	<u>(2,014,903)</u>	<u>21,932,464</u>
Sub-total	<u>43,604,540</u>	<u>13,781,240</u>	<u>(2,014,903)</u>	<u>55,370,877</u>
Capital assets being depreciated:				
Buildings and improvements.....	573,097,734	9,454,054	-	582,551,788
Equipment and machinery.....	90,778,020	7,567,303	(863,582)	97,481,741
Road network.....	<u>100,237,188</u>	<u>8,805,299</u>	<u>-</u>	<u>109,042,487</u>
Sub-total.....	<u>764,112,942</u>	<u>25,826,656</u>	<u>(863,582)</u>	<u>789,076,016</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(166,983,099)	(13,725,857)	-	(180,708,956)
Equipment and machinery.....	(63,541,445)	(5,926,647)	837,373	(68,630,719)
Road network.....	<u>(32,982,224)</u>	<u>(2,557,595)</u>	<u>-</u>	<u>(35,539,819)</u>
Sub-total.....	<u>(263,506,768)</u>	<u>(22,210,099)</u>	<u>837,373</u>	<u>(284,879,494)</u>
Capital assets being depreciated, net.....	<u>500,606,174</u>	<u>3,616,557</u>	<u>(26,209)</u>	<u>504,196,522</u>
Governmental capital assets, net.....	<u>\$ 544,210,714</u>	<u>\$ 17,397,797</u>	<u>\$ (2,041,112)</u>	<u>\$ 559,567,399</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

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

Legislative & executive	\$	26,904
Administrative support		393,726
Public building maintenance and operations		362,389
Police		647,002
Fire		1,643,667
Inspectional services		2,000
Education		14,011,880
Streets and sidewalks		3,210,315
Control of snow and ice		79,115
Solid waste		998
Health & human services		2,822
Senior services		5,404
Libraries		999,586
Parks and recreation		794,501
Newton history museum		29,790
Total Govt. Fund depreciation expense	\$	<u>22,210,099</u>

Capital asset activity for individual enterprise funds for the fiscal year ended June 30, 2018 is as follows:

	July 1, 2017			June 30, 2018	
	<u>Balance</u>	<u>Increases</u>		<u>Decreases</u>	<u>Balance</u>
Water system:					
Capital assets not being depreciated:					
Land.....	\$ 258,540	\$ -	\$ -	\$ -	\$ 258,540
Construction in progress.....	4,345	-	-	-	4,345
Sub-total	<u>262,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,885</u>
Capital assets being depreciated:					
Buildings and improvements.....	2,455,492	-	-	-	2,455,492
Equipment and machinery.....	13,777,776	-	(45,794)	-	13,731,982
Water system.....	57,634,057	6,216,348	-	-	63,850,405
Sub-total.....	<u>73,867,325</u>	<u>6,216,348</u>	<u>(45,794)</u>	<u>-</u>	<u>80,037,879</u>
Less: accumulated depreciation:					
Buildings and improvements.....	(1,297,406)	(45,762)	-	-	(1,343,168)
Equipment and machinery.....	(7,276,364)	(719,725)	45,794	-	(7,950,295)
Water system.....	(15,090,324)	(1,240,227)	-	-	(16,330,551)
Sub-total.....	<u>(23,664,094)</u>	<u>(2,005,714)</u>	<u>45,794</u>	<u>-</u>	<u>(25,624,014)</u>
Capital assets being depreciated, net.....	<u>50,203,231</u>	<u>4,210,634</u>	<u>-</u>	<u>-</u>	<u>54,413,865</u>
Water system capital assets, net.....	\$ <u>50,466,116</u>	\$ <u>4,210,634</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>54,676,750</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

	July 1, 2017			June 30, 2018
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Sewer system				
Capital assets not being depreciated:				
Land.....	\$ 26,245	\$ -	\$ -	\$ 26,245
Capital assets being depreciated:				
Buildings and improvements.....	1,887,602	-	-	1,887,602
Equipment and machinery.....	4,393,145	680,952	(39,723)	5,034,374
Sanitary sewer system.....	68,472,529	5,312,168	-	73,784,697
Sub-total.....	<u>74,753,276</u>	<u>5,993,120</u>	<u>(39,723)</u>	<u>80,706,673</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(899,770)	(40,123)	-	(939,893)
Equipment and machinery.....	(2,196,111)	(316,852)	39,723	(2,473,240)
Sanitary sewer system.....	<u>(22,448,716)</u>	<u>(1,260,667)</u>	<u>-</u>	<u>(23,709,383)</u>
Sub-total.....	<u>(25,544,597)</u>	<u>(1,617,642)</u>	<u>39,723</u>	<u>(27,122,516)</u>
Capital assets being depreciated, net.....	<u>49,208,679</u>	<u>4,375,478</u>	<u>-</u>	<u>53,584,157</u>
Sewer system capital assets, net.....	\$ <u>49,234,924</u>	\$ <u>4,375,478</u>	\$ <u>-</u>	\$ <u>53,610,402</u>

	July 1, 2017			June 30, 2018
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Stormwater system				
Capital assets not being depreciated:				
Construction in progress.....	\$ 185,228	\$ 2,291,197	\$ -	\$ 2,476,425
Capital assets being depreciated:				
Storm drainage system.....	<u>4,129,161</u>	<u>-</u>	<u>-</u>	<u>4,129,161</u>
Less: accumulated depreciation				
Storm drainage system.....	<u>(1,550,930)</u>	<u>(89,290)</u>	<u>-</u>	<u>(1,640,220)</u>
Capital assets being depreciated, net.....	<u>2,578,231</u>	<u>(89,290)</u>	<u>-</u>	<u>2,488,941</u>
Stormwater system capital assets, net.....	\$ <u>2,763,459</u>	\$ <u>2,201,907</u>	\$ <u>-</u>	\$ <u>4,965,366</u>

Capital asset activity for the Newton Commonwealth Foundation component unit for the fiscal year ended December 31, 2017 is as follows:

	Beginning			Ending
	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
Golf course:				
Capital assets being depreciated:				
Land improvements.....	\$ 3,810,336	\$ 61,625	\$ -	\$ 3,871,961
Buildings and improvements.....	131,533	26,148	-	157,681
Equipment and machinery.....	130,859	-	-	130,859
Sub-total.....	<u>4,072,728</u>	<u>87,773</u>	<u>-</u>	<u>4,160,501</u>
Less: accumulated depreciation:				
Land improvements.....	(1,810,065)	(187,730)	-	(1,997,795)
Buildings and improvements.....	(63,933)	(1,956)	-	(65,889)
Equipment and machinery.....	<u>(67,310)</u>	<u>(5,866)</u>	<u>-</u>	<u>(73,176)</u>
Sub-total.....	<u>(1,941,308)</u>	<u>(195,552)</u>	<u>-</u>	<u>(2,136,860)</u>
Golf course, net.....	\$ <u>2,131,420</u>	\$ <u>(107,779)</u>	\$ <u>-</u>	\$ <u>2,023,641</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

Note 6 – Net Investment in Capital Assets

Net investment in capital assets at June 30, 2018 is summarized as follows:

Governmental Activities

Capital assets, net of accumulated depreciation.....	\$	559,567,399
Less: total long-term debt outstanding.....		(309,971,105)
Add: long-term debt outstanding not related to asset acquisition...		170,600
Add: deferred loss on advance refunding.....		3,006,812
Add: unspent BAN/bond proceeds.....		<u>25,368,626</u>
Net investment in capital assets.....	\$	<u><u>278,142,332</u></u>

Business-Type Activities

	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>	<u>Total Enterprise Funds/ Business-Type Activities</u>
Capital assets, net of accumulated depreciation.....	\$ 54,676,750	\$ 53,610,402	\$ 4,965,366	\$ 113,252,518
Less: total long-term debt outstanding.....	(17,867,455)	(9,732,689)	(3,522,488)	(31,122,632)
Add: unspent BAN/bond proceeds.....	<u>9,077,552</u>	<u>9,480,047</u>	<u>530,124</u>	<u>19,087,723</u>
Net investment in capital assets.....	<u><u>\$ 45,886,847</u></u>	<u><u>\$ 53,357,760</u></u>	<u><u>\$ 1,973,002</u></u>	<u><u>\$ 101,217,609</u></u>

Note 7 – Inter-fund Receivables, Payables and Transfers

Receivables and payables between funds at June 30, 2018, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	School Federal Grant Fund - non major governmental fund	\$ 679,035 {1}
General Fund	Mass Works Roadway Grant Fund - non major governmental fund	21,967 {1}
General Fund	School State Grant Fund - non major governmental fund	<u>14,864 {1}</u>
	Total	\$ <u><u>715,866</u></u>

{1} Advance funding pending receipt of grant reimbursement

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

Inter-fund transfer activity for the fiscal year ended June 30, 2018 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 2018 operating budget.....	\$ 133,500	\$ (133,500)	\$ -	\$ -	\$ -	\$ -
BAA Marathon receipts reserved - FY 2018 operating budget.....	118,000	(118,000)	-	-	-	-
Sale of Recycling Materials receipts reserved - FY 2018 operating budget.....	75,000	(75,000)	-	-	-	-
CATV licensing fees receipts reserved - FY 2018 operating budget.....	468,500	(468,500)	-	-	-	-
NCGF golf day receipts reserved - FY 2018 operating budget.....	15,000	(15,000)	-	-	-	-
Sewer fund admin overhead support - FY 2018 operating budget.....	1,769,797	-	-	(1,769,797)	-	-
Water fund admin overhead support - FY 2018 operating budget.....	1,464,268	-	(1,464,268)	-	-	-
Stormwater fund admin overhead support - FY 2018 operating budget.....	501,722	-	-	-	(501,722)	-
Water fund indirect cost reimbursement to Sewer fund - FY 2018 operating budget.....	-	-	(691,085)	-	-	(691,085)
Water fund indirect cost reimbursement to Sewer fund - FY 2018 operating budget.....	-	-	-	691,085	-	691,085
NHA Housing-Jackson Garden (from Inclusionary Zoning RR).....	355,960	(355,960)	-	-	-	-
Operation Access (from Handicap Parking Violations RR).....	7,000	(7,000)	-	-	-	-
Home Grant Fund Program repayments (from Inclusionary Zoning RR).....	-	41,080	-	-	-	41,080
Home Grant Fund Program repayments (from Inclusionary Zoning RR).....	-	(41,080)	-	-	-	(41,080)
Lincoln Elliot HVAC System (from Capital Stabilization).....	-	650,000	-	-	-	650,000
Lincoln Elliot HVAC System (from Capital Stabilization).....	(650,000)	-	-	-	-	-
150 Jackson Road Feasibility Study (from Capital Stabilization).....	-	200,000	-	-	-	200,000
150 Jackson Road Feasibility Study (from Capital Stabilization).....	(200,000)	-	-	-	-	-
Horace Mann Elevator (from Capital Stabilization).....	-	70,000	-	-	-	70,000
Horace Mann Elevator (from Capital Stabilization).....	(70,000)	-	-	-	-	-
Horace Mann Elevator (from Capital Stabilization).....	-	-	-	-	150,000	150,000
Franklin Stormwater Project (from Stormwater oper).....	-	-	-	-	(150,000)	-
Waverley/Tremont APS Units (from Handicap parking RR).....	6,400	(6,400)	-	-	-	-
Bond Premiums to pay debt Service.....	171,606	(171,606)	-	-	-	-
Bond Premiums to pay debt Service-BANs.....	35,085	(35,085)	-	-	-	-
Newton Public Schools Athletic Revolving Fund Subsidy.....	(1,150,578)	1,150,578	-	-	-	-
School Lunch Bad Debt Write off (from GF to School lunch and School Gift).....	(24,035)	-	-	-	-	1,900
School Lunch Bad Debt Write off (from GF to School lunch and School Gift).....	-	(1,900)	-	-	-	(1,900)
Transfers from other funds	\$ 5,121,838	\$ 2,137,593	\$ -	\$ 691,085	\$ 150,000	\$ 8,100,516
Transfers to other funds	\$ 2,094,613	\$ 1,429,031	\$ 2,155,353	\$ 1,769,797	\$ 651,722	\$ 8,100,516

Note 8 - Short-Term Debt

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

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

Details related to the short-term debt activity for the fiscal year ended June 30, 2018 is as follows:

Notes Payable – Governmental Funds

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at 6/30/2017	Increases	Decreases	Balance at 6/30/2018
BAN	General Obligation BAN.....	06/29/18	06/28/19	2.75%	\$ -	\$ 2,100,000	\$ -	\$ 2,100,000

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

Notes Payable – Water Enterprise Fund

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at 6/30/2017	Increases	Decreases	Balance at 6/30/2018
BAN	General Obligation BAN.....	06/29/18	06/28/19	2.75%	\$ -	\$ 2,700,000	\$ -	\$ 2,700,000

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, 2018:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion
Governmental Activities:					
Bonds and notes payable.....	\$ 296,931,494	\$ 39,954,766	\$ (26,915,155)	\$ 309,971,105	\$ 14,351,299
Landfill closure and other environmental	579,829	492	(32,303)	548,018	62,260
Workers' compensation.....	7,734,209	1,919,722	(1,791,579)	7,862,352	128,143
Compensated absences.....	8,779,510	146,763	(278,699)	8,647,574	3,241,236
Net pension liability.....	316,862,742	-	(21,700,518)	295,162,224	-
Net OPEB liability.....	669,733,614	-	(45,949,018)	623,784,596	-
Total.....	\$ 1,300,621,398	\$ 42,021,743	\$ (96,667,272)	\$ 1,245,975,869	\$ 17,782,938
Business-type Activities:					
Bonds and notes payable.....	\$ 31,996,247	\$ 4,199,086	\$ (5,072,701)	\$ 31,122,632	\$ 4,981,843
Compensated absences.....	335,182	28,162	-	363,344	36,334
Net pension liability.....	9,806,069	168,038	-	9,974,107	-
Net OPEB liability.....	16,139,188	-	(1,097,058)	15,042,130	-
Total.....	\$ 58,276,686	\$ 4,395,286	\$ (6,169,759)	\$ 56,502,213	\$ 5,018,177

Internal service funds predominantly serve the governmental funds. Accordingly, the internal service fund's long-term liabilities are included as part of the governmental activities totals above. At fiscal year-end, \$7,862,352 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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

Note 10 - Long-Term Debt

Information on the City's long term debt at June 30, 2018, along with future year debt service requirements, is presented as follows.

Bonds Payable – Governmental Funds

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2017	Issued	Redeemed	Outstanding June 30, 2018
MCWT landfill closure.....	2/15/1998	4.6%	\$ 336,400	\$ -	\$ (165,800)	\$ 170,600
Fire station improvements.....	11/01/2007	3.98%	40,000	-	(40,000)	-
School renovations.....	11/01/2007	3.98%	10,000	-	(10,000)	-
School new construction.....	11/01/2007	3.98%	950,000	-	(950,000)	-
School new construction.....	6/15/2008	4.37%	565,000	-	(565,000)	-
School renovations.....	6/15/2008	3.80%	110,000	-	(110,000)	-
Fire equipment.....	6/15/2008	3.80%	30,000	-	(30,000)	-
Public works equipment.....	6/15/2008	3.80%	40,000	-	(40,000)	-
School new construction.....	4/1/2009	2.0-5.0%	3,470,000	-	(1,700,000)	1,770,000
School renovations.....	4/1/2009	2.0-5.0%	200,000	-	(100,000)	100,000
School renovations.....	4/1/2009	2.0-5.0%	20,000	-	(10,000)	10,000
School renovations.....	4/1/2009	2.0-5.0%	80,000	-	(40,000)	40,000
School athletic fields.....	4/1/2009	2.0-5.0%	430,000	-	(215,000)	215,000
Fire station improvements.....	4/1/2009	2.0-5.0%	330,000	-	(165,000)	165,000
City Hall boiler.....	4/1/2009	2.0-5.0%	20,000	-	(10,000)	10,000
Road improvements.....	4/1/2009	2.0-5.0%	30,000	-	(15,000)	15,000
Fire equipment.....	4/1/2009	2.0-5.0%	110,000	-	(55,000)	55,000
Parks equipment.....	4/1/2009	2.0-5.0%	10,000	-	(5,000)	5,000
Public works equipment.....	4/1/2009	2.0-5.0%	80,000	-	(40,000)	40,000
School new construction.....	4/27/2010	3.0-4.0%	8,920,000	-	(8,140,000)	780,000
Fire station renovations.....	4/27/2010	2.0-4.0%	2,925,000	-	(2,475,000)	450,000
Underground fuel tanks.....	4/27/2010	2.0-4.0%	135,000	-	(45,000)	90,000
Modular classrooms.....	4/27/2010	2.0-4.0%	735,000	-	(545,000)	190,000
School renovations.....	4/27/2010	2.0-4.0%	630,000	-	(410,000)	220,000
Energy conservation.....	4/27/2010	2.0-4.0%	1,955,000	-	(1,465,000)	490,000
Fire equipment.....	4/27/2010	2.0-4.0%	150,000	-	(50,000)	100,000
Public works equipment.....	4/27/2010	2.0-4.0%	570,000	-	(190,000)	380,000
School new construction.....	3/30/2011	2.00%	8,799,998	-	(366,667)	8,433,331
School renovations.....	4/14/2011	3.0-4.5%	1,520,000	-	(1,155,000)	365,000
City Hall windows.....	4/14/2011	3.0-4.5%	40,000	-	(10,000)	30,000
Public works equipment.....	4/14/2011	3.0-4.5%	60,000	-	(15,000)	45,000
Elementary modular classrooms.....	4/12/2012	2.0 - 3.0%	600,000	-	(60,000)	540,000
Elementary modular classrooms.....	4/12/2012	2.0 - 3.0%	50,000	-	(5,000)	45,000
Elementary sprinkler design.....	4/12/2012	2.0 - 3.0%	50,000	-	(5,000)	45,000
Elementary sprinkler systems.....	4/12/2012	2.0 - 3.0%	970,000	-	(100,000)	870,000
School accessibility upgrades.....	4/12/2012	2.0 - 3.0%	200,000	-	(20,000)	180,000
School electrical system upgrades.....	4/12/2012	2.0 - 3.0%	125,000	-	(15,000)	110,000
School generator replacement.....	4/12/2012	2.0 - 3.0%	200,000	-	(20,000)	180,000
School heating system improvements.....	4/12/2012	2.0 - 3.0%	300,000	-	(30,000)	270,000
Public works equipment.....	4/12/2012	2.0 - 3.0%	20,000	-	(10,000)	10,000
Public works equipment.....	4/12/2012	2.0 - 3.0%	170,000	-	(30,000)	140,000
Gath Pool improvements.....	4/12/2012	2.0 - 3.0%	50,000	-	(10,000)	40,000
Braceland Park improvements.....	4/12/2012	2.0 - 3.0%	100,000	-	(10,000)	90,000
Fire engine replacement.....	4/12/2012	2.0 - 3.0%	300,000	-	(60,000)	240,000
School advance refunding.....	4/12/2013	2.0 - 4.0%	3,800,000	-	(475,000)	3,325,000
School renovations.....	4/12/2013	2.0 - 4.0%	6,555,000	-	(415,000)	6,140,000
Public works equipment.....	4/12/2013	2.0 - 4.0%	90,000	-	(15,000)	75,000
Gath Pool improvements.....	4/12/2013	2.0 - 4.0%	90,000	-	(15,000)	75,000

(continued)

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

Bonds Payable – Governmental Funds (Continued)

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2017	Issued	Redeemed	Outstanding June 30, 2018
City Hall improvements.....	4/12/2013	2.0 -4.0%	460,000	-	(35,000)	425,000
Crafts St DPW garage improvements.....	4/12/2013	2.0 -4.0%	125,000	-	(25,000)	100,000
Energy conservation	4/12/2013	2.0 -4.0%	80,000	-	(80,000)	-
Fire equipment.....	4/12/2013	2.0 -4.0%	720,000	-	(70,000)	650,000
Elementary modular classrooms.....	3/06/2014	2.75% - 5.0%	1,920,000	-	(160,000)	1,760,000
Mason Rice School sprinklers.....	3/06/2014	2.75% - 5.0%	375,000	-	(35,000)	340,000
Carr School renovations.....	3/06/2014	2.75% - 5.0%	11,100,000	-	(235,000)	10,865,000
Angier demolition & construction.....	3/06/2014	2.75% - 5.0%	4,725,000	-	(100,000)	4,625,000
Community Ctr renovations.....	3/06/2014	2.75% - 5.0%	215,000	-	(20,000)	195,000
DPW equipment.....	3/06/2014	2.75% - 5.0%	190,000	-	(30,000)	160,000
Snow melting equipment.....	3/06/2014	2.75% - 5.0%	175,000	-	(25,000)	150,000
Salt shed & garage.....	3/06/2014	2.75% - 5.0%	425,000	-	(25,000)	400,000
School renovation adv refunding.....	1/29/2015	2.0-3.0%	4,673,400	-	(592,400)	4,081,000
DPW equip adv refunding.....	1/29/2015	2.0-3.0%	195,000	-	(50,000)	145,000
Fire ladder adv refunding.....	1/29/2015	2.0-3.0%	213,400	-	(54,900)	158,500
School renovation adv refunding.....	1/29/2015	2.0-3.0%	3,842,200	-	(474,200)	3,368,000
Fire station adv refunding.....	1/29/2015	2.0-3.0%	99,200	-	(19,200)	80,000
DPW equip adv refunding.....	1/29/2015	2.0-3.0%	198,200	-	(39,700)	158,500
Fire station adv refunding.....	1/29/2015	2.0-3.0%	169,500	-	-	169,500
School construction adv refunding.....	1/29/2015	2.0-3.0%	9,499,100	-	(39,600)	9,459,500
Cabot Feasibility study.....	1/29/2015	2.0-5.0%	590,000	-	(200,000)	390,000
Bigelow staircase.....	1/29/2015	2.0-5.0%	365,000	-	(50,000)	315,000
Angier construction.....	1/29/2015	2.0-5.0%	14,505,000	-	(320,000)	14,185,000
Fire station #10 renovations.....	1/29/2015	2.0-5.0%	5,490,000	-	(305,000)	5,185,000
Publ Bldg Energy Conservation.....	1/29/2015	2.0-5.0%	2,340,000	-	(130,000)	2,210,000
DPW equipment	1/29/2015	2.0-5.0%	270,000	-	(35,000)	235,000
North High School adv refunding.....	1/28/2016	3.0 -5.0%	18,301,050	-	-	18,301,050
Brown Windows adv refunding.....	1/28/2016	3.0 -5.0%	983,800	-	-	983,800
Fire Pumper adv refunding.....	1/28/2016	3.0 -5.0%	139,450	-	-	139,450
DPW Equipment adv refunding.....	1/28/2016	3.0 -5.0%	185,700	-	-	185,700
Zervas Elementary construction.....	1/28/2016	3.0 -5.0%	19,625,000	-	(360,000)	19,265,000
Angier Elementary construction.....	1/28/2016	3.0 -5.0%	4,865,000	-	(90,000)	4,775,000
Aquinas Acquisition.....	1/28/2016	3.0 -5.0%	17,030,000	-	(310,000)	16,720,000
FA Day Hot Water Heater.....	1/28/2016	3.0 -5.0%	140,000	-	(15,000)	125,000
NNHS Baseball Backstop.....	1/28/2016	3.0 -5.0%	335,000	-	(15,000)	320,000
Fire Station #3 Improvements.....	1/28/2016	3.0 -5.0%	3,580,000	-	(65,000)	3,515,000
Senior Center HVAC.....	1/28/2016	3.0 -5.0%	140,000	-	(15,000)	125,000
City Hall War Memorial Elevator.....	1/28/2016	3.0 -5.0%	1,100,000	-	(40,000)	1,060,000
Manet Rd Communications Building.....	1/28/2016	3.0 -5.0%	750,000	-	(15,000)	735,000
Main Library Improvements.....	1/28/2016	3.0 -5.0%	230,000	-	(20,000)	210,000
City Hall Roof Trace Wiring.....	1/28/2016	3.0 -5.0%	90,000	-	(10,000)	80,000
DPW Snowblower.....	1/28/2016	3.0 -5.0%	140,000	-	(15,000)	125,000
Library Automated Circulation Eqmt.....	1/28/2016	3.0 -5.0%	185,000	-	(15,000)	170,000
Fire Pumper.....	1/28/2016	3.0 -5.0%	620,000	-	(30,000)	590,000
Fire SCBA Equipment.....	1/28/2016	3.0 -5.0%	460,000	-	(40,000)	420,000
Fire Bucket Truck.....	1/28/2016	3.0 -5.0%	205,000	-	(20,000)	185,000
NSHS Tennis Courts.....	1/28/2016	3.0 -5.0%	715,000	-	(35,000)	680,000
Traffic Signal Improvements.....	1/28/2016	3.0 -5.0%	735,000	-	(70,000)	665,000
Auburndale Sq Traffic Improvements.....	1/28/2016	3.0 -5.0%	1,100,000	-	(100,000)	1,000,000
Eliot St Bridge Replacement.....	1/28/2016	3.0 -5.0%	1,935,000	-	(65,000)	1,870,000
North High School Construction.....	7/28/2016	3.0 -4.0%	62,035,000	-	-	62,035,000
FA Day HVAC.....	7/28/2016	3.0 -4.0%	952,500	-	-	952,500
Underwood Boiler.....	7/28/2016	3.0 -4.0%	90,100	-	-	90,100
Brown Windows.....	7/28/2016	3.0 -4.0%	357,500	-	-	357,500

(continued)

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

Bonds Payable – Governmental Funds (Continued)

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2017	Issued	Redeemed	Outstanding June 30, 2018
NSHS Athletic Fields.....	7/28/2016	3.0 -4.0%	1,020,400	-	-	1,020,400
Fire Station #4 Renovations.....	7/28/2016	3.0 -4.0%	766,500	-	-	766,500
City Hall Boiler.....	7/28/2016	3.0 -4.0%	95,000	-	-	95,000
Fire Ladder Truck.....	7/28/2016	3.0 -4.0%	240,000	-	-	240,000
Parks Vehicles.....	7/28/2016	3.0 -4.0%	25,000	-	-	25,000
DPW Equipment.....	7/28/2016	3.0 -4.0%	193,000	-	-	193,000
Zervas Elementary Construction.....	1/25/2017	3.0 -4.0%	12,677,800	-	(235,000)	12,442,800
Cabot Land Acquisition.....	1/25/2017	3.0 -5.0%	983,600	-	(18,600)	965,000
Cabot Design.....	1/25/2017	3.0 -4.0%	390,700	-	(5,000)	385,700
Cabot Construction.....	1/25/2017	3.0 -5.0%	5,940,000	-	(110,000)	5,830,000
Fire Station #3 Improvements.....	1/25/2017	3.0 -4.0%	3,315,400	-	(60,400)	3,255,000
Fire Station #3 Improvements.....	1/25/2017	3.0 -5.0%	10,556,100	-	(365,000)	10,191,100
DPW Construction Vehicle.....	1/25/2017	3.0 -4.0%	229,500	-	(19,500)	210,000
Fire Pumper.....	1/25/2017	3.0 -4.0%	595,800	-	(50,000)	545,800
Police Dispatch Consoles.....	1/25/2017	3.0 -5.0%	641,800	-	(55,000)	586,800
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
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%	-	1,855,700	-	1,855,700
2017 South High Track.....	12/12/2017	3.0 -5.0%	-	304,000	-	304,000
2017 Cabot School Construction.....	12/12/2017	3.0 -5.0%	-	19,000,275	-	19,000,275
2017 Fire Station 3/HQ Construction.....	12/12/2017	3.0 -5.0%	-	1,775,000	-	1,775,000
2017 Traffic Signal Improvements.....	12/12/2017	3.0 -5.0%	-	1,215,225	-	1,215,225
2017 Intersection Improvements.....	12/12/2017	3.0 -5.0%	-	391,800	-	391,800
			<u>284,627,098</u>	<u>36,401,000</u>	<u>(25,840,967)</u>	<u>295,187,131</u>
Unamortized Premiums.....			<u>12,304,396</u>	<u>3,553,766</u>	<u>(1,074,188)</u>	<u>14,783,974</u>
Total Governmental Funds.....			<u>\$ 296,931,494</u>	<u>\$ 39,954,766</u>	<u>\$ (26,915,155)</u>	<u>\$ 309,971,105</u>

Advanced Refunding – December 2017

The City issued \$12,078,000 of general obligation bonds (with a premium of \$1,704,184) to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust for the purposes of generating resources for all future debt service payments of \$13,250,000 of previously issued general obligation bonds relating to school construction, municipal building improvements, and sewer system improvements. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$532,184; of which \$88,780 was amortized as a component of interest expense, and \$443,404 is reported as a deferred loss on refunding in the government-wide financial statement of net position. This advance refunding was undertaken to reduce total debt service payments over the next 22 years by \$1,597,736, and resulted in an economic gain of \$1,016,552.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

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

Fiscal Year Ending	Principal	Interest	Total
2019	\$ 13,162,267	\$ 10,881,629	\$ 24,043,896
2020	13,526,667	12,879,684	26,406,351
2021	13,074,667	12,246,554	25,321,221
2022	13,089,667	11,621,168	24,710,835
2023	13,194,667	10,994,914	24,189,581
2024	13,374,667	10,382,450	23,757,117
2025	13,229,667	9,730,218	22,959,885
2026	12,456,867	9,146,089	21,602,956
2027	11,789,667	8,552,255	20,341,922
2028	11,459,667	7,982,235	19,441,902
2029	10,864,667	7,424,326	18,288,993
2030	10,890,667	6,880,012	17,770,679
2031	11,016,667	6,364,841	17,381,508
2032	11,081,667	5,868,289	16,949,956
2033	11,426,667	5,319,807	16,746,474
2034	11,591,667	4,782,548	16,374,215
2035	11,906,667	4,238,765	16,145,432
2036	11,811,667	3,680,307	15,491,974
2037	11,941,667	3,111,799	15,053,466
2038	11,546,667	2,528,152	14,074,819
2039	10,051,667	1,957,275	12,008,942
2040	6,031,667	1,407,723	7,439,390
2041	5,841,657	1,211,999	7,053,656
2042	5,660,000	1,015,351	6,675,351
2043	5,855,000	819,031	6,674,031
2044	6,050,000	618,594	6,668,594
2045	5,305,000	411,375	5,716,375
2046	4,610,000	248,131	4,858,131
2047	2,265,000	94,781	2,359,781
2048	1,080,000	17,550	1,097,550
Total	\$ 295,187,131	\$ 162,417,854	\$ 457,604,985

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

Bonds Payable – Water Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2017	Issued	Redeemed	Outstanding June 30, 2018
Water Meters.....	4/1/2009	2.0-5.0	\$ 1,200,000	\$ -	\$ (600,000)	\$ 600,000
MWRA Water	5/21/2009	0.00	720,000	-	(360,000)	360,000
MWRA Water	5/20/2010	0.00	667,320	-	(222,440)	444,880
MWRA Water	2/15/2011	0.00	773,461	-	(193,366)	580,095
Water Meters.....	4/14/2011	3.0-4.5	1,200,000	-	(300,000)	900,000
MWRA Water	5/14/2012	0.00	680,100	-	(136,020)	544,080
MWRA Water	8/20/2012	0.00	816,120	-	(136,020)	680,100
Water Mains.....	4/12/2013	2.0-4.0	2,158,980	-	(135,000)	2,023,980
Water Garage.....	4/12/2013	2.0-4.0	52,500	-	(5,000)	47,500
MWRA Water	8/15/2013	0.00	953,160	-	(136,020)	817,140
MWRA Water	11/17/2014	0.00	1,088,160	-	(136,020)	952,140
MWRA Water	11/19/2015	0.00	1,224,180	-	(136,020)	1,088,160
MWRA Water	11/19/2016	0.00	1,360,200	-	(136,020)	1,224,180
MWRA Water	1/25/2017	3.0-4.0	2,632,500	-	(47,500)	2,585,000
MWRA Lead.....	5/15/2017	0.00	4,000,000	-	(400,000)	3,600,000
MWRA Water	5/24/2018	0.00	-	1,360,200	-	1,360,200
Subtotal.....			\$ 19,526,681	\$ 1,360,200	\$ (3,079,426)	\$ 17,807,455
Unamortized Premium.....			63,750	-	(3,750)	60,000
Total Water.....			\$ <u>19,590,431</u>	\$ <u>1,360,200</u>	\$ <u>(3,083,176)</u>	\$ <u>17,867,455</u>

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, 2018, the City was the recipient of \$1,360,200 in MWRA loans.

At June 30, 2018, the City had \$14,235,975 in MWRA water rehabilitation loans outstanding. Interest subsidies on these loans for the year ended June 30, 2018 totaled \$189,930.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

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

Fiscal Year Ending	Principal	Interest	Total
2019	\$ 3,217,946	\$ 226,349	\$ 3,444,295
2020	2,257,944	186,250	2,444,194
2021	2,040,505	165,149	2,205,654
2022	1,547,140	143,850	1,690,990
2023	1,416,120	136,049	1,552,169
2024	1,280,100	128,050	1,408,150
2025	1,149,080	120,049	1,269,129
2026	1,013,060	114,300	1,127,360
2027	882,040	107,500	989,540
2028	343,520	100,500	444,020
2029	210,000	93,575	303,575
2030	210,000	86,525	296,525
2031	215,000	79,475	294,475
2032	220,000	72,225	292,225
2033	220,000	64,775	284,775
2034	90,000	57,156	147,156
2035	90,000	54,231	144,231
2036	95,000	51,306	146,306
2037	100,000	48,100	148,100
2038	100,000	44,600	144,600
2039	105,000	41,100	146,100
2040	110,000	36,900	146,900
2041	115,000	32,500	147,500
2042	120,000	27,900	147,900
2043	125,000	23,100	148,100
2044	130,000	18,725	148,725
2045	130,000	14,175	144,175
2046	135,000	9,625	144,625
2047	140,000	4,900	144,900
Total	\$ 17,807,455	\$ 2,288,944	\$ 20,096,399

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

Bonds Payable – Sewer Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2017	Issued	Redeemed	Outstanding June 30, 2018
MCWT Sewer.....	10/06/1999	5.16%	\$ 1,235,000	\$ -	\$ (400,000)	\$ 835,000
MCWT Sewer.....	11/10/2000	5.20%	1,919,000	-	(461,000)	1,458,000
MCWT Sewer.....	7/03/2002	-	50,000	-	(5,000)	45,000
Sewer system improvements.....	4/27/2010	2.0-4.0%	325,000	-	(275,000)	50,000
Sewer system improvements.....	4/3/2012	2.0-3.0%	1,700,000	-	(115,000)	1,585,000
Sewer I& I removal.....	4/12/2013	2.0-4.0%	3,375,000	-	(215,000)	3,160,000
Water Garage.....	4/12/2013	2.0-4.0%	52,500	-	(5,000)	47,500
MWRA Sewer.....	8/18/2014	-	757,680	-	(252,560)	505,120
MWRA Sewer.....	12/15/2014	-	733,600	-	(91,700)	641,900
MWRA Sewer.....	11/19/2015	-	825,300	-	(20,000)	805,300
Sewer Vehicle.....	1/20/2016	3.0 -5.0%	380,000	-	(91,700)	288,300
Sewer system improvements.....	12/12/2017	3.0 -5.0%	-	219,000	-	219,000
Subtotal.....			\$ 11,353,080	\$ 219,000	\$ (1,931,960)	\$ 9,640,120
Unamortized Premium.....			67,885	30,901	(6,217)	92,569
Total Sewer.....			\$ 11,420,965	\$ 249,901	\$ (1,938,177)	\$ 9,732,689

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, 2018, the City had \$1,880,620 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, 2018 the City had \$2,338,000 in loans outstanding under this project. Interest and principal subsidies on these loans for the year ended June 30, 2018 were \$167,746 and \$242,398, respectively.

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

Fiscal Year Ending	Principal	Interest	Total
2019	\$ 1,711,960	\$ 273,002	\$ 1,984,962
2020	1,731,960	215,294	1,947,254
2021	1,066,400	165,008	1,231,408
2022	570,400	137,901	708,301
2023	570,400	123,575	693,975
2024	560,400	110,326	670,726
2025	560,400	96,498	656,898
2026	473,700	86,687	560,387
2027	382,000	74,762	456,762
2028	374,500	62,837	437,337
2029	377,000	50,837	427,837
2030	376,000	38,687	414,687
2031	355,000	27,162	382,162
2032	320,000	16,162	336,162
2033	210,000	6,562	216,562
Total	\$ 9,640,120	\$ 1,485,300	\$ 11,125,420

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

Bonds Payable – Stormwater Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2017	Issued	Redeemed	Outstanding June 30, 2018
Dedham St Drainage.....	1/20/2016	3.0 -5.0%	700,000	\$ -	\$ (25,000)	\$ 675,000
DPW Streetsweeper.....	1/25/2017	3.0 -5.0%	197,800	-	(15,000)	182,800
2017 Laundry Brook Drainage.....	12/12/2017	3.0 -5.0%	-	2,310,000	-	2,310,000
Subtotal.....			<u>897,800</u>	<u>2,310,000</u>	<u>(40,000)</u>	<u>3,167,800</u>
Unamortized Premium.....			87,051	278,985	(11,348)	354,688
Total Stormwater.....			\$ <u>984,851</u>	\$ <u>2,588,985</u>	\$ <u>(51,348)</u>	\$ <u>3,522,488</u>

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

Fiscal Year Ending	Principal	Interest	Total
2019	\$ 160,000	\$ 156,284	\$ 316,284
2020	165,000	128,362	293,362
2021	160,000	120,437	280,437
2022	165,000	112,637	277,637
2023	165,000	104,587	269,587
2024	165,000	96,837	261,837
2025	170,000	88,787	258,787
2026	172,800	80,837	253,637
2027	175,000	72,425	247,425
2028	155,000	63,925	218,925
2029	155,000	56,175	211,175
2030	155,000	48,425	203,425
2031	160,000	41,650	201,650
2032	160,000	35,250	195,250
2033	160,000	28,850	188,850
2034	165,000	22,900	187,900
2035	165,000	16,800	181,800
2036	165,000	10,700	175,700
2037	115,000	5,175	120,175
2038	<u>115,000</u>	<u>1,725</u>	<u>116,725</u>
Total	\$ <u>3,167,800</u>	\$ <u>1,292,768</u>	\$ <u>4,460,568</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, 2018

Authorized and Unissued Debt

At June 30, 2018 the City had a total of \$37,290,599 in authorized (by the City Council) and unissued debt, which is summarized as follows:

	Beginning of Year	Increases	Decreases	End of Year
School improvements.....	\$ 45,357,734	\$ -	\$ (22,420,533)	\$ 22,937,201
Water main rehabilitation - MWRA....	5,440,800	-	-	5,440,800
Water main improvement.....	2,700,000	3,700,000	-	6,400,000
Fire engine and station repairs.....	2,004,065	-	(1,989,372)	14,693
Public works equipment.....		687,000	-	687,000
Public works infrastructure.....	3,050,000	213,000	(4,390,095)	(1,127,095)
Ladder fire truck.....	-	1,200,000	-	1,200,000
Forest grove pump station.....	-	338,000	-	338,000
Newton Free Library children's room..	75,000	-	(75,000)	-
Traffic signal improvements.....	1,400,000	-	-	1,400,000
Total.....	\$ <u>60,027,599</u>	\$ <u>6,138,000</u>	\$ <u>(28,875,000)</u>	\$ <u>37,290,599</u>

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 \$548,018 at June 30, 2018 for future year landfill site monitoring and maintenance. Estimated costs per year total \$30,500. The current estimate is based upon current costs and may require modification in future years due to price inflation, changes in technology or changes in state/federal law and regulations.

Note 12 – Other Post Employment Benefits (OPEB)

A - General Information about the OPEB Plan

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

The number of participants as of June 30, 2017, the latest actuarial valuation, is as follows:

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

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, 2018, employer contributions totaled \$24,328,980. 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, 2018 were as follows:

Total OPEB liability.....	\$	643,448,551
Fiduciary Net Position.....		<u>(8,701,165)</u>
Net OPEB Liability.....	\$	<u>634,747,386</u>
Fiduciary net position as a percentage of the total OPEB liability		1.35%

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, 2018, the City reported a liability of \$638,826,726 for its net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was also determined by an actuarial valuation as that date.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

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

	Amounts (in thousands)		
	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at June 30, 2016.....	\$ 689,443	3,570	685,873
Changes for the year:			
Service Cost.....	30,190	-	30,190
Interest of Liability and Service Cost	20,241	-	20,241
Changes of assumptions.....	(76,050)	-	(76,050)
Employer Contributions.....	-	20,872	(20,872)
Net Investment Income.....	-	555	(555)
Benefit Payments.....	(19,018)	(19,018)	-
Net Changes.....	<u>(44,637)</u>	<u>2,409</u>	<u>(47,046)</u>
Balance at June 30, 2017.....	\$ <u>644,806</u>	<u>5,979</u>	<u>638,827</u>

For the year ended June 30, 2018, the City recognized \$39,194,726 of OPEB expense associated with the Plan. At June 30, 2018, the City reported deferred outflows of resources related to OPEB of \$22,211,248, and deferred inflows of resources related to OPEB of \$68,365,732 from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date.....	\$ 22,211,248	\$ -
Changes of assumptions.....	-	68,182,658
Net difference between projected and actual earnings on Plan investments.....	-	183,074
	<u>\$ 22,211,248</u>	<u>\$ 68,365,732</u>

\$22,211,248 reported as deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	<u>Amount</u>
2019	\$ 10,910,045
2020	10,910,045
2021	10,910,044
2022	10,910,044
2023	10,864,276
Thereafter	10,864,278

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

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

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

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

Valuation date:	June 30, 2017
Inflation rate:	2.75%
Actuarial cost method:	Entry Age Normal
Amortization method:	Level dollar
Remaining amortization period:	30 years from July 1, 2016
Salary increases:	3.5% for Group 1 (excluding Teachers) and Group 4 Service-related increases for Teachers: 7.50% decreasing over 20 years to an ultimate level of 4.0%
Interest discount rate:	3.58%
Investment rate of return:	7.25%
Healthcare/Medical cost trend rates:	Under 65: 7.0% decreasing by 0.5% for 5 years to an ultimate level of 4.5% per year Over 65 – Medicare Supplement: 4.5% Over 65 – Medicare Advantage: 7.5% decreasing by 0.5% for 6 years to an ultimate level of 4.5% per year Prescription drug: 9.0% decreasing by 0.5% for 9 years to an ultimate level of 4.5% per year Administrative expenses: 3.0% Contributions: 7.5% decreasing by 0.5% for 6 years to an ultimate level of 4.5% per year
Mortality:	Pre-Retirement (Non-Teachers): RP-2000 Employee Mortality Table projected generationally from 2005 with Scale BB2D Healthy (Non-Teachers): RP-2000 Healthy Annuitant Mortality Table projected generationally from 2005 with Scale BB2D

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

Disabled (Non-Teachers): RP-2000 Healthy Annuitant Mortality Table set forward three years projected generationally from 2005 with Scale BB2D

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

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

Disabled (Teachers): RP-2014 Healthy Annuitant Mortality Table set forward 4 years projected generationally with scale BB2D from 2014

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

For the fiscal year ended June 30, 2018, the money-weighted rate of return on the Trust Fund’s investments, net of investment expense, was 9.0%. 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	Real Rate of Return
Domestic Equity.....	17.5%	6.15%
International Equity - Developed Markets.	15.5%	7.11%
International Equity - Emerging Markets...	6.0%	9.41%
Core Fixed Income.....	12.0%	1.68%
High-Yield Fixed Income.....	10.0%	4.13%
Real Estate.....	10.0%	4.90%
Commodities.....	4.0%	4.71%
Hedge Funds.....	13.0%	3.94%
Private Equity.....	12.0%	10.28%
	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2018 was 3.87%; compared to a discount rate of 3.58% to measure the total OPEB liability as of June 30, 2017. The discount rate is equal to the yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher reported on the Bond Buyer’s 20 bond index. Based on the current assets in the OPEB Trusts and City’s funding policy to contribute approximately \$2,250,000 in fiscal 2019, increasing by \$250,000 per year, there are insufficient assets to cover projected benefit payments. Accordingly, the Bond Buyer’s 20 bond index rates were applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

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Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the Plan calculated using the current discount rate of 3.87 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate 1 percentage point lower (2.87 percent) or 1 percentage point higher (4.87 percent) than the current rate:

	<u>1% Decrease</u> <u>(2.87%)</u>	<u>Current Discount</u> <u>Rate (3.87%)</u>	<u>1% Increase</u> <u>(4.87%)</u>
Net OPEB Liability.....	\$ 739,720,101	\$ 634,747,386	\$ 550,785,643

The following presents the City’s net OPEB liability calculated using the current discount rate of 3.58 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate 1 percentage point lower (2.58 percent) or 1 percentage point higher (4.58 percent) than the current rate:

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

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

	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
Net OPEB Liability.....	\$ 543,643,510	\$ 634,747,386	\$ 752,661,040

The following presents the City’s net OPEB liability calculated using the current healthcare cost trend rate as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

Note 13 – Risk Financing

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

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

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

At June 30, 2018, the City’s health claims liability totaled \$4,719,736 and is based on approximately one month claims paid average. Changes in the reported liability since July 1, 2016 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 2017.....	\$ 4,655,547	\$ 52,941,374	\$ (53,419,374)	\$ 4,177,547
Fiscal year 2018.....	4,177,547	60,220,983	(59,678,794)	4,719,736

Workers’ compensation claims are administered by the City’s Personnel Department. The City contracts for an annual actuarial valuation of the program, and based on this study, has recorded a liability of \$7,862,352 at June 30, 2018, of which \$128,143 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, 2018. The liability includes an estimate of the IBNR claims.

The June 30, 2018 plan valuation is based upon the use of a combination of the paid loss development method and the Bornhuetter-Ferguson Paid Loss method. US Life Tables 2010 Vital Statistics for Males and Females have been used to determine annuity values for long term claims, using a 5.0% annual rate of interest.

Changes in the reported liability since July 1, 2016 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 2017.....	\$ 8,300,217	\$ 938,031	\$ (1,504,039)	\$ 7,734,209
Fiscal year 2018.....	7,734,209	1,919,722	(1,791,579)	7,862,352

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

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.....	\$ -	\$ -	\$ -	\$ -	\$ 397,064	\$ 397,064
Restricted:						
Debt service.....	2,339,315	-	-	-	-	2,339,315
General government.....	-	-	-	-	2,586,995	2,586,995
Public safety.....	-	-	-	-	234,936	234,936
Education.....	-	-	-	-	3,396,874	3,396,874
School construction.....	-	-	17,193,284	1,258,083	1,622,166	20,073,533
Summer school.....	-	-	-	-	207,343	207,343
Continuing education.....	-	-	-	-	1,437,951	1,437,951
Public works.....	-	-	-	-	1,935,663	1,935,663
Health and human services.....	-	-	-	-	223,332	223,332
Culture and recreation.....	-	-	-	-	3,081,060	3,081,060
Recreation activities/classes.....	-	-	-	-	878,947	878,947
Camp programs.....	-	-	-	-	1,655,340	1,655,340
Community preservation.....	-	11,502,450	-	-	-	11,502,450
CPA- community housing.....	-	2,623,629	-	-	-	2,623,629
CPA- historic resources.....	-	2,018,844	-	-	-	2,018,844
CPA- community recreation.....	-	1,221,919	-	-	-	1,221,919
Capital.....	195,477	-	-	-	-	195,477
School lunch.....	-	-	-	-	54,424	54,424
Insurance proceeds.....	-	-	-	-	28,002	28,002
Receipts reserved.....	-	-	-	-	1,142,671	1,142,671
Sub-total -	<u>2,534,792</u>	<u>17,366,842</u>	<u>17,193,284</u>	<u>1,258,083</u>	<u>18,485,704</u>	<u>56,838,705</u>
Committed:						
Subsequent year's expenditures.....	1,602,738	-	-	-	-	1,602,738
Capital.....	728,835	-	-	-	-	728,835
Continuing appropriations.....	12,057,695	-	-	-	-	12,057,695
Receipts reserved.....	-	-	-	-	3,440,236	3,440,236
Sub-total -	<u>14,389,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,440,236</u>	<u>17,829,504</u>
Assigned:						
Encumbrances.....	5,656,818	-	-	-	-	5,656,818
Capital.....	10,677	-	-	-	-	10,677
Sub-total -	<u>5,667,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,667,495</u>
Unassigned.....	<u>44,030,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(482,998)</u>	<u>43,547,382</u>
Total.....	\$ <u>66,621,935</u>	\$ <u>17,366,842</u>	\$ <u>17,193,284</u>	\$ <u>1,258,083</u>	\$ <u>21,840,006</u>	\$ <u>124,280,150</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

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, 2018 total \$934,989 and \$20,500,040 respectively, and are reported in the general fund as restricted (\$195,477), committed (\$728,835), assigned (\$10,677) and unassigned (\$20,500,040).

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, 2017, 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, 2018

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, 2017, active member contributions totaled \$9,457,254 and employer contributions totaled \$25,829,131. Contributions to the System from the City were \$25,573,143 for the year ended June 30, 2018.

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, 2017, were as follows:

Total pension liability	\$ 659,370,168
Plan fiduciary net position	<u>(351,179,411)</u>
Net pension liability	<u>\$ 308,190,757</u>
Plan fiduciary net position as a percentage of the total pension liability	53.26%

At June 30, 2018, the City reported a liability of \$305,136,331 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was also determined by an actuarial valuation as of December 31, 2017. 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, 2017, actuarially determined. At December 31, 2017, the City’s proportion was 99.008917 percent; compared to a proportion of 98.993848 percent at December 31, 2016.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

For the year ended June 30, 2018, the City recognized pension expense of \$33,767,330 associated with the System. At June 30, 2018, the City reported deferred outflows of resources related to pensions of \$15,442,177, and deferred inflows of resources of \$19,142,821 from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience.....	\$ 4,589,729	\$ 4,427,939
Changes of assumptions.....	10,815,837	-
Net difference between projected and actual earnings on System investments.....	-	14,703,176
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	36,611	11,706
	<u>\$ 15,442,177</u>	<u>\$ 19,142,821</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>
2019	\$ 5,198,764
2020	(487,756)
2021	(3,505,280)
2022	(4,906,372)

Actuarial Assumptions – The total pension liability in the December 31, 2017 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:	12 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:	2.5% 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, 2018

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2016 to December 31, 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, 2017, the annual money-weighted rate of return on System investments, net of investment expense, was 16.13%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The System's current funding schedule is based upon a 7.65% assumed rate of return.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	17.50%	6.15%
International Equity - Developed Markets	15.50%	7.11%
International Equity - Emerging Markets	6.00%	9.41%
Core Fixed Income	12.00%	1.68%
High-Yield Fixed Income	10.00%	4.13%
Real Estate	10.00%	4.90%
Commodities	4.00%	4.71%
Hedge Funds	13.00%	3.94%
Private Equity	12.00%	10.28%
	<u>100.00%</u>	

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

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	\$ 379,990,045	\$ 308,190,757	\$ 247,568,417

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	\$ 376,224,030	\$ 305,136,331	\$ 245,114,810

Legally Required Reserve Accounts - The balance in the System's legally required reserves as of December 31, 2017 are as follows:

<u>Description</u>	<u>Amount</u>	<u>Purpose</u>
Annuity Savings Fund.....	\$ 95,076,436	Active members' contribution balance
Annuity Reserve Fund....	28,479,629	Retired members' contribution account
Military Service Fund.....	50,925	Military leave of absence contribution balance
Pension Fund.....	<u>227,572,421</u>	Remaining net reserves
Total.....	<u>\$ 351,179,411</u>	

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

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 (As of 12/31/17)	OPEB Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Cash Equivalents.....	\$ 12,655,473	\$ 310,581	\$ 12,966,054
Investments:			
External Investment Pool.....	338,113,365	8,390,584	346,503,949
Receivables, Net of Allowance for Uncollectible Amounts:			
Intergovernmental.....	482,509	-	482,509
Prepaid Expenses.....	<u>6,979</u>	<u>-</u>	<u>6,979</u>
 Total Assets.....	 <u>351,258,326</u>	 <u>8,701,165</u>	 <u>359,959,491</u>
LIABILITIES			
Warrants Payable.....	<u>78,915</u>	<u>-</u>	<u>78,915</u>
NET POSITION			
Restricted for Pensions and Other Post Employment Benefits. \$	<u>351,179,411</u>	\$ <u>8,701,165</u>	\$ <u>359,880,576</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

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 12/31/17)</u>	OPEB Trust Fund	<u>Total</u>
ADDITIONS			
Contributions:			
Employer.....	\$ 25,829,131	\$ 24,328,980	\$ 50,158,111
Plan Members.....	9,457,254	-	9,457,254
	<u>35,286,385</u>	<u>24,328,980</u>	<u>59,615,365</u>
Net Investment Income:			
Net Appreciation in Fair Value of Investments.....	43,067,749	604,735	43,672,484
Interest and Dividends.....	8,993,219	-	8,993,219
	52,060,968	604,735	52,665,703
Less: Investment Expense.....	<u>(1,670,861)</u>	<u>-</u>	<u>(1,670,861)</u>
	50,390,107	604,735	50,994,842
Other.....	4,079,393	-	4,079,393
	<u>89,755,885</u>	<u>24,933,715</u>	<u>114,689,600</u>
DEDUCTIONS			
Administration.....	314,917	-	314,917
Retirement Benefits and Refunds.....	40,367,473	22,211,248	62,578,721
Transfers to Other Systems.....	3,764,476	-	3,764,476
	<u>44,446,866</u>	<u>22,211,248</u>	<u>66,658,114</u>
CHANGE IN NET POSITION.....	45,309,019	2,722,467	48,031,486
Net Position - Beginning of Year.....	<u>305,870,392</u>	<u>5,978,698</u>	<u>311,849,090</u>
NET POSITION - END OF YEAR.....	<u>\$ 351,179,411</u>	<u>\$ 8,701,165</u>	<u>\$ 359,880,576</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

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, 2018. The Commonwealth's net pension liability associated with the City was \$383,939,326.

The MTRS' net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017 rolled forward to June 30, 2017.

For the year ended June 30, 2018, the City recognized pension expense of \$40,072,865 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, 2017 measurement date was determined by an actuarial valuation as of January 1, 2017 rolled forward to June 30, 2017. This valuation used the following assumptions:

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

Investment rate of return:	7.50%
Salary increases:	Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service
Mortality Rates:	Pre-retirement - reflects RP-2014 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 BB and a base year 2014 set forward 4 years
Other:	3.50% interest rate credited to the annuity savings fund 3.00% cost of living increase per year

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund’s target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Global Equity	40.00%	5.00%
Portfolio Completion Strategies	13.00%	3.60%
Core Fixed Income	12.00%	1.10%
Private Equity	11.00%	6.60%
Real Estate	10.00%	3.60%
Value Added Fixed Income	10.00%	3.80%
Timber/Natural Resources	4.00%	3.20%
Hedge Funds	0.00%	3.60%
Totals	<u>100.00%</u>	

Discount rate - The discount rate used to measure the MTRS’ total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth’s contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2018

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, 2018, totaled \$17,714,513 and \$4,683,297, 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 2018, 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, 2018 cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the City at June 30, 2018.

Note 21 – Restatement

During the fiscal year ended June 30, 2018, the City implemented GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. As a result, the net position of Governmental Activities, Business-Type Activities, the major enterprise funds, and the nonmajor stormwater enterprise fund was restated as follows:

	Governmental Activities	Business-Type Activities	Sewer Enterprise Fund	Water Enterprise Fund	Stormwater Enterprise Fund
Net Position (Deficit), June 30, 2017, as Previously	\$ (180,098,548)	\$ 121,333,072	\$ 68,855,798	\$ 48,726,215	\$ 3,751,059
Cumulative Affect of Restatement.....	<u>(368,155,723)</u>	<u>(8,867,695)</u>	<u>(3,976,999)</u>	<u>(4,757,416)</u>	<u>(133,280)</u>
Net Position (Deficit), June 30, 2017, as Restated.....	<u>\$ (548,254,271)</u>	<u>\$ 112,465,377</u>	<u>\$ 64,878,799</u>	<u>\$ 43,968,799</u>	<u>\$ 3,617,779</u>

Required Supplementary Information

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2018

PENSION PLAN SCHEDULES

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Total pension liability</u>				
Service cost	\$ 14,020,532	\$ 12,238,508	\$ 11,948,894	\$ 10,445,973
Interest	46,282,670	44,357,326	43,307,330	41,588,936
Differences between expected and actual experience	(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>(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	23,510,775	25,655,233	14,611,371	44,456,317
Total pension liability - beginning	<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><u>659,370,168</u></u>	\$ <u><u>635,859,393</u></u>	\$ <u><u>610,204,160</u></u>	\$ <u><u>595,592,789</u></u>
<u>Plan fiduciary net position</u>				
Contributions - employer	\$ 25,829,131	\$ 23,566,725	\$ 21,670,552	\$ 19,972,859
Contributions - member	9,457,254	9,282,992	8,842,379	8,661,238
Net investment income	50,390,107	20,972,368	2,146,925	20,748,803
Benefit payments, including refunds of member contributions	<u>(40,367,473)</u>	<u>(37,883,262)</u>	<u>(36,652,624)</u>	<u>(35,872,446)</u>
Net change in plan fiduciary net position	45,309,019	15,938,823	(3,992,768)	13,510,454
Plan fiduciary net position - beginning	<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><u>351,179,411</u></u>	\$ <u><u>305,870,392</u></u>	\$ <u><u>289,931,569</u></u>	\$ <u><u>293,924,337</u></u>
Net pension liability - ending (a) - (b)	\$ <u><u>308,190,757</u></u>	\$ <u><u>329,989,001</u></u>	\$ <u><u>320,272,591</u></u>	\$ <u><u>301,668,452</u></u>
Plan fiduciary net position as a percentage of the total pension liability	53.26%	48.10%	47.51%	49.35%
Covered-employee payroll	\$ 96,567,809	\$ 94,881,278	\$ 92,136,867	\$ 86,807,549
Net pension liability as a percentage of covered-employee payroll	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, 2018

PENSION PLAN SCHEDULES (CONTINUED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 25,829,131	23,566,725	21,670,552	19,972,859	18,363,516
Contributions in relation to the actuarially determined contribution	<u>25,829,131</u>	<u>23,566,725</u>	<u>21,670,552</u>	<u>19,972,859</u>	<u>18,363,516</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Covered-employee payroll	\$ 96,567,809	94,881,278	92,136,867	86,807,549	86,807,549
Contributions as a percentage of covered-employee payroll	26.75%	24.84%	23.52%	23.01%	21.15%
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 16,343,094	16,252,351	15,029,827	13,547,778	12,843,635
Contributions in relation to the actuarially determined contribution	<u>16,343,094</u>	<u>16,252,351</u>	<u>15,029,827</u>	<u>13,547,778</u>	<u>12,843,635</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Covered-employee payroll	\$ 82,970,000	80,337,000	81,378,000	83,844,000	82,014,000
Contributions as a percentage of covered-employee payroll	19.70%	20.23%	18.47%	16.16%	15.66%

SCHEDULE OF INVESTMENT RETURNS (SYSTEM) (A)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	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, 2018

PENSION PLAN SCHEDULES (CONTINUED)

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

	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
City's proportion of the net pension liability	99.008917%	98.993848%	99.000556%	99.026264%
City's proportionate share of the net pension liability	305,136,331	326,668,811	317,071,646	298,730,998
City's covered-employee payroll	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-employee payroll	320.55%	347.79%	348.66%	348.81%
Plan fiduciary net position as a percentage of the total pension liability	53.26%	48.10%	47.51%	49.35%

*The amounts presented were determined as of 12/31/17, 12/31/16, 12/31/15 and 12/31/14

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Required Contribution	\$ 25,573,143	\$ 23,329,608	\$ 21,453,967	\$ 19,778,376
Contributions in Relation to the Actuarially Required Contribution	25,573,143	23,329,608	21,453,967	19,778,376
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered-Employee Payroll	\$ 95,190,276	\$ 93,926,628	\$ 90,939,864	\$ 85,643,310
Contributions as a Percentage of Covered Employee Payroll	26.87%	24.84%	23.59%	23.09%

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

	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
City's proportion of the net pension liability	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	<u>383,939,326</u>	<u>375,785,250</u>	<u>337,530,133</u>	<u>260,194,376</u>
Total	<u>\$ 383,939,326</u>	<u>\$ 375,785,250</u>	<u>\$ 337,530,133</u>	<u>\$ 260,194,376</u>
City's covered-employee payroll	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-employee payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	52.73%	52.73%	55.38%	61.64%

*The amounts presented were determined as of June 30, 2017, June 30, 2016, June 30, 2015 and June 30, 2014.

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

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2018

PENSION PLAN SCHEDULES (CONTINUED)

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

	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 113,921,033	\$ 110,555,252	\$ 104,421,833	\$ 100,361,397
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

*The amounts presented were determined as of June 30, 2017, June 30, 2016, June 30, 2015 and June 30, 2014.

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2018

OTHER POSTEMPLOYMENT BENEFITS SCHEDULES

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

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

	<u>2018</u>	<u>2017</u>
<u>Total OPEB liability</u>		
Service cost	\$ 25,272,995	\$ 30,190,353
Interest	23,594,722	20,240,435
Changes of assumptions	(28,013,342)	(76,049,934)
Benefit payments	<u>(22,211,248)</u>	<u>(19,017,966)</u>
Net change in total OPEB liability	(1,356,873)	(44,637,112)
Total OPEB liability - beginning	<u>644,805,424</u>	<u>689,442,536</u>
Total OPEB liability - ending (a)	<u>\$ 643,448,551</u>	<u>\$ 644,805,424</u>
<u>Plan fiduciary net position</u>		
Contributions - employer	\$ 24,328,980	\$ 20,872,070
Net investment income	604,735	554,860
Benefit payments	<u>(22,211,248)</u>	<u>(19,017,966)</u>
Net change in plan fiduciary net position	2,722,467	2,408,964
Plan fiduciary net position - beginning	<u>5,978,698</u>	<u>3,569,734</u>
Plan fiduciary net position - ending (b)	<u>\$ 8,701,165</u>	<u>\$ 5,978,698</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 634,747,386</u>	<u>\$ 638,826,726</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.35%	0.93%
Covered-employee payroll	\$ 245,502,840	\$ 227,381,047
Net OPEB liability as a percentage of covered-employee payroll	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, 2018

OTHER POSTEMPLOYMENT BENEFITS SCHEDULES (CONTINUED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS (PLAN) (A)

	<u>2018</u>	<u>2017</u>
Actuarially Required Contribution	\$ 33,900,292	\$ 55,094,130
Contributions in Relation to the Actuarially Required Contribution	<u>24,328,980</u>	<u>20,872,070</u>
Contribution Deficiency (Excess)	<u>\$ 9,571,312</u>	<u>\$ 34,222,060</u>
City's Covered-Employee Payroll	\$ 245,502,840	\$ 227,381,047
Contributions as a Percentage of Covered Employee Payroll	9.91%	9.18%

SCHEDULE OF INVESTMENT RETURNS (PLAN) (A)

	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	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, 2018

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 (2008-2017):	Entry Age Normal
Amortization method (2008-2009):	Payment increases 4.50% per year
Amortization method (2010-2012):	Payment increases 3.75% per year
Amortization method (2013):	Payment increases 8.50% per year
Amortization method (2014):	Payment increases 8.75% per year
Amortization method (2015-2017)	Payment increases 9.60% per year
Remaining amortization period (2008):	20 years
Remaining amortization period (2009):	20 years
Remaining amortization period (2010):	27 years
Remaining amortization period (2011):	26 years
Remaining amortization period (2012):	24 years
Remaining amortization period (2013):	15 years
Remaining amortization period (2014):	14 years
Remaining amortization period (2015-2016):	13 years
Remaining amortization period (2017):	12 years
Asset valuation method (2008-2009):	Market value
Asset valuation method (2010-2017):	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 (2008-2012):	3.0%
Inflation (2013):	2.0 – 2.5%
Inflation (2014-2017):	2.5%
Salary increases (2008):	3.00 – 5.25%
Salary increases (2009):	4.00 – 5.25%
Salary increases (2010-2011):	2.0 – 3.5%
Salary increases (2012):	2.5 – 3.5%
Salary increases (2013):	3.0 – 3.5%
Salary increases (2014-2016):	3.5%
Salary increases (2017):	3.5 – 8.0%
Investment rate of return (2008-2009):	8.00%
Investment rate of return (2010-2012):	7.75%
Investment rate of return (2013):	7.35%
Investment rate of return (2014-2015):	7.35%
Investment rate of return (2016):	7.50%
Investment rate of return (2017):	7.25%

CITY OF NEWTON, MASSACHUSETTS
Notes to Required Supplementary Information
Fiscal Year Ended June 30, 2018

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 (2017-2018):	Entry Age Normal
Amortization method (2017-2018):	Level dollar
Remaining amortization period (2017-2018):	30 years (open)
Interest discount rate (2017-2018):	2.06%
Healthcare/Medical cost trend rate (2017-2018):	8.39% in 2016 graded down to 6.08% in 2021 and thereafter.

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Special Revenue Funds

School Lunch Fund:

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

Revolving Fund

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

Receipts Reserved Fund

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

Community Development Block Grant Fund

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

Municipal Federal Grant Fund

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

Municipal State Grant Fund

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

School State Grant Fund

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

School Federal Grant Fund

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

Gift Fund

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

Capital Projects Funds

Public Building Improvements Fund

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

School Building Improvements Fund

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

Street Improvements Fund

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

Municipal Equipment Replacement Fund

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

Permanent Funds

Municipal Fund

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

Library Common Fund

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

CITY OF NEWTON, MASSACHUSETTS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2018

Special Revenue Funds

ASSETS	School Lunch	Revolving	Receipts Reserved	Community Development Block Grant	Municipal Federal Grant
Cash and cash equivalents.....	\$ -	\$ -	\$ 3,440,236	\$ -	\$ -
Restricted cash and cash equivalents.....	616,379	7,731,691	1,142,696	28,177	1,208,600
Restricted investments.....	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:					
User charges.....	-	576,665	-	-	-
Special assessments.....	-	198,745	-	-	-
Intergovernmental.....	51,723	-	-	-	16,605
Other assets.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 668,102	\$ 8,507,101	\$ 4,582,932	\$ 28,177	\$ 1,225,205
LIABILITIES					
Warrants payable.....	\$ 335,966	\$ 361,409	\$ 25	\$ 6,746	\$ 1,050
Accrued liabilities.....	2,249	57,372	-	3,032	18,057
Accrued payroll.....	1,803	325,405	-	5,178	264
Other liabilities.....	273,660	-	-	2	-
Due to other funds.....	-	-	-	-	-
Short-term notes payable.....	-	-	-	-	-
TOTAL LIABILITIES.....	613,678	744,186	25	14,958	19,371
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	-	373,609	-	-	-
FUND BALANCES					
Nonspendable.....	-	-	-	-	-
Restricted.....	54,424	7,389,306	1,142,671	13,219	1,205,834
Committed.....	-	-	3,440,236	-	-
Unassigned.....	-	-	-	-	-
TOTAL FUND BALANCES.....	54,424	7,389,306	4,582,907	13,219	1,205,834
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 668,102	\$ 8,507,101	\$ 4,582,932	\$ 28,177	\$ 1,225,205

Special Revenue Funds

Municipal State Grant	School State Grant	School Federal Grant	Gift	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ 3,440,236
493,870	27,596	-	1,261,981	12,510,990
-	-	-	-	-
-	-	-	-	576,665
-	-	-	-	198,745
37,751	2,230,377	924,199	-	3,260,655
-	-	-	-	-
<u>\$ 531,621</u>	<u>\$ 2,257,973</u>	<u>\$ 924,199</u>	<u>\$ 1,261,981</u>	<u>\$ 19,987,291</u>
\$ 26,924	\$ 152,450	\$ 3,836	\$ 161,113	\$ 1,049,519
11,644	56	-	22,511	114,921
16,589	100,320	66,571	4,735	520,865
-	-	-	-	273,662
-	14,864	679,035	-	693,899
-	-	-	-	-
<u>55,157</u>	<u>267,690</u>	<u>749,442</u>	<u>188,359</u>	<u>2,652,866</u>
-	-	-	-	373,609
-	-	-	-	-
476,464	1,990,283	174,757	1,073,622	13,520,580
-	-	-	-	3,440,236
-	-	-	-	-
<u>476,464</u>	<u>1,990,283</u>	<u>174,757</u>	<u>1,073,622</u>	<u>16,960,816</u>
<u>\$ 531,621</u>	<u>\$ 2,257,973</u>	<u>\$ 924,199</u>	<u>\$ 1,261,981</u>	<u>\$ 19,987,291</u>

(Continued)

CITY OF NEWTON, MASSACHUSETTS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2018

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.....	915,597	1,622,386	1,466,338	1,404,002	5,408,323
Restricted investments.....	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:					
Charges for services.....	-	-	-	-	-
Special assessments.....	-	-	-	-	-
Intergovernmental.....	-	-	99,397	-	99,397
Other assets.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 915,597	\$ 1,622,386	\$ 1,565,735	\$ 1,404,002	\$ 5,507,720
LIABILITIES					
Warrants payable.....	\$ 88,056	\$ 220	\$ 294,361	\$ -	\$ 382,637
Accrued liabilities.....	-	-	129,964	-	129,964
Accrued payroll.....	-	-	-	-	-
Other liabilities.....	-	-	-	-	-
Due to other funds.....	-	-	21,967	-	21,967
Short-term notes payable.....	213,000	-	-	1,887,000	2,100,000
TOTAL LIABILITIES.....	301,056	220	446,292	1,887,000	2,634,568
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	-	-	-	-	-
FUND BALANCES:					
Nonspendable.....	-	-	-	-	-
Restricted.....	614,541	1,622,166	1,119,443	-	3,356,150
Committed.....	-	-	-	-	-
Unassigned.....	-	-	-	(482,998)	(482,998)
TOTAL FUND BALANCES.....	614,541	1,622,166	1,119,443	(482,998)	2,873,152
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 915,597	\$ 1,622,386	\$ 1,565,735	\$ 1,404,002	\$ 5,507,720

Permanent Funds

Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 3,440,236
433,282	772,677	1,205,959	19,125,272
-	770,079	770,079	770,079
-	-	-	576,665
-	-	-	198,745
-	-	-	3,360,052
<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
<u>\$ 463,282</u>	<u>\$ 1,542,756</u>	<u>\$ 2,006,038</u>	<u>\$ 27,501,049</u>
\$ -	\$ -	\$ -	\$ 1,432,156
-	-	-	244,885
-	-	-	520,865
-	-	-	273,662
-	-	-	715,866
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,100,000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>5,287,434</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>373,609</u>
397,064	-	397,064	397,064
66,218	1,542,756	1,608,974	18,485,704
-	-	-	3,440,236
<u>-</u>	<u>-</u>	<u>-</u>	<u>(482,998)</u>
<u>463,282</u>	<u>1,542,756</u>	<u>2,006,038</u>	<u>21,840,006</u>
<u>\$ 463,282</u>	<u>\$ 1,542,756</u>	<u>\$ 2,006,038</u>	<u>\$ 27,501,049</u>

(Concluded)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Special Revenue Funds

	School Lunch	Revolving	Receipts Reserved	Community Development Block Grant	Municipal Federal Grant
REVENUES					
Licenses and permits.....	\$ -	\$ -	\$ 2,804,521	\$ -	\$ -
Intergovernmental	735,115	20,319	105,102	3,258,119	2,059,711
Charges for services.....	2,386,977	15,576,250	-	-	-
Fines and forfeitures.....	-	71,479	21,850	-	-
Investment income	7,873	20,015	376	-	-
Contributions and donations.....	-	178,747	136,500	-	-
Miscellaneous.....	-	79,008	253,552	-	-
Special assessments.....	-	205,022	-	-	-
TOTAL REVENUES.....	3,129,965	16,150,840	3,321,901	3,258,119	2,059,711
EXPENDITURES					
Current:					
General government:					
Legislative & executive.....	-	958	-	-	-
Planning & development.....	-	118,868	-	3,683,728	1,590,727
Public building maintenance & operations.....	-	4,197	-	-	-
Public safety:					
Police.....	-	4,494,481	-	-	16,923
Fire.....	-	334,759	-	-	75,577
Inspectional services.....	-	8,871	-	-	-
Education.....	3,111,258	8,311,663	-	-	-
Public works:					
Streets & sidewalks.....	-	84,989	-	-	-
Sanitation.....	-	-	-	-	-
Engineering.....	-	59,592	-	-	-
Health and human services:					
Health & human services.....	-	247	-	-	51,171
Senior services.....	-	163,895	-	-	-
Veteran services.....	-	-	-	-	-
Culture and recreation:					
Libraries.....	-	34,839	-	-	3,887
Parks & recreation.....	-	3,359,181	-	-	-
Newton History museum.....	-	5,256	-	-	-
TOTAL EXPENDITURES.....	3,111,258	16,981,796	-	3,683,728	1,738,285
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	18,707	(830,956)	3,321,901	(425,609)	321,426
OTHER FINANCING SOURCES (USES)					
Transfers in.....	25,935	1,150,578	-	-	41,080
Issuance of general obligation bonds.....	-	-	-	-	-
Premium from issuance of bonds and notes.....	-	-	211,467	-	-
Proceeds of refunding bonds.....	-	-	-	-	-
Premium from issuance of refunding bonds.....	-	-	-	-	-
Sale of assets.....	-	51,804	-	-	-
Transfers out.....	-	-	(1,427,131)	-	-
Payments to refunding bond escrow agent.....	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	25,935	1,202,382	(1,215,664)	-	41,080
NET CHANGE IN FUND BALANCES.....	44,642	371,426	2,106,237	(425,609)	362,506
FUND BALANCES AT BEGINNING OF YEAR.....	9,782	7,017,880	2,476,670	438,828	843,328
FUND BALANCES AT END OF YEAR.....	\$ 54,424	\$ 7,389,306	\$ 4,582,907	\$ 13,219	\$ 1,205,834

Special Revenue Funds

Municipal State Grant	School State Grant	School Federal Grant	Gift	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ 2,804,521
1,121,178	8,226,619	4,501,231	-	20,027,394
-	-	-	-	17,963,227
-	-	-	-	93,329
144	-	-	2,968	31,376
-	-	-	475,110	790,357
-	-	-	1	332,561
-	-	-	-	205,022
<u>1,121,322</u>	<u>8,226,619</u>	<u>4,501,231</u>	<u>478,079</u>	<u>42,247,787</u>
8,644	-	-	2,612	12,214
41,237	-	-	500	5,435,060
196,197	-	-	-	200,394
235,642	-	-	2,108	4,749,154
41,798	-	-	-	452,134
-	-	-	-	8,871
-	6,844,161	4,540,202	499,252	23,306,536
-	-	-	-	84,989
58,244	-	-	-	58,244
-	-	-	-	59,592
164,669	-	-	18,506	234,593
215,769	-	-	4,603	384,267
-	-	-	1,545	1,545
90,730	-	-	-	129,456
24,144	-	-	128,915	3,512,240
-	-	-	-	5,256
<u>1,077,074</u>	<u>6,844,161</u>	<u>4,540,202</u>	<u>658,041</u>	<u>38,634,545</u>
<u>44,248</u>	<u>1,382,458</u>	<u>(38,971)</u>	<u>(179,962)</u>	<u>3,613,242</u>
-	-	-	-	1,217,593
-	-	-	-	-
-	-	-	-	211,467
-	-	-	-	-
-	-	-	-	-
-	-	-	-	51,804
-	-	-	(1,900)	(1,429,031)
-	-	-	-	-
-	-	-	(1,900)	51,833
44,248	1,382,458	(38,971)	(181,862)	3,665,075
<u>432,216</u>	<u>607,825</u>	<u>213,728</u>	<u>1,255,484</u>	<u>13,295,741</u>
<u>\$ 476,464</u>	<u>\$ 1,990,283</u>	<u>\$ 174,757</u>	<u>\$ 1,073,622</u>	<u>\$ 16,960,816</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, 2018

Capital Projects Funds

	Public Building Improvements	School Building Improvements	Street Improvements	Municipal Equipment Replacement	Sub-total
REVENUES					
Licenses and permits.....	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	589,156	-	589,156
Charges for services.....	-	-	-	-	-
Fines and forfeitures.....	-	-	-	-	-
Investment income (loss).....	-	-	-	-	-
Contributions and donations.....	-	-	-	-	-
Miscellaneous.....	68,234	194,769	-	-	263,003
Special assessments.....	-	-	-	-	-
TOTAL REVENUES.....	68,234	194,769	589,156	-	852,159
EXPENDITURES					
Current:					
General government:					
Legislative & executive.....	-	-	-	-	-
Planning & development.....	-	-	-	-	-
Public building maintenance & operations.....	4,031,743	-	-	-	4,031,743
Public safety:					
Police.....	-	-	-	-	-
Fire.....	-	-	-	399,261	399,261
Inspectional services.....	-	-	-	-	-
Education.....	-	4,231,523	-	-	4,231,523
Public works:					
Streets & sidewalks.....	-	-	1,526,440	279,995	1,806,435
Sanitation.....	-	-	-	-	-
Engineering.....	-	-	-	-	-
Health and human services:					
Health & human services.....	-	-	-	-	-
Senior services.....	-	-	-	-	-
Veteran services.....	-	-	-	-	-
Culture and recreation:					
Libraries.....	-	-	-	-	-
Parks & recreation.....	78,116	-	-	5,218	83,334
Newton History museum.....	-	-	-	-	-
TOTAL EXPENDITURES.....	4,109,859	4,231,523	1,526,440	684,474	10,552,296
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....					
	(4,041,625)	(4,036,754)	(937,284)	(684,474)	(9,700,137)
OTHER FINANCING SOURCES (USES)					
Transfers in.....	-	920,000	-	-	920,000
Issuance of general obligation bonds.....	1,775,000	2,159,700	1,607,025	-	5,541,725
Premium from issuance of bonds and notes.....	214,372	260,833	194,085	-	669,290
Proceeds of refunding bonds.....	3,076,775	8,782,225	-	-	11,859,000
Premium from issuance of refunding bonds.....	434,128	1,239,156	-	-	1,673,284
Sale of assets.....	-	-	-	-	-
Transfers out.....	-	-	-	-	-
Payments to refunding bond escrow agent.....	(3,579,137)	(10,216,149)	-	-	(13,795,286)
TOTAL OTHER FINANCING SOURCES (USES).....	1,921,138	3,145,765	1,801,110	-	6,868,013
NET CHANGE IN FUND BALANCES.....	(2,120,487)	(890,989)	863,826	(684,474)	(2,832,124)
FUND BALANCES AT BEGINNING OF YEAR.....	2,735,028	2,513,155	255,617	201,476	5,705,276
FUND BALANCES AT END OF YEAR.....	\$ 614,541	\$ 1,622,166	\$ 1,119,443	\$ (482,998)	\$ 2,873,152

Permanent Funds

Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 2,804,521
-	-	-	20,616,550
39	-	39	17,963,266
-	-	-	93,329
3,945	81,385	85,330	116,706
-	604,716	604,716	1,395,073
-	-	-	595,564
-	-	-	205,022
<u>3,984</u>	<u>686,101</u>	<u>690,085</u>	<u>43,790,031</u>
-	-	-	12,214
-	-	-	5,435,060
-	-	-	4,232,137
-	-	-	4,749,154
-	-	-	851,395
-	-	-	8,871
-	-	-	27,538,059
-	-	-	1,891,424
-	-	-	58,244
-	-	-	59,592
-	-	-	234,593
-	-	-	384,267
-	-	-	1,545
-	387,287	387,287	516,743
3,929	-	3,929	3,599,503
-	-	-	5,256
<u>3,929</u>	<u>387,287</u>	<u>391,216</u>	<u>49,578,057</u>
<u>55</u>	<u>298,814</u>	<u>298,869</u>	<u>(5,788,026)</u>
-	-	-	2,137,593
-	-	-	5,541,725
-	-	-	880,757
-	-	-	11,859,000
-	-	-	1,673,284
-	-	-	51,804
-	-	-	(1,429,031)
-	-	-	(13,795,286)
-	-	-	6,919,846
55	298,814	298,869	1,131,820
<u>463,227</u>	<u>1,243,942</u>	<u>1,707,169</u>	<u>20,708,186</u>
<u>\$ 463,282</u>	<u>\$ 1,542,756</u>	<u>\$ 2,006,038</u>	<u>\$ 21,840,006</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, 2017

ASSETS	Health Insurance	Workers' Compensation Insurance	Liability Insurance	Total
Current assets:				
Restricted cash and cash equivalents.....	\$ 19,013,200	\$ 850,936	\$ 4,493	\$ 19,868,629
Restricted investments.....	-	12,924,864	-	12,924,864
Interest and dividends.....	-	16,105	-	16,105
Receivables, net of allowance for uncollectible amounts:				
Departmental and other.....	740,314	-	-	740,314
Working capital deposit.....	373,305	-	-	373,305
Total assets.....	<u>20,126,819</u>	<u>13,791,905</u>	<u>4,493</u>	<u>33,923,217</u>
LIABILITIES				
Current liabilities:				
Warrants payable.....	5,837	46,037	-	51,874
Accrued liabilities.....	646,650	43,494	-	690,144
Accrued payroll.....	-	15,065	-	15,065
Other liabilities.....	1,894,122	-	-	1,894,122
Accrued health claims payable.....	4,719,736	-	-	4,719,736
Workers' compensation claims.....	-	128,143	-	128,143
Total current liabilities.....	<u>7,266,345</u>	<u>232,739</u>	<u>-</u>	<u>7,499,084</u>
Noncurrent liabilities:				
Workers' compensation claims.....	-	7,734,209	-	7,734,209
Total liabilities.....	<u>7,266,345</u>	<u>7,966,948</u>	<u>-</u>	<u>15,233,293</u>
FUND NET POSITION				
Unrestricted.....	<u>\$ 12,860,474</u>	<u>\$ 5,824,957</u>	<u>\$ 4,493</u>	<u>\$ 18,689,924</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, 2018

	Health Insurance	Workers' Compensation Insurance	Liability Insurance	Total
OPERATING REVENUES				
Employer contributions.....	\$ 47,742,179	\$ 1,700,000	\$ -	\$ 49,442,179
Plan member contributions.....	12,963,881	-	-	12,963,881
TOTAL OPERATING REVENUES.....	<u>60,706,060</u>	<u>1,700,000</u>	<u>-</u>	<u>62,406,060</u>
OPERATING EXPENSES				
Change in incurred but not reported liability.....	564,043	45	-	564,088
Self insurance claims.....	60,563,682	1,791,578	-	62,355,260
Administrative expenses.....	4,017,931	108,377	-	4,126,308
TOTAL OPERATING EXPENSES.....	<u>65,145,656</u>	<u>1,900,000</u>	<u>-</u>	<u>67,045,656</u>
OPERATING INCOME (LOSS).....	<u>(4,439,596)</u>	<u>(200,000)</u>	<u>-</u>	<u>(4,639,596)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income.....	252,784	1,255,568	58	1,508,410
CHANGE IN FUND NET POSITION.....	(4,186,812)	1,055,568	58	(3,131,186)
FUND NET POSITION AT BEGINNING OF YEAR.....	<u>17,047,286</u>	<u>4,769,389</u>	<u>4,435</u>	<u>21,821,110</u>
FUND NET POSITION AT END OF YEAR.....	<u>\$ 12,860,474</u>	<u>\$ 5,824,957</u>	<u>\$ 4,493</u>	<u>\$ 18,689,924</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Health Insurance	Workers' Compensation Insurance	Liability Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users.....	\$ 12,963,881	\$ -	\$ -	\$ 12,963,881
Receipts from interfund services provided.....	47,153,807	1,700,000	-	48,853,807
Payments to vendors/providers.....	(63,520,124)	(1,825,685)	-	(65,345,809)
NET CASH FROM OPERATING ACTIVITIES.....	<u>(3,402,436)</u>	<u>(125,685)</u>	<u>-</u>	<u>(3,528,121)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase and sales of investments, net.....	-	(1,192,515)	-	(1,192,515)
Investment income.....	252,784	1,254,990	58	1,507,832
NET CASH FROM INVESTING ACTIVITIES.....	<u>252,784</u>	<u>62,475</u>	<u>58</u>	<u>315,317</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(3,149,652)	(63,210)	58	(3,212,804)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (restricted).....	<u>22,162,852</u>	<u>914,146</u>	<u>4,435</u>	<u>23,081,433</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (restricted).....	<u>\$ 19,013,200</u>	<u>\$ 850,936</u>	<u>\$ 4,493</u>	<u>\$ 19,868,629</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss).....	\$ (4,439,596)	\$ (200,000)	\$ -	\$ (4,639,596)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Changes in assets and liabilities:				
Departmental and other.....	(588,372)	-	-	(588,372)
Working capital deposit.....	22,162	-	-	22,162
Warrants payable.....	(19,833)	(38,384)	-	(58,217)
Accrued payroll.....	-	(11,445)	-	(11,445)
Other liabilities.....	808,012	-	-	808,012
Accrued liabilities.....	273,002	(3,999)	-	269,003
Accrued health claims payable.....	542,189	-	-	542,189
Workers' compensation.....	-	128,143	-	128,143
Total adjustments.....	<u>1,037,160</u>	<u>74,315</u>	<u>-</u>	<u>1,111,475</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ (3,402,436)</u>	<u>\$ (125,685)</u>	<u>\$ -</u>	<u>\$ (3,528,121)</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.

Gorin Education Fund

This fund is used to account for loans to Newton high school graduates for attending institutions of higher education. Revenues consist primarily of investment income on fund cash and investments.

Cousens Welfare Fund

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

Newton North High School Scholarship Fund

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

Kendrick Welfare Fund

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

Read Charity Fund

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

Spear Infirmary Fund

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

Mabel Riley Senior Fund

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

Elderly Tax Relief Fund

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

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

JUNE 30, 2018

	Chaffin Education	Scovell Education	Cousens Welfare	Newton North High School Scholarship
ASSETS				
Cash and cash equivalents.....	\$ 13,149	\$ 2,643	\$ 38,761	\$ 593,369
Investments:				
Fixed Income.....	1,522,456	514,664	1,018,550	287,017
Equities.....	4,232,179	946,071	1,268,565	532,517
Interest and dividends.....	636	2,636	5,611	1,036
Total assets.....	<u>5,768,420</u>	<u>1,466,014</u>	<u>2,331,487</u>	<u>1,413,939</u>
LIABILITIES				
Warrants payable.....	-	1,000	-	-
NET POSITION				
Assets held in trust for other purposes.....	<u>\$ 5,768,420</u>	<u>\$ 1,465,014</u>	<u>\$ 2,331,487</u>	<u>\$ 1,413,939</u>

	<u>Kendrick Welfare</u>	<u>Read Charity</u>	<u>Spear Infirmary</u>	<u>Mabel Riley Senior</u>	<u>Elderly Tax Relief</u>	<u>Total</u>
\$	3,201	\$ 44,469	\$ 4,801	\$ 39,164	\$ 4,991	\$ 744,548
	-	-	-	-	-	3,342,687
	-	-	-	-	-	6,979,332
	-	-	-	-	-	9,919
	<u>3,201</u>	<u>44,469</u>	<u>4,801</u>	<u>39,164</u>	<u>4,991</u>	<u>11,076,486</u>
	-	-	-	-	-	1,000
\$	<u><u>3,201</u></u>	\$ <u><u>44,469</u></u>	\$ <u><u>4,801</u></u>	\$ <u><u>39,164</u></u>	\$ <u><u>4,991</u></u>	\$ <u><u>11,075,486</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, 2018

	<u>Chaffin Education</u>	<u>Scovell Education</u>	<u>Cousens Welfare</u>	<u>Newton North High School Scholarship</u>
ADDITIONS				
Contributions:				
Private donations.....	\$ -	\$ -	\$ 10,400	\$ 79,843
Net investment income:				
Interest.....	395,457	113,570	114,632	72,478
TOTAL ADDITIONS.....	<u>395,457</u>	<u>113,570</u>	<u>125,032</u>	<u>152,321</u>
DEDUCTIONS				
Administration expense.....	726	-	26,512	-
Educational scholarships & awards.....	196,500	25,000	54,425	94,259
TOTAL DEDUCTIONS.....	<u>197,226</u>	<u>25,000</u>	<u>80,937</u>	<u>94,259</u>
CHANGE IN NET POSITION.....	198,231	88,570	44,095	58,062
NET POSITION AT BEGINNING OF YEAR.....	<u>5,570,189</u>	<u>1,376,444</u>	<u>2,287,392</u>	<u>1,355,877</u>
NET POSITION AT END OF YEAR.....	<u>\$ 5,768,420</u>	<u>\$ 1,465,014</u>	<u>\$ 2,331,487</u>	<u>\$ 1,413,939</u>

<u>Kendrick Welfare</u>	<u>Read Charity</u>	<u>Spear Infirmiry</u>	<u>Mabel Riley Senior</u>	<u>Elderly Tax Relief</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,502	\$ 92,745
<u>42</u>	<u>577</u>	<u>62</u>	<u>508</u>	<u>60</u>	<u>697,386</u>
<u>42</u>	<u>577</u>	<u>62</u>	<u>508</u>	<u>2,562</u>	<u>790,131</u>
-	-	-	-	-	27,238
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>371,184</u>
-	-	-	-	1,000	398,422
<u>42</u>	<u>577</u>	<u>62</u>	<u>508</u>	<u>1,562</u>	<u>391,709</u>
<u>3,159</u>	<u>43,892</u>	<u>4,739</u>	<u>38,656</u>	<u>3,429</u>	<u>10,683,777</u>
<u>\$ 3,201</u>	<u>\$ 44,469</u>	<u>\$ 4,801</u>	<u>\$ 39,164</u>	<u>\$ 4,991</u>	<u>\$ 11,075,486</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, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS				
Cash and cash equivalents.....	\$ 4,505,883	\$ 161,550,995	\$ (163,153,072)	\$ 2,903,806
LIABILITIES				
Payroll withholdings.....	\$ 2,076,825	\$ 158,603,348	\$ (160,293,897)	\$ 386,276
Other liabilities.....	2,429,058	2,947,647	(2,859,175)	2,517,530
Total liabilities.....	\$ 4,505,883	\$ 161,550,995	\$ (163,153,072)	\$ 2,903,806



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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, 2018

	Encumbrances/ Continued Appropriations	FY 2018 Original Budget	FY 2018 Budget Revisions
City Clerk/Clerk of the Board			
Personal Services	\$ -	\$ 1,346,947	\$ 8,000
Expenses	40,805	222,586	-
Capital Outlay	2,000	9,000	-
Fringe Benefits	-	355,655	(3,936)
Total City Clerk/Clerk of the Board	<u>42,805</u>	<u>1,934,188</u>	<u>4,064</u>
Executive			
Personal Services	-	861,365	(55,000)
Expenses	46	67,730	85,000
Fringe Benefits	-	113,914	(3,349)
Total Mayor's Office	<u>46</u>	<u>1,043,009</u>	<u>26,651</u>
Comptroller's Office/Property Insurance/Audit			
Personal Services	-	500,757	17,000
Expenses	91,920	652,220	-
Fringe Benefits	-	68,482	10,555
Total Comptroller's Office/Property Insurance	<u>91,920</u>	<u>1,221,459</u>	<u>27,555</u>
Purchasing/General Services			
Personal Services	-	359,244	6,000
Expenses	1,200	57,150	-
Fringe Benefits	-	87,347	2,102
Total Purchasing/General Services	<u>1,200</u>	<u>503,741</u>	<u>8,102</u>
Assessing Department			
Personal Services	-	1,061,516	(66,500)
Expenses	-	62,175	-
Fringe Benefits	-	153,042	(2,085)
Total Assessing Department	<u>-</u>	<u>1,276,733</u>	<u>(68,585)</u>
Treasury & Collection Department			
Personal Services	-	704,957	(23,500)
Expenses	14,926	452,200	206,691
Fringe Benefits	-	115,747	(4,762)
Total Treasury & Collection Department	<u>14,926</u>	<u>1,272,904</u>	<u>178,429</u>
City Solicitor/Judgments & Settlements			
Personal Services	-	1,282,011	10,000
Expenses	55,968	232,495	255,169
Fringe Benefits	-	149,308	(3,014)
Total City Solicitor's Office/Settlements	<u>55,968</u>	<u>1,663,814</u>	<u>262,155</u>

<u>FY 2018 Budget As Amended</u>	<u>Total Revised FY 2018 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 1,354,947	\$ 1,354,947	\$ 1,311,172	\$ -	\$ 43,775
222,586	263,391	197,351	55,423	10,617
9,000	11,000	1,278	8,222	1,500
351,719	351,719	322,389	-	29,330
<u>1,938,252</u>	<u>1,981,057</u>	<u>1,832,190</u>	<u>63,645</u>	<u>85,222</u>
806,365	806,365	803,679	-	2,686
152,730	152,776	45,711	85,000	22,065
110,565	110,565	85,913	-	24,652
<u>1,069,660</u>	<u>1,069,706</u>	<u>935,303</u>	<u>85,000</u>	<u>49,403</u>
517,757	517,757	513,906	-	3,851
652,220	744,140	630,053	109,997	4,090
79,037	79,037	79,037	-	-
<u>1,249,014</u>	<u>1,340,934</u>	<u>1,222,996</u>	<u>109,997</u>	<u>7,941</u>
365,244	365,244	363,449	-	1,795
57,150	58,350	35,140	7,320	15,890
89,449	89,449	84,594	-	4,855
<u>511,843</u>	<u>513,043</u>	<u>483,183</u>	<u>7,320</u>	<u>22,540</u>
995,016	995,016	992,700	-	2,316
62,175	62,175	49,110	-	13,065
150,957	150,957	121,278	-	29,679
<u>1,208,148</u>	<u>1,208,148</u>	<u>1,163,088</u>	<u>-</u>	<u>45,060</u>
681,457	681,457	680,963	-	494
658,891	673,817	529,042	71,172	73,603
110,985	110,985	95,716	-	15,269
<u>1,451,333</u>	<u>1,466,259</u>	<u>1,305,721</u>	<u>71,172</u>	<u>89,366</u>
1,292,011	1,292,011	1,278,546	13,465	-
487,664	543,632	228,164	314,771	697
146,294	146,294	142,985	-	3,309
<u>1,925,969</u>	<u>1,981,937</u>	<u>1,649,695</u>	<u>328,236</u>	<u>4,006</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, 2018

	Encumbrances/ Continued Appropriations	FY 2018 Original Budget	FY 2018 Budget Revisions
Human Resources Department			
Personal Services	-	651,536	(130,000)
Expenses	45,741	185,606	-
Fringe Benefits	-	207,396	(5,642)
Total Human Resources Department	<u>45,741</u>	<u>1,044,538</u>	<u>(135,642)</u>
Information Technology Department			
Personal Services	-	1,033,026	(80,000)
Expenses	9,296	321,553	-
Capital Outlay	-	125,000	30,000
Fringe Benefits	-	166,578	(4,115)
Total Information Technology Department	<u>9,296</u>	<u>1,646,157</u>	<u>(54,115)</u>
Financial Information Systems			
Personal Services	-	248,301	2,000
Expenses	12,789	219,893	-
Fringe Benefits	-	60,056	1,903
Total Financial Information Systems	<u>12,789</u>	<u>528,250</u>	<u>3,903</u>
Planning & Development Department			
Personal Services	-	1,469,931	(55,000)
Expenses	157,017	87,500	-
Capital Outlay	57,026	25,000	-
Fringe Benefits	-	251,421	(17,621)
Total Planning & Development Department	<u>214,043</u>	<u>1,833,852</u>	<u>(72,621)</u>
Public Building Department			
Personal Services	-	2,531,434	30,000
Expenses	122,929	1,479,956	100,000
Capital Outlay	52,569	510,000	-
Fringe Benefits	-	475,841	(7,120)
Total Public Building Department	<u>175,498</u>	<u>4,997,231</u>	<u>122,880</u>
<hr/>			
GENERAL GOVERNMENT TOTAL	<u>664,232</u>	<u>18,965,876</u>	<u>302,776</u>
<hr/>			
Police Department			
Personal Services	-	18,082,183	(40,000)
Expenses	-	931,746	-
Capital Outlay	-	408,000	40,000
Fringe Benefits	-	2,813,533	2,736
Total Police Department	<u>-</u>	<u>22,235,462</u>	<u>2,736</u>

<u>FY 2018 Budget As Amended</u>	<u>Total Revised FY 2018 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
521,536	521,536	518,000	-	3,536
185,606	231,347	220,571	-	10,776
201,754	201,754	169,805	-	31,949
<u>908,896</u>	<u>954,637</u>	<u>908,376</u>	<u>-</u>	<u>46,261</u>
953,026	953,026	943,875	-	9,151
321,553	330,849	303,977	25,913	959
155,000	155,000	151,989	2,799	212
162,463	162,463	156,136	-	6,327
<u>1,592,042</u>	<u>1,601,338</u>	<u>1,555,977</u>	<u>28,712</u>	<u>16,649</u>
250,301	250,301	248,897	-	1,404
219,893	232,682	202,896	21,889	7,897
61,959	61,959	59,478	-	2,481
<u>532,153</u>	<u>544,942</u>	<u>511,271</u>	<u>21,889</u>	<u>11,782</u>
1,414,931	1,414,931	1,381,226	-	33,705
87,500	244,517	173,766	53,928	16,823
25,000	82,026	15,140	66,886	-
233,800	233,800	161,666	-	72,134
<u>1,761,231</u>	<u>1,975,274</u>	<u>1,731,798</u>	<u>120,814</u>	<u>122,662</u>
2,561,434	2,561,434	2,520,214	-	41,220
1,579,956	1,702,885	1,590,642	112,243	-
510,000	562,569	495,983	66,408	178
468,721	468,721	457,235	-	11,486
<u>5,120,111</u>	<u>5,295,609</u>	<u>5,064,074</u>	<u>178,651</u>	<u>52,884</u>
<u>19,268,652</u>	<u>19,932,884</u>	<u>18,363,672</u>	<u>1,015,436</u>	<u>553,776</u>
18,042,183	18,042,183	17,882,349	-	159,834
931,746	931,746	875,981	30,805	24,960
448,000	448,000	393,675	54,173	152
2,816,269	2,816,269	2,693,886	-	122,383
<u>22,238,198</u>	<u>22,238,198</u>	<u>21,845,891</u>	<u>84,978</u>	<u>307,329</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, 2018

	Encumbrances/ Continued Appropriations	FY 2018 Original Budget	FY 2018 Budget Revisions
Fire Department			
Personal Services	-	18,335,247	600,000
Expenses	85,077	943,325	100,000
Capital Outlay	106,719	157,000	-
Fringe Benefits	-	2,927,169	(59,568)
Total Fire Department	<u>191,796</u>	<u>22,362,741</u>	<u>640,432</u>
Inspectional Services Department			
Personal Services	-	1,237,452	(20,000)
Expenses	3,870	55,070	20,000
Fringe Benefits	-	244,483	(7,316)
Total Inspectional Services Department	<u>3,870</u>	<u>1,537,005</u>	<u>(7,316)</u>
PUBLIC SAFETY TOTAL	<u>195,666</u>	<u>46,135,208</u>	<u>635,852</u>
NEWTON PUBLIC SCHOOLS	<u>638,145</u>	<u>217,643,408</u>	<u>18,465</u>
Public Works Department			
Personal Services	-	8,145,939	945,000
Expenses	371,654	12,628,793	4,755,800
Capital Outlay	293,093	250,000	135,000
Fringe Benefits	-	1,685,849	(97,392)
Total Public Works Department	<u>664,747</u>	<u>22,710,581</u>	<u>5,738,408</u>
PUBLIC WORKS TOTAL	<u>664,747</u>	<u>22,710,581</u>	<u>5,738,408</u>

<u>FY 2018 Budget As Amended</u>	<u>Total Revised FY 2018 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
18,935,247	18,935,247	18,809,007	-	126,240
1,043,325	1,128,402	1,056,854	10,901	60,647
157,000	263,719	142,230	121,489	-
2,867,601	2,867,601	2,867,601	-	-
<u>23,003,173</u>	<u>23,194,969</u>	<u>22,875,692</u>	<u>132,390</u>	<u>186,887</u>
1,217,452	1,217,452	1,198,822	-	18,630
75,070	78,940	73,572	2,712	2,656
237,167	237,167	233,533	-	3,634
<u>1,529,689</u>	<u>1,533,559</u>	<u>1,505,927</u>	<u>2,712</u>	<u>24,920</u>
<u>46,771,060</u>	<u>46,966,726</u>	<u>46,227,510</u>	<u>220,080</u>	<u>519,136</u>
<u>217,661,873</u>	<u>218,300,018</u>	<u>216,176,522</u>	<u>2,123,147</u>	<u>349</u>
9,090,939	9,090,939	8,991,143	-	99,796
17,384,593	17,756,247	17,217,885	537,150	1,212
385,000	678,093	364,410	309,795	3,888
1,588,457	1,588,457	1,483,890	-	104,567
<u>28,448,989</u>	<u>29,113,736</u>	<u>28,057,328</u>	<u>846,945</u>	<u>209,463</u>
<u>28,448,989</u>	<u>29,113,736</u>	<u>28,057,328</u>	<u>846,945</u>	<u>209,463</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, 2018

	Encumbrances/ Continued Appropriations	FY 2018 Original Budget	FY 2018 Budget Revisions
Health & Human Services Department			
Personal Services	-	2,852,949	-
Expenses	15,839	495,739	-
Fringe Benefits	-	560,282	(1,750)
Total Public Health Department	<u>15,839</u>	<u>3,908,970</u>	<u>(1,750)</u>
Senior Services Department			
Personal Services	-	262,442	5,000
Expenses	-	293,850	-
Fringe Benefits	-	39,481	17,529
Total Human Services Department	<u>-</u>	<u>595,773</u>	<u>22,529</u>
Veteran Services Department			
Personal Services	-	72,555	-
Expenses	-	305,585	(10,000)
Fringe Benefits	-	3,410	(2,358)
Total Veteran Services Department	<u>-</u>	<u>381,550</u>	<u>(12,358)</u>
<hr/>			
HEALTH & HUMAN SERVICES TOTAL	<u>15,839</u>	<u>4,886,293</u>	<u>8,421</u>
<hr/>			
Newton Public Library			
Personal Services	-	3,874,099	(150,000)
Expenses	1,980	1,117,017	-
Capital Outlay	-	6,210	75,000
Fringe Benefits	-	646,974	(1,127)
Total Newton Public Library	<u>1,980</u>	<u>5,644,300</u>	<u>(76,127)</u>
Parks & Recreation Department			
Personal Services	-	3,341,620	82,200
Expenses	40,258	2,325,003	1,047,000
Capital Outlay	133,300	210,000	-
Fringe Benefits	-	637,201	(2,617)
Total Parks & Recreation Department	<u>173,558</u>	<u>6,513,824</u>	<u>1,126,583</u>
Newton History Museum			
Personal Services	-	218,589	2,000
Expenses	179	31,179	-
Fringe Benefits	-	23,451	3,693
Total Newton History Museum	<u>179</u>	<u>273,219</u>	<u>5,693</u>
<hr/>			
CULTURE & RECREATION TOTAL	<u>175,717</u>	<u>12,431,343</u>	<u>1,056,149</u>

<u>FY 2018 Budget As Amended</u>	<u>Total Revised FY 2018 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
2,852,949	2,852,949	2,756,250	-	96,699
495,739	511,578	463,674	20,333	27,571
558,532	558,532	507,280	-	51,252
<u>3,907,220</u>	<u>3,923,059</u>	<u>3,727,204</u>	<u>20,333</u>	<u>175,522</u>
267,442	267,442	262,889	-	4,553
293,850	293,850	293,591	-	259
57,010	57,010	57,010	-	-
<u>618,302</u>	<u>618,302</u>	<u>613,490</u>	<u>-</u>	<u>4,812</u>
72,555	72,555	72,554	-	1
295,585	295,585	242,033	25,000	28,552
1,052	1,052	1,052	-	-
<u>369,192</u>	<u>369,192</u>	<u>315,639</u>	<u>25,000</u>	<u>28,553</u>
<u>4,894,714</u>	<u>4,910,553</u>	<u>4,656,333</u>	<u>45,333</u>	<u>208,887</u>
3,724,099	3,724,099	3,713,536	-	10,563
1,117,017	1,118,997	1,115,692	2,482	823
81,210	81,210	4,504	75,000	1,706
645,847	645,847	626,651	-	19,196
<u>5,568,173</u>	<u>5,570,153</u>	<u>5,460,383</u>	<u>77,482</u>	<u>32,288</u>
3,423,820	3,423,820	3,414,951	-	8,869
3,372,003	3,412,261	3,057,623	342,096	12,542
210,000	343,300	268,090	75,180	30
634,584	634,584	566,167	-	68,417
<u>7,640,407</u>	<u>7,813,965</u>	<u>7,306,831</u>	<u>417,276</u>	<u>89,858</u>
220,589	220,589	220,589	-	-
31,179	31,358	26,558	-	4,800
27,144	27,144	27,144	-	-
<u>278,912</u>	<u>279,091</u>	<u>274,291</u>	<u>-</u>	<u>4,800</u>
<u>13,487,492</u>	<u>13,663,209</u>	<u>13,041,505</u>	<u>494,758</u>	<u>126,946</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, 2018

	Encumbrances/ Continued Appropriations	FY 2018 Original Budget	FY 2018 Budget Revisions
DEBT SERVICE (PRINCIPAL & INTEREST)			
Debt Service	-	22,918,195	10,000
RETIREMENT			
Personal Services	-	225,774	-
Expenses	-	93,070	-
Fringe Benefits	-	35,893,210	-
Total Retirement	-	36,212,054	-
APPROPRIATED RESERVES			
Wage & Salary Reserve	-	1,211,119	(300,000)
Reserve Fund (Budget Reserve)	-	500,000	(450,169)
Reserve Fund (Staffing/Project Reserve)	-	50,000	(15,000)
Reserve Fund (Snow & Ice)	-	3,000,000	(3,000,000)
Total Budgetary Reserves	-	4,761,119	(3,765,169)
STATE & COUNTY ASSESSMENTS	-	6,206,582	39,917
SPECIAL APPROPRIATIONS	12,197,807	-	10,732,682
TOTAL EXPENDITURES	14,552,153	392,870,659	14,777,501
TRANSFERS TO OTHER FUNDS:			
Workers Comp Self Insurance Fund - Municipal	-	800,000	-
Workers Comp Self Insurance Fund - School	-	400,000	-
School Athletic Revolving Fund - School	-	1,093,078	57,500
Rainy Day Stabilization Fund	-	150,000	350,000
OPEB Fund	-	-	85,254
School Lunch Fund	-	-	24,035
Total Transfers to Other Funds	-	2,443,078	516,789
TOTAL EXPENDITURES AND TRANSFERS	\$ 14,552,153	\$ 395,313,737	\$ 15,294,290

<u>FY 2018 Budget As Amended</u>	<u>Total Revised FY 2018 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
<u>22,928,195</u>	<u>22,928,195</u>	<u>22,870,406</u>	<u>-</u>	<u>57,789</u>
225,774	225,774	225,773	-	1
93,070	93,070	93,070	-	-
<u>35,893,210</u>	<u>35,893,210</u>	<u>35,247,704</u>	<u>-</u>	<u>645,506</u>
<u>36,212,054</u>	<u>36,212,054</u>	<u>35,566,547</u>	<u>-</u>	<u>645,507</u>
911,119	911,119	-	911,119	-
49,831	49,831	-	-	49,831
35,000	35,000	-	-	35,000
-	-	-	-	-
<u>995,950</u>	<u>995,950</u>	<u>-</u>	<u>911,119</u>	<u>84,831</u>
<u>6,246,499</u>	<u>6,246,499</u>	<u>6,050,954</u>	<u>-</u>	<u>195,545</u>
<u>10,732,682</u>	<u>22,930,489</u>	<u>10,872,794</u>	<u>12,057,695</u>	<u>-</u>
<u>407,648,160</u>	<u>422,200,313</u>	<u>401,883,571</u>	<u>17,714,513</u>	<u>2,602,229</u>
800,000	800,000	800,000	-	-
400,000	400,000	400,000	-	-
1,150,578	1,150,578	1,150,578	-	-
500,000	500,000	500,000	-	-
85,254	85,254	85,254	-	-
24,035	24,035	24,035	-	-
<u>2,959,867</u>	<u>2,959,867</u>	<u>2,959,867</u>	<u>-</u>	<u>-</u>
<u>410,608,027</u> \$	<u>425,160,180</u> \$	<u>404,843,438</u> \$	<u>17,714,513</u> \$	<u>2,602,229</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, 2018

	Encumbrances/ Continued Appropriations	Current Year Appropriations	Original Budget
Administration & operations	\$ -	\$ 155,729	\$ 155,729
2018 CPA appropriation reserve	-	2,266,996	2,266,996
Open space:			
Open space reserve	-	346,103	346,103
Historic resources:			
Historic preservation reserve	-	346,103	346,103
Historical burial grounds restoration	2,048	-	2,048
Historical burial grounds restoration Phase Ia	5,344	-	5,344
Nathan Allen House Preservation/Rehabilitation	1,490,478	-	1,490,478
East Parish Burial Ground Restoration	79,611	-	79,611
New Arts Center Renovation Plan Grant	72,652	-	72,652
M. Compris Mural Restoration - NNHS	48,594	-	48,594
Whipple-Beal Fence Project (Newton Cemetary)	-	60,000	60,000
Auburn St. Historic Rehab	-	300,000	300,000
Total - Historic preservation	<u>1,698,727</u>	<u>706,103</u>	<u>2,404,830</u>
Community housing:			
Community housing reserve	-	346,103	346,103
12 & 18-20 Curve St. Affordable Housing	95,946	-	95,946
Newton Homebuyer Assistance Program II	53,246	-	53,246
Newton Homebuyer Assistance Program III	470,497	-	470,497
Taft Ave housing	59,772	-	59,772
Newton Homebuyer Assistance Program - IV	1,057,000	-	1,057,000
Crescent Street site assessment	-	-	-
Crescent Street Design - Housing	74,136	-	74,136
10-12 Cambria St Housing	47,051	-	47,051
Auburn St. Housing	-	677,700	677,700
Total - community housing	<u>1,857,648</u>	<u>1,023,803</u>	<u>2,881,451</u>
Community recreation:			
Newton Highlands Playground Improvements	1,008,926	-	1,008,926
Farlow Park Preservation/Restoration	458,988	-	458,988
Waban Hill Reservoir Land Acquisition	390,668	-	390,668
Crescent Street Design - playground	192,114	-	192,114
Total - community recreation	<u>2,050,696</u>	<u>-</u>	<u>2,050,696</u>
TOTAL CPA FUND	<u>\$ 5,607,071</u>	<u>\$ 4,498,734</u>	<u>\$ 10,105,805</u>

Budget Revisions	Final Budget	Expended	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ -	\$ 155,729	\$ 132,995	\$ 11,800	\$ 10,934
(331,597)	1,935,399	-		1,935,399
-	346,103	-	-	346,103
(346,103)	-	-	-	-
-	2,048	-	2,048	-
-	5,344	2,995	2,349	-
-	1,490,478	267,665	1,222,813	-
-	79,611	-	79,611	-
-	72,652	65,362	7,290	-
(15,500)	33,094	33,094	-	-
-	60,000	1,800	58,200	-
-	300,000	23,847	276,153	-
(361,603)	2,043,227	394,763	1,648,464	-
(346,103)	-	-	-	-
-	95,946	-	95,946	-
-	53,246	-	53,246	-
-	470,497	-	470,497	-
-	59,772	59,772	-	-
-	1,057,000	-	1,057,000	-
-	-	-	-	-
-	74,136	69,723	4,412	1
-	47,051	47,051	-	-
-	677,700	-	677,700	-
(346,103)	2,535,348	176,546	2,358,801	1
-	1,008,926	1,008,926	-	-
-	458,988	362,838	96,150	-
-	390,668	6,200	384,468	-
-	192,114	8,500	183,614	-
-	2,050,696	1,386,464	664,232	-
\$ (1,039,303)	\$ 9,066,502	\$ 2,090,768	\$ 4,683,297	\$ 2,292,437



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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, 2018

	Continued Appropriations	FY 2018 Appropriations	Transfers
School Building Improvement Fund:			
Carr Elementary Evaluation/Design - 2012	\$ 1,674	\$ -	\$ -
Carr Elementary Renovations - 2013	35,427	-	-
FA Day Water Heater	25,046	-	-
Aquinas Window Replacement - 2016	-	-	-
Aquinas Window Replacement - 2017	40,931	-	-
NNHS Baseball Backstop - 2016	71,628	-	-
NSHS Modulars	399,485	-	-
Lincoln Eliot HVAC System		650,000	
150 Jackson St. Feasibility Study		200,000	
Horace Mann Elevator		70,000	
Total School Building Improvement Fund	<u>574,191</u>	<u>920,000</u>	<u>-</u>
High School Improvement Fund:			
Newton South High School Mondo Track Renovation	-	340,715	-
Angier School Improvement Fund			
Angier Elementary School Construction	1,889,314	-	-
Zervas School Improvement Fund			
Zervas Elementary Renovation - 2014	5,523,626	-	-
Cabot School Improvement Fund			
Cabot Construction 1/2017	45,091,483	-	-
23 Parkview Ave Land Taking - 2016	10,228	-	-
Total Cabot School Improvement Fund	<u>45,101,711</u>	<u>-</u>	<u>-</u>
Municipal Building Improvement Fund			
Fire Station #3/HQ Design - 2015	324,246	-	-
Fire Station #3/HQ Design - 2016	232,589	-	-
Fire Station #3/HQ Design - 2017	3,638,340	-	-
Fire Station #10 Renovations	268,794	-	-
City Hall Window Replacement/Repairs - 2011	85,594	-	-
City Hall War Memorial Elevator - 2015	38,849	-	-
Senior Center HVAC improvements - 2015	43,991	-	-
Energy Conservation Improvements - 2016	68,811	-	-
City Hall Roof Heat Trace Wiring - 2016	58,926	-	-
Manet Road Public Safety Communications Building - 2016	12,877	-	-
Library Children's Room	75,000	(75,000)	-
Total Municipal Building Improvement Fund	<u>4,848,017</u>	<u>(75,000)</u>	<u>-</u>

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
\$ -	\$ 1,674	\$ -
-	5,427	30,000
-	25,046	-
-	-	-
4,879	-	36,052
-	-	71,628
397,485	-	2,000
		650,000
		200,000
		70,000
<u>402,364</u>	<u>32,147</u>	<u>1,059,680</u>
<u>340,715</u>	<u>-</u>	<u>-</u>
<u>39,688</u>	<u>-</u>	<u>1,849,626</u>
<u>3,488,445</u>	<u>212,089</u>	<u>1,823,092</u>
11,086,371	30,103,201	3,901,911
-	-	10,228
<u>11,086,371</u>	<u>30,103,201</u>	<u>3,912,139</u>
224,428	42,583	57,235
165,865	30,486	36,238
3,615,050	8,596	14,694
-	259,545	9,249
-	85,594	-
-	-	38,849
-	11,650	32,341
14,230	11,860	42,721
-	7,500	51,426
12,170	-	707
-	-	-
<u>4,031,743</u>	<u>457,814</u>	<u>283,460</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, 2018

	Continued Appropriations	FY 2018 Appropriations	Transfers
CH 90 Highway Improvement Fund:			
Unallocated	221,580	2,309,028	(2,450,971)
Approved projects	124,029	-	2,450,971
Total CH 90 Highway Improvement Fund	345,609	2,309,028	-
Massworks Road Improvement Fund:			
2016 Grant Award	1,497,318	-	-
Municipal Equipment Replacement Fund:			
DPW Snow Equipment - 2016	4,190	-	-
Sewer Cleaner Equipment - 2016	40,410	-	-
DPW Construction Equipment Replacement - 2017	3	-	-
Fire Pumper Replacement - 2016	43,743	-	-
Fire Pumper Replacement - 2017	117,304	-	-
Fire Bucket Truck Replacement - 2016	420	-	-
Street Sweeper Equipment - 2017	11	-	-
Police Dispatch Console Replacement - 2017	372,500	-	-
Fire SCBA Replacement - 2016	22,895	-	-
DPW Gradall Truck - 2018		280,000	
Fire Ladder Replacement - 2018		1,200,000	
Parks - two trash trucks - 2018		192,000	
Parks Bucket truck - 2018		215,000	
Total Municipal Equipment Replacement Fund	601,476	1,887,000	-
Street Improvement Fund			
Harvard/Washington Traffic Signal Improvements - 2017	459,776	-	-
Ded/Nah/Brk Intersectin Improvement	1,400,000	(38,009)	-
Elliot St. Bridge Replacement - 2016	131,574	-	-
APS Units - Complete Street (Reimbursable)	-	147,500	-
Dedham/Nahanton/Brk Intersection Improv - 2018	450,000	(10,881)	-
Total Street Improvement Fund	2,441,350	98,610	-
Park Improvement Fund			
Lower Falls Community Ctr Accessibility - 2013	4,491	-	-
NSHS Tennis Courts - 2016	108,586	-	-
McGrath Park - 2018	-	213,000	-
Total Park Improvement Fund	113,077	213,000	-
Water System Improvement Fund:			
MWRA - Water System - Accumulated Interest Income	85,988	99,974	-
MWRA - Water System Improvements - Loan of 2014	188,843	-	-
MWRA - Water System Improvements - Loan of 2015	2,265	-	-
MWRA - Water System Improvements - Loan of 2016	1,334,211	-	-
MWRA - Water System Improvements - Loan of 2017	1,360,200	-	-
MWRA - Water System Improvements - Loan of 2018	-	1,360,200	-
Water Meter Replacement - 2009	42,298	-	-
Water Main Cleaning & Relining - 2014	255,952	-	-
Water Main Improvements - 2015	389,261	-	-
Water Main Improvements - 2016	2,131,372	-	-
Water Main Improvements - 2017	2,700,000	-	-
Water Main Improvements - 2018	-	3,700,000	-
Waban Hill Reservoir Improvements - 2001/2003	250,467	-	-
2017 MWRA Lead Replacement	4,000,000	-	-
Total Water System Improvement Fund	12,740,857	5,160,174	-

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
-	-	79,637
6,601	2,559,532	8,867
<u>6,601</u>	<u>2,559,532</u>	<u>88,504</u>
<u>166,782</u>	<u>1,351,498</u>	<u>(20,962)</u>
-	-	4,190
-	-	40,410
-	-	3
43,716	-	27
21,460	-	95,844
-	-	420
-	-	11
327,500	-	45,000
2,085	-	20,810
279,995	-	5
4,500	989,125	206,375
-	189,480	2,520
5,218	209,151	631
<u>684,474</u>	<u>1,387,756</u>	<u>416,246</u>
329,774	-	130,002
740,458	35,762	585,771
131,574	-	-
77,430	-	70,070
73,820	-	365,299
<u>1,353,056</u>	<u>35,762</u>	<u>1,151,142</u>
-	4,491	-
-	-	108,586
78,116	134,884	-
<u>78,116</u>	<u>139,375</u>	<u>108,586</u>
-	-	185,962
188,843	-	-
2,265	-	-
616,012	718,199	-
-	-	1,360,200
-	-	1,360,200
-	33,798	8,500
146,952	43,890	65,110
341,549	28,500	19,212
2,131,372	-	-
139,859	387,178	2,172,963
-	-	3,700,000
-	-	250,467
2,518,083	1,288,947	192,970
<u>6,084,935</u>	<u>2,500,512</u>	<u>9,315,584</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, 2018

	Continued Appropriations	FY 2018 Appropriations	Transfers
Sanitary Sewer Improvement Fund:			
Sewer Emergency Repairs (City of Newton)	10,000	-	-
Cochituate Sewer Repair (Town of Wellesley Contb)	135,478	-	-
Sewer Improvements - 2011	70,722	-	-
Phase I Underground Infrastructure Impv Plan - 2012	235,755	-	-
Project Area II (Local Share) - 2014	123,623	-	-
Project Area III & IV - 2014	8,733	-	-
Project Area III/IV/V - 2015	4,744,741	-	-
Sewer I&I - 2016	1,481,059	-	-
Sewer I&I - 2018	-	1,774,840	-
MWRA - Sewer I&I - Accumulated Interest Income	140,791	47,616	-
MWRA - Infiltration/Inflow - 2011	224,924	-	-
MWRA - Infiltration/Inflow - 2014 (Project Area II)	659,331	-	-
MWRA - Infiltration/Inflow - 2015 (Project Area II - V)	41,517	-	-
MWRA - Infiltration/Inflow - 2016 (Project Area III & IV)	2,769,855	-	-
MWRA - Infiltration/Inflow - 2017 Proj	1,708,220	-	-
Total Sanitary Sewer Improvement Fund	<u>12,354,749</u>	<u>1,822,456</u>	<u>-</u>
Storm Drainage Improvement Fund			
Dedham Street Storm Drainage Improvements	19,200	-	-
Laundry Brook Culvert Design	43,945	-	-
Laundry Brook Culvert Construction	2,600,000	(11,015)	-
Forest Grove Pump Station	-	338,000	-
Franklin Storm Water Project	-	150,000	-
Total Storm Drainage Improvement Fund	<u>2,663,145</u>	<u>476,985</u>	<u>-</u>
Capital Stabilization Fund:			
Designated for Fire Station Renovations	16,396	-	-
Designated for Energy Conservation Projects	10,678	58,254	-
Designated for 2013 Override Capital Projects	1,054,185	-	(400,000)
Designated for Ordinary Capital Appropriations	1,115,477	-	(920,000)
Total Capital Stabilization Fund	<u>2,196,736</u>	<u>58,254</u>	<u>(1,320,000)</u>
Total Capital Projects Funds	\$ <u>92,891,176</u>	\$ <u>13,211,222</u>	\$ <u>(1,320,000)</u>

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
-	-	10,000
-	-	135,478
2,905	-	67,817
-	-	235,755
66,598	-	57,025
8,733	-	-
2,322,557	905,220	1,516,964
349,305	269,690	862,064
-	-	1,774,840
-	-	188,407
224,924	-	-
251,746	407,585	-
2,732	38,785	-
1,941,159	812,621	16,075
-	-	1,708,220
<u>5,170,659</u>	<u>2,433,901</u>	<u>6,572,645</u>
6,523	-	12,677
43,945	-	-
2,240,729	348,256	-
-	-	338,000
-	-	150,000
<u>2,291,197</u>	<u>348,256</u>	<u>500,677</u>
-	-	16,396
-	-	68,932
-	-	654,185
-	-	195,477
<u>-</u>	<u>-</u>	<u>934,990</u>
<u>\$ 35,225,146</u>	<u>\$ 41,561,843</u>	<u>\$ 27,995,409</u>

(Concluded)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Continued <u>Appropriations</u>	FY 2018 <u>Original Budget</u>	FY 2018 <u>Budget Revisions</u>
Sewer Maintenance & Operation			
Personal Services	\$ -	\$ 1,702,755	\$ 30,000
Expenses	715,546	1,317,069	-
Capital Outlay	1,619,415	927,500	-
Fringe Benefits	-	267,526	-
Total	<u>2,334,961</u>	<u>4,214,850</u>	<u>30,000</u>
MWRA Sewer Assessment			
Intergovernmental	-	21,950,000	-
Legal settlements	-	50,000	-
Debt Maturities & Interest	-	2,007,202	-
Retirement	-	505,220	-
Operating Reserve	-	1,000,000	(30,000)
Transfer - Workers Compensation Fund	-	250,000	-
Transfer - Sewer Capital Project Fund	-	1,774,840	-
Transfer - General Fund	-	1,769,798	-
Total Sewer Enterprise Fund	<u>\$ 2,334,961</u>	<u>\$ 33,521,910</u>	<u>\$ -</u>

FY 2018 Budget As Amended	Total Revised FY 2018 Budget	Expended	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ 1,732,755	\$ 1,732,755	\$ 1,301,096	\$ -	\$ 431,659
2,032,615	2,032,615	970,820	289,614	772,181
2,546,915	2,546,915	843,104	807,289	896,522
267,526	267,526	257,255	-	10,271
<u>6,579,811</u>	<u>6,579,811</u>	<u>3,372,275</u>	<u>1,096,903</u>	<u>2,110,633</u>
<u>21,950,000</u>	<u>21,950,000</u>	<u>21,760,724</u>	<u>-</u>	<u>189,276</u>
<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
<u>2,007,202</u>	<u>2,007,202</u>	<u>1,643,661</u>	<u>-</u>	<u>363,541</u>
<u>505,220</u>	<u>505,220</u>	<u>490,697</u>	<u>-</u>	<u>14,523</u>
<u>970,000</u>	<u>970,000</u>	<u>-</u>	<u>-</u>	<u>970,000</u>
<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
<u>1,774,840</u>	<u>1,774,840</u>	<u>1,774,840</u>	<u>-</u>	<u>-</u>
<u>1,769,798</u>	<u>1,769,798</u>	<u>1,769,798</u>	<u>-</u>	<u>-</u>
<u>\$ 35,856,871</u>	<u>\$ 35,856,871</u>	<u>\$ 31,061,995</u>	<u>\$ 1,096,903</u>	<u>\$ 3,697,973</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Continued <u>Appropriations</u>	FY 2018 <u>Original Budget</u>	FY 2018 <u>Budget Revisions</u>
Water Maintenance & Operation			
Personal Services	\$ -	\$ 2,267,744	\$ 50,000
Expenses	844,385	1,784,000	-
Capital Outlay	979,650	761,000	-
Fringe Benefits	-	373,584	-
Total	<u>1,824,035</u>	<u>5,186,328</u>	<u>50,000</u>
Debt Maturities & Interest	<u>-</u>	<u>2,943,989</u>	<u>400,000</u>
Retirement	<u>-</u>	<u>696,554</u>	<u>-</u>
MWRA/DEP Assessments & Charges	<u>-</u>	<u>12,977,000</u>	<u>-</u>
Operating Reserve	<u>-</u>	<u>1,000,000</u>	<u>(450,000)</u>
Transfer - Sewer Fund	<u>-</u>	<u>691,085</u>	<u>-</u>
Transfer - General Fund	<u>-</u>	<u>1,464,269</u>	<u>-</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>250,000</u>	<u>-</u>
Total Water Enterprise Fund	<u>\$ 1,824,035</u>	<u>\$ 25,209,225</u>	<u>\$ -</u>

<u>FY 2018 Budget As Amended</u>	<u>Total Revised FY 2018 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 2,317,744	\$ 2,317,744	\$ 2,202,813	\$ -	\$ 114,931
2,628,385	2,628,385	1,363,536	931,714	333,135
1,740,650	1,740,650	131,412	1,526,074	83,164
373,584	373,584	425,337	-	(51,753)
<u>7,060,363</u>	<u>7,060,363</u>	<u>4,123,098</u>	<u>2,457,788</u>	<u>479,477</u>
<u>3,343,989</u>	<u>3,343,989</u>	<u>3,344,028</u>	<u>-</u>	<u>(39)</u>
<u>696,554</u>	<u>696,554</u>	<u>688,784</u>	<u>-</u>	<u>7,770</u>
<u>12,977,000</u>	<u>12,977,000</u>	<u>12,923,268</u>	<u>-</u>	<u>53,732</u>
<u>550,000</u>	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>550,000</u>
<u>691,085</u>	<u>691,085</u>	<u>691,085</u>	<u>-</u>	<u>-</u>
<u>1,464,269</u>	<u>1,464,269</u>	<u>1,464,269</u>	<u>-</u>	<u>-</u>
<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
<u>\$ 27,033,260</u>	<u>\$ 27,033,260</u>	<u>\$ 23,484,532</u>	<u>\$ 2,457,788</u>	<u>\$ 1,090,940</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Continued <u>Appropriations</u>	FY 2018 <u>Original Budget</u>	FY 2018 <u>Budget Revisions</u>
Stormwater Maintenance & Operation			
Personal Services	\$ -	\$ 826,057	\$ 18,000
Expenses	248,923	555,000	-
Capital Outlay	160,000	100,000	-
Fringe Benefits	-	127,625	-
Total	<u>408,923</u>	<u>1,608,682</u>	<u>18,000</u>
Salary Reserve	<u>-</u>	<u>100,000</u>	<u>(18,000)</u>
Retirement	<u>-</u>	<u>97,965</u>	<u>-</u>
Debt Maturities and Interest	<u>-</u>	<u>88,591</u>	<u>-</u>
Budget Reserve	<u>-</u>	<u>248,140</u>	<u>(150,000)</u>
Transfer - General Fund	<u>-</u>	<u>501,772</u>	<u>150,000</u>
Total Stormwater Enterprise Fund	<u>\$ 408,923</u>	<u>\$ 2,645,150</u>	<u>\$ -</u>

<u>FY 2018 Budget As Amended</u>	<u>Total Revised FY 2018 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 844,057	\$ 844,057	\$ 789,495	\$ -	\$ 54,562
803,923	803,923	449,500	265,549	88,874
260,000	260,000	-	260,000	-
127,625	127,625	93,592	-	34,033
<u>2,035,605</u>	<u>2,035,605</u>	<u>1,332,587</u>	<u>525,549</u>	<u>177,469</u>
<u>82,000</u>	<u>82,000</u>	<u>-</u>	<u>-</u>	<u>82,000</u>
<u>97,965</u>	<u>97,965</u>	<u>97,965</u>	<u>-</u>	<u>-</u>
<u>88,591</u>	<u>88,591</u>	<u>76,491</u>	<u>-</u>	<u>12,100</u>
<u>98,140</u>	<u>98,140</u>	<u>-</u>	<u>-</u>	<u>98,140</u>
<u>651,772</u>	<u>651,772</u>	<u>651,772</u>	<u>-</u>	<u>-</u>
<u>\$ 3,054,073</u>	<u>\$ 3,054,073</u>	<u>\$ 2,158,815</u>	<u>\$ 525,549</u>	<u>\$ 369,709</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

	2009	2010	2011	2012	2013
Governmental Activities					
Net investment in capital assets.....	\$ 150,650,131	\$ 194,301,691	\$ 211,763,420	\$ 227,091,798	\$ 238,374,247
Restricted.....	104,838,430	52,363,403	34,096,760	27,700,568	27,981,384
Unrestricted.....	<u>(2,265,544)</u>	<u>(27,083,933)</u>	<u>(65,309,262)</u>	<u>(93,548,399)</u>	<u>(122,355,108)</u>
Total governmental activities net position.....	<u>\$ 253,223,017</u>	<u>\$ 219,581,161</u>	<u>\$ 180,550,918</u>	<u>\$ 161,243,967</u>	<u>\$ 144,000,523</u>
Business-Type Activities					
Net investment in capital assets.....	\$ 48,352,902	\$ 52,125,768	\$ 54,124,183	\$ 55,890,406	\$ 56,271,350
Unrestricted.....	<u>12,871,360</u>	<u>9,980,661</u>	<u>15,055,372</u>	<u>21,130,465</u>	<u>26,098,363</u>
Total business-type activities net position.....	<u>\$ 61,224,262</u>	<u>\$ 62,106,429</u>	<u>\$ 69,179,554</u>	<u>\$ 77,020,871</u>	<u>\$ 82,369,713</u>
Primary Government					
Net investment in capital assets.....	\$ 183,345,085	\$ 232,929,470	\$ 258,565,946	\$ 269,287,104	\$ 294,645,597
Restricted.....	120,496,378	65,861,392	41,418,417	41,395,668	27,981,384
Unrestricted.....	<u>10,605,816</u>	<u>(17,103,272)</u>	<u>(50,253,891)</u>	<u>(72,417,934)</u>	<u>(96,256,745)</u>
Total primary government net position.....	<u>\$ 314,447,279</u>	<u>\$ 281,687,590</u>	<u>\$ 249,730,472</u>	<u>\$ 238,264,838</u>	<u>\$ 226,370,236</u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 248,739,230	\$ 258,490,143	\$ 260,763,492	\$ 271,665,564	\$ 278,142,332
29,816,361	32,723,876	34,250,976	33,507,464	39,481,750
<u>(138,654,442)</u>	<u>(436,919,140)</u>	<u>(455,531,782)</u>	<u>(853,427,299)</u>	<u>(880,169,294)</u>
<u>\$ 139,901,149</u>	<u>\$ (145,705,121)</u>	<u>\$ (160,517,314)</u>	<u>\$ (548,254,271)</u>	<u>\$ (562,545,212)</u>
\$ 66,943,719	\$ 83,521,987	\$ 89,426,102	\$ 94,552,211	\$ 101,217,609
23,050,090	12,101,552	20,314,782	17,913,166	18,708,882
<u>\$ 89,993,809</u>	<u>\$ 95,623,539</u>	<u>\$ 109,740,884</u>	<u>\$ 112,465,377</u>	<u>\$ 119,926,491</u>
\$ 315,682,949	\$ 342,012,130	\$ 350,189,594	\$ 366,217,775	\$ 379,359,941
29,816,361	32,723,876	34,250,976	33,507,464	39,481,750
<u>(115,604,352)</u>	<u>(424,817,588)</u>	<u>(435,217,000)</u>	<u>(835,514,133)</u>	<u>(861,460,412)</u>
<u>\$ 229,894,958</u>	<u>\$ (50,081,582)</u>	<u>\$ (50,776,430)</u>	<u>\$ (435,788,894)</u>	<u>\$ (442,618,721)</u>

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

LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013
Expenses					
General government.....	\$ 22,581,716	\$ 24,623,302	\$ 26,974,952	\$ 21,992,988	\$ 22,997,802
Public safety.....	52,614,816	52,168,801	55,800,259	56,061,495	56,962,698
Education.....	236,024,500	245,946,308	252,413,006	252,922,994	264,655,220
Public works.....	27,229,098	26,138,843	28,410,758	24,221,365	28,194,390
Health and human services.....	10,463,388	10,672,057	10,757,372	10,684,932	11,323,484
Culture and recreation.....	16,806,140	16,245,112	15,092,035	16,216,945	16,177,118
Other.....	-	-	-	-	-
Debt service - interest.....	4,375,013	7,234,167	7,670,746	7,559,469	7,989,634
Total expenses.....	<u>370,094,671</u>	<u>383,028,590</u>	<u>397,119,128</u>	<u>389,660,188</u>	<u>408,300,346</u>
Program Revenues					
Charges for services.....	21,413,394	20,969,889	21,915,225	25,732,684	28,970,340
Operating grants and contributions.....	66,344,326	65,706,164	66,976,636	65,780,261	69,319,711
Capital grants and contributions.....	30,179,116	1,960,084	1,764,258	2,519,356	5,975,327
Total program revenues.....	<u>117,936,836</u>	<u>88,636,137</u>	<u>90,656,119</u>	<u>94,032,301</u>	<u>104,265,378</u>
Net (expense)/revenue.....	<u>(252,157,835)</u>	<u>(294,392,453)</u>	<u>(306,463,009)</u>	<u>(295,627,887)</u>	<u>(304,034,968)</u>
General Revenues and Other Changes in Net Position					
Real estate and personal property taxes.....	226,800,860	232,774,689	239,761,554	249,340,011	258,590,398
Motor vehicle and other excise taxes.....	10,479,922	9,860,220	10,541,624	10,514,832	11,404,708
Hotel/motel taxes.....	1,108,199	1,168,095	1,588,882	1,814,792	2,051,414
Meal taxes.....	-	382,934	1,308,191	1,403,261	1,407,803
Penalties and interest on taxes.....	1,223,300	1,026,507	1,038,225	1,146,496	1,011,590
Payments in lieu of taxes.....	273,359	3,270,902	515,471	529,294	524,906
Community preservation surcharges.....	2,193,701	2,288,314	2,352,389	2,431,863	2,501,875
Grants and contributions not restricted to specific programs.....	7,435,280	5,891,287	5,596,391	5,263,525	6,276,114
Unrestricted investment income.....	2,610,098	934,313	454,365	278,106	202,473
Gain (Loss) on sale of capital assets.....	-	24,347	32,280	-	-
Other.....	1,761,048	1,752,802	3,002,856	2,169,238	1,492,956
Transfers, net.....	1,457,225	1,376,187	1,240,538	1,429,518	1,640,260
Total general revenues and other changes in net position.....	<u>255,342,992</u>	<u>260,750,597</u>	<u>267,432,766</u>	<u>276,320,936</u>	<u>287,104,497</u>
Change in net position.....	<u>\$ 3,185,157</u>	<u>\$ (33,641,856)</u>	<u>\$ (39,030,243)</u>	<u>\$ (19,306,951)</u>	<u>\$ (16,930,471)</u>

	2014	2015	2016	2017	2018
\$	22,716,559	\$ 26,440,640	\$ 28,489,575	\$ 30,363,602	\$ 30,081,504
	61,290,201	68,685,178	74,526,967	77,684,860	78,526,981
	272,447,586	273,738,170	287,559,898	309,135,770	315,908,244
	29,223,056	33,419,187	29,698,488	32,690,317	37,206,974
	11,328,446	11,625,318	12,319,296	12,650,838	12,812,793
	15,164,811	17,759,803	20,385,376	20,368,611	21,312,457
	-	-	-	-	-
	7,714,546	9,906,400	10,945,881	10,725,817	14,416,456
	<u>419,885,205</u>	<u>441,574,696</u>	<u>463,925,481</u>	<u>493,619,815</u>	<u>510,265,409</u>
	28,321,486	28,572,429	32,651,120	32,016,871	34,118,209
	74,285,730	64,031,611	67,774,244	83,577,037	87,258,085
	5,053,677	3,703,180	4,232,242	2,616,320	4,264,589
	<u>107,660,893</u>	<u>96,307,220</u>	<u>104,657,606</u>	<u>118,210,228</u>	<u>125,640,883</u>
	<u>(312,224,312)</u>	<u>(345,267,476)</u>	<u>(359,267,875)</u>	<u>(375,409,587)</u>	<u>(384,624,526)</u>
	278,426,655	289,075,613	309,686,267	321,041,250	331,364,668
	11,953,727	12,670,852	13,061,883	13,392,891	13,649,251
	2,218,759	2,330,724	2,444,007	2,263,279	2,440,667
	1,557,737	1,786,617	1,880,428	1,938,182	1,902,662
	1,160,092	1,509,583	1,282,596	1,409,030	2,198,862
	557,065	476,899	461,586	443,150	1,229,355
	2,697,187	2,818,748	2,945,936	3,085,259	3,254,161
	5,716,482	5,968,282	6,309,128	6,160,868	6,321,899
	230,699	265,809	483,866	909,764	1,986,190
	-	-	-	119,489	92,435
	1,622,541	2,304,964	3,305,255	1,966,066	2,157,648
	1,983,994	2,088,882	2,594,730	3,099,125	3,735,787
	<u>308,124,938</u>	<u>321,296,973</u>	<u>344,455,682</u>	<u>355,828,353</u>	<u>370,333,585</u>
\$	<u>(4,099,374)</u>	<u>(23,970,503)</u>	<u>(14,812,193)</u>	<u>(19,581,234)</u>	<u>(14,290,941)</u>

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

LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013
Expenses					
Sewer.....	\$ 21,879,634	\$ 23,347,392	\$ 23,468,371	\$ 24,953,457	\$ 25,359,689
Water.....	13,623,595	13,780,687	14,260,631	15,185,784	15,896,034
Stormwater.....	-	-	-	-	-
Total expenses.....	<u>35,503,229</u>	<u>37,128,079</u>	<u>37,729,002</u>	<u>40,139,241</u>	<u>41,255,723</u>
Program Revenues					
Charges for services.....	33,761,633	38,405,378	45,171,479	48,273,768	47,175,932
Operating grants and contributions.....	857,561	732,948	847,004	646,975	1,059,085
Capital grants and contributions.....	<u>1,260,151</u>	<u>245,331</u>	<u>24,182</u>	<u>489,333</u>	<u>9,808</u>
Total program revenues.....	<u>35,879,345</u>	<u>39,383,657</u>	<u>46,042,665</u>	<u>49,410,076</u>	<u>48,244,825</u>
Net (expense)/revenue.....	<u>376,116</u>	<u>2,255,578</u>	<u>8,313,663</u>	<u>9,270,835</u>	<u>6,989,102</u>
General Revenues and Transfers					
Gain (loss) on sale of capital asset.....	-	2,776	-	-	-
Transfers, net.....	<u>(1,457,225)</u>	<u>(1,376,187)</u>	<u>(1,240,538)</u>	<u>(1,429,518)</u>	<u>(1,640,260)</u>
Change in net position.....	<u>\$ (1,081,109)</u>	<u>\$ 882,167</u>	<u>\$ 7,073,125</u>	<u>\$ 7,841,317</u>	<u>\$ 5,348,842</u>

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$	25,557,836	\$ 26,254,561	\$ 24,958,975	\$ 26,159,136	\$ 26,252,621
	16,702,263	17,503,699	19,439,528	20,212,470	20,424,302
	-	1,118,476	1,295,988	925,695	2,785,074
	<u>42,260,099</u>	<u>44,876,736</u>	<u>45,694,491</u>	<u>47,297,301</u>	<u>49,461,997</u>
	51,347,815	54,741,671	59,064,372	61,488,035	59,362,817
	514,894	506,547	545,793	464,271	348,089
	<u>5,480</u>	<u>3,797,829</u>	<u>2,796,401</u>	<u>91,567</u>	<u>947,992</u>
	<u>51,868,189</u>	<u>59,046,047</u>	<u>62,406,566</u>	<u>62,043,873</u>	<u>60,658,898</u>
	9,608,090	14,169,311	16,712,075	14,746,572	11,196,901
	-	-	-	(55,259)	-
	<u>(1,983,994)</u>	<u>(2,088,882)</u>	<u>(2,594,730)</u>	<u>(3,099,125)</u>	<u>(3,735,787)</u>
\$	<u><u>7,624,096</u></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>

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

LAST TEN FISCAL YEARS

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Total expenses.....	\$ 405,597,900	\$ 420,156,669	\$ 434,848,130	\$ 429,799,429	\$ 449,556,069
Total program revenues.....	<u>153,816,181</u>	<u>128,019,794</u>	<u>136,698,784</u>	<u>143,442,377</u>	<u>152,510,203</u>
Net (expense)/revenue.....	(251,781,719)	(292,136,875)	(298,149,346)	(286,357,052)	(297,045,866)
Total general revenues, transfers and other changes in net position.....	<u>253,885,767</u>	<u>259,377,186</u>	<u>266,192,228</u>	<u>274,891,418</u>	<u>285,464,237</u>
Change in net position.....	\$ <u>2,104,048</u>	\$ <u>(32,759,689)</u>	\$ <u>(31,957,118)</u>	\$ <u>(11,465,634)</u>	\$ <u>(11,581,629)</u>

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$	462,145,304	\$ 486,451,432	\$ 509,619,972	\$ 540,917,116	\$ 559,727,406
	<u>159,529,082</u>	<u>155,353,267</u>	<u>167,064,172</u>	<u>180,254,101</u>	<u>186,299,781</u>
	(302,616,222)	(331,098,165)	(342,555,800)	(360,663,015)	(373,427,625)
	<u>306,140,944</u>	<u>319,208,091</u>	<u>341,860,952</u>	<u>352,673,969</u>	<u>366,597,798</u>
\$	<u><u>3,524,722</u></u>	\$ <u><u>(11,890,074)</u></u>	\$ <u><u>(694,848)</u></u>	\$ <u><u>(7,989,046)</u></u>	\$ <u><u>(6,829,827)</u></u>

GOVERNMENTAL FUNDS
 FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	2009	2010	2011 (1)	2012	2013
General Fund					
Reserved.....	\$ 4,595,043	\$ 5,746,263	\$ -	\$ -	-
Unreserved.....	15,574,235	13,566,282	-	-	-
Restricted.....	-	-	928,722	938,274	3,164,616
Committed.....	-	-	14,877,088	9,816,666	5,348,800
Assigned.....	-	-	844,441	2,583,061	3,110,521
Unassigned.....	-	-	14,123,323	14,886,340	21,091,447
Total general fund.....	<u>\$ 20,169,278</u>	<u>\$ 19,312,545</u>	<u>\$ 30,773,574</u>	<u>\$ 28,224,341</u>	<u>\$ 32,715,384</u>
All Other Governmental Funds					
Reserved.....	\$ 8,153,969	\$ 25,926,689	\$ -	\$ -	-
Unreserved, reported in:					
Special revenue funds.....	13,253,604	10,704,933	-	-	-
Capital projects funds.....	93,303,737	28,167,213	-	-	-
Permanent funds.....	736,678	740,024	-	-	-
Nonspendable.....	-	-	445,570	446,818	447,206
Restricted.....	-	-	28,989,163	28,617,216	26,869,665
Committed.....	-	-	886,894	1,745,209	1,718,332
Unassigned.....	-	-	(354,498)	-	-
Total all other governmental funds.....	<u>\$ 115,447,988</u>	<u>\$ 65,538,859</u>	<u>\$ 29,967,129</u>	<u>\$ 30,809,243</u>	<u>\$ 29,035,203</u>

(1) Starting in fiscal year 2011 governmental fund balances are being reported in accordance with Governmental Accounting Standards Board Statement #54, Fund Balance Reporting and Governmental Fund Type Definitions.

	2014	2015	2016	2017	2018
\$	-	-	-	-	-
	-	-	-	-	-
	2,849,507	3,006,074	2,814,268	3,557,530	2,534,792
	4,889,216	5,308,421	8,851,803	14,868,949	14,389,268
	2,677,990	2,451,384	2,176,104	2,376,483	5,667,495
	<u>26,259,064</u>	<u>27,757,785</u>	<u>43,616,522</u>	<u>46,247,662</u>	<u>44,030,380</u>
\$	<u>36,675,777</u>	<u>38,523,664</u>	<u>57,458,697</u>	<u>67,050,624</u>	<u>66,621,935</u>
\$	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	397,250	397,170	397,049	396,932	397,064
	30,289,935	38,421,915	50,313,321	39,994,517	54,303,913
	1,736,249	1,281,577	1,554,522	1,679,111	3,440,236
	-	-	-	-	(482,998)
\$	<u>32,423,434</u>	<u>40,100,662</u>	<u>52,264,892</u>	<u>42,070,560</u>	<u>57,658,215</u>

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

LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013
REVENUES					
Real estate and personal property taxes.....	\$ 224,437,442	\$ 233,726,177	\$ 240,732,647	\$ 248,503,570	\$ 257,225,856
Motor vehicle and other excise taxes.....	10,098,579	10,222,534	10,463,796	10,567,479	11,351,368
Hotel/motel tax.....	1,108,199	1,168,095	1,588,882	1,814,792	2,051,414
Meals tax.....	-	382,934	1,308,191	1,403,261	1,407,803
Payments in lieu of taxes.....	489,108	3,095,059	439,721	479,617	521,643
Community preservation surcharges.....	2,207,442	2,296,523	2,365,422	2,427,905	2,508,969
Charges for services.....	14,209,678	14,821,694	14,674,078	17,340,467	17,702,424
Intergovernmental.....	122,879,420	75,443,469	73,856,678	73,036,706	81,971,057
Special assessments.....	218,438	158,481	254,638	350,639	224,503
Penalties and interest on taxes.....	1,223,300	1,026,507	1,038,224	1,146,496	1,011,591
Licenses and permits.....	4,575,496	4,564,508	5,523,613	6,081,388	9,291,263
Fines and forfeitures.....	2,022,175	2,101,518	1,907,471	2,017,085	2,029,860
Contributions.....	1,320,527	1,185,340	1,382,243	1,299,748	833,888
Investment income.....	2,642,189	1,016,818	554,473	271,250	257,726
Miscellaneous/other.....	1,686,507	667,540	1,676,863	1,222,231	593,712
	<u>389,118,500</u>	<u>351,877,197</u>	<u>357,766,940</u>	<u>367,962,634</u>	<u>388,983,077</u>
EXPENDITURES					
Current:					
General government.....	21,756,050	22,007,737	27,495,142	21,216,365	18,961,966
Public safety.....	37,438,138	37,999,263	37,725,281	39,687,309	40,232,455
Education.....	252,917,406	254,430,394	214,802,244	196,486,485	210,372,992
Public works.....	24,944,049	26,357,440	24,730,797	21,918,256	28,939,827
Health and human services.....	4,080,313	4,305,785	4,177,515	4,123,498	4,358,995
Culture and recreation.....	12,438,606	12,637,414	11,232,808	13,839,046	13,634,682
Retirement benefits.....	47,480,693	49,940,948	53,157,157	56,055,483	57,813,067
Insurance.....	1,891,488	1,676,169	1,445,803	1,559,274	1,722,006
Claims and judgments.....	250,509	100,453	160,733	58,504	128,950
Other.....	-	-	-	-	-
State and county charges.....	5,453,169	5,619,317	5,472,487	5,503,956	5,722,550
Debt service:					
Principal.....	7,652,100	8,548,500	9,460,500	9,408,367	9,596,167
Interest.....	3,694,574	7,079,256	7,509,703	7,574,440	7,568,326
	<u>419,997,095</u>	<u>430,702,676</u>	<u>397,370,170</u>	<u>377,430,983</u>	<u>399,051,983</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	<u>(30,878,595)</u>	<u>(78,825,479)</u>	<u>(39,603,230)</u>	<u>(9,468,349)</u>	<u>(10,068,906)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in.....	15,539,377	8,860,150	6,386,643	8,413,437	7,732,178
Proceeds of bonds and notes.....	86,010,000	25,548,000	13,770,000	5,734,000	10,812,558
Premium from issuance of bonds and notes.....	1,557,255	815,357	168,147	131,379	590,740
Proceeds of refunding bonds.....	-	-	-	-	-
Premium from issuance of refunding bonds.....	-	-	-	-	-
Sale of capital assets.....	-	42,491	36,262	67,610	55,325
Transfers out.....	(13,804,570)	(7,206,381)	(4,868,523)	(6,585,196)	(6,091,919)
Payments to refunding bond escrow agent.....	-	-	-	-	-
	<u>89,302,062</u>	<u>28,059,617</u>	<u>15,492,529</u>	<u>7,761,230</u>	<u>13,098,882</u>
NET CHANGE IN FUND BALANCES.....	<u>\$ 58,423,467</u>	<u>\$ (50,765,862)</u>	<u>\$ (24,110,701)</u>	<u>\$ (1,707,119)</u>	<u>\$ 3,029,976</u>
DEBT SERVICE EXPENDITURES AS A PERCENTAGE OF NONCAPITAL EXPENDITURES.....					
	2.7%	3.6%	4.3%	4.5%	4.3%

	2014	2015	2016	2017	2018
\$	277,636,527	\$ 288,700,477	\$ 308,965,868	\$ 319,976,273	\$ 331,697,183
	12,057,191	12,486,356	13,122,277	13,486,831	13,482,711
	2,218,759	2,330,724	2,444,007	2,263,279	2,440,667
	1,557,737	1,786,617	1,880,428	1,938,182	1,902,662
	475,741	465,822	476,083	415,835	1,304,593
	2,689,198	2,814,155	2,946,847	3,074,706	3,255,316
	19,090,133	19,628,195	20,126,506	20,403,479	21,772,655
	83,629,746	53,128,480	60,527,637	91,204,897	95,618,448
	189,547	190,603	169,588	193,238	255,536
	1,160,091	1,508,259	1,282,596	1,409,030	2,198,862
	7,538,284	7,621,990	10,483,024	10,084,619	11,226,292
	1,889,935	1,808,854	2,046,389	1,762,093	1,703,654
	1,112,823	1,016,439	1,446,969	1,336,660	1,395,073
	328,015	270,552	490,874	1,036,413	2,102,896
	737,709	1,606,532	1,127,899	837,319	904,088
	<u>412,311,436</u>	<u>395,364,055</u>	<u>427,536,992</u>	<u>469,422,854</u>	<u>491,260,636</u>
	22,784,656	27,381,322	30,839,020	38,944,088	30,635,662
	42,177,396	43,368,473	46,354,662	51,881,011	52,080,273
	230,391,740	236,571,691	273,044,983	300,304,073	295,108,157
	31,082,397	33,411,422	29,034,856	33,766,661	38,029,703
	4,656,637	4,545,590	4,924,260	5,172,086	5,335,432
	12,443,344	13,867,205	16,256,351	18,098,831	18,719,503
	60,134,090	29,199,509	31,235,486	33,521,494	35,651,800
	1,778,619	2,000,027	1,618,006	1,931,586	1,706,172
	171,221	232,282	244,752	157,075	116,369
	-	-	-	-	-
	5,783,939	5,875,034	6,113,282	6,143,354	6,050,954
	-	-	-	-	-
	10,367,425	9,824,367	10,747,967	12,247,667	12,840,967
	7,411,724	8,009,057	8,177,639	8,325,141	9,814,380
	<u>429,183,188</u>	<u>414,285,979</u>	<u>458,591,264</u>	<u>510,493,067</u>	<u>506,089,372</u>
	<u>(16,871,752)</u>	<u>(18,921,924)</u>	<u>(31,054,272)</u>	<u>(41,070,213)</u>	<u>(14,828,736)</u>
	10,802,542	9,399,205	10,001,522	9,103,803	7,259,431
	20,936,000	25,505,000	55,340,000	35,528,500	24,542,000
	749,963	1,197,352	3,955,263	1,479,298	1,880,482
	-	19,635,000	19,610,000	65,775,000	11,859,000
	-	1,759,523	2,430,245	5,535,226	1,673,284
	27,419	13,300	129,179	115,194	92,435
	(8,295,548)	(7,264,297)	(7,272,429)	(6,004,678)	(3,523,644)
	-	(21,798,044)	(22,040,245)	(71,064,535)	(13,795,286)
	<u>24,220,376</u>	<u>28,447,039</u>	<u>62,153,535</u>	<u>40,467,808</u>	<u>29,987,702</u>
\$	<u>7,348,624</u>	<u>\$ 9,525,115</u>	<u>\$ 31,099,263</u>	<u>\$ (602,405)</u>	<u>\$ 15,158,966</u>
	4.1%	4.3%	4.1%	4.0%	4.5%

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				
2009	\$ 18,659,283,807	\$ 1,788,640,793	\$ 266,624,600	\$ 20,714,549,200	\$ 10.72	\$ 22,207,139,600	93.28%
2010	18,384,685,100	1,819,972,600	283,174,000	20,487,831,700	11.25	22,506,213,100	91.03%
2011	18,113,668,363	1,830,045,937	289,095,700	20,232,810,000	11.80	22,506,213,100	89.90%
2012	18,276,909,150	1,851,072,350	336,017,900	20,463,999,400	12.10	21,744,090,700	94.11%
2013	18,445,998,977	1,847,689,523	351,617,700	20,645,306,200	12.43	21,744,090,700	94.95%
2014	18,687,096,235	1,906,786,065	368,307,500	20,962,189,800	13.13	22,305,253,800	93.98%
2015	19,995,837,989	2,270,794,311	398,472,900	22,665,105,200	12.65	22,305,253,800	101.61%
2016	21,618,642,652	2,285,453,048	417,722,300	24,321,818,000	12.31	26,223,773,800	92.75%
2017	23,453,469,746	2,287,653,254	401,743,300	26,142,866,300	11.98	26,223,773,800	99.69%
2018	25,270,096,630	2,400,479,370	434,148,500	28,104,724,500	11.64	30,006,442,400	93.66%

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>
2009	\$ 9.96	\$ 19.00	\$ 19.00	10.72
2010	10.41	19.93	19.93	11.25
2011	10.90	20.89	20.89	11.80
2012	11.17	21.32	21.32	12.10
2013	11.49	21.93	21.93	12.43
2014	12.12	23.18	23.18	13.13
2015	11.61	22.38	22.38	12.65
2016	11.38	21.94	21.94	12.31
2017	11.12	21.27	21.27	11.98
2018	10.82	20.62	20.62	11.64

Source: City of Newton Tax Recap Sheets

(1) Rates are applicable to each \$1,000 of assessed value

(2) Per the initiatives of Proposition 2 1/2 adopted by the Commonwealth of Massachusetts, the City cannot levy more than 2.5 percent of the total full and fair cash value of all taxable real and personal property. The City's levy is also limited in that it cannot increase more than 2.5 percent from the prior year, with certain exceptions for new growth or through overrides and exclusions adopted by City voters.

(3) Calculated by dividing the net tax levy by total assessed value divided by 1,000

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND TEN YEARS AGO

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

* Information for 2018 and 2009 is not readily available, as such, information is being presented for 2017 and 2008

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)
2009	\$ 222,124,895	\$ 221,179,256	99.57%	\$ 1,089,387	\$ 222,268,643	100.06%
2010	230,471,466	228,861,998	99.30%	1,433,082	230,295,080	99.92%
2011	238,752,520	237,347,484	99.41%	2,027,625	239,375,109	100.26%
2012	247,532,017	246,717,069	99.67%	1,658,765	248,375,834	100.34%
2013	256,559,763	255,584,775	99.62%	1,957,187	257,541,962	100.38%
2014	275,166,240	274,820,049	99.87%	2,197,318	277,017,367	100.67%
2015	286,813,970	286,945,789	100.05%	2,544,464	289,490,253	100.93%
2016	299,404,279	300,308,851	100.30%	2,408,838	302,717,689	101.11%
2017	313,076,020	312,929,603	99.95%	4,390,143	317,319,746	101.36%
2018	327,216,395	324,044,849	99.03%	-	324,044,849	99.03%

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	MWRA/ MCWT Loans			
2009	\$ 170,685,800	\$ 6,000,000	\$ 24,259,834	\$	200,945,634	\$ 2,418
2010	187,685,300	5,900,000	23,261,750		216,847,050	2,597
2011	191,994,800	8,275,000	21,449,014		221,718,814	2,639
2012	188,320,433	9,627,000	19,699,017		217,646,450	2,556
2013	189,297,824	15,671,442	17,643,162		222,612,428	2,579
2014	199,866,399	14,265,000	15,726,829		229,858,228	2,663
2015	215,267,032	16,364,817	12,863,980		244,495,829	2,769
2016	265,560,962	12,753,651	15,539,608		293,854,221	3,309
2017	297,129,294	11,363,684	20,434,763		328,927,741	3,694
2018	309,971,105	12,669,055	18,453,577		341,093,737	3,833

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the "Demographic and Economic Statistics" schedule located in the Statistical Section for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	Net General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (1)	Percentage of Estimated Personal Income (2)
	General Obligation Bonds	Less: Resources Restricted for Debt Principal	Total Net General Bonded Debt		
2009	\$ 170,685,800	\$ (881,707)	\$ 169,804,093	0.76%	3.32%
2010	187,685,300	(749,640)	186,935,660	0.83%	3.64%
2011	191,994,800	(683,320)	191,311,480	0.85%	3.70%
2012	188,320,433	(2,946,430)	185,374,003	0.85%	3.54%
2013	189,297,824	(2,896,430)	186,401,394	0.86%	3.51%
2014	199,866,399	(2,835,755)	197,030,644	0.88%	3.71%
2015	215,267,032	(2,992,322)	212,274,710	0.95%	3.76%
2016	265,560,962	(2,803,983)	262,756,979	1.00%	4.59%
2017	297,129,294	(2,442,053)	294,687,241	1.12%	5.25%
2018	309,971,105	(2,339,315)	307,631,790	1.03%	5.23%

(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, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Massachusetts Water Resources Authority.....	\$ 5,493,233,000	4.55%	\$ 249,806,019
City direct debt.....			<u>341,093,737</u>
Total direct and overlapping debt.....			<u><u>\$ 590,899,756</u></u>

Sources: MWRA

LEGAL DEBT MARGIN INFORMATION

LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
Equalized valuation.....	\$ 30,006,442,400	\$ 26,223,773,800	\$ 26,223,773,800	\$ 22,305,253,800	\$ 22,305,253,800
Normal debt limit (5% of equalized valuation).....	1,500,322,120	1,311,188,690	1,311,188,690	1,115,262,690	1,115,262,690
Debt applicable to limit:					
Total bonded debt.....	341,093,737	328,927,741	293,854,221	244,495,829	229,858,228
Less: General obligation bonds exempted by authority of state legislature.....	<u>(16,399,757)</u>	<u>(19,474,183)</u>	<u>(14,230,992)</u>	<u>(37,987,881)</u>	<u>(17,377,352)</u>
Total net debt applicable to limit.....	<u>324,693,980</u>	<u>309,453,558</u>	<u>279,623,229</u>	<u>206,507,948</u>	<u>212,480,876</u>
Legal debt margin.....	<u>\$ 1,175,628,140</u>	<u>\$ 1,001,735,132</u>	<u>\$ 1,031,565,461</u>	<u>\$ 908,754,742</u>	<u>\$ 902,781,814</u>
Total net debt applicable to the limit as a percentage of normal debt limit.....	<u>21.6%</u>	<u>23.6%</u>	<u>21.3%</u>	<u>18.5%</u>	<u>19.1%</u>

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS

Year	Population	Median Age	Per Capita Income	Estimated Personal Income	Median Family Income	Public School Enrollment	Unemployment Rate (%)
2008	83,112	38.7	61,530	5,113,881,360	113,416	11,570	6.3%
2009	83,501	38.7	61,530	5,137,816,530	113,416	11,607	6.5%
2010	84,024	40.5	61,530	5,169,996,720	113,416	11,775	5.0%
2011	85,146	39.9	61,530	5,239,033,380	113,416	12,172	4.1%
2012	86,307	40.2	61,530	5,310,469,710	113,416	12,170	4.1%
2013	86,307	40.2	61,530	5,310,469,710	113,416	12,441	4.1%
2014	88,287	40.1	63,872	5,639,067,264	119,148	12,503	4.1%
2015	88,817	41.9	64,475	5,726,476,075	118,639	12,508	3.3%
2016	89,045	42.3	62,983	5,608,321,235	122,080	12,657	2.8%
2017	88,994	40.5	66,047	5,877,786,718	127,402	12,750	2.7%

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

Employees as of June 30					
Function/Program	2018	2017	2016	2015	2014
General government.....	141	141	135	136	138
Public safety.....	412	412	403	380	372
Education.....	1,413	1,439	1,427	1,455	1,406
Public works	107	96	115	127	136
Health and human services.....	49	47	47	45	42
Culture and recreation.....	98	96	97	81	82
Water.....	23	28	29	28	29
Sewer.....	26	25	25	25	25
Stormwater.....	8	-	-	-	-
Total.....	<u>2,277</u>	<u>2,284</u>	<u>2,278</u>	<u>2,277</u>	<u>2,230</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				
	2018	2017	2016	2015	2014
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	590	590
Outdoor swimming facilities.....	2	2	2	2	2
Indoor swimming facilities.....	1	1	1	1	1
Public street trees	30,000	30,000	30,000	30,000	30,000
Water					
Water mains (miles).....	300	300	300	300	300
Fire hydrants.....	2,400	2,400	2,400	2,400	2,400
Storage capacity (thousands of gallons).....	26,000,000	26,000,000	26,000,000	26,000,000	26,000,000
Sewer					
Sanitary sewers (miles).....	300	300	300	300	300
Sewer pump stations.....	10	10	10	10	10
Stormwater					
Stormdrains (miles).....	324	324	324	324	324

Sources: Various departments of the City of Newton