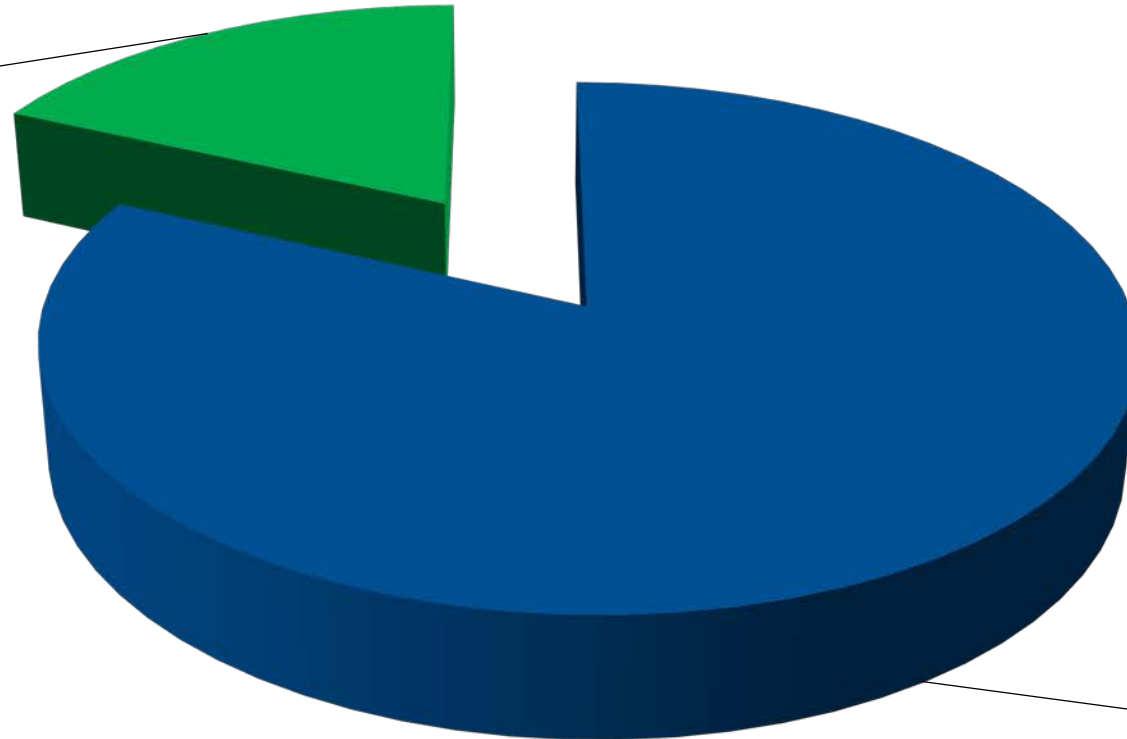


**Long Range Financial Plan and
5 Year Financial Forecast
FY2020 – FY2024**

**The Long Range Financial Planning
Process Begins with
REVENUE**

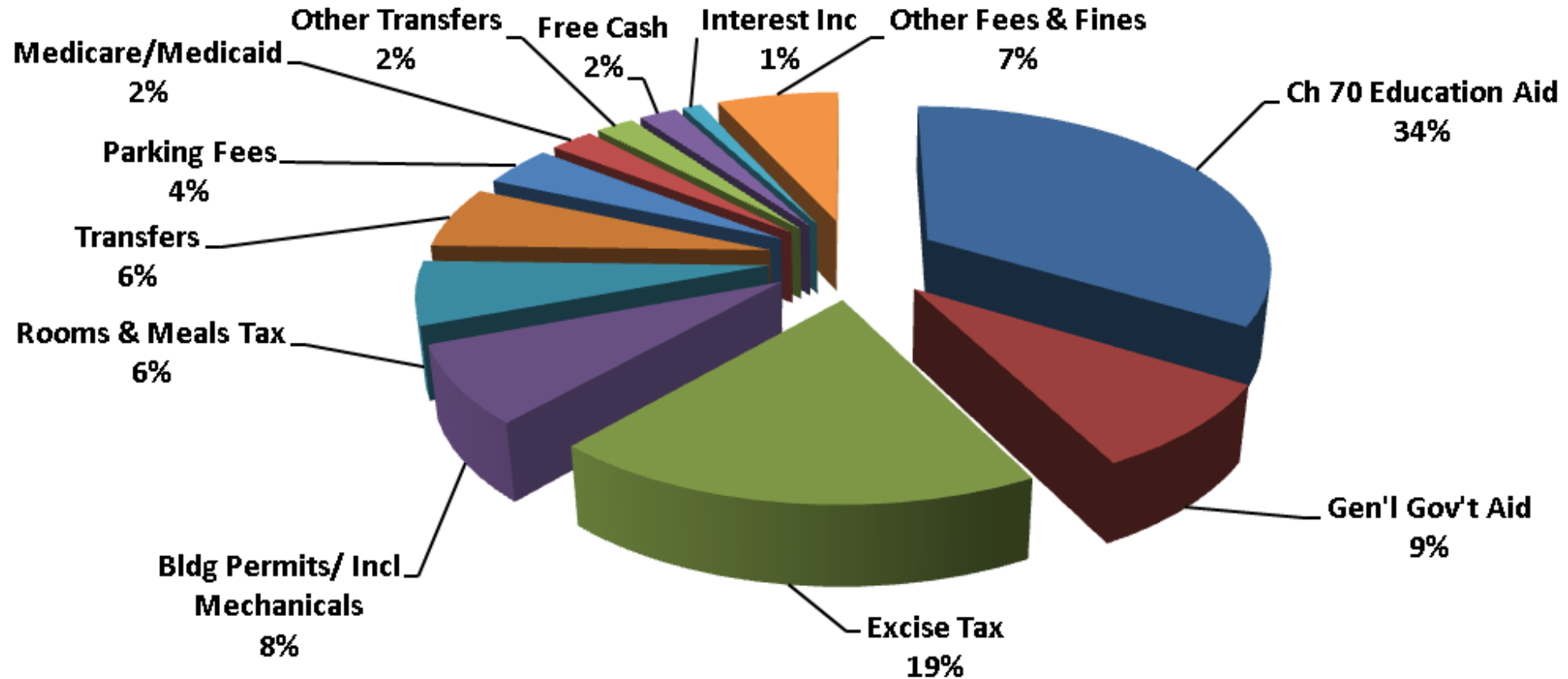
Fiscal Year 19 – Property Taxes = \$342m

All Other
17% or \$70 Mil

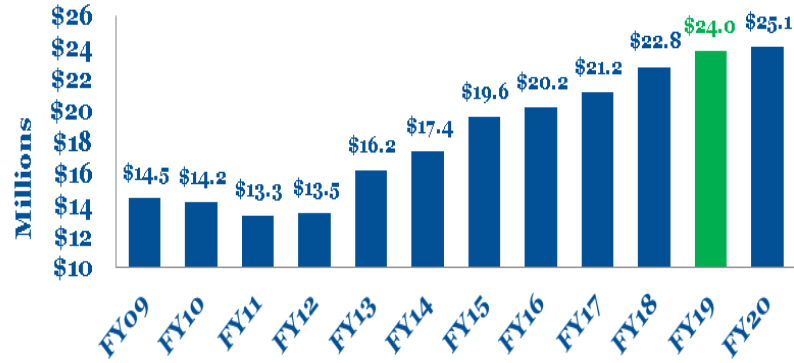


Property Taxes
Including New Growth
83%

Fiscal Year 19 – All Other Revenues = \$70m



Chapter 70 – State Education Aid
Final Budget Increase \$1,237,759 – 5.6%



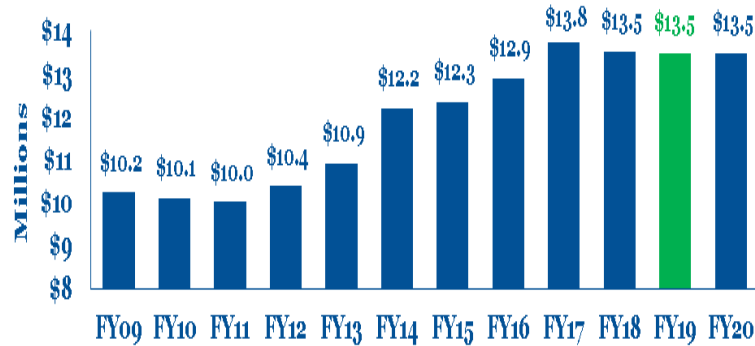
Unrestricted General State Aid
Governor’s Budget Increase \$205,478 – 3.5%



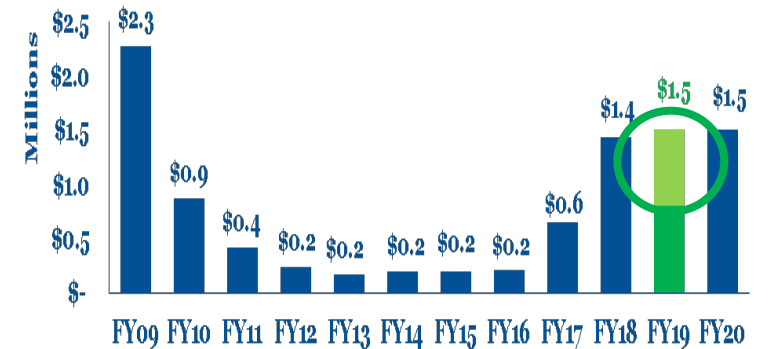
Inspectional Services Permitting Revenue
FY19 – In Line with FY14 and FY15



Excise Tax
FY2019 Projected - \$13.5m

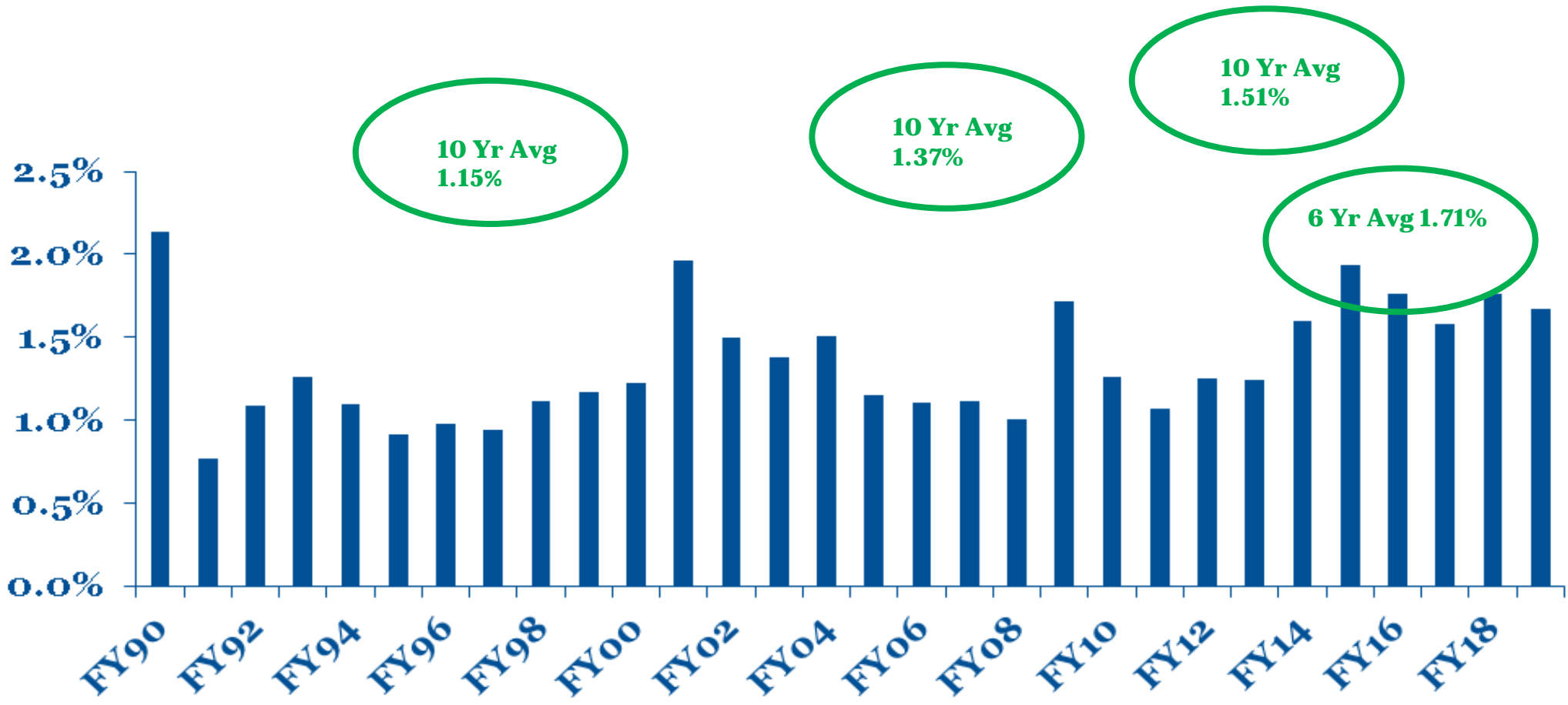


Revenue from Interest Income
Projecting \$1,500,000



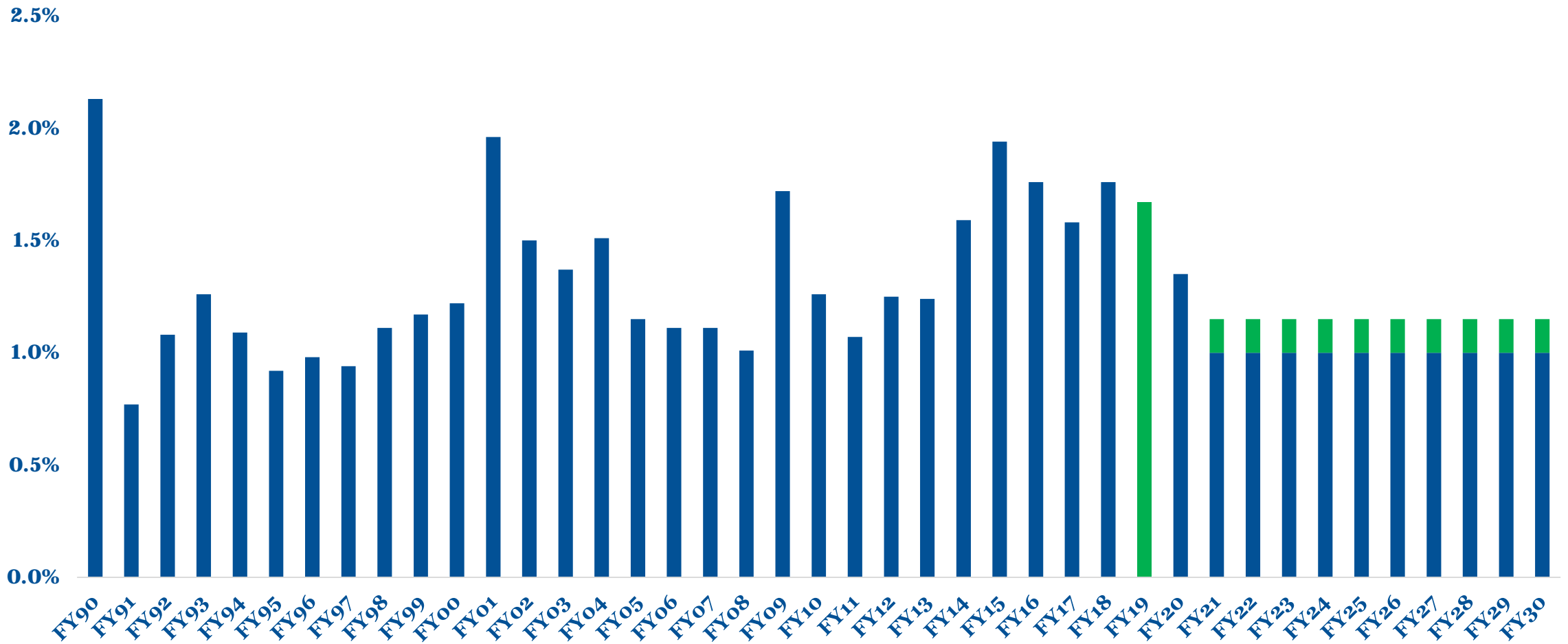
New Growth as a Percent of Property Tax Levy

30 Year Average = 1.34%



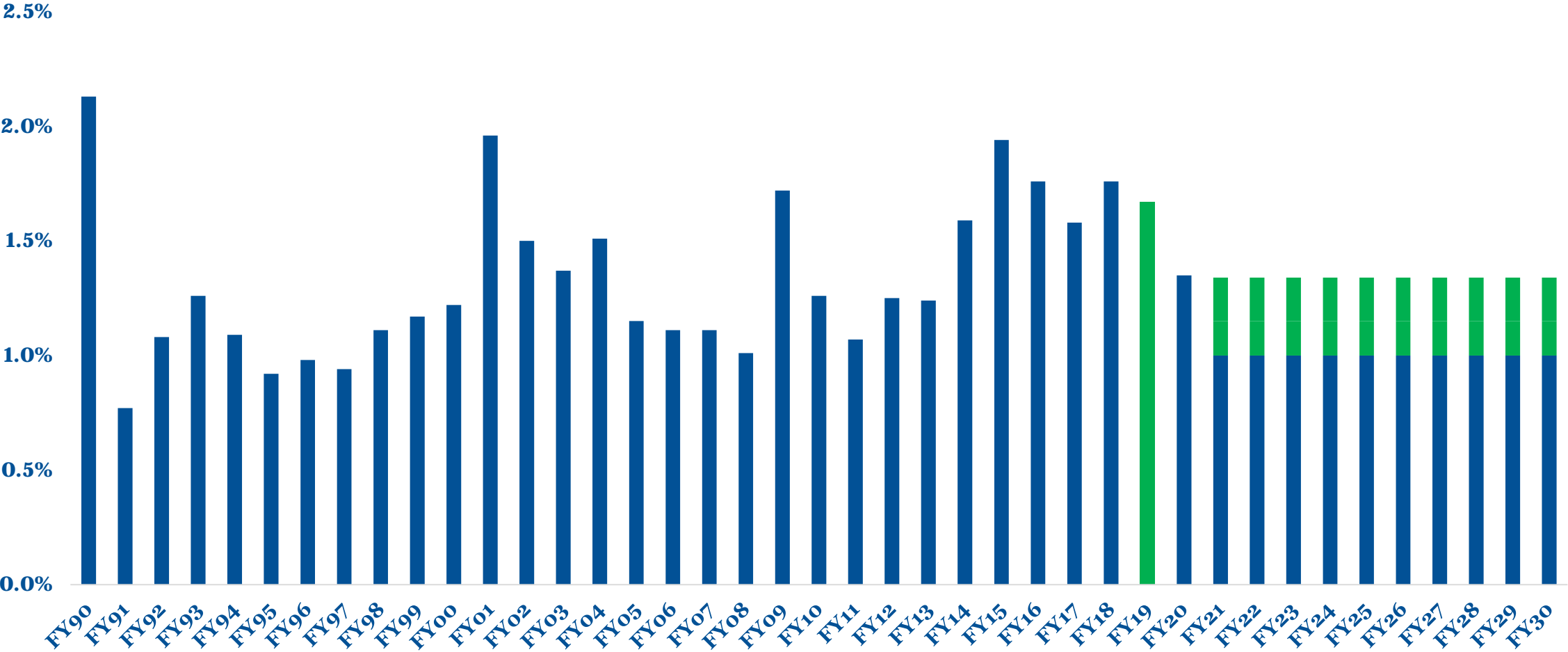
New Growth Projection; Average Growth @ 1.15%

Total Revenue FY2030 = \$595 Mil



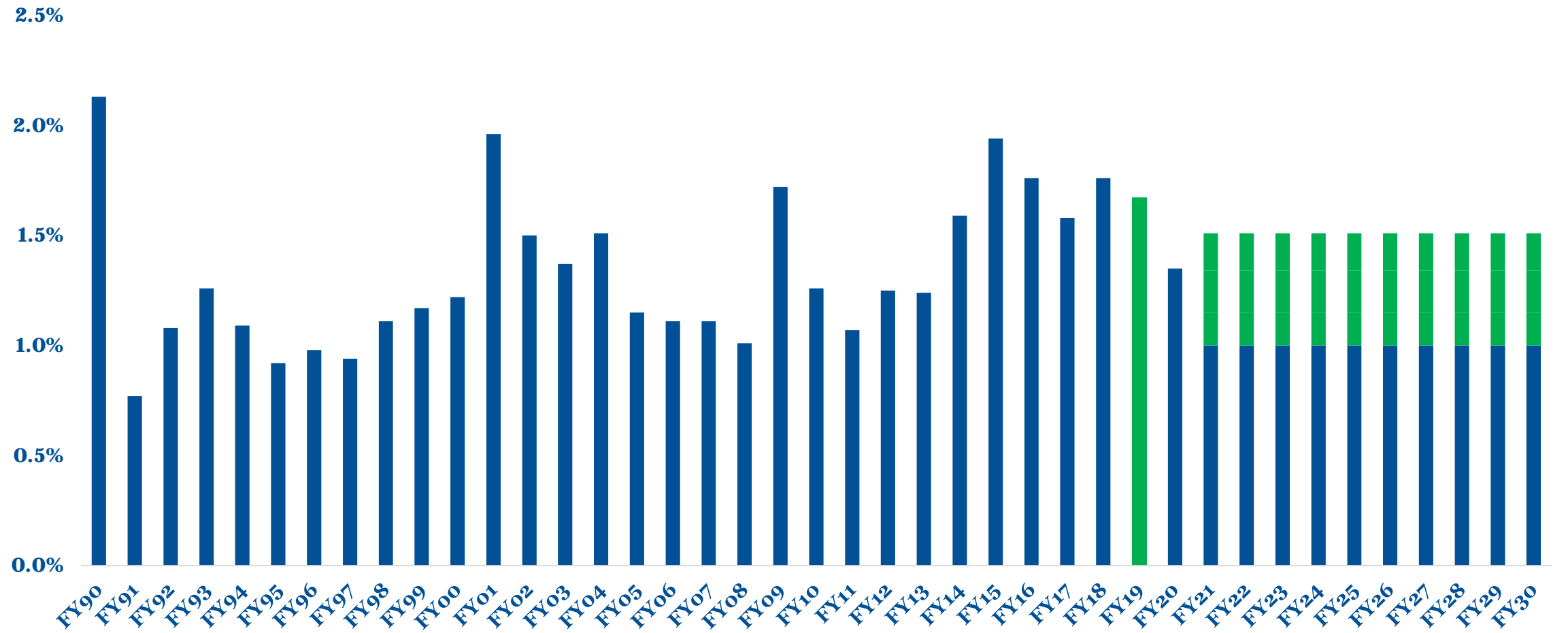
New Growth Projection; Average Growth @ 1.34%

Total Revenue FY2030 = \$605 Mil



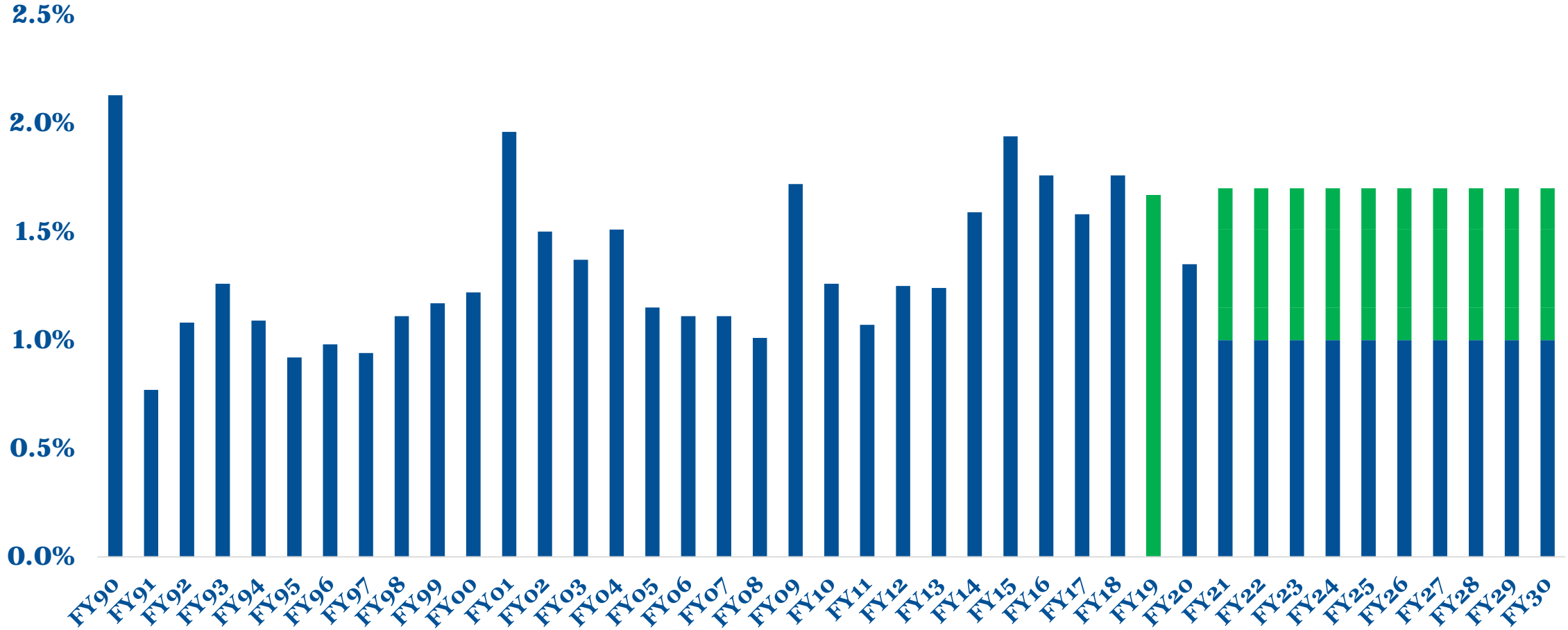
New Growth Projection; Average Growth @ 1.51%

Total Revenue FY2030 = \$613 Mil



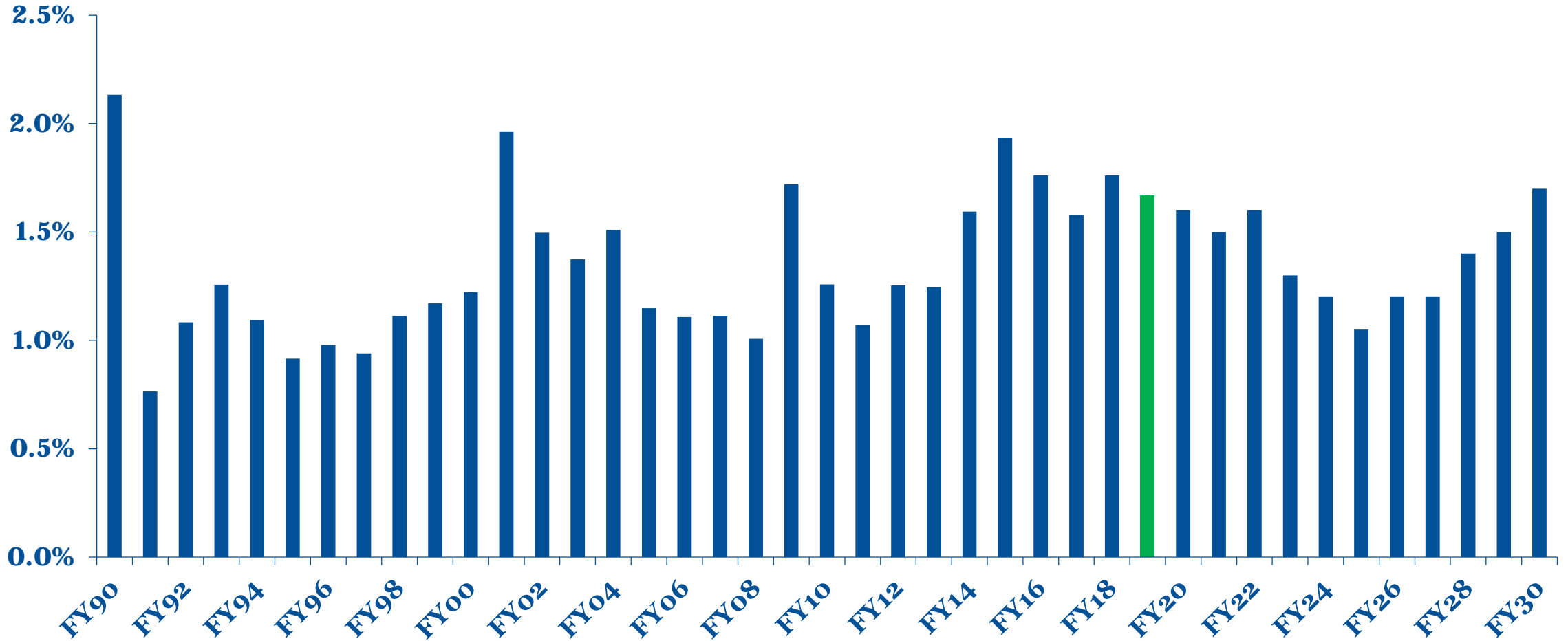
New Growth Projection; Average Growth @ 1.70%

Total Revenue FY2030 = \$624 Mil

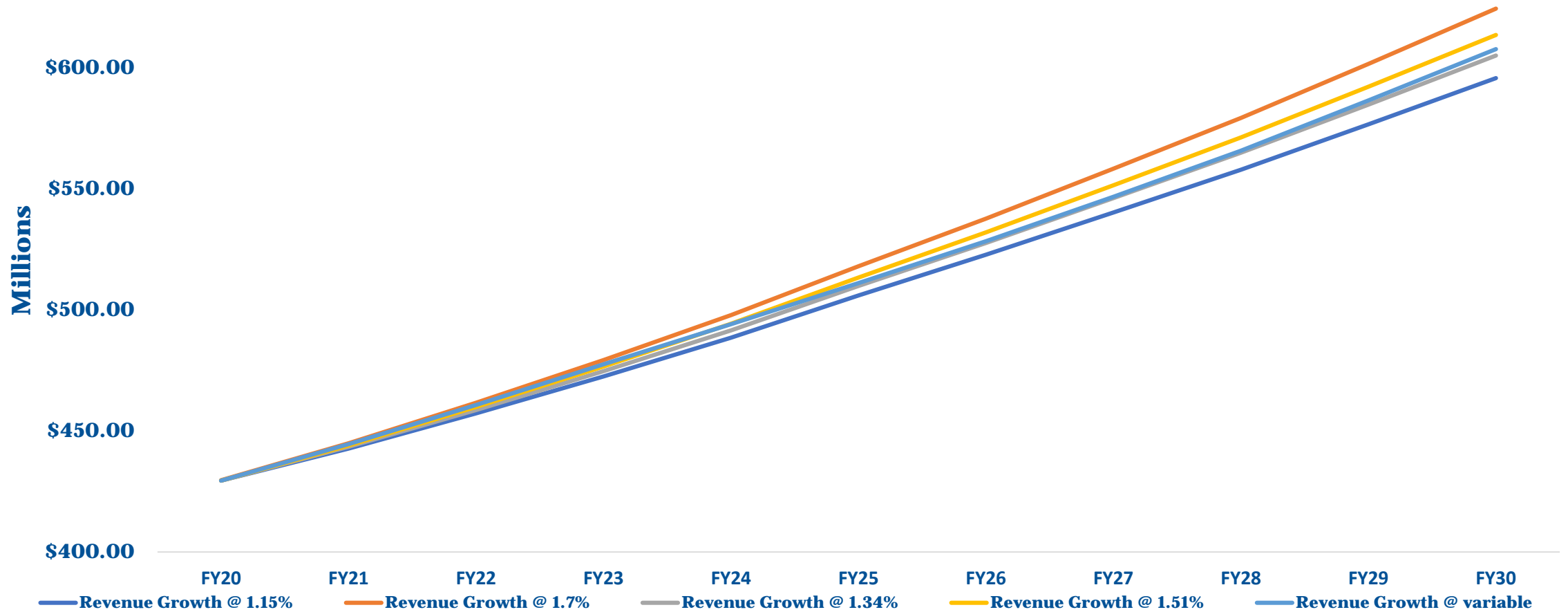


New Growth Projection; Average Growth @ Varying Percentages

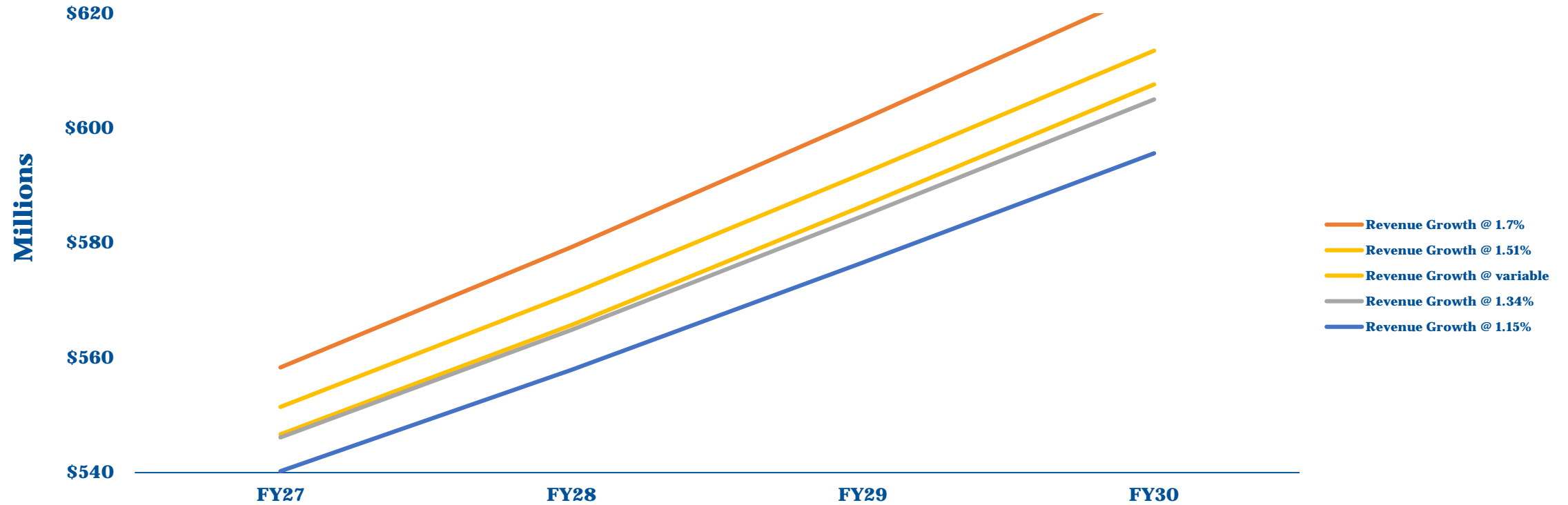
Total Revenue FY2030 = \$608 Mil



Revenue Growth at Varying New Growth Rates FY19 – FY30

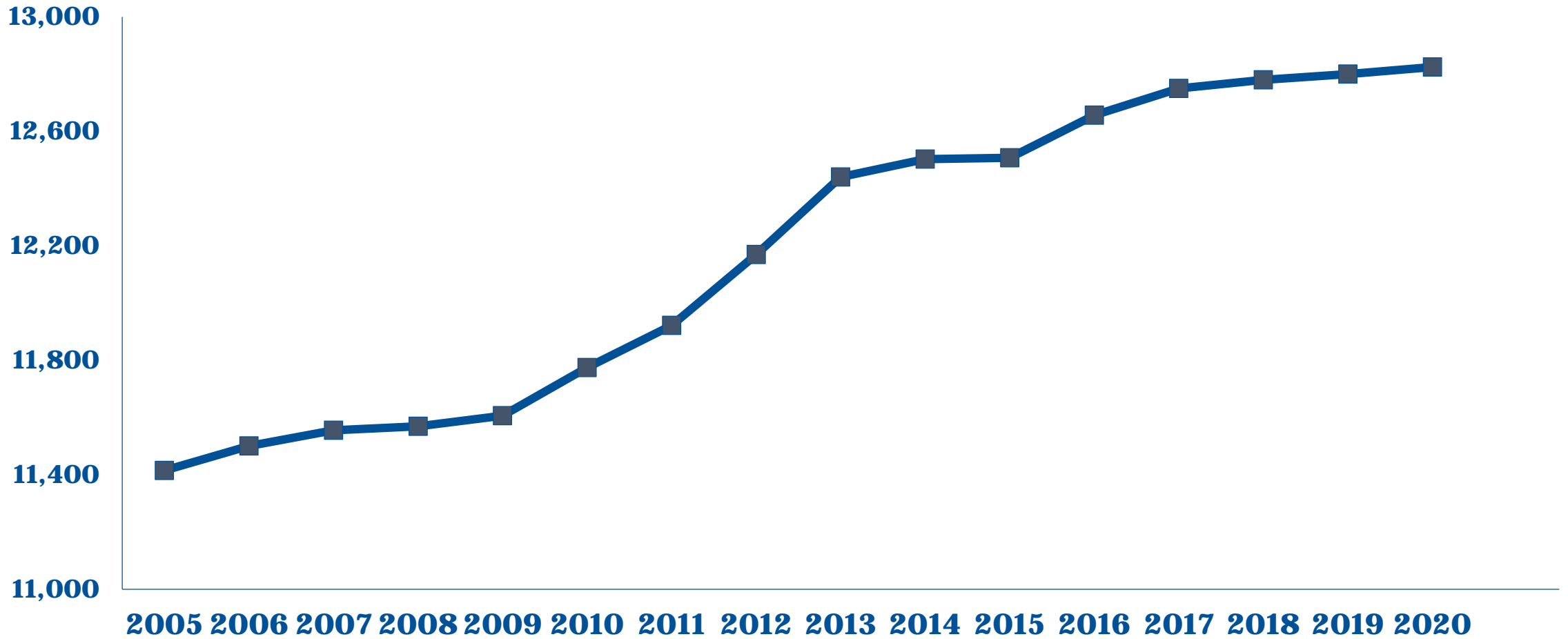


Revenue Growth at Varying New Growth Rates FY27 – FY30



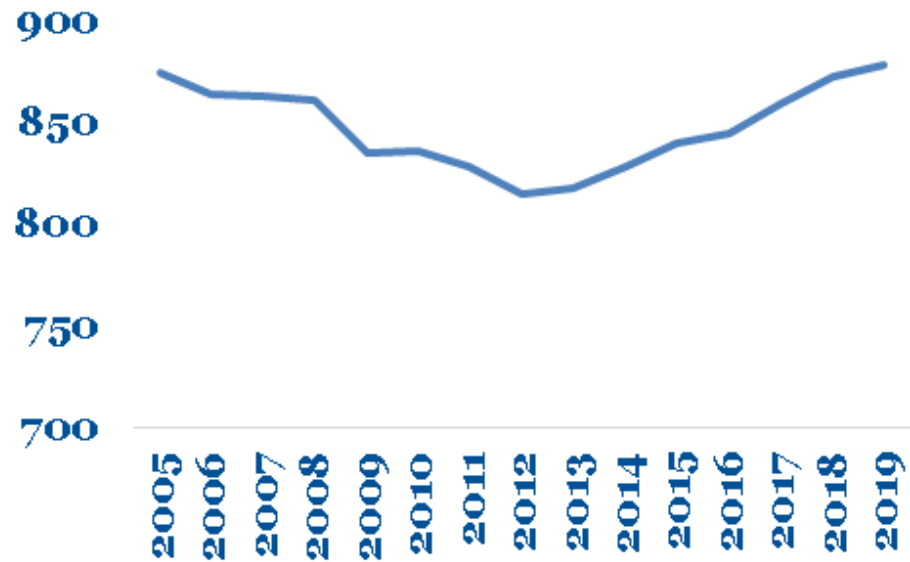
Significant Cost Drivers

Newton Public Schools – Enrollment Growth



Municipal and Newton Public Schools Headcount Full Time Equivalents (FTE) FY2005 – FY2019

Municipal FTEs = 1.7% Increase

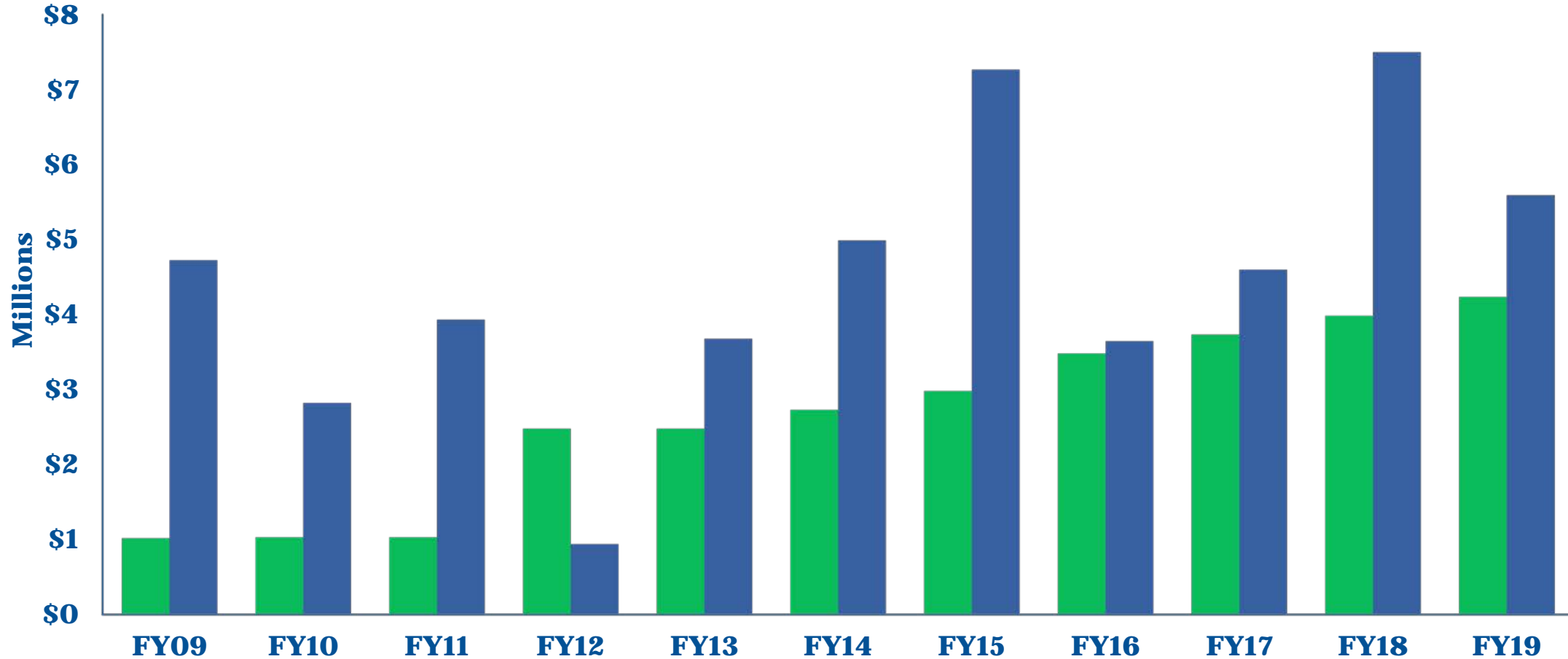


School FTEs = 22% Increase



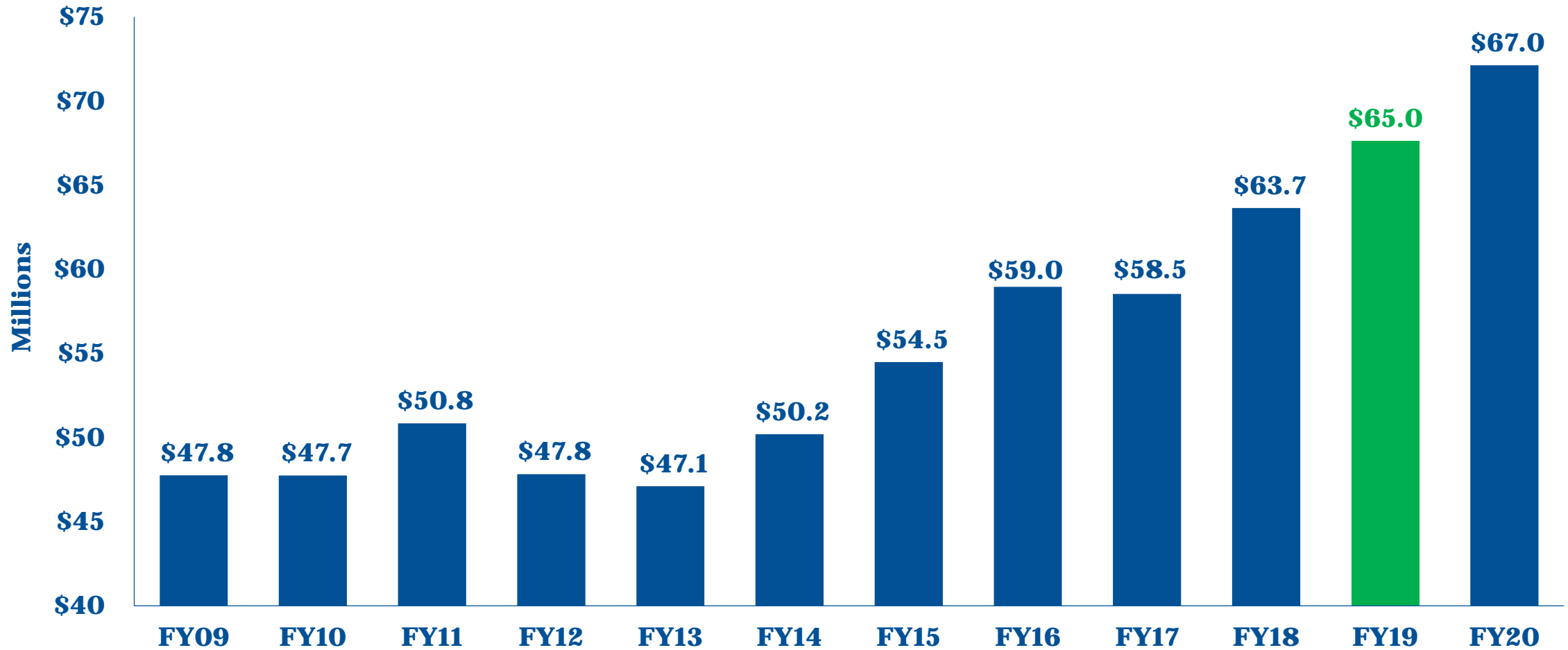
Snow/Ice/Tree Removal – Current 5 Yr Avg Annual Cost - \$5.6m

FY2019 Appropriation - \$4,250,000



Health Care – Total Cost of Claims

FY2018 - \$63.7 million

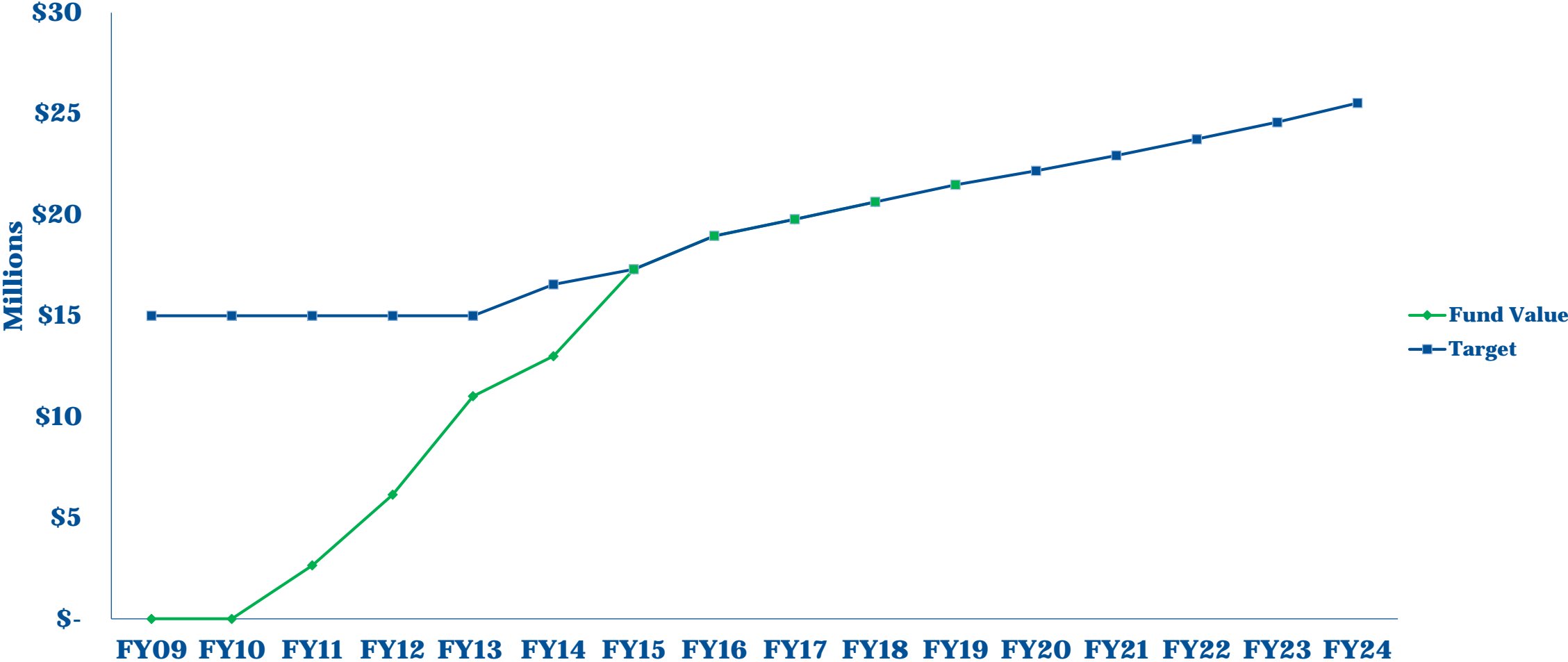


Unexpected Costs and New Initiatives

- **Recycling & China - \$500k**
- **Full Day Kindergarten - \$1 million**
- **Economic Trends – End of the Bull Market????**
- **Rising Interest Rates**

Rainy Day Fund

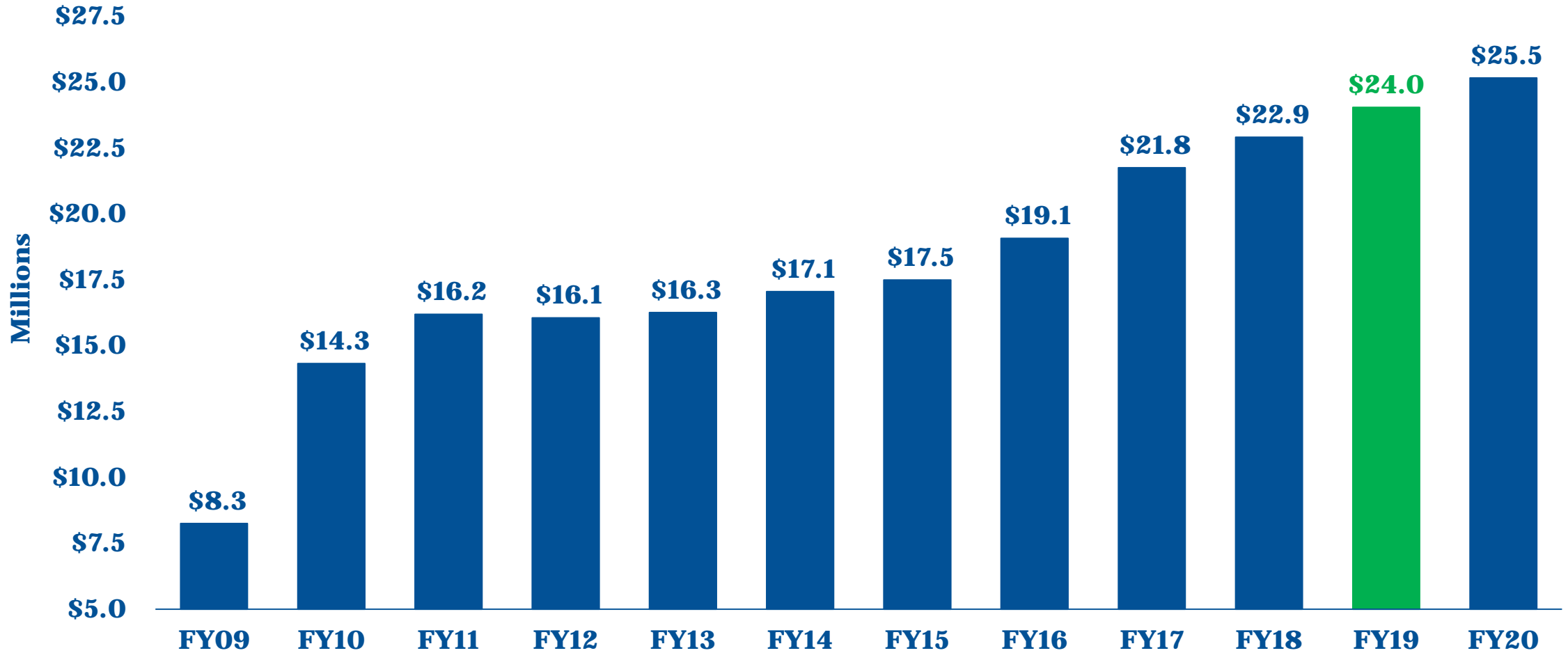
Rainy Day Stabilization Fund - Approx \$900,000 Must be Added each year to maintain balance of 5% of Revenue



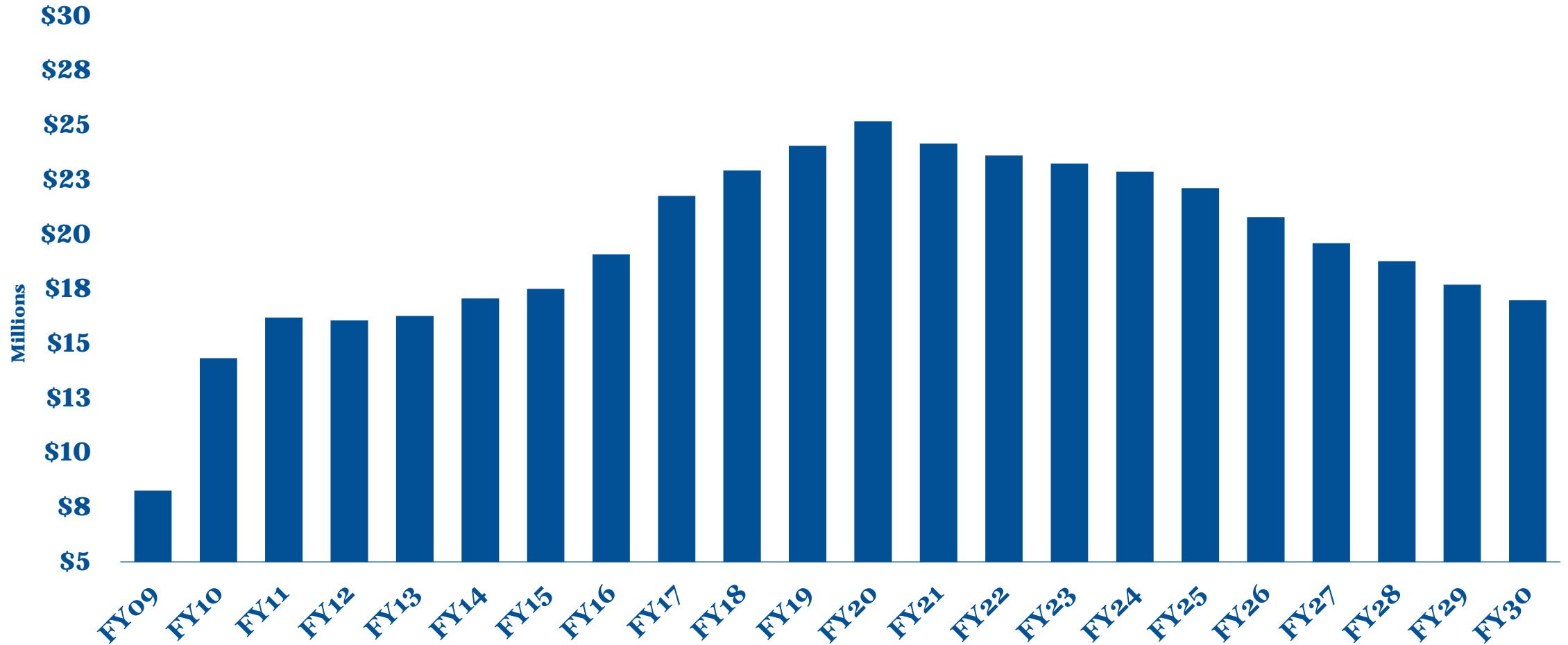
Debt Service

Investment in School & City Buildings, Fleet, Bridges, Equipment, Parks,
Traffic Signals, Water/Sewer/Stormwater Systems

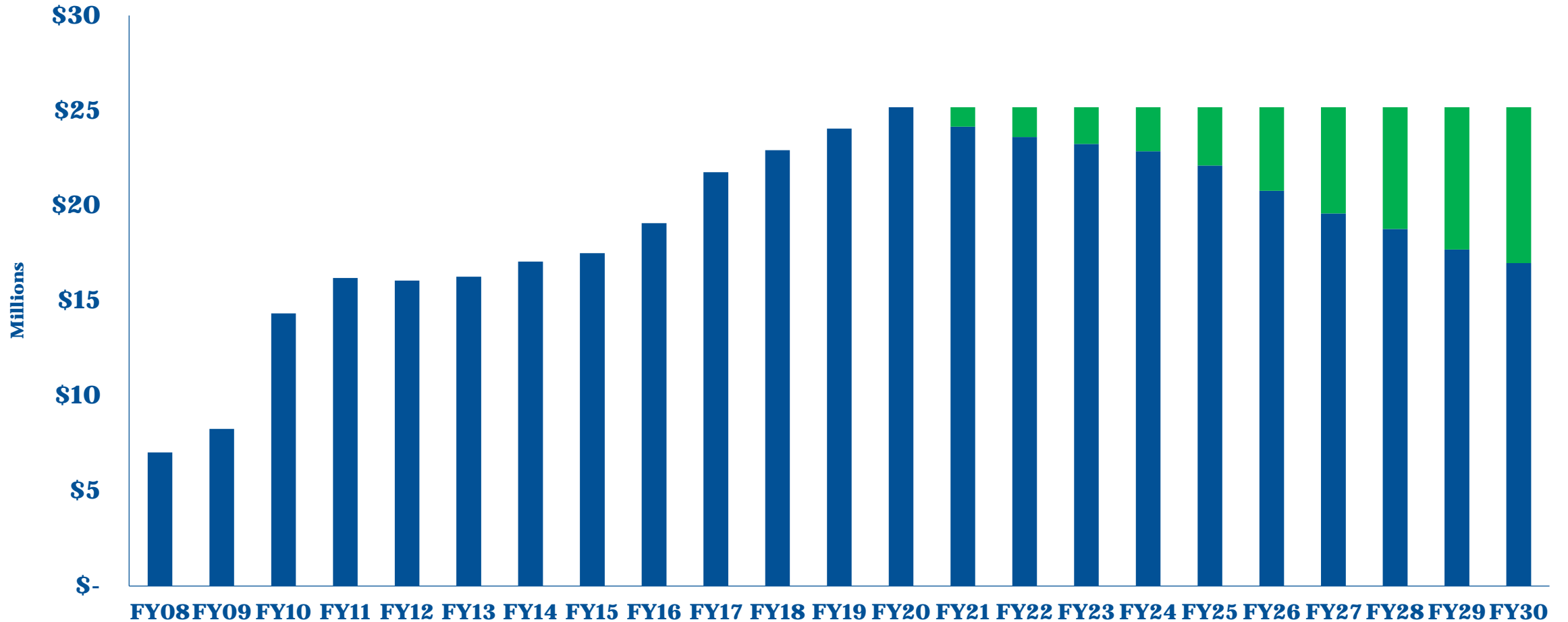
FY2019 Debt Service - \$24,048,000 – Approx. \$1 Mil Increase



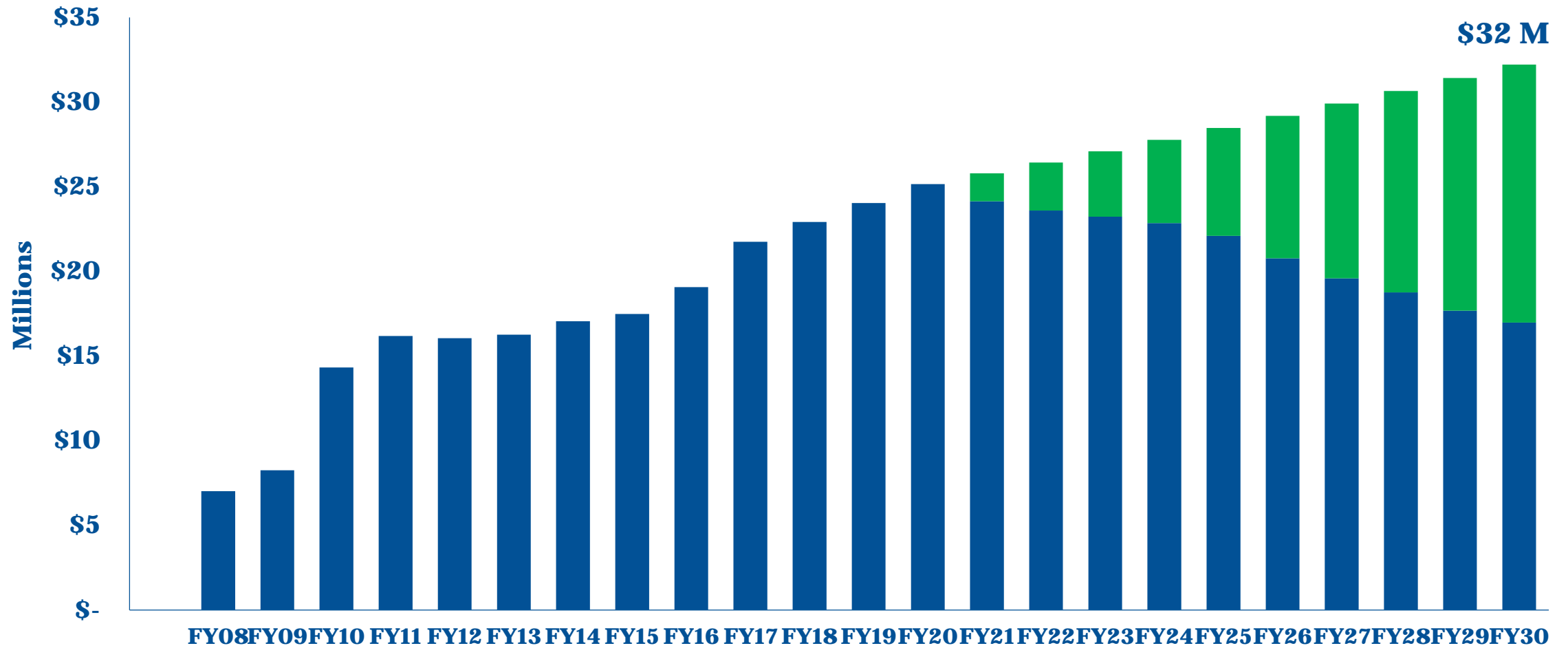
Current Debt Service Schedule (What We Already Owe)



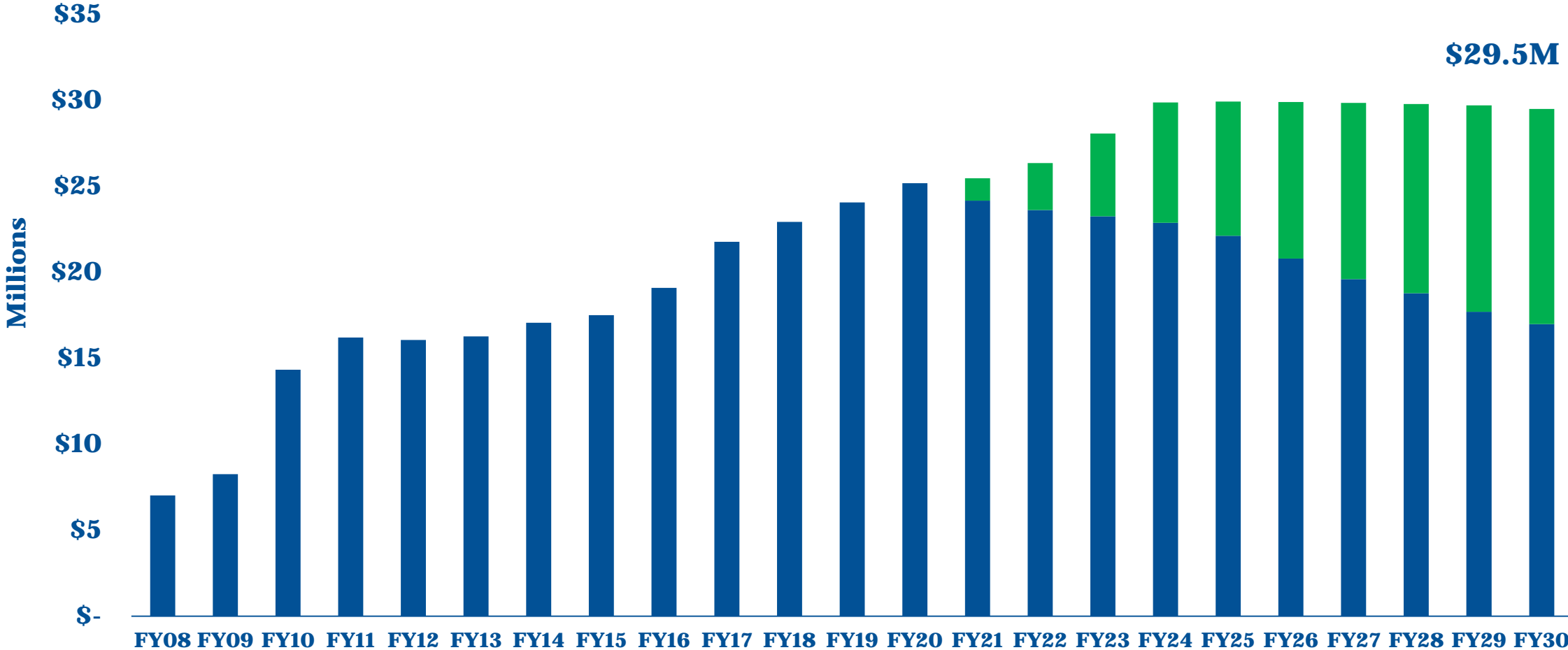
Level Debt Service Payments through 2030



Debt Service – 2.5% Annual Increase



Debt Service Projections - Evaluated on an Annual Basis



\$29.5M

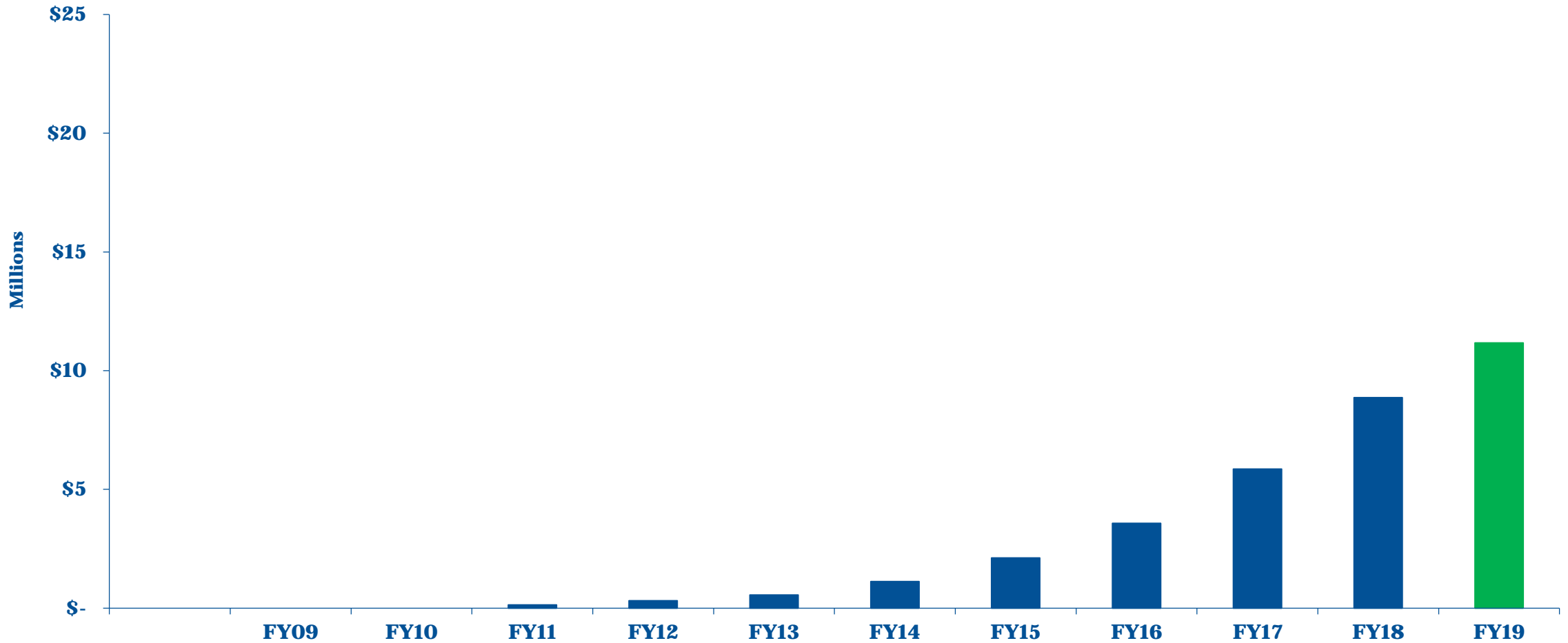
Challenges

- **Pensions**
- **Other Post-Employment Benefits – O.P.E.B.**
(i.e. retiree health care benefits)

O.P.E.B.

Other Post Employment Benefits/Retiree Health Insurance

O.P.E.B. Actual Trust Fund Total – June 30, 2018 - \$8.6M
FY2019 Budget \$2,500,000



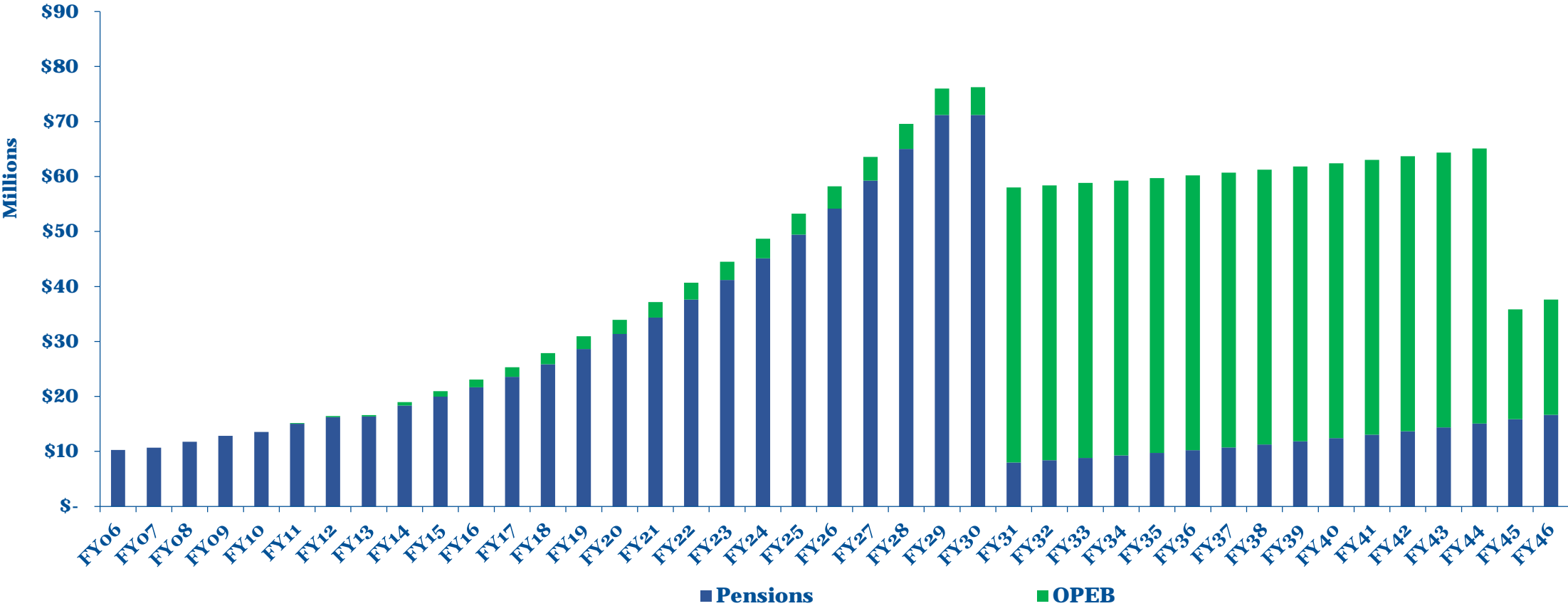
NEWTON'S O.P.E.B. LIABILITY
\$635 MILLION

O.P.E.B. Trust Fund Value as of June 30, 2018 - \$8,615,911
1.4% of the Liability is Funded



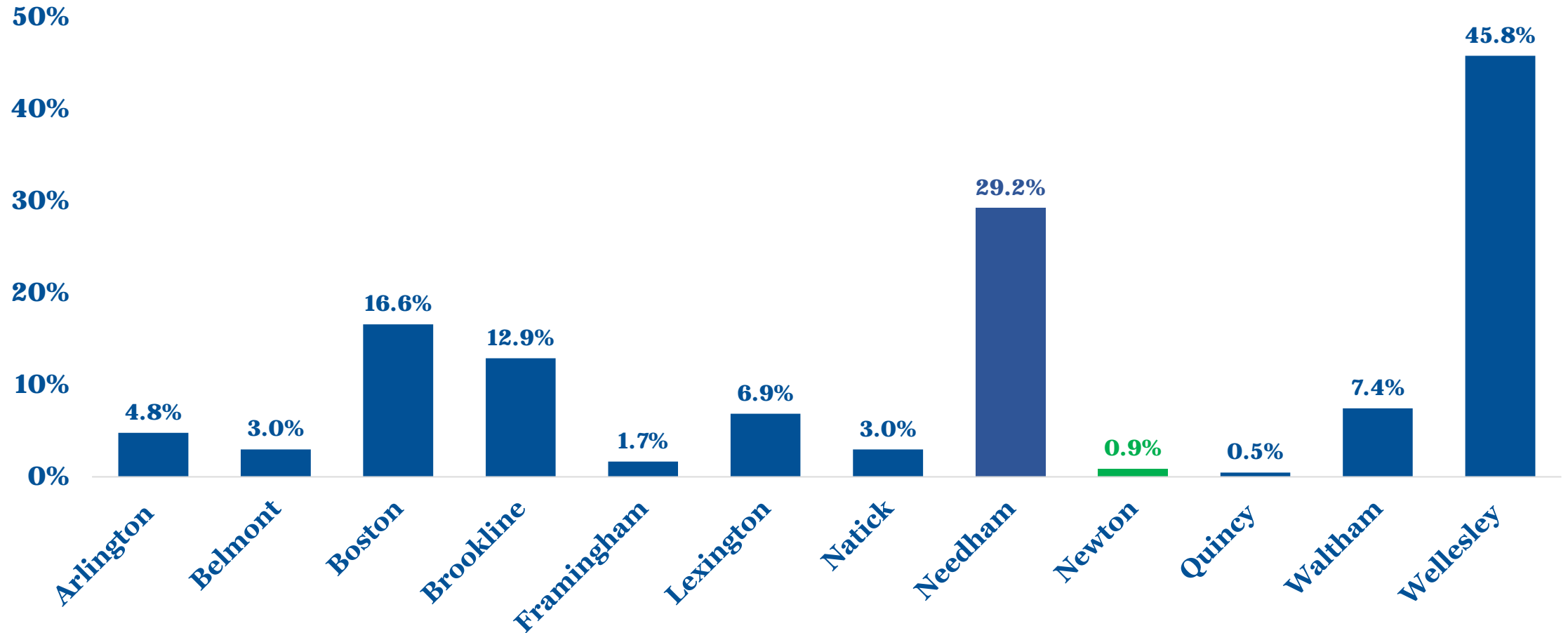
O.P.E.B. Funding Strategy

The Challenge is Getting to FY2031 & FY2045



O.P.E.B. Liabilities Funded by Community

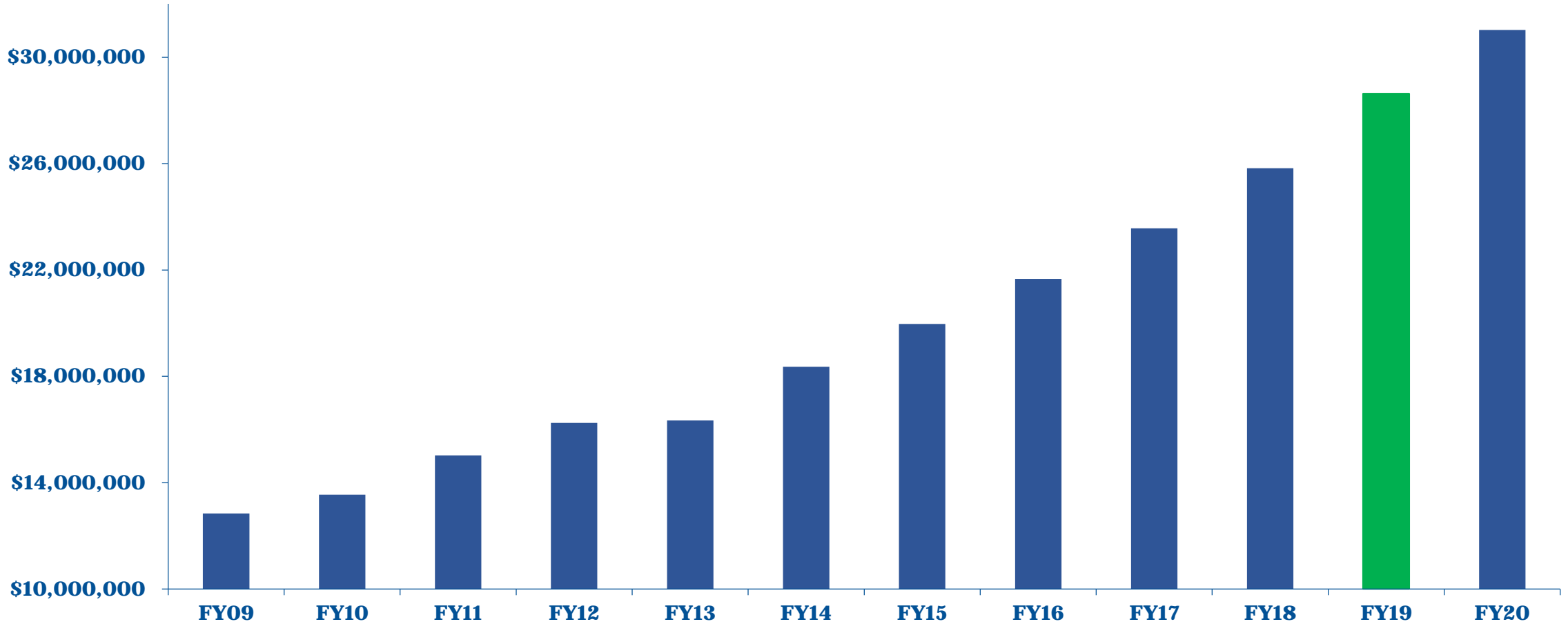
June 30, 2017



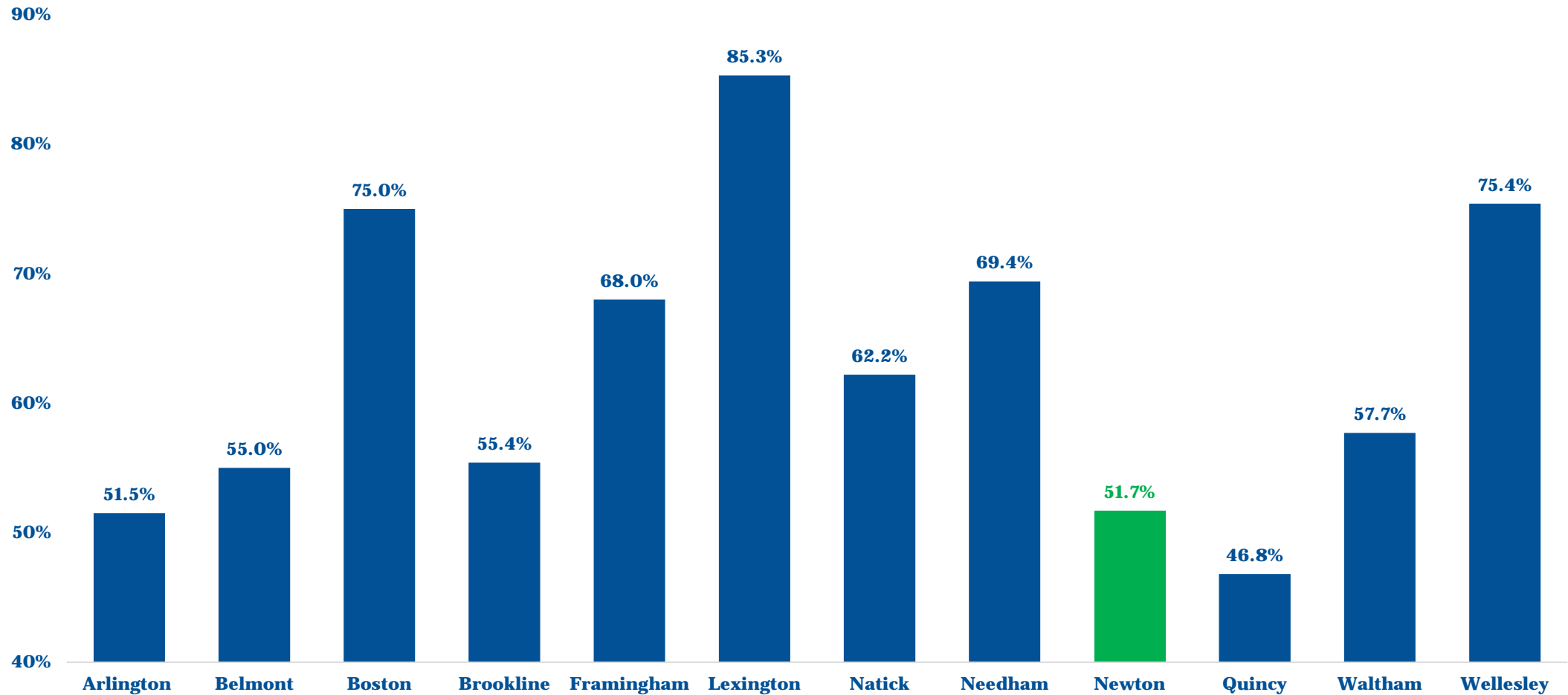
Pensions

NEWTON'S PENSION LIABILITY
\$318 MILLION

Pensions ≈ \$20 Mil Increase over Last 10 Years



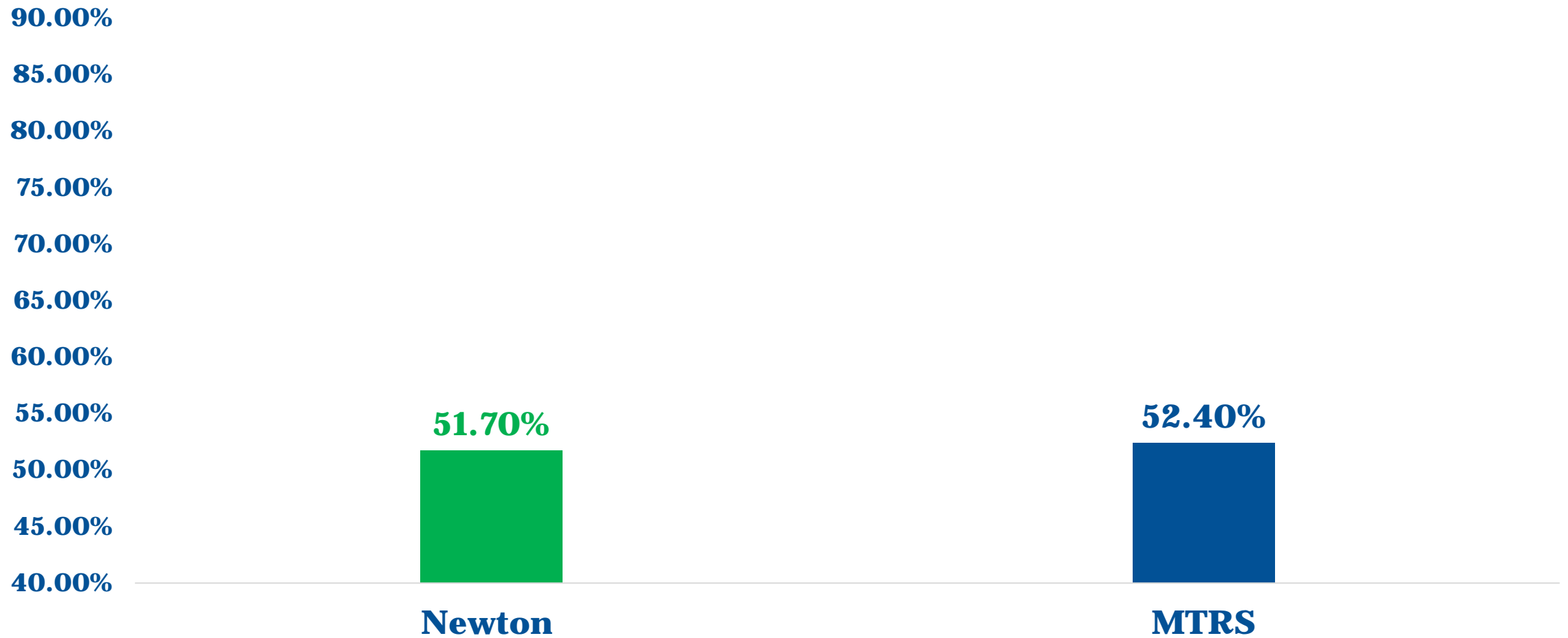
Current Pension System Funding by Community



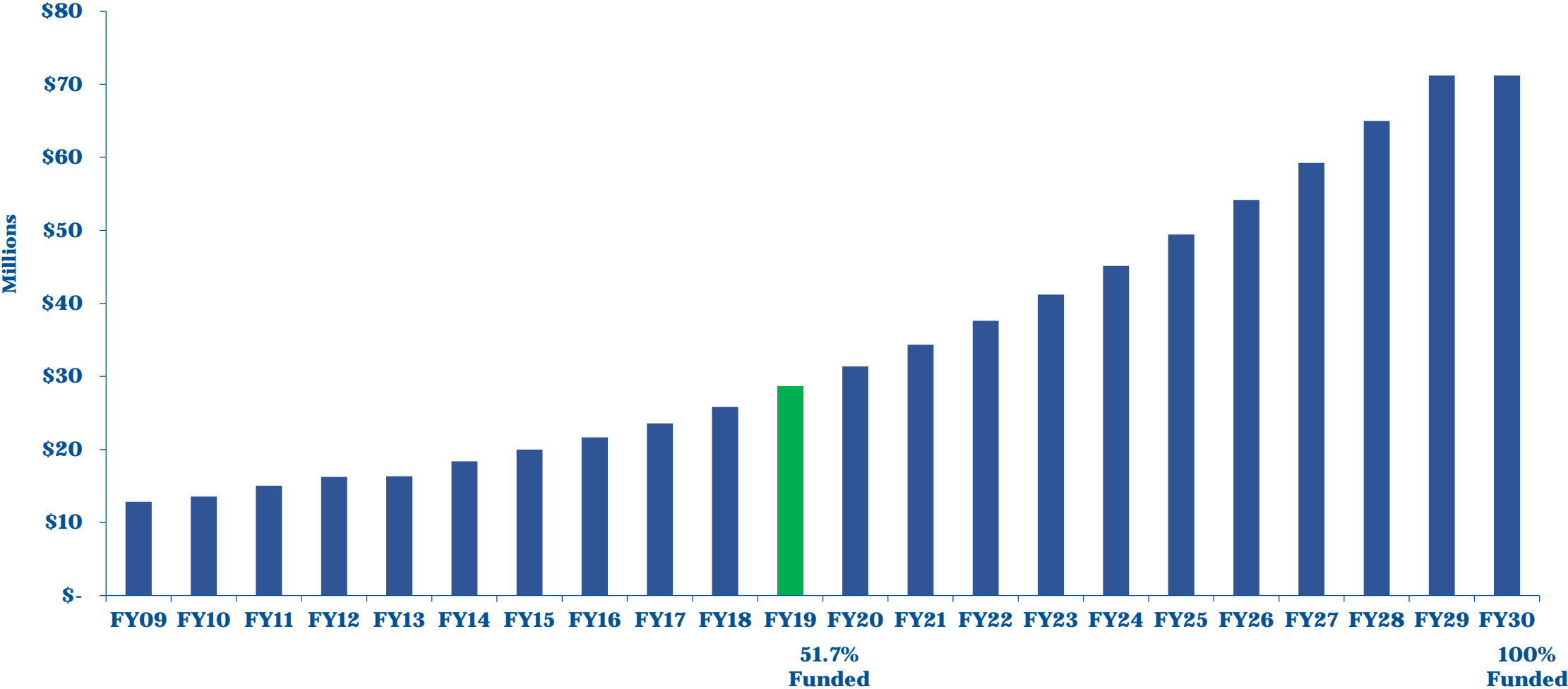
Newton Public Schools' Employees as a Percent of City of Newton Retirement System

- **40% of employees**
 - **NPS: health aides, custodians, secretaries**
- **20% of the retirement system's liability**
 - **NPS Employees**

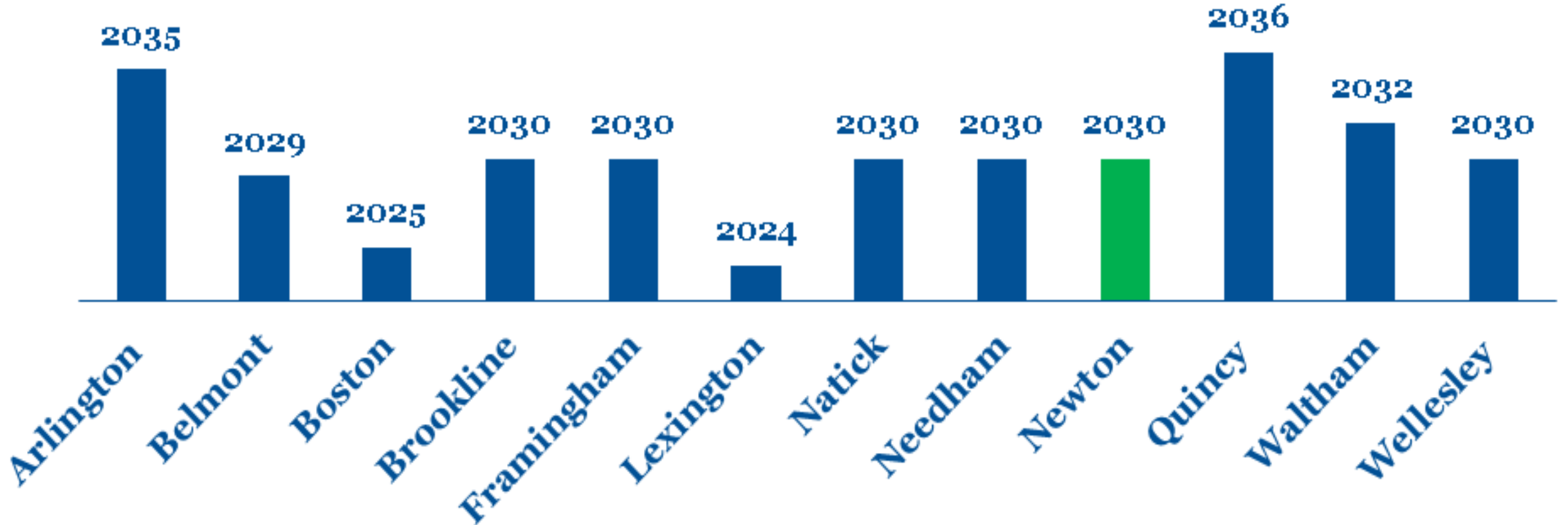
Current Pension System Funding City of Newton and Mass Teachers Retirement System



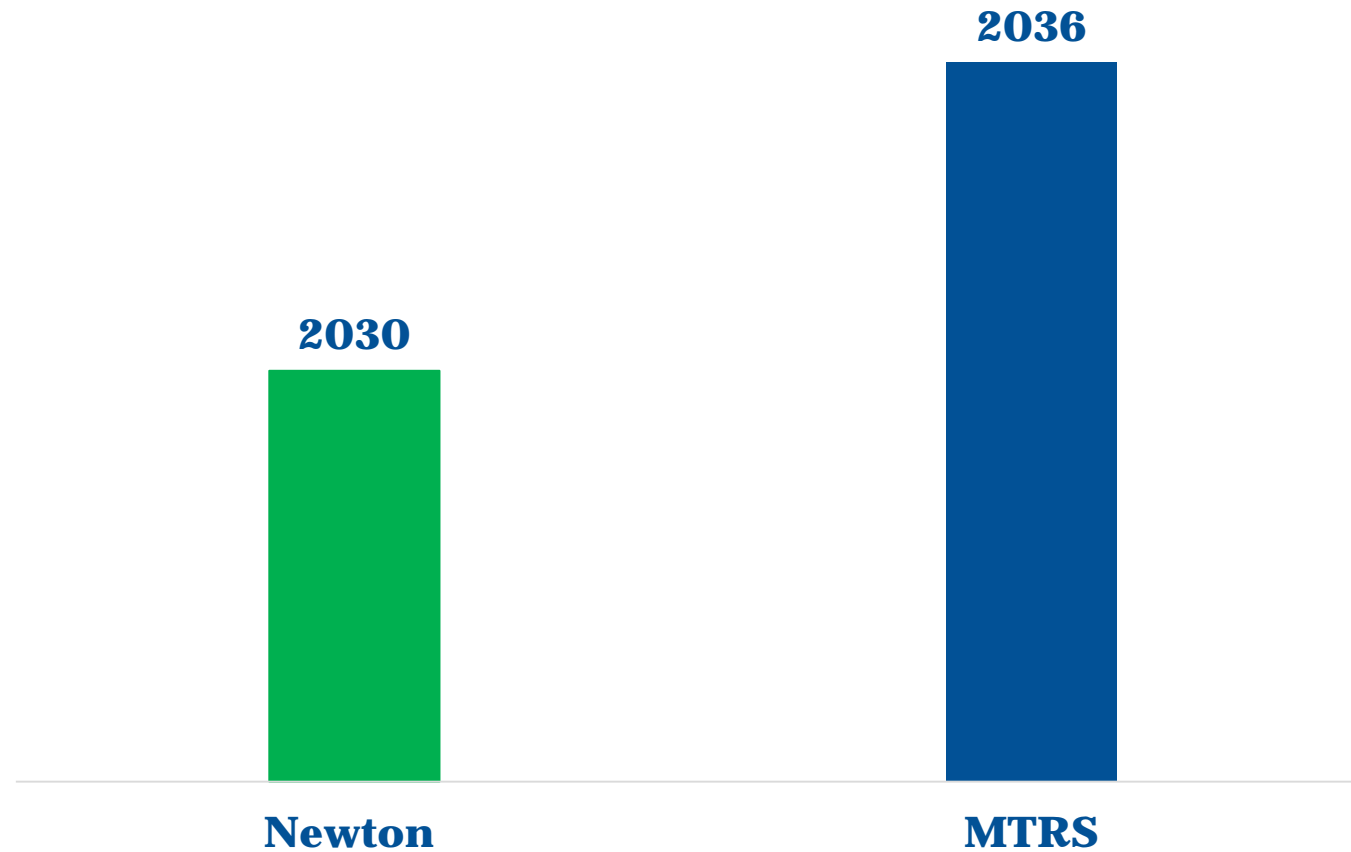
Projected Newton Contributory Retirement System Funding Schedule through 2030 – 9.6% Annual Increase



Achievement Year of Fully Funded Pension System by Community

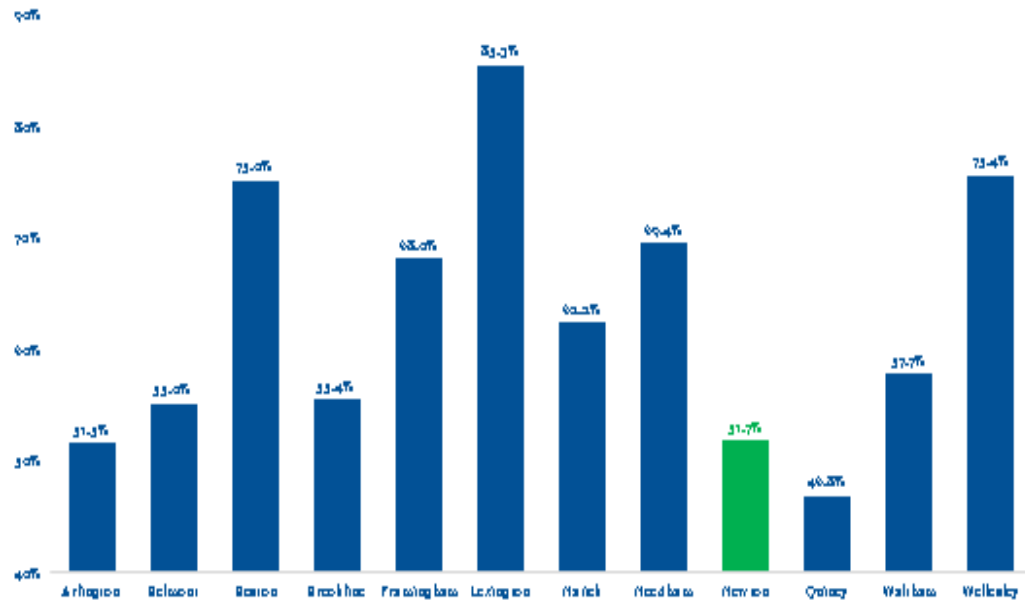


Achievement Year of Fully Funded Pension System City of Newton and Mass Teachers Retirement System

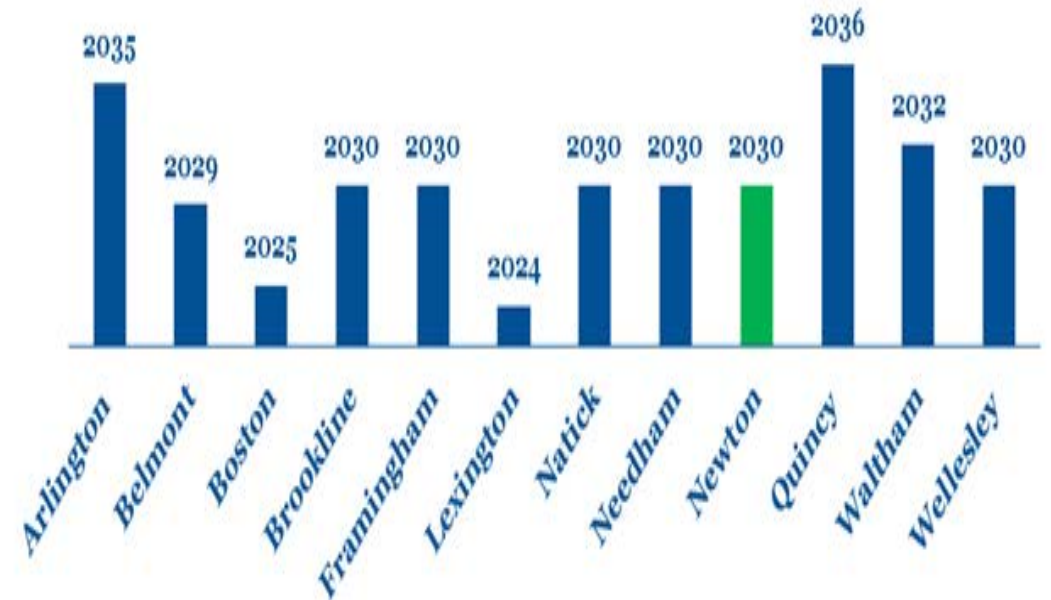


Our Challenge as We Move Forward

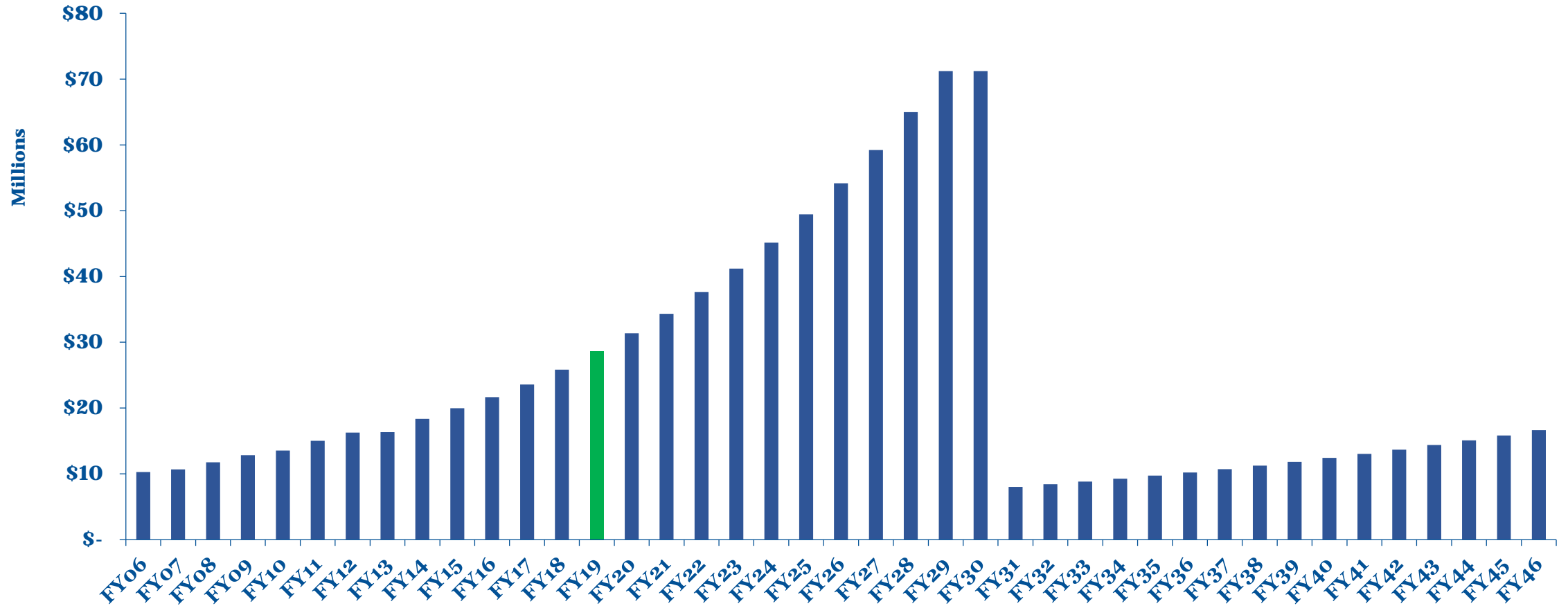
Current Pension System Funding by Community



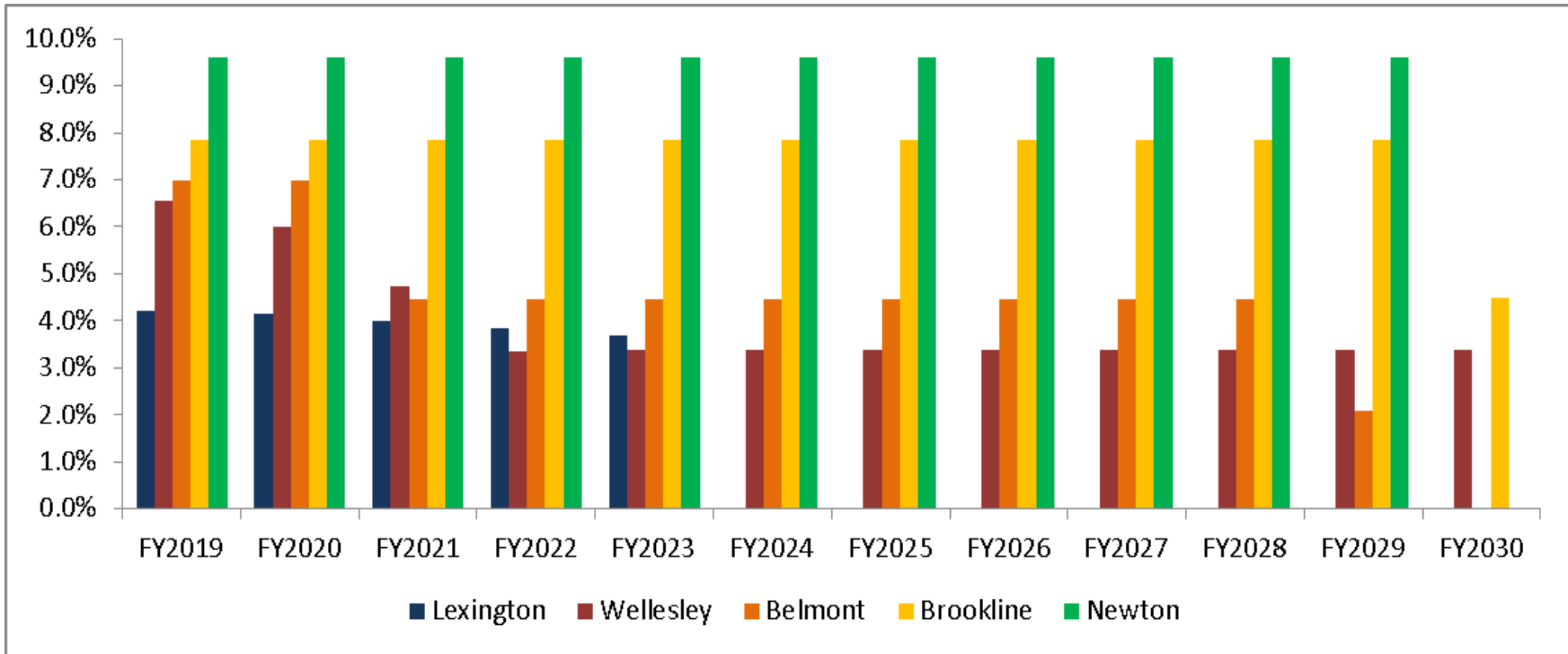
Achievement Year of Fully Funded Pension System by Community



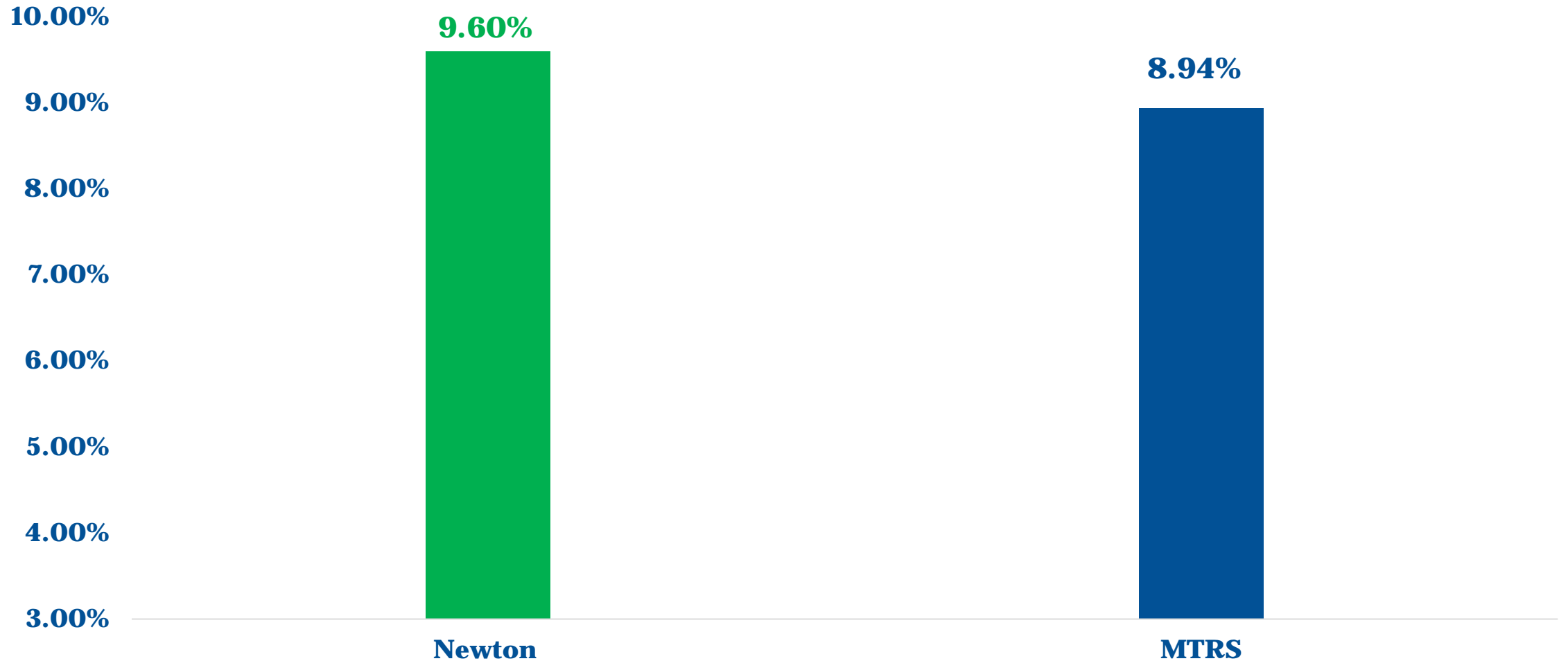
Pensions @ Normal Cost Funding by FY2031 (100% Funded – Only Need to Pay for Current Employees)



Annual Percentage Increase by Community
Lexington 4% fully funded 2024, Wellesley 6.6% dropping to 3.4% by 2022,
Belmont 7% dropping to 4.5% by 2021,
Brookline 7.9% through 2029,
Newton 9.6% through 2029



Annual Percentage Increase for Full Funding Newton and Mass Teachers Retirement System



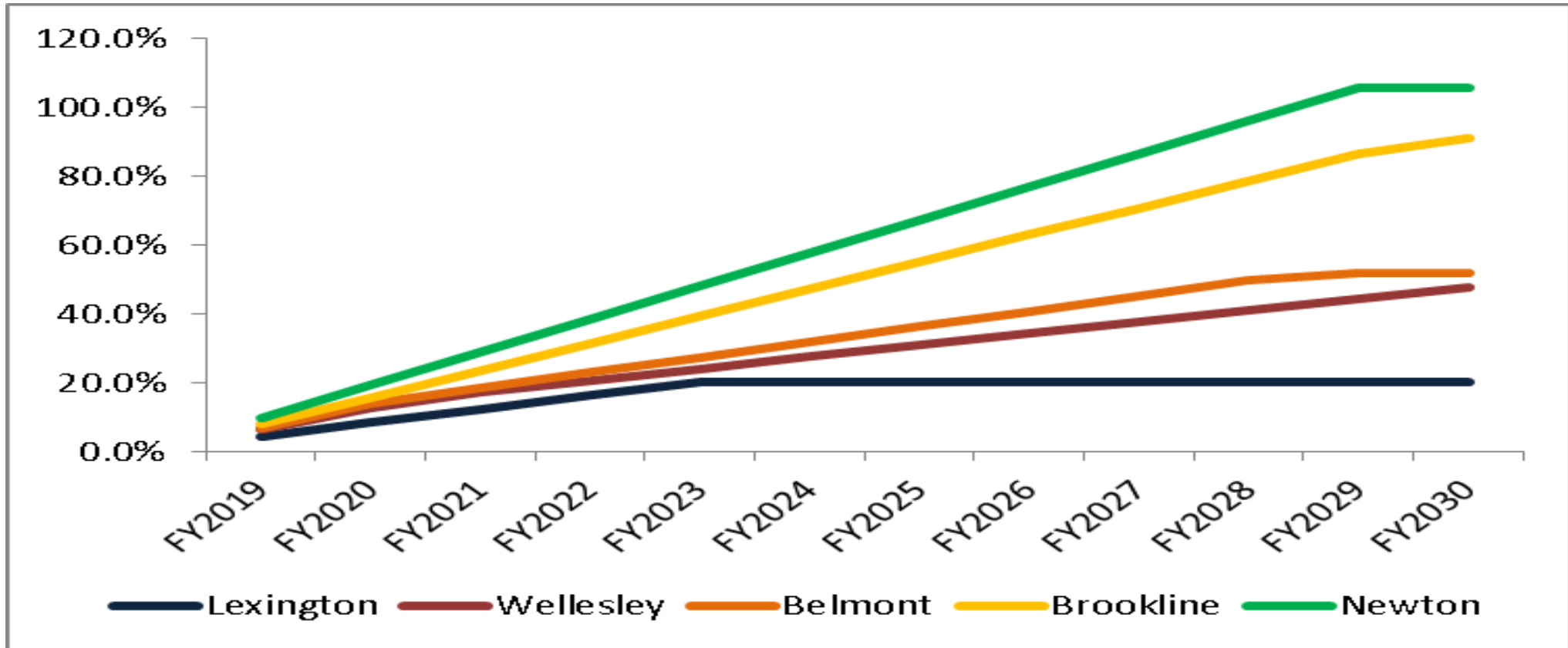
Cumulative Percentage Increase by Community

Lexington - 20%
Belmont - 52%

Wellesley - 48%

Brookline - 91%

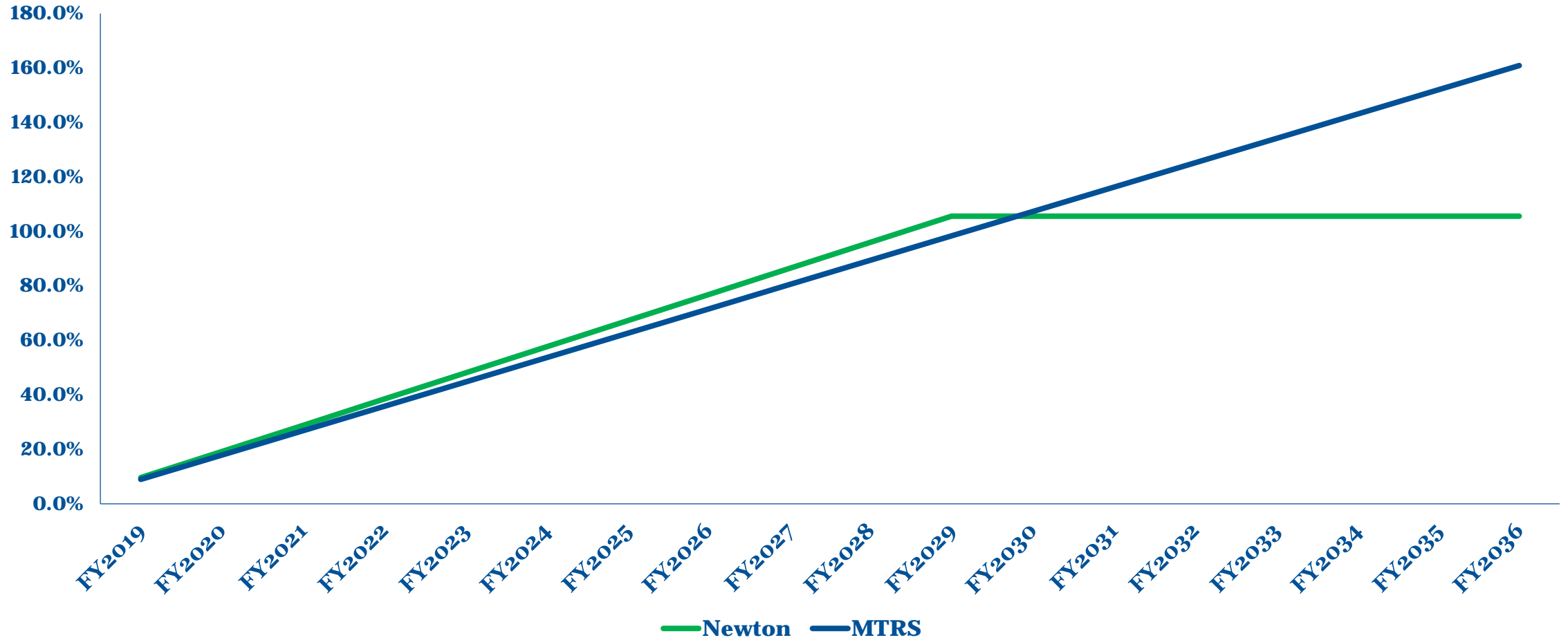
Newton - 105%



Cumulative Percentage Increase to FY2036

Newton – 105.6%

MTRS – 161%



**SOLVING THE PUZZLE
IS LIKE
A SERIOUS GAME OF TETRIS**

ADDRESSING CLIMATE CHANGE
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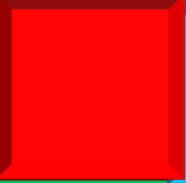
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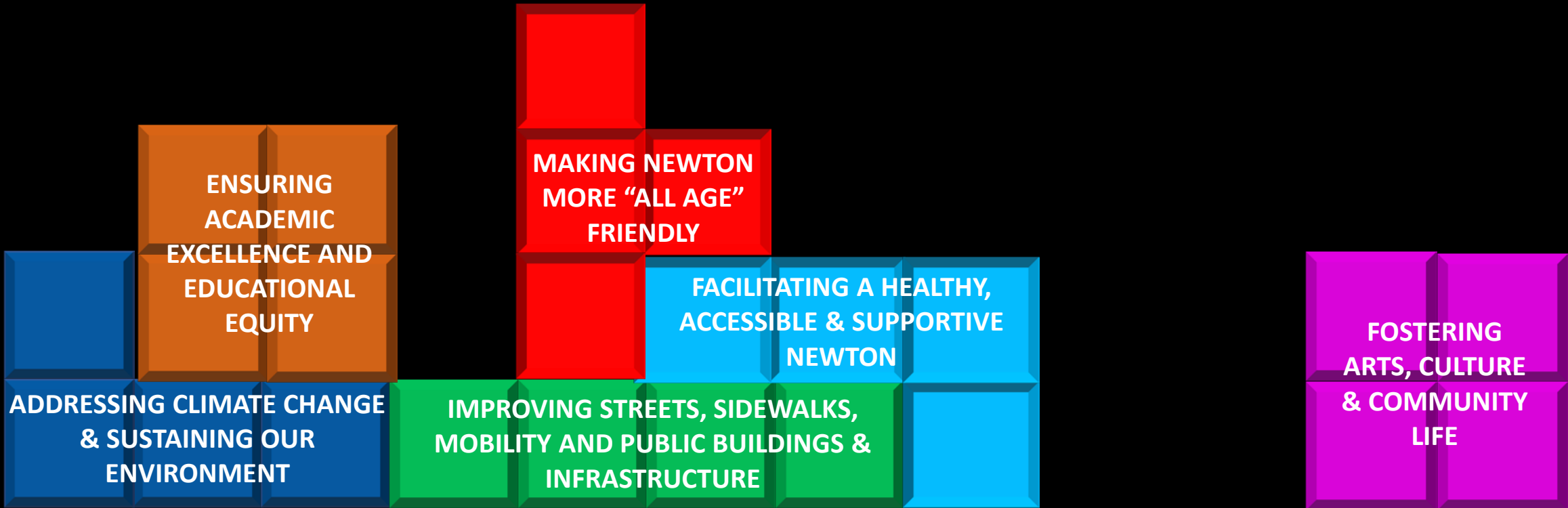
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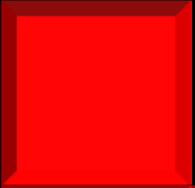
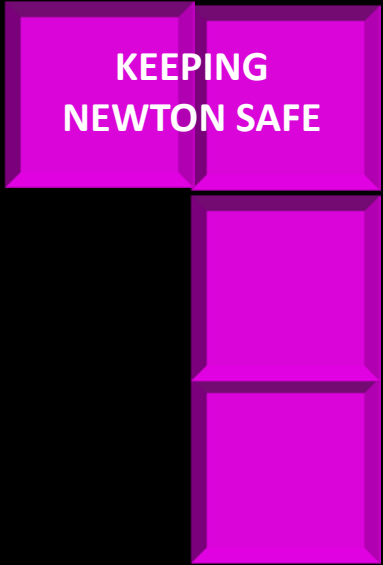
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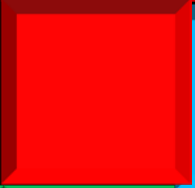
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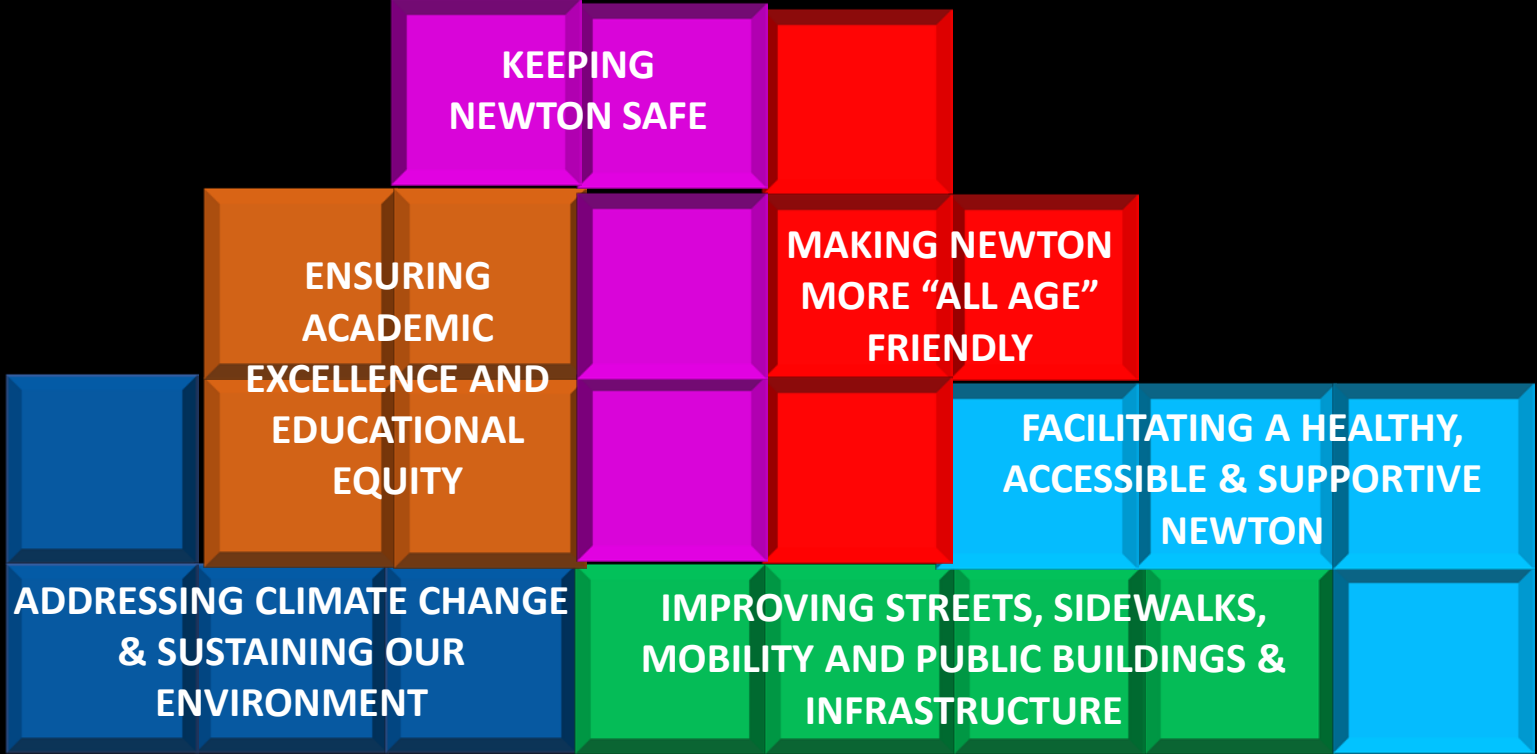
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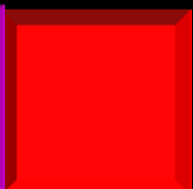
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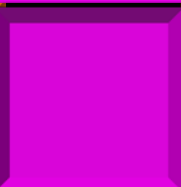
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AND TAKING
CARE OF
WHAT WE
HAVE



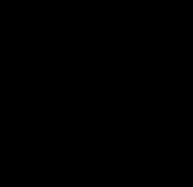
KEEPING
NEWTON SAFE



ENSURING
ACADEMIC
EXCELLENCE AND
EDUCATIONAL
EQUITY



MAKING NEWTON
MORE "ALL AGE"
FRIENDLY



FACILITATING A HEALTHY,
ACCESSIBLE & SUPPORTIVE
NEWTON



ADDRESSING CLIMATE CHANGE
& SUSTAINING OUR
ENVIRONMENT

IMPROVING STREETS, SIDEWALKS,
MOBILITY AND PUBLIC BUILDINGS &
INFRASTRUCTURE



FOSTERING
ARTS, CULTURE
& COMMUNITY
LIFE

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AND CARING FOR OUR PARKS AND
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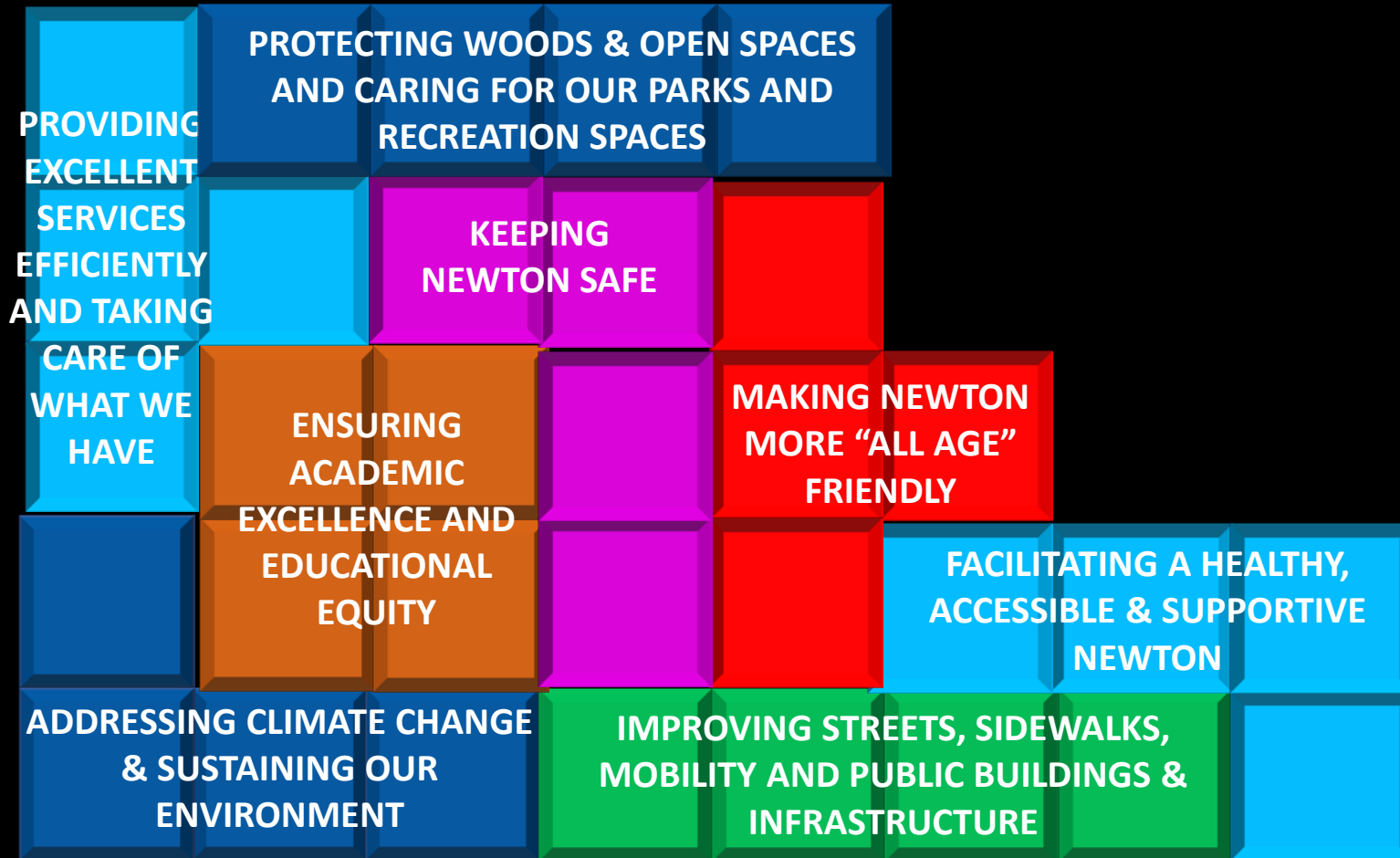
**MAKING NEWTON
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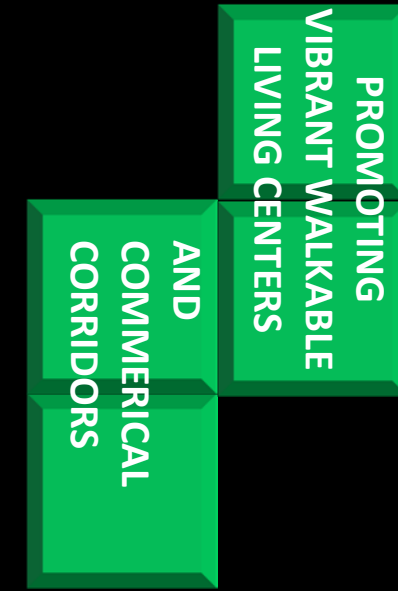
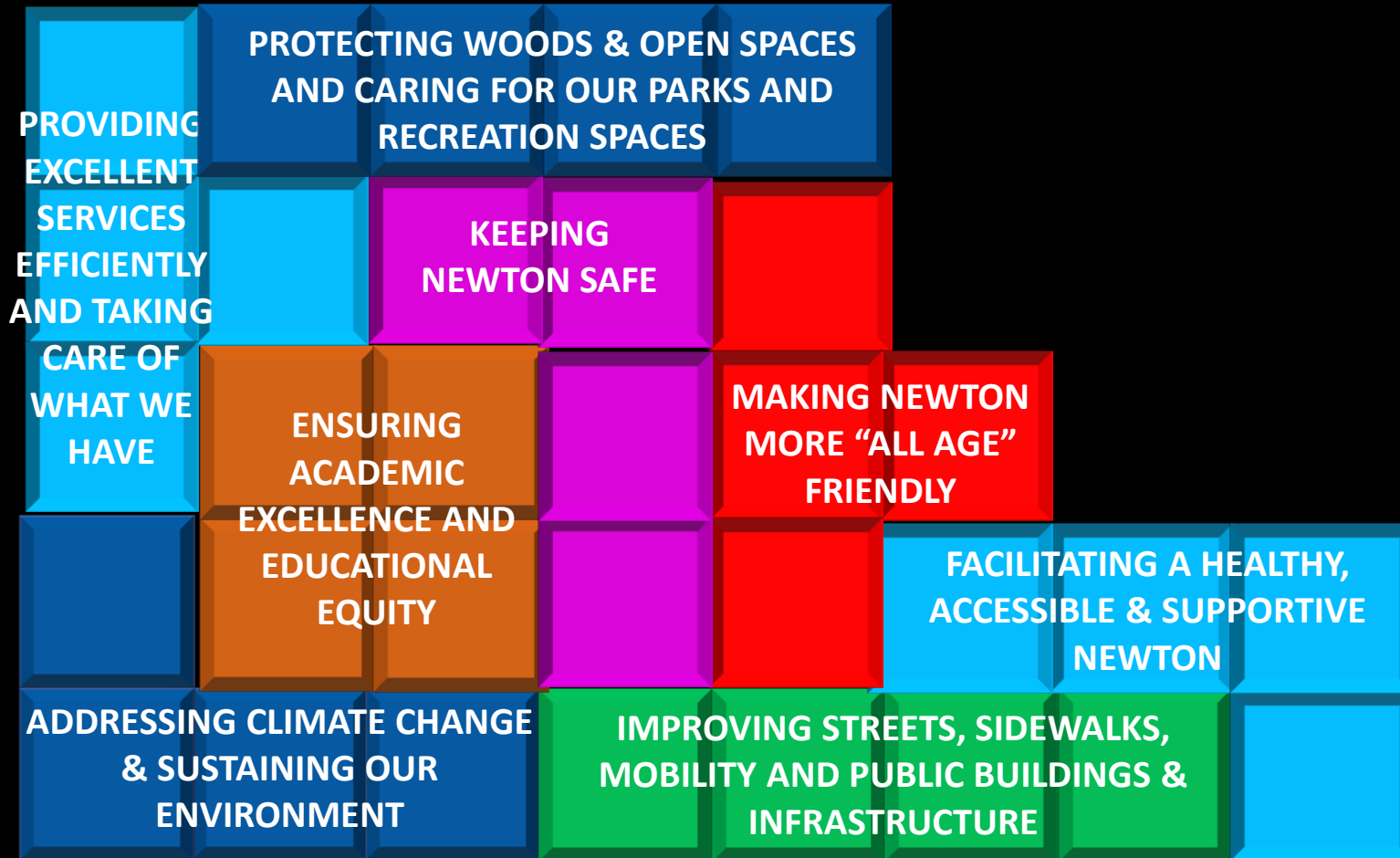
**FACILITATING A HEALTHY,
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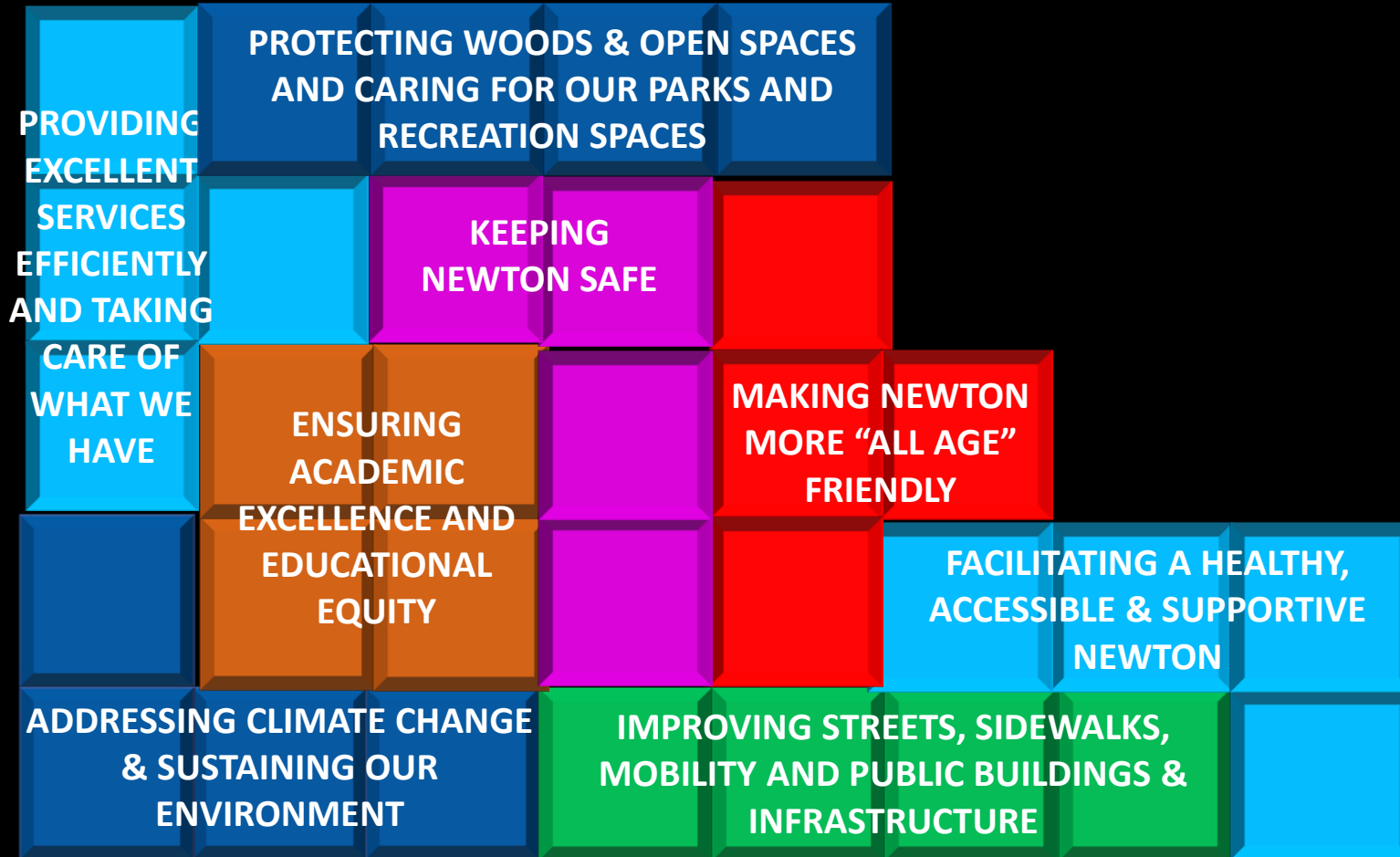
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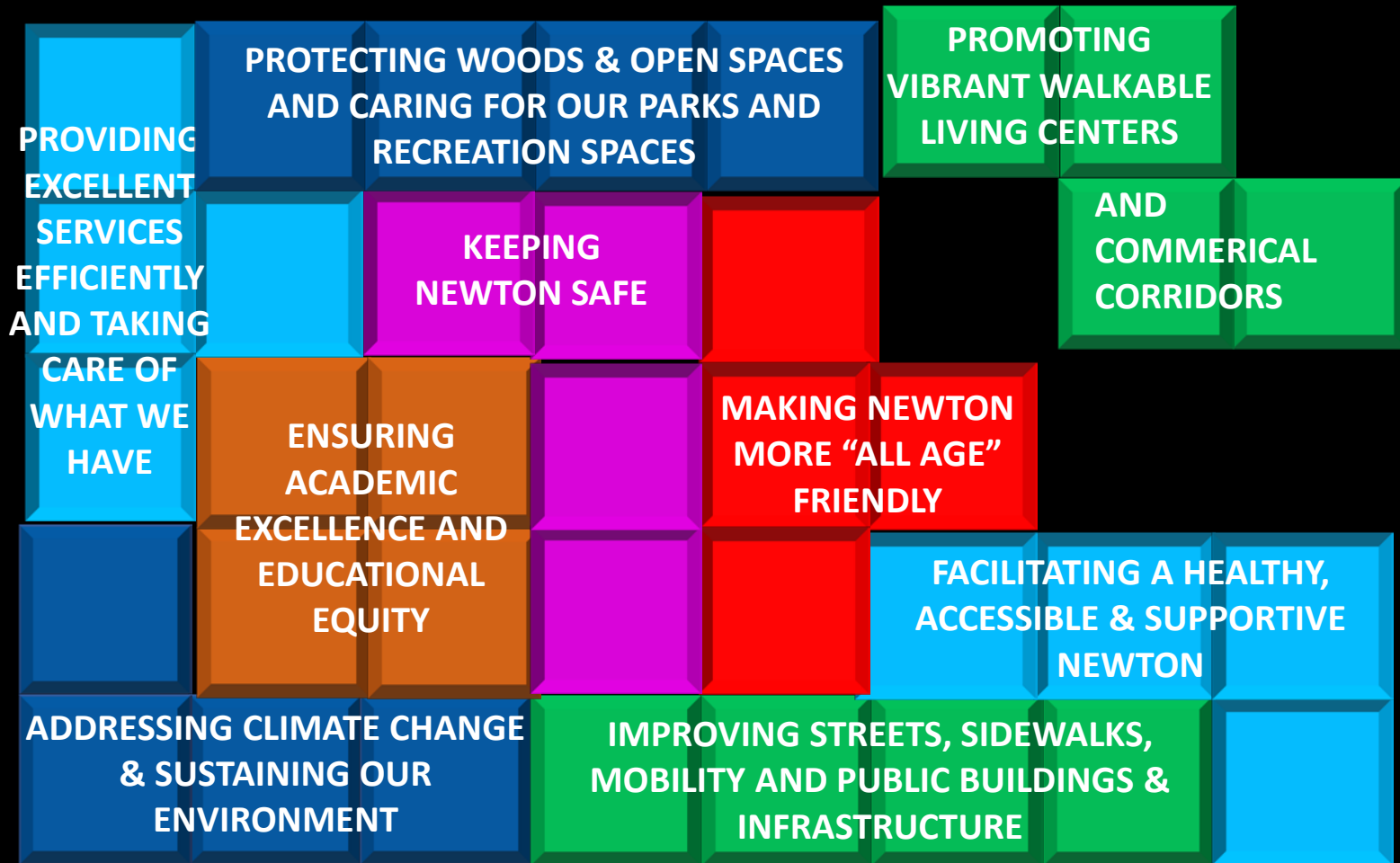


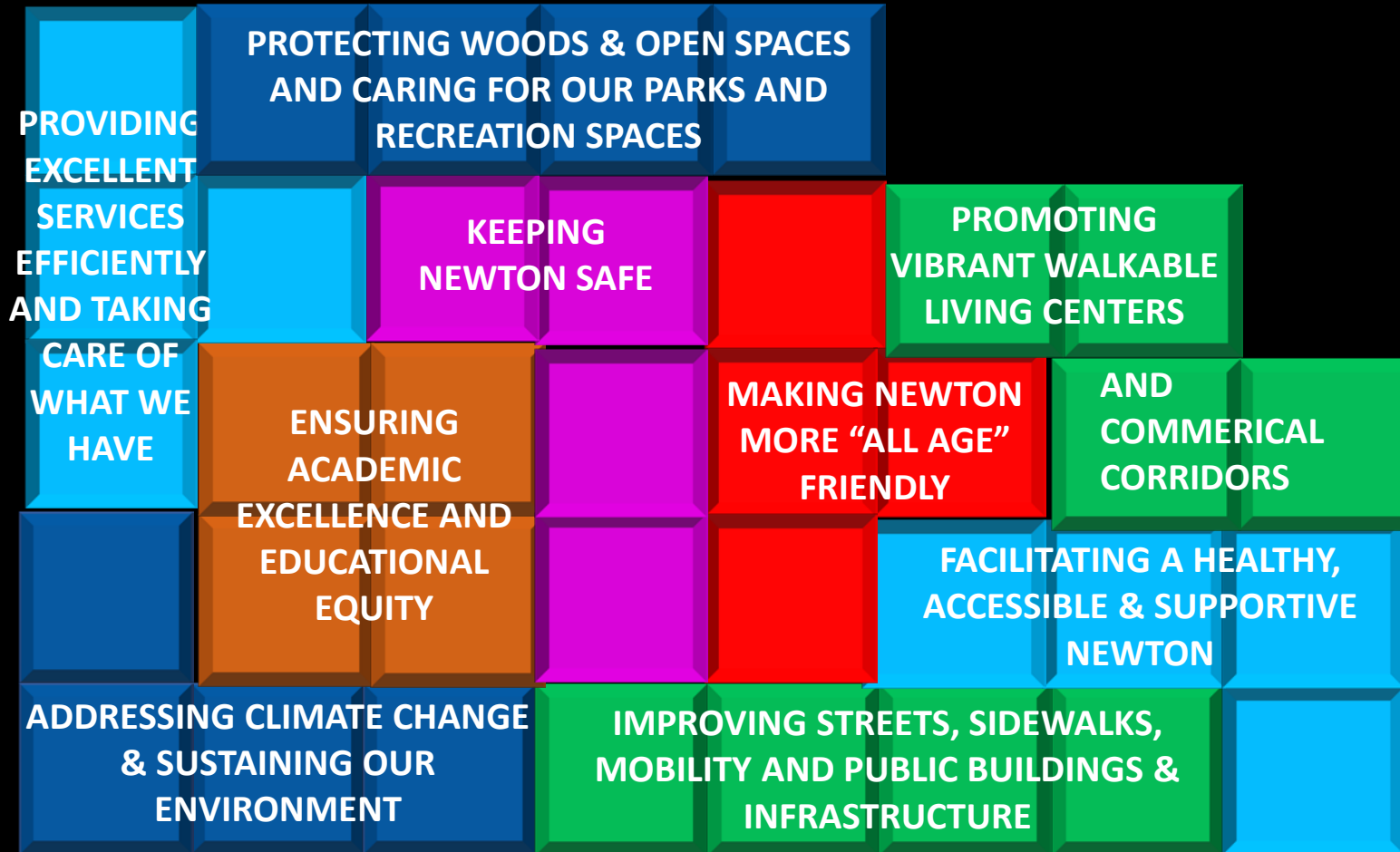


PROMOTING VIBRANT WALKABLE LIVING CENTERS

AND COMMERCIAL CORRIDORS

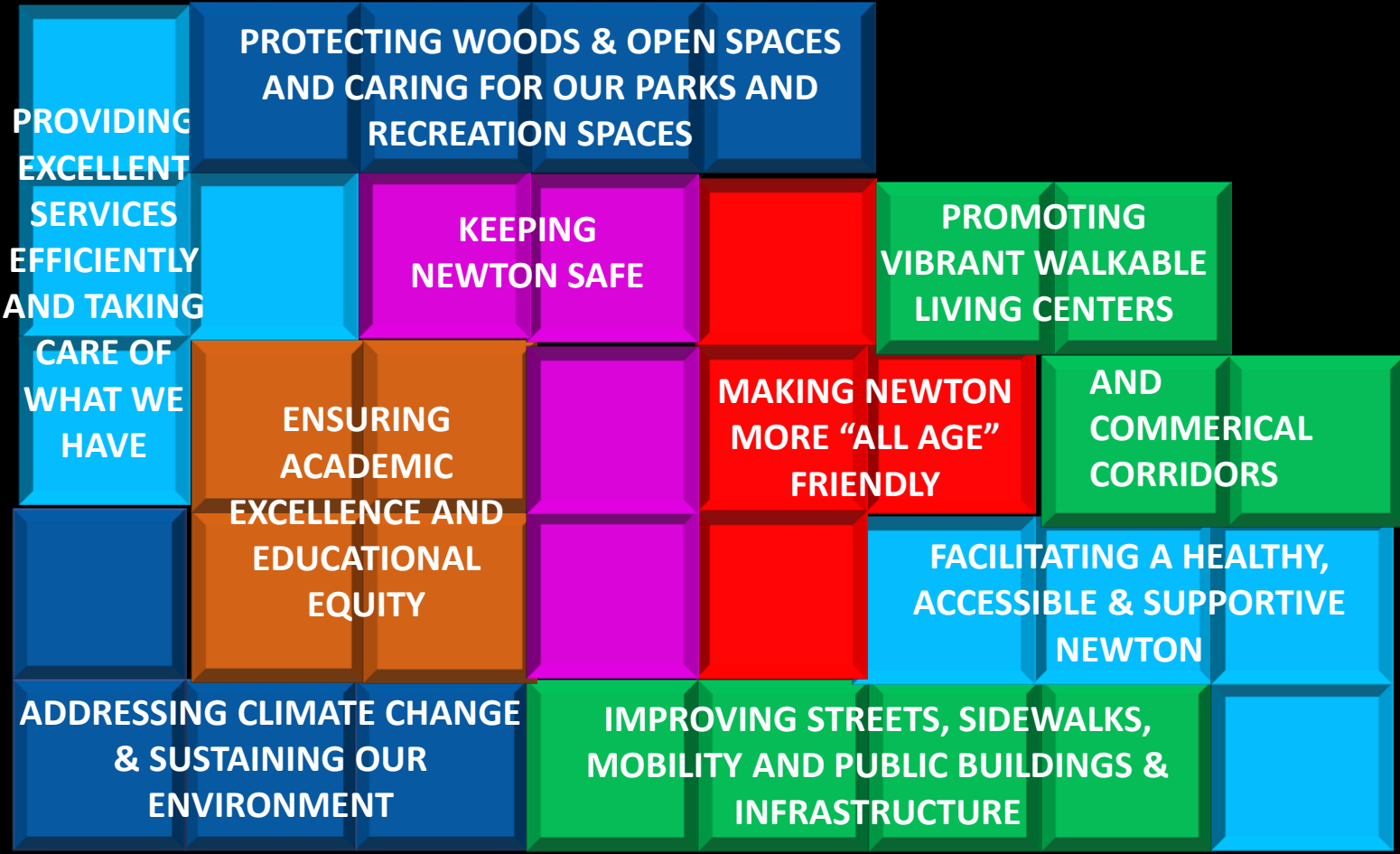
FOSTERING ARTS, CULTURE & COMMUNITY LIFE

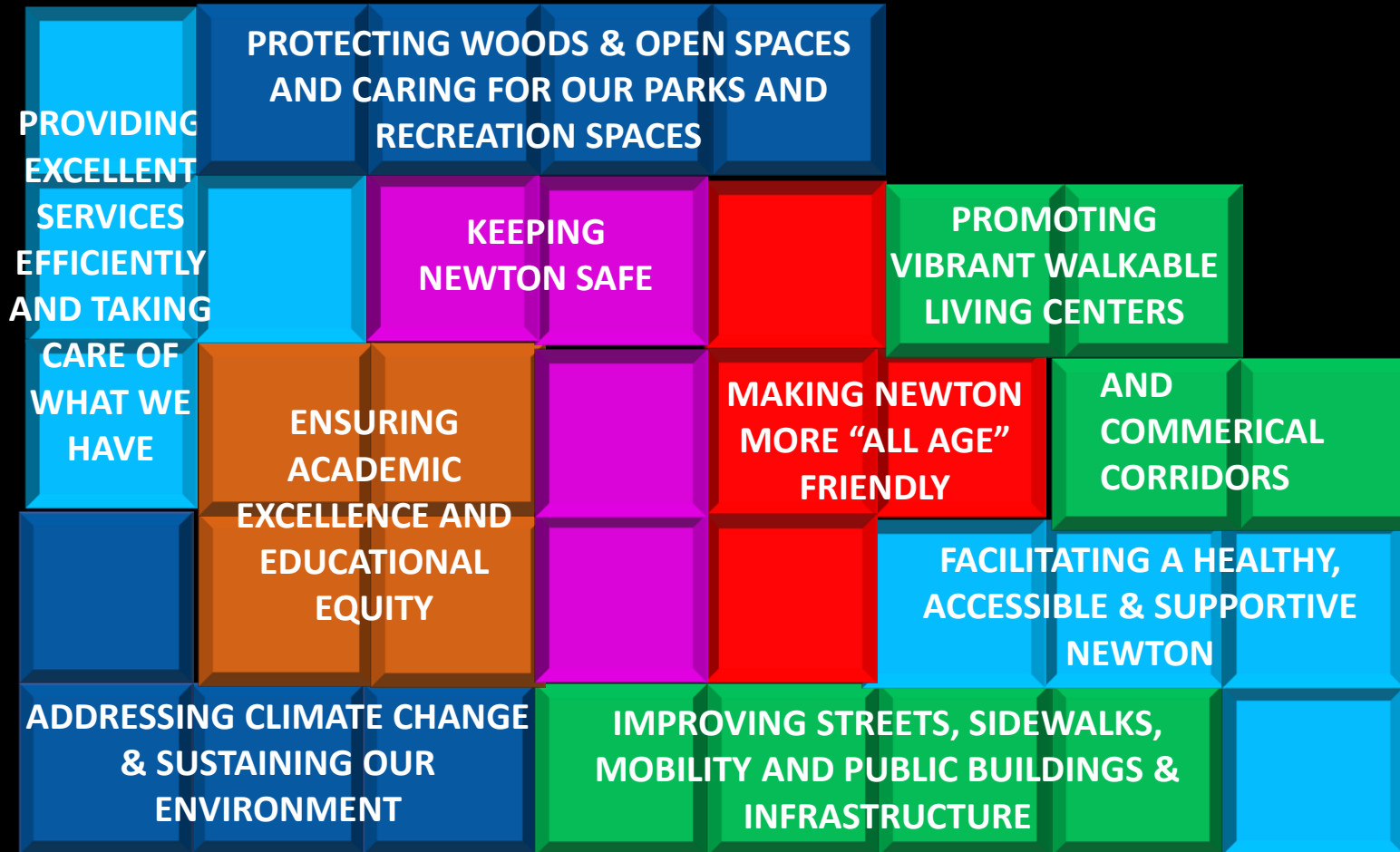




PRESERVING NEIGHBORHOODS
INCREASING AFFORDABLE
HOUSING & DIVERSIFYING

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OPPORTUNITIES

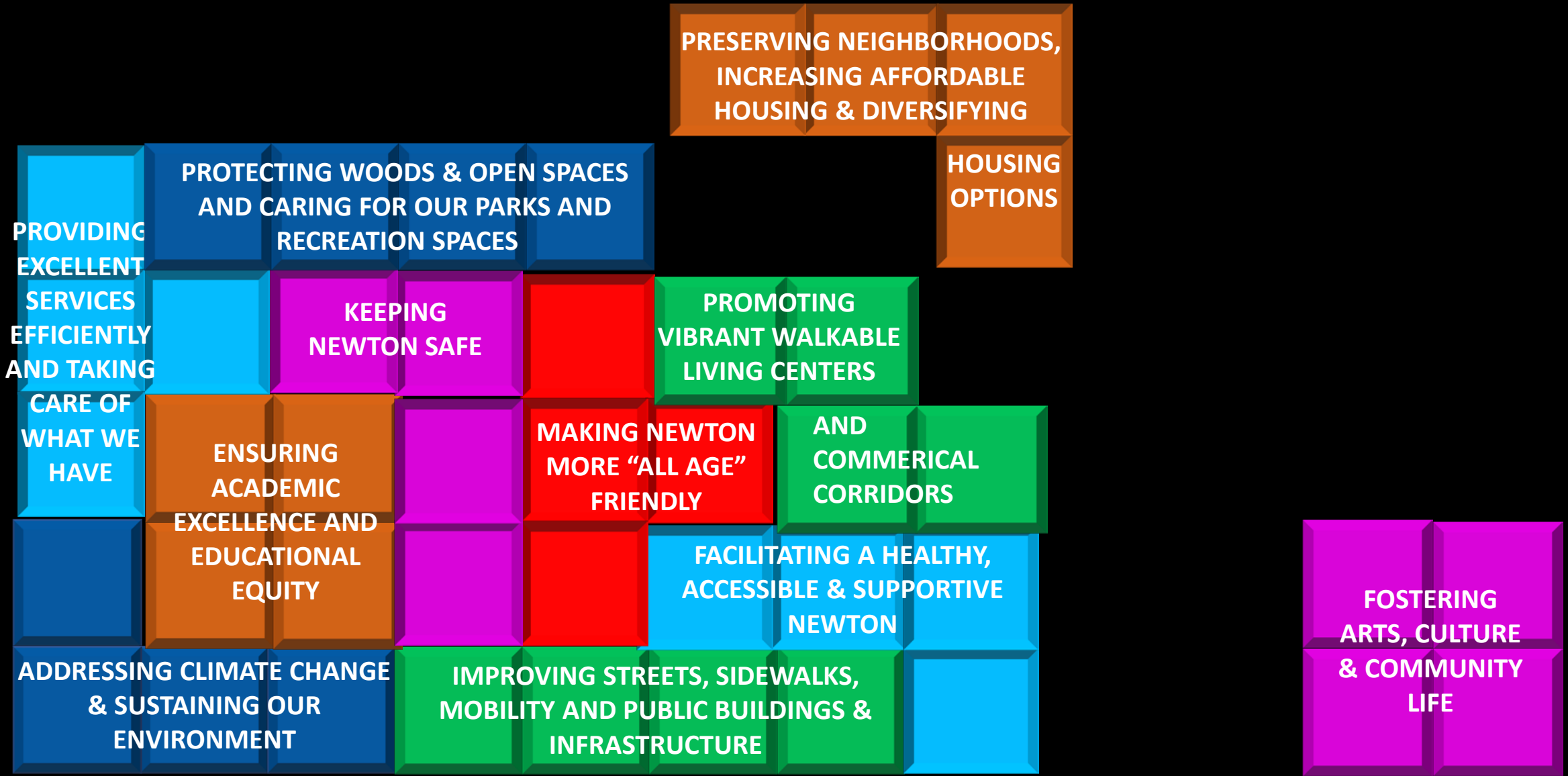




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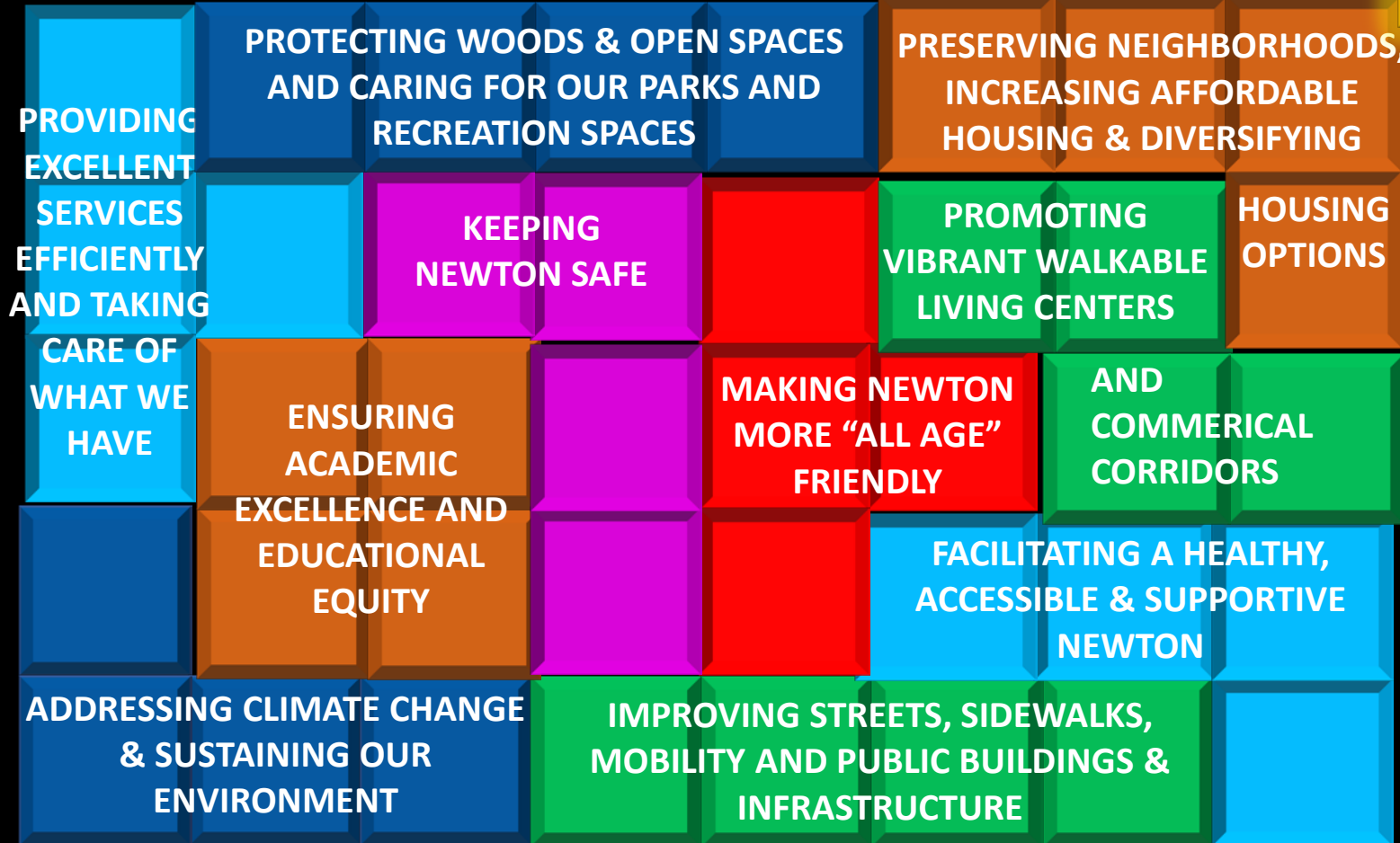
HOUSING
OPTIONS

FOSTERING
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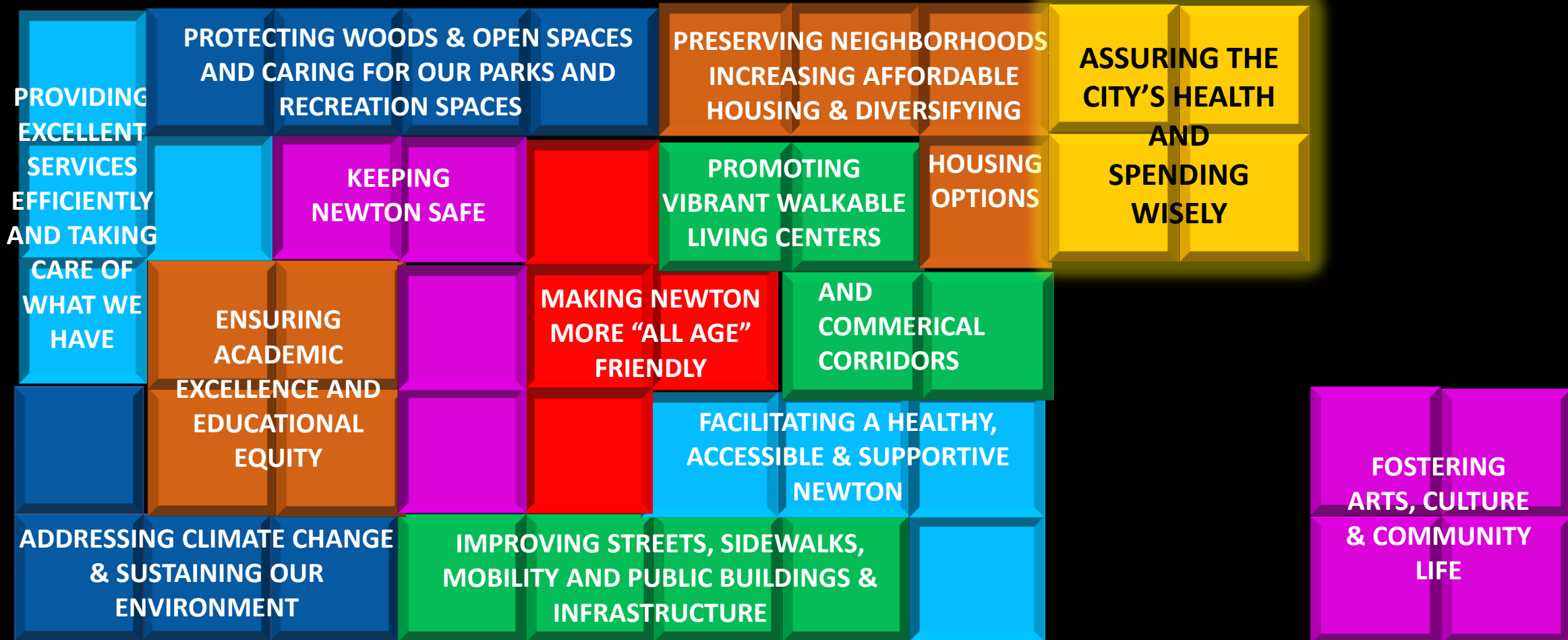




**ASSURING THE
CITY'S HEALTH
AND
SPENDING
WISELY**



**FOSTERING
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NEWTON

A financially robust city with the ability to provide excellent schools and services while properly addressing challenges ahead.