



## FINANCIAL AUDIT ADVISORY COMMITTEE

### Agenda

**Wednesday, December 16 at 8:00 AM**

The Financial Audit Advisory Committee will hold this meeting as a virtual meeting on Wednesday, December 16, 2020 8:00 am. To view this meeting use this link at the above date and time:

<https://us02web.zoom.us/j/86441053105>

Dial by your location

+1 646 558 8656 US (New York)

Meeting ID: 864 4105 3105

### Agenda Items

- Update from External Auditors
  - Update on the draft Comprehensive Annual Financial Report
  - Review draft Management Letter
  - Review draft Single Audit Report
  - Update on special projects

# City of Newton, Massachusetts

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020



# City of Newton, Massachusetts

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020



*Prepared by the Comptroller's Office*

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

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***INTRODUCTORY SECTION***

COMPTROLLER'S OFFICE



## CITY OF NEWTON, MASSACHUSETTS

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SUSAN DZIKOWSKI  
COMPTROLLER

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### OPEN DATE

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

I am pleased to transmit to you the City of Newton's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. This report has been prepared by the Comptroller's Office of the City in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Government Accounting Standards Board (GASB).

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

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

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

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



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

## **History and Profile**

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

The City has an estimated total population of 89,045 and occupies a land area of 18.33 square miles. The City is principally suburban-residential in character and consists of 13 distinct villages – Auburndale; Chestnut Hill; Newton Centre; Newton Corner; Newton Highlands; Newton Lower Falls; Newton Upper Falls; Newtonville; Nonantum; Oak Hill; Thompsonville; Waban; and West Newton. Open space comprises 19.6% of the City's total land area, of which 55% is publicly owned.

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

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

## **Organizational Structure**

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

## **Services**

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

## **Reporting Entity**

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

## **Financial Management**

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

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

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

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

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

## **Financial Planning**

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

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

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

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

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

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

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

- Properly safeguard assets.
- Provide reasonable assurance on the accuracy and reliability of the accounting records used in the preparation of the basic financial statements.
- Provide reasonable assurance relative to compliance with legal and contractual constraints on the custody and use of assets.
- Successfully implement new payroll software as of January 1, 2021.

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

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

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

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

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

## **Cash Management**

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

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

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

## **Risk Management**

The City is self-insured for group health, workers' compensation, building, and general liability insurance. Individual Internal Service Funds are maintained for purposes of accumulating sufficient assets to meet fund liabilities. The City purchases property insurance from a commercial insurance company but funds annual premiums from earnings on the building self-insurance fund assets. All other risk exposures are self-insured by the City.

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

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

## **Audit Committee**

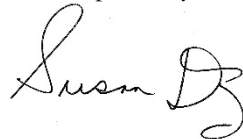
In order to strengthen the City's internal controls and financial reporting, the City Council established a permanent audit committee, consisting of both representatives of the City Council and Newton residents with financial management and audit education and experience. The Committee held a number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

## **Awards and Acknowledgments**

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

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

Respectfully,

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

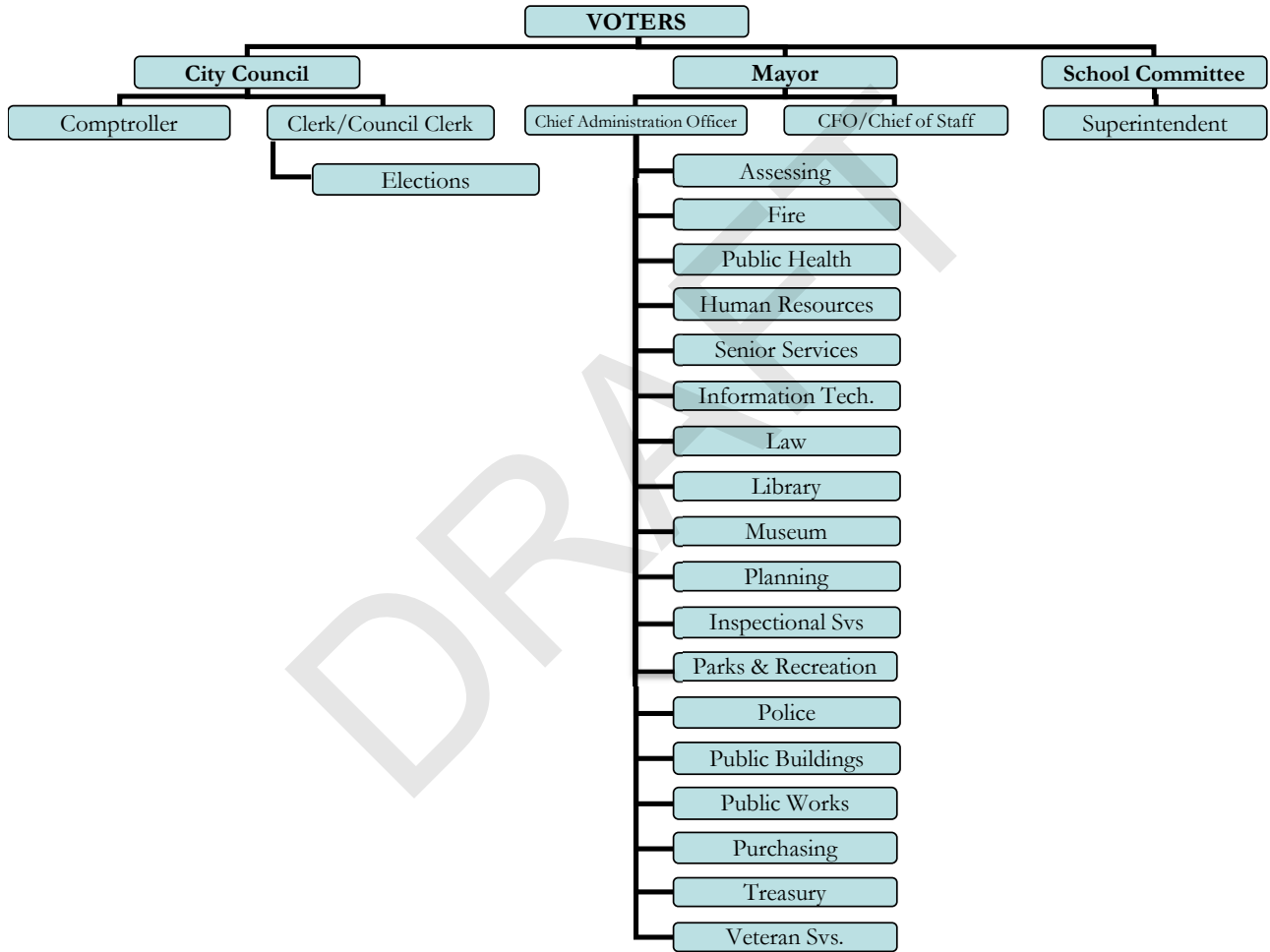
Susan Dzikowski  
Comptroller, City of Newton

DRAFT

CITY OF NEWTON, MASSACHUSETTS

ORGANIZATIONAL CHART

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

**CITY COUNCIL**

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

**SCHOOL COMMITTEE**

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

**EXECUTIVE**

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

**DEPARTMENT HEADS**

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

**CONTRIBUTORY RETIREMENT BOARD**

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

***FINANCIAL SECTION***



## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts, as of and for the year ended June 30, 2020 (except for the Newton Contributory Retirement System and the Newton Commonwealth Foundation, Inc., which are as of and for the fiscal year ended December 31, 2019), and the related notes to the financial statements, which collectively comprise the City of Newton, Massachusetts' basic financial statements as listed in the table of contents.

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

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

#### ***Auditors' Responsibility***

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

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

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

***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts, as of June 30, 2020 (except for the Newton Contributory Retirement System and the Newton Commonwealth Foundation, Inc., which are as of and for the fiscal year ended December 31, 2019) and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Community Preservation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Other Information*

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

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

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

Honorable City Council and Mayor  
City of Newton, Massachusetts

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

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE 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.

Boston, MA  
REPORT DATE

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# **Management's Discussion and Analysis**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Newton (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City (primary government) for the fiscal year ended June 30, 2020.

### **Financial Highlights:**

- Total liabilities and deferred inflows of City resources exceeded total assets and deferred outflows of resources as of the close of the most recent fiscal year by \$494 million – a decrease of \$72.8 million or 17.3% from June 30, 2019. The negative (\$494) million net position for June 30, 2020 consisted of (\$633.3) in negative net position in governmental activities and a positive \$139.6 million in the City's business type activities.
- Unrestricted governmental net position decreased by \$93.8 million to (\$979.7) million at June 30, 2020. The decline in unrestricted governmental activities net position resulted primarily from the net changes in the net pension and net OPEB liabilities and related deferred outflows and inflows.
- The total cost of all City services (primary government) for fiscal year 2020 was \$669.5 million, \$617.1 million (92%) of which was for governmental services, and \$52.4 million (8%) of which was for business type services. The total cost of City services increased by \$110.4 million or 19.7% from the previous fiscal year.
- A total of \$136.4 million or 22.1% of governmental services were financed from program revenue, leaving 77.9% to be financed from general revenues and inter-fund transfers. Real estate and personal property tax revenue continues to represent the single largest source of general revenue, accounting for 67.5% of 2020 governmental services funding.
- At June 30, 2020, the City's governmental funds reported a combined fund balance of \$133.9 million. The combined governmental funds fund balance increased by \$14.1 million (11.8%) from the prior year's ending fund balance.
- The City's general fund reported total fund balance of \$73 million at the end of fiscal year 2020, a \$2 million (2.8%) increase from the total fund balance at June 30 of the prior fiscal year. The unassigned portion of the fund balance increased by \$0.9 million to \$48.4 million or 9.9% of total general fund revenues and other financing sources. The unassigned fund balance includes \$22.0 million that the City has set aside as a "Rainy Day Stabilization" fund and \$7.4 million in "Free Cash" that has been certified as being available for appropriation by the Massachusetts Department of Revenue.

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

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

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

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

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

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

**Governmental funds:** *Governmental funds* are used to account for essentially the same functions and programs reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluation a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. These reconciliations may be found in the Basic Financial Statements.

The City maintains 19 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the *general fund*, the *community preservation fund*, the *Cabot School improvements fund* and the *Angier School improvements fund*, all of which are considered to be major funds. Data from the other 15 funds are combined into a single, aggregated presentation under the caption *non-major governmental funds*. A brief description and individual fund data for each of the non-major governmental funds is provided in the form of *combining statements* in this report. The governmental funds financial statements can be found in the Basic Financial Statements of this report. Trend information may be found in the Statistical Section of this report.

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

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

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

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

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

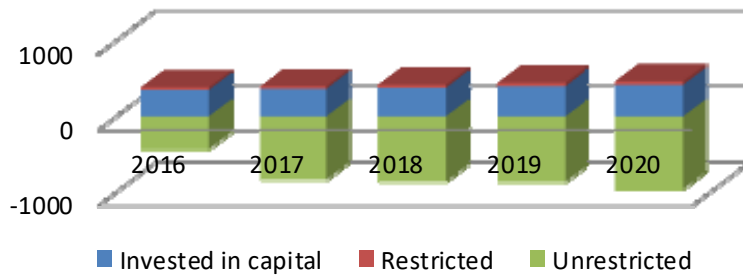
**Other information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's progress in funding its obligation to provide pension and post-employment benefits to its employees. Such information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

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

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

**Net Position:** The City's total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources exceeded by \$494 million at June 30, 2020. This represents a decrease of \$72.8 million or 17.3% in the total net position at June 30 of the prior year. Trend information for total net position and its major components over the past five year period is summarized graphically below.

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



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

|   | <u>Governmental Activities</u> |                      | <u>Business-Type Activities</u> |                    | <u>Total</u>         |                      |
|---|--------------------------------|----------------------|---------------------------------|--------------------|----------------------|----------------------|
|   | <u>2020</u>                    | <u>2019</u>          | <u>2020</u>                     | <u>2019</u>        | <u>2020</u>          | <u>2019</u>          |
| <b>Assets</b>                                     |                                |                      |                                 |                    |                      |                      |
| Current assets..... \$                            | 232,942,591                    | \$ 205,055,606       | \$ 83,282,141                   | \$ 86,565,161      | \$ 316,224,732       | \$ 291,620,767       |
| Noncurrent assets (excluding capital assets)..... | 5,521,299                      | 5,947,867            | 231,536                         | 197,809            | 5,752,835            | 6,145,676            |
| Capital assets (net).....                         | 605,413,390                    | 584,478,711          | 125,638,501                     | 120,689,275        | 731,051,891          | 705,167,986          |
| Total assets.....                                 | 843,877,280                    | 795,482,184          | 209,152,178                     | 207,452,245        | 1,053,029,458        | 1,002,934,429        |
| <b>Deferred Outflows of Resources</b>             | 127,819,694                    | 43,308,808           | 3,144,877                       | 1,221,063          | 130,964,571          | 44,529,871           |
| <b>Liabilities</b>                                |                                |                      |                                 |                    |                      |                      |
| Current liabilities (excluding debt).....         | 53,000,949                     | 46,757,010           | 3,506,912                       | 12,454,237         | 56,507,861           | 59,211,247           |
| Noncurrent liabilities (excluding debt).....      | 1,158,382,590                  | 951,204,931          | 30,474,266                      | 25,941,007         | 1,188,856,856        | 977,145,938          |
| Current debt.....                                 | 16,226,395                     | 15,252,311           | 4,384,442                       | 4,936,921          | 20,610,837           | 20,189,232           |
| Noncurrent debt.....                              | 308,666,842                    | 289,634,652          | 32,584,200                      | 31,309,937         | 341,251,042          | 320,944,589          |
| Total liabilities.....                            | 1,536,276,776                  | 1,302,848,904        | 70,949,820                      | 74,642,102         | 1,607,226,596        | 1,377,491,006        |
| <b>Deferred Inflows of Resources</b>              | 68,732,573                     | 88,782,126           | 1,787,633                       | 2,174,333          | 70,520,206           | 90,956,459           |
| <b>Net Position</b>                               |                                |                      |                                 |                    |                      |                      |
| Net investment in capital assets....              | 299,446,858                    | 289,288,369          | 117,784,284                     | 111,179,650        | 417,231,142          | 400,468,019          |
| Restricted.....                                   | 46,932,508                     | 43,753,181           | -                               | -                  | 46,932,508           | 43,753,181           |
| Unrestricted.....                                 | (979,691,741)                  | (885,881,588)        | 21,775,318                      | 20,677,223         | (957,916,423)        | (865,204,365)        |
| Total net position..... \$                        | <u>(633,312,375)</u>           | <u>(552,840,038)</u> | <u>139,559,602</u>              | <u>131,856,873</u> | <u>(493,752,773)</u> | <u>(420,983,165)</u> |



The largest single components of the City's negative total net position are \$305.7 million in unfunded pension benefits (Net Pension Liabilities) and \$869.6 million in unfunded OPEB liabilities (Net OPEB Liabilities). The unfunded pension benefit total represents the difference between benefit obligations and assets that have been accumulated in the Pension Trust Fund. The funding schedule for the City's defined benefit retirement plan anticipates full actuarial funding in the fiscal year ending June 30, 2030. The unfunded OPEB total represents the difference between benefit obligations and assets that have been accumulated in the OPEB Trust Fund.

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

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

An additional portion of the City's net position, \$46.9 million, represents resources that are subject to restrictions placed on how they may be used by parties external to the City. A total of \$23.1 million (49.3%) 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:**

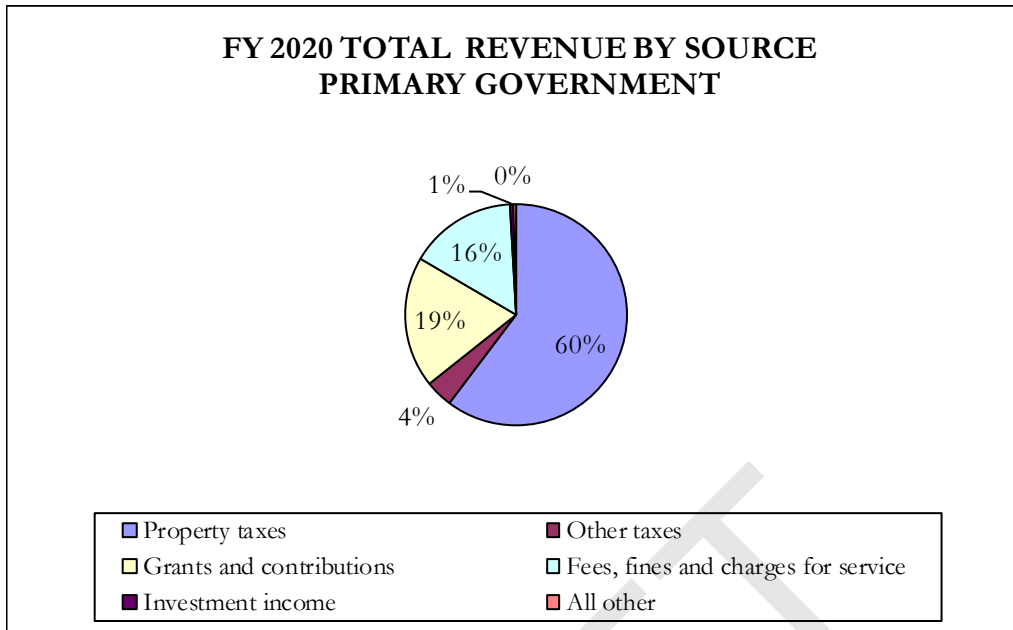
The following table presents current and prior year data regarding the City's changes in net position:

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

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

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

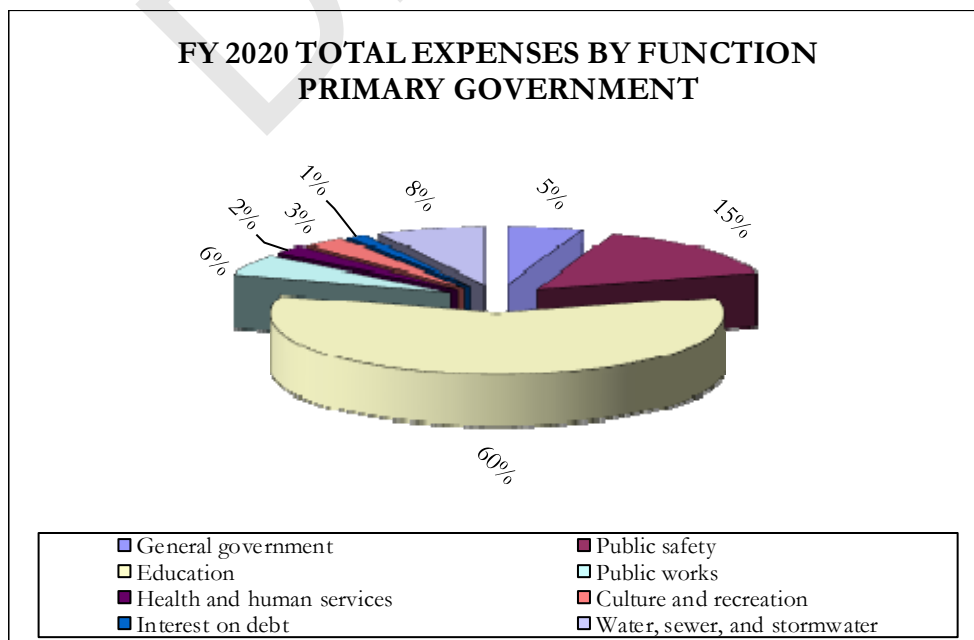


Total expenses increased by \$110.3 million or 19.7% during the year.

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

Public education continues to be the function receiving the largest commitment of City resources. For the year ended June 30, 2020, total spending for education purposes was \$397.1 million or 59% of total spending, 64% of governmental activity spending and \$79.0 million or 24.8% greater than total education spending for the prior fiscal year

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



**Governmental activities** – Governmental activities decreased the City’s net position by \$80.5 million or 14.6% during fiscal 2020 primarily due to an increase in the net OPEB liability. A summary of revenues and major functional expenses is included in the tables presented previously. In order to assist the reader in understanding more completely the full cost of the major services provided by the City within each of the broad functional classifications identified above, the Statement of Activities, provides a detailed accounting of all major service expenses, related revenues, and each service’s consumption of general revenues (principally property taxes).

As has been the case in all years since the City has adopted this reporting model, all governmental activity services, except for inspectional services, relied on subsidies from general revenues to one degree or another during fiscal year 2020. Inspectional service department program revenues exceeded total program expenses by \$8.3 million for the year. In the fiscal year ending June 30, 2019, inspectional services department program revenue exceeded program expenses by \$8.2 million.

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

**Financial Analysis of Governmental Funds:**

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

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

As of June 30, 2020, the City’s governmental funds reported a combined fund balance totaling \$133.9 million, a \$14.1 million or 11.8% increase from the prior year reported financial position.

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

**City of Newton, Massachusetts**  
**General Fund**  
**Fund Trends – Fiscal year 2020 and (5) previous fiscal years**

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

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

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

Over the course of the fiscal year, the City's Board of Assessors granted tax abatements, exemptions; and senior work credits totaling \$1.1 million or 0.3% of the tax levy for the year. A tax refund payable liability of \$2.2 million has been recorded at fiscal year-end for abatement applications that, in the opinion of the Board of Assessors, are likely to result in tax refunds.

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

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

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

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

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

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

The voters of the City elected to implement the Community Preservation Act (CPA), with a 1% surcharge on all real estate tax bills, in November 2001. During the fiscal year ended June 30, 2020, the City realized \$4.6 million in CPA fund revenue, \$3.5 million (76.2%) of which came from the local property tax surcharge. State matching funds amounted to \$0.8 million. Fund expenditures totaled \$17.0 million for the year, \$15.0 million of which was for the Webster Woods land acquisition.

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

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

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

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

The financial position of the City's Internal Service Funds increased by \$5.1 million, or 25.0% during the year ended June 30, 2020. Internal service funds are used to account for the City's self-insured group health insurance; workers compensation; and general liability risk exposures and to fund property insurance premiums for City buildings and contents. Detailed information on the self-insurance funds is presented in the Combining Statements section of this report.

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

The financial position of the group health self-insurance fund increased by \$3.8 million or 24.1% as a result of a \$2.5 million decrease in self-insurance claims during the year. The \$19.6 million year-end net position represents approximately 4 months of average paid claims. The City's target financial position for the fund is 1.5 – 2.0 months of average paid claims.

**Fiduciary funds** – The net position of the City's contributory retirement system increased by \$52.8 million (15.4%) to \$394.7 million during the system's fiscal year that ended December 31, 2019, as a result of the fact that investment income for the year (net of investment management fees) was \$52.9 million. According to the Commonwealth of Massachusetts Public Employee Retirement Administration Commission's 2019 Annual Report, the Newton Contributory Retirement System's investment portfolio returned 16.2% for the year (compared to a long term return assumption of 7.25% for funding and financial reporting). The plan's thirty-four year average annual return as of 1/1/19 was 8.69%.

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

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

## General Fund Budgetary Highlights:

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

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

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

## Capital Assets and Debt Administration

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

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

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

- Business-type activity net capital assets increased by \$4.9 million, due to water and sewer system improvements funded with Massachusetts Water Resources Authority grants and interest free loans, and locally funded sewer infiltration and inflow reduction, water main cleaning and relining programs, and stormwater drainage construction projects.
- Governmental activity capital assets (net) increased by \$20.9 million, principally as a result of the Webster Woods land acquisition and infrastructure improvements, primarily funded with the issuance of bonds and notes.

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



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

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

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

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

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

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

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

Additional information on the City’s long-term debt can be found in the Notes to the Basic Financial Statements of this report. In addition, debt trend information is available in the Statistical Section of this report.

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

- According to the U.S. Census Bureau, the median household income for the City was \$139,696. This compares favorably with the Massachusetts median household income of \$87,707, and the U.S. median household income of \$68,703.
- According to Homefacts.com, the unemployment rate for the City as of June 30, 2020 was 11.2%, which compared favorably with the statewide unemployment rate of 17.8% and was consistent with the national unemployment rate of 11.1%.
- The City of Newton’s fiscal year 2021 general fund original operating budget amounts to \$439.5 million.

## **Request for Information**

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

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# **Basic Financial Statements**

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CITY OF NEWTON  
STATEMENT OF NET POSITION  
JUNE 30, 2020

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

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

JUNE 30, 2020

|   | Primary Government         |                             |                         | Component<br>Units  |
|---|----------------------------|-----------------------------|-------------------------|---------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total                   |                     |
| <b>Noncurrent Liabilities:</b>                            |                            |                             |                         |                     |
| Bonds Payable.....  | 308,666,842                | 32,584,200                  | 341,251,042             | -                   |
| Landfill Closure and Other Environmental Liabilities..... | 394,952                    | -                           | 394,952                 | -                   |
| Compensated Absences.....                                 | 5,474,036                  | 383,045                     | 5,857,081               | -                   |
| Net Pension Liability.....                                | 296,245,024                | 9,469,671                   | 305,714,695             | -                   |
| Net OPEB Liability.....                                   | 848,996,757                | 20,621,550                  | 869,618,307             | -                   |
| Workers' Compensation Claims.....                         | 7,271,821                  | -                           | 7,271,821               | -                   |
| <b>Total Noncurrent Liabilities.....</b>                  | <b>1,467,049,432</b>       | <b>63,058,466</b>           | <b>1,530,107,898</b>    | <b>-</b>            |
| <b>Total Liabilities.....</b>                             | <b>1,536,276,776</b>       | <b>70,949,820</b>           | <b>1,607,226,596</b>    | <b>61,157</b>       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                      |                            |                             |                         |                     |
| Related to OPEB.....                                      | 53,338,968                 | 1,295,567                   | 54,634,535              | -                   |
| Related to Pension.....                                   | 15,393,605                 | 492,066                     | 15,885,671              | -                   |
| <b>Total Deferred Inflows of Resources.....</b>           | <b>68,732,573</b>          | <b>1,787,633</b>            | <b>70,520,206</b>       | <b>-</b>            |
| <b>NET POSITION</b>                                       |                            |                             |                         |                     |
| Net Investment in Capital Assets.....                     | 299,446,858                | 117,784,284                 | 417,231,142             | 1,839,701           |
| Restricted for:   |                            |                             |                         |                     |
| Community preservation activities.....                    | 23,126,336                 | -                           | 23,126,336              | -                   |
| Education activities.....                                 | 7,310,805                  | -                           | 7,310,805               | -                   |
| Debt service.....   | 2,234,379                  | -                           | 2,234,379               | -                   |
| Receipts reserved.....                                    | 1,673,153                  | -                           | 1,673,153               | -                   |
| Community development block grant.....                    | 21,362                     | -                           | 21,362                  | -                   |
| Municipal federal grants.....                             | 361,427                    | -                           | 361,427                 | -                   |
| Municipal state grants.....                               | 1,077,147                  | -                           | 1,077,147               | -                   |
| Permanent Funds:  |                            |                             |                         |                     |
| Expendable.....   | 1,944,126                  | -                           | 1,944,126               | -                   |
| Nonexpendable.....  | 366,932                    | -                           | 366,932                 | -                   |
| Other Specific Purposes.....                              | 8,816,841                  | -                           | 8,816,841               | -                   |
| Unrestricted.....   | (979,691,741)              | 21,775,318                  | (957,916,423)           | 5,353,890           |
| <b>Total Net Position.....</b>                            | <b>\$ (633,312,375)</b>    | <b>\$ 139,559,602</b>       | <b>\$ (493,752,773)</b> | <b>\$ 7,193,591</b> |

See notes to basic financial statements.

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

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

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

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



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

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

See notes to basic financial statements.

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

JUNE 30, 2020

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

See notes to basic financial statements.

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

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

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

|  |    |                     |
|--|----|---------------------|
| Net Change in Fund Balances - Total Governmental Funds.....  | \$ | 14,078,032          |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.</p>  |    |                     |
| Capital Outlays.....   |    | 44,494,504          |
| Depreciation.....  |    | (23,543,400)        |
| <p>In the statement of activities, the gain on the disposals of capital assets is reported, whereas in the governmental funds the disposals are not reported as financial resources. As a result, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed.....</p>   |    |                     |
|  |    | (16,425)            |
| <p>Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.....</p>  |    |                     |
|  |    | 3,209,196           |
| <p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts represent the related activity of the current period.</p> |    |                     |
| Proceeds of Bonds.....   |    | (32,008,000)        |
| Bond Maturities.....   |    | 14,026,667          |
| Bond Premiums.....   |    | (3,250,586)         |
| Net Amortization of Bond Premiums.....   |    | 1,225,644           |
| <p>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable.....</p>   |    |                     |
|  |    | 91,274              |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:</p>  |    |                     |
| Landfill closure and other environmental liabilities.....  |    | 45,293              |
| Compensated Absences.....  |    | (665,246)           |
| Net OPEB Liability.....  |    | (235,588,615)       |
| Net Pension Liability.....   |    | 27,788,115          |
| <p>In the statement of activities, deferred outflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred outflows related to pensions.....</p>  |    |                     |
|  |    | (14,448,023)        |
| <p>In the statement of activities, deferred outflows related to the loss on advanced refunding transactions are amortized and recognized as interest expense. This amount represents the net change in deferred outflows related to advanced refunding transactions.....</p>   |    |                     |
|  |    | (177,362)           |
| <p>In the statement of activities, deferred inflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred inflows related to pensions.....</p>  |    |                     |
|  |    | (12,142,055)        |
| <p>In the statement of activities, deferred outflows related to OPEB are amortized and recognized as pension expense. This amount represents the net change in deferred outflows related to OPEB.....</p>  |    |                     |
|  |    | 99,136,271          |
| <p>In the statement of activities, deferred inflows related to OPEB are amortized and recognized as pension expense. This amount represents the net change in deferred inflows related to OPEB.....</p>  |    |                     |
|  |    | 32,191,608          |
| <p>Internal service funds are used by management to account for health insurance, worker's compensation building insurance and liability insurance activities. The net activity of the internal service funds is reported with governmental activities.....</p>  |    |                     |
|  |    | 5,080,771           |
| Changes in Net Position of Governmental Activities.....  | \$ | <u>(80,472,337)</u> |

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

See notes to basic financial statements.

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

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

See notes to basic financial statements.

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

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

See notes to basic financial statements.



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

|   | Business-Type Activities - Enterprise Funds |                      |                        |                      | Governmental<br>Activities -<br>Internal<br>Service<br>Funds |
|---|---|----------------------|------------------------|----------------------|--|
|   | Sewer                                       | Water                | Nonmajor<br>Stormwater | Total                |  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |   |                      |                        |                      |  |
| Receipts from Customers and Users.....  | \$ 32,831,606                               | \$ 25,107,101        | \$ 3,876,097           | \$ 61,814,804        | \$ 13,615,953  |
| Receipts from Interfund Services Provided.....  | -   | -                    | -                      | -                    | 55,329,460   |
| Payments to Vendors/Providers.....  | (29,735,620)                                | (19,011,367)         | (359,156)              | (49,106,143)         | (66,014,575)   |
| Payments to Employees.....  | (1,898,088)                                 | (1,878,843)          | (909,611)              | (4,686,542)          | -  |
| Net Cash Provided by Operating Activities.....  | <u>1,197,898</u>                            | <u>4,216,891</u>     | <u>2,607,330</u>       | <u>8,022,119</u>     | <u>2,930,838</u>   |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  |   |                      |                        |                      |  |
| Transfers In.....   | 729,613                                     | -                    | -                      | 729,613              | -  |
| Transfers Out.....  | (1,858,464)                                 | (2,275,514)          | (692,940)              | (4,826,918)          | -  |
| Net Cash Provided by Noncapital Financing Activities.....   | <u>(1,128,851)</u>                          | <u>(2,275,514)</u>   | <u>(692,940)</u>       | <u>(4,097,305)</u>   | <u>-</u>   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |   |                      |                        |                      |  |
| Proceeds from the Issuance of Bonds and Notes.....  | 1,145,000                                   | 4,257,200            | -                      | 5,402,200            | -  |
| Premium from the Issuance of Bonds and Notes.....   | -   | 303,000              | -                      | 303,000              | -  |
| Intergovernmental Revenues.....   | 3,435,002                                   | -                    | -                      | 3,435,002            | -  |
| Acquisition and Construction of Capital Assets.....   | (4,453,965)                                 | (3,361,647)          | (1,294,771)            | (9,110,383)          | -  |
| Principal Payments on Bonds and Notes.....  | (1,846,460)                                 | (2,785,964)          | (258,000)              | (4,890,424)          | -  |
| Interest Expense.....   | (165,553)                                   | (405,331)            | (182,061)              | (752,945)            | -  |
| Gain from Disposal of Capital Assets.....   | -   | 27,856               | -                      | 27,856               | -  |
| Net Cash Used by Capital and Related Financing Activities.....  | <u>(1,885,976)</u>                          | <u>(1,964,886)</u>   | <u>(1,734,832)</u>     | <u>(5,585,694)</u>   | <u>-</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |   |                      |                        |                      |  |
| Purchase and sales of Investments, net.....   | -   | -                    | -                      | -                    | (569,934)  |
| Investment Income.....  | 133,965                                     | 80,921               | -                      | 214,886              | 747,728  |
| Net Cash Provided by Investing Activities.....  | <u>133,965</u>                              | <u>80,921</u>        | <u>-</u>               | <u>214,886</u>       | <u>177,794</u>   |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>   | <b>(1,682,964)</b>                          | <b>57,412</b>        | <b>179,558</b>         | <b>(1,445,994)</b>   | <b>3,108,632</b>   |
| Cash and Cash Equivalents - Beginning of Year<br>(Includes \$15,178,737, \$9,887,447, \$1,671,049, and \$21,678,335 Reported as Restricted in the<br>Sewer, Water, and Stormwater Enterprise Funds and Internal Service Funds Respectively).....    | <u>37,099,380</u>                           | <u>27,803,547</u>    | <u>4,037,112</u>       | <u>68,940,039</u>    | <u>21,678,335</u>  |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b><br>(Includes \$16,083,363, \$11,550,963, \$1,480,099, and \$24,786,967 Reported as Restricted in the<br>Sewer, Water, and Stormwater Enterprise Funds and Internal Service Funds Respectively)..... | <u>\$ 35,416,416</u>                        | <u>\$ 27,860,959</u> | <u>\$ 4,216,670</u>    | <u>\$ 67,494,045</u> | <u>\$ 24,786,967</u>   |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH<br/>FROM OPERATING ACTIVITIES</b>  |   |                      |                        |                      |  |
| Operating Income (Loss).....  | \$ 3,009,858                                | \$ 3,628,140         | \$ 2,180,508           | \$ 8,818,506         | \$ 4,340,812   |
| Adjustments to Reconcile Operating Income (Loss) to Net<br>Cash Provided by Operating Activities:   |   |                      |                        |                      |  |
| Changes in Assets and Liabilities not Requiring Current Cash Flows:   |   |                      |                        |                      |  |
| Depreciation.....   | 1,851,078                                   | 2,162,581            | 119,642                | 4,133,301            | -  |
| Net Pension Liability.....  | (437,027)                                   | 25,988               | (16,459)               | (427,498)            | -  |
| Net OPEB Liability.....   | 967,488                                     | 1,382,747            | 270,451                | 2,620,686            | -  |
| Effect of Changes in Operating Assets and Liabilities:  |   |                      |                        |                      |  |
| Utility Liens.....  | (79,939)                                    | (68,889)             | (8,931)                | (157,759)            | -  |
| User Charges.....   | 748,250                                     | 787,248              | 83,385                 | 1,618,883            | -  |
| Special Assessments.....  | 5,837                                       | 73,124               | -                      | 78,961               | -  |
| Intergovernmental.....  | 263,215                                     | -                    | -                      | 263,215              | -  |
| Working Capital Deposit.....  | -   | -                    | -                      | -                    | (554)  |
| Warrants Payable.....   | (4,694,244)                                 | (3,763,377)          | 93,408                 | (8,364,213)          | (646,976)  |
| Accrued Liabilities.....  | (493,206)                                   | 51,894               | (113,150)              | (554,462)            | (7,725)  |
| Accrued Payroll.....  | 19,730                                      | (1,166)              | 4,111                  | 22,675               | 2,664  |
| Other Liabilities.....  | -   | -                    | -                      | -                    | 1,250,487  |
| Liabilities payable from restricted assets.....   | -   | (63,016)             | -                      | (63,016)             | -  |
| Accrued Health Claims Payable.....  | -   | -                    | -                      | -                    | (973,488)  |
| Workers' Compensation Claims.....   | -   | -                    | -                      | -                    | (1,034,382)  |
| Compensated Absences.....   | 36,858                                      | 1,617                | (5,635)                | 32,840               | -  |
| Total Adjustments.....  | <u>(1,811,960)</u>                          | <u>588,751</u>       | <u>426,822</u>         | <u>(796,387)</u>     | <u>(1,409,974)</u>   |
| Net Cash Provided by Operating Activities.....  | <u>\$ 1,197,898</u>                         | <u>\$ 4,216,891</u>  | <u>\$ 2,607,330</u>    | <u>\$ 8,022,119</u>  | <u>\$ 2,930,838</u>  |
| <b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>  |   |                      |                        |                      |  |
| Intergovernmental Debt Subsidies (MCWT).....  | \$ 390,646                                  | \$ 251,096           | \$ -                   | \$ 641,742           | \$ -   |

See notes to basic financial statements.

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

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

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

See notes to basic financial statements.

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

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

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

See notes to basic financial statements.

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

JUNE 30, 2020

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

See notes to basic financial statements.

**CITY OF NEWTON, MASSACHUSETTS  
 COMPONENT UNITS**  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

See notes to basic financial statements.

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

### Note 1 - Summary of Significant Accounting Policies

#### A. Reporting Entity

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

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

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

#### Blended Component Unit

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

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

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

#### Discretely Presented Component Units

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

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

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

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

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

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

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

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

The City also reports the following enterprise funds:

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

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

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

The City also reports the following fund types:

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

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

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

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



## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

### Measurement Focus and Basis of Accounting

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

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

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

### C. Implementation of New Accounting Principles

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

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

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

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

### D. Assets, Liabilities and Equity

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

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

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

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

#### **Receivables**

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

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

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

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

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

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

## CITY OF NEWTON, MASSACHUSETTS

### Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

#### **Capital Assets**

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

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

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

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

#### **Inter-fund Transactions**

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

#### **Deferred Outflows of Resources**

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

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

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

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

### Deferred Inflows of Resources

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

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

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

### Net Position and Fund Balances

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

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

## CITY OF NEWTON, MASSACHUSETTS

### Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

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

#### Governmental Funds Statements (Fund Balances)

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

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

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

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

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

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

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

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

#### **Long term debt**

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

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

#### **Investment Income**

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

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

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

### Compensated Absences

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

### Pensions

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

### Post Retirement Benefits

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

### Use of Estimates

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

### Total Column

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

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

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

#### A. Budget Information

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

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

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

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

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

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

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

#### B. Deficit Net Position

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

**C. Budget to GAAP Reconciliation**

Accounting principles followed for purposes of preparing the financial statements on a budgetary basis differ from those used to present financial statements in accordance with GAAP. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund and Community Preservation Fund for the fiscal year ended June 30, 2020 are presented below:

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

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



**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

**Note 3 - Deposits and Investments**

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

*City (Excluding the Pension Trust Fund)*

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

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

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

Investments for the City are reported at fair value.

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

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be recovered. The City does not have a policy for custodial credit risk of deposits. As of June 30, 2020, \$86,749,360 of the City's bank balance of \$127,704,545 was uninsured and uncollateralized.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Investments Summary

The City's investments at June 30, 2020 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

| Investment Type                | Fair Value     | Investment Maturities (in Years) |            |            |              |
|--------------------------------|----------------|----------------------------------|------------|------------|--------------|
|                                |                | Less Than 1                      | 1 - 5      | 6 - 10     | More Than 10 |
| <u>Debt Securities:</u>        |                |                                  |            |            |              |
| U.S. Treasuries.....           | \$ 981,666     | \$ -                             | \$ 112,332 | \$ 720,732 | \$ 148,602   |
| U.S. Agencies.....             | 250,164        | -                                | 195,675    | 54,489     | -            |
| Corporate bonds.....           | 215,111        | 25,165                           | 100,446    | 89,500     | -            |
| Money market mutual funds..... | 673,091        | 673,091                          | -          | -          | -            |
| Mutual bond funds.....         | 6,618,137      | 6,618,137                        | -          | -          | -            |
| External investment pools..... | 152,533,618    | 152,533,618                      | -          | -          | -            |
| Total debt securities.....     | 161,271,787    | \$ 159,850,011                   | \$ 408,453 | \$ 864,721 | \$ 148,602   |
| <u>Other Investments:</u>      |                |                                  |            |            |              |
| Equity mutual funds.....       | 5,086,188      |                                  |            |            |              |
| Equity securities.....         | 10,187,452     |                                  |            |            |              |
| International equities.....    | 3,012,830      |                                  |            |            |              |
| Total other investments.....   | 18,286,470     |                                  |            |            |              |
| Total investments.....         | \$ 179,558,257 |                                  |            |            |              |

Investments - Interest Rate Risk of Debt Securities

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk of investments. As of June 30, 2020, \$27,024,639 of the City's investments of \$179,558,257 were uninsured, not registered in the name of the City and exposed to custodial credit risk as follows:

| Investment Type                | Total<br>Amount      | Held by<br>Counterparty | Held by<br>Counterparty's<br>Trust or Agent |
|--------------------------------|----------------------|-------------------------|---|
| U.S. Treasuries.....           | \$ 981,666           | \$ -                    | \$ 981,666                                  |
| U.S. Agencies.....             | 250,164              | -                       | 250,164                                     |
| Corporate bonds.....           | 215,111              | -                       | 215,111                                     |
| Money market mutual funds..... | 673,091              | 673,091                 | -   |
| Mutual bond funds.....         | 6,618,137            | -                       | 6,618,137                                   |
| Equity mutual funds.....       | 5,086,188            | -                       | 5,086,188                                   |
| Equity securities.....         | 10,187,452           | -                       | 10,187,452                                  |
| International equities.....    | 3,012,830            | -                       | 3,012,830                                   |
| <b>Total.....</b>              | <b>\$ 27,024,639</b> | <b>\$ 673,091</b>       | <b>\$ 26,351,548</b>                        |

Investments - Credit Risk of Debt Securities

Credit risk for investments is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The City does not have a policy for credit risk of debt securities. As of June 30, 2020, the credit quality ratings of the City's investments in debt securities are as follows:

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Investments – Fair Value Measurements

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

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

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

Investments Measured at the NAV

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

*Pension Trust Fund (The System)*

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

Deposits - Custodial Credit Risk

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

Investments Summary

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

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

Investments - Interest Rate Risk of Debt Securities

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

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System does not have a policy for custodial credit risk of investments. The custodial arrangements are reflective of the fact that System assets are invested in pooled funds as opposed to individual securities. As of December 31, 2019, the System's investments were not exposed to custodial credit risk.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Investments - Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The System's policy is that for underlying investments in external investment pools, bonds shall have a minimum quality rating of Baa or equivalent as rated by one or more recognized bond rating services, however, 5% of the total investment portfolio may be invested in bonds with a minimum quality rating of CCC as rated by Standard & Poor's Corporate and Municipal Rating Service. As of December 31, 2019, the System's debt security investments were in external investment pools unrated by national credit rating organizations.

Investments – Fair Value Measurements – System

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

**Note 4 - Receivables**

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

|  | Gross<br>Amount      | Allowance<br>for<br>Uncollectibles | Net<br>Amount        |
|--|----------------------|------------------------------------|----------------------|
| <u>Receivables:</u>                          |                      |                                    |                      |
| Real estate and personal property taxes..... | \$ 15,942,050        | \$ (1,938,273)                     | \$ 14,003,777        |
| Real estate tax deferrals.....               | 2,568,987            | -                                  | 2,568,987            |
| Tax liens.....                               | 6,598,272            | -                                  | 6,598,272            |
| Motor vehicle and other excise taxes.....    | 3,140,105            | (1,505,872)                        | 1,634,233            |
| Community preservation surcharges.....       | 100,682              | -                                  | 100,682              |
| Special assessments.....                     | 351,067              | -                                  | 351,067              |
| Departmental and other.....                  | 10,181,854           | (6,580,581)                        | 3,601,273            |
| Intergovernmental.....                       | 3,382,862            | -                                  | 3,382,862            |
|  | <u>\$ 42,265,879</u> | <u>\$ (10,024,726)</u>             | <u>\$ 32,241,153</u> |

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

|                           | <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..... | \$ 14,942,458        | \$ (149,329)          | \$ 14,793,129        |
| Utility liens.....        | 688,267              | -                     | 688,267              |
| Special assessments.....  | 387,659              | -                     | 387,659              |
| Intergovernmental.....    | <u>150,577</u>       | <u>-</u>              | <u>150,577</u>       |
|                           | <u>\$ 16,168,961</u> | <u>\$ (149,329)</u>   | <u>\$ 16,019,632</u> |

**Note 5 – Capital Assets**

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

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

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



**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

|  | July 1, 2019<br>Balance | Increases           | Decreases             | June 30, 2020<br>Balance |
|--|-------------------------|---------------------|-----------------------|--------------------------|
| <b>Sewer system</b>                        |                         |                     |                       |                          |
| Capital assets not being depreciated:      |                         |                     |                       |                          |
| Land.....                                  | \$ 26,245               | \$ -                | \$ -                  | \$ 26,245                |
| Construction in progress.....              | 1,835,181               | 714,311             | (1,835,181)           | 714,311                  |
| Sub-total                                  | <u>1,861,426</u>        | <u>714,311</u>      | <u>(1,835,181)</u>    | <u>740,556</u>           |
| Capital assets being depreciated:          |                         |                     |                       |                          |
| Buildings and improvements.....            | 1,887,602               | -                   | -                     | 1,887,602                |
| Equipment and machinery.....               | 4,869,524               | 1,054,997           | (22,000)              | 5,902,521                |
| Sanitary sewer system.....                 | 77,876,107              | 4,519,838           | -                     | 82,395,945               |
| Sub-total.....                             | <u>84,633,233</u>       | <u>5,574,835</u>    | <u>(22,000)</u>       | <u>90,186,068</u>        |
| Less: accumulated depreciation:            |                         |                     |                       |                          |
| Buildings and improvements.....            | (980,016)               | (40,123)            | -                     | (1,020,139)              |
| Equipment and machinery.....               | (2,635,285)             | (378,063)           | 22,000                | (2,991,348)              |
| Sanitary sewer system.....                 | (25,051,878)            | (1,432,892)         | -                     | (26,484,770)             |
| Sub-total.....                             | <u>(28,667,179)</u>     | <u>(1,851,078)</u>  | <u>22,000</u>         | <u>(30,496,257)</u>      |
| Capital assets being depreciated, net..... | <u>55,966,054</u>       | <u>3,723,757</u>    | <u>-</u>              | <u>59,689,811</u>        |
| Sewer system capital assets, net.....      | \$ <u>57,827,480</u>    | \$ <u>4,438,068</u> | \$ <u>(1,835,181)</u> | \$ <u>60,430,367</u>     |

|  | July 1, 2019<br>Balance | Increases           | Decreases   | June 30, 2020<br>Balance |
|--|-------------------------|---------------------|-------------|--------------------------|
| <b>Stormwater system</b>                   |                         |                     |             |                          |
| Capital assets not being depreciated:      |                         |                     |             |                          |
| Construction in progress.....              | \$ 2,639,583            | \$ 13,963           | \$ -        | \$ 2,653,546             |
| Capital assets being depreciated:          |                         |                     |             |                          |
| Storm drainage system.....                 | 4,445,942               | 1,280,808           | -           | 5,726,750                |
| Less: accumulated depreciation             |                         |                     |             |                          |
| Storm drainage system.....                 | (1,735,846)             | (119,642)           | -           | (1,855,488)              |
| Capital assets being depreciated, net..... | <u>2,710,096</u>        | <u>1,161,166</u>    | <u>-</u>    | <u>3,871,262</u>         |
| Stormwater system capital assets, net..... | \$ <u>5,349,679</u>     | \$ <u>1,175,129</u> | \$ <u>-</u> | \$ <u>6,524,808</u>      |

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

***Governmental Activities***

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

***Business-Type Activities***

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

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

**Note 8 - Short-Term Debt**

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

**Note 9 - Long-Term Obligations**

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

|  | Balance<br>June 30,<br>2019 | Increases            | Decreases              | Balance<br>June 30,<br>2020 | Current<br>Portion   |
|--|-----------------------------|----------------------|------------------------|-----------------------------|----------------------|
| <b>Governmental Activities:</b>          |                             |                      |                        |                             |                      |
| Bonds and notes payable.....             | \$ 304,886,963              | \$ 35,258,586        | \$ (15,252,312)        | \$ 324,893,237              | \$ 16,226,395        |
| Landfill closure and other environmental | 486,061                     | -                    | (45,293)               | 440,768                     | 45,816               |
| Workers' compensation.....               | 9,340,585                   | (250,793)            | (783,589)              | 8,306,203                   | 1,034,382            |
| Compensated absences.....                | 8,849,016                   | 845,411              | (180,165)              | 9,514,262                   | 4,040,226            |
| <b>Total.....</b>                        | <b>\$ 323,562,625</b>       | <b>\$ 35,853,204</b> | <b>\$ (16,261,359)</b> | <b>\$ 343,154,470</b>       | <b>\$ 21,346,819</b> |
| <b>Business-type Activities:</b>         |                             |                      |                        |                             |                      |
| Bonds and notes payable.....             | \$ 36,246,858               | \$ 5,705,200         | \$ (4,983,416)         | \$ 36,968,642               | \$ 4,384,442         |
| Compensated absences.....                | 392,765                     | 38,475               | (5,635)                | 425,605                     | 42,560               |
| <b>Total.....</b>                        | <b>\$ 36,639,623</b>        | <b>\$ 5,743,675</b>  | <b>\$ (4,989,051)</b>  | <b>\$ 37,394,247</b>        | <b>\$ 4,427,002</b>  |

Internal service funds predominantly serve the governmental funds. Accordingly, the internal service fund's long-term liabilities are included as part of the governmental activities totals above. At fiscal year-end, \$8,306,203 of the internal service funds accrued liabilities (workers' compensation claims) is included above.

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

**Note 10 - Long-Term Debt**

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

**Bonds Payable – Governmental Funds**

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

(continued)

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

**Bonds Payable – Governmental Funds (Continued)**

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

(continued)

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

**Bonds Payable – Governmental Funds (Continued)**

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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



**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

**Bonds Payable – Water Enterprise Fund**

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

The Massachusetts Water Resources Authority (MWRA) offers water system rehabilitation and sanitary sewer infiltration and inflow reduction financial assistance programs to member communities in order to assist with the on-going maintenance of water and sewer system infrastructure. During the fiscal year ended June 30, 2020, the City was the recipient of \$5,402,200 in MWRA loans and \$3,435,000 in MWRA grants.

At June 30, 2020, the City had \$15,721,465 in MWRA water rehabilitation loans outstanding. Interest subsidies on these loans for the year ended June 30, 2020 totaled \$251,096.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

| Fiscal Year<br>Ending | Principal            | Interest            | Total                |
|-----------------------|----------------------|---------------------|----------------------|
| 2021                  | \$ 2,792,545         | \$ 499,337          | \$ 3,291,882         |
| 2022                  | 2,299,180            | 457,429             | 2,756,609            |
| 2023                  | 2,168,160            | 425,628             | 2,593,788            |
| 2024                  | 2,042,140            | 393,629             | 2,435,769            |
| 2025                  | 1,916,120            | 361,128             | 2,277,248            |
| 2026                  | 1,785,100            | 330,629             | 2,115,729            |
| 2027                  | 1,659,080            | 298,829             | 1,957,909            |
| 2028                  | 1,125,560            | 266,579             | 1,392,139            |
| 2029                  | 1,002,040            | 234,154             | 1,236,194            |
| 2030                  | 871,020              | 201,104             | 1,072,124            |
| 2031                  | 745,000              | 173,054             | 918,054              |
| 2032                  | 755,000              | 144,604             | 899,604              |
| 2033                  | 762,000              | 119,554             | 881,554              |
| 2034                  | 635,000              | 95,675              | 730,675              |
| 2035                  | 260,000              | 76,400              | 336,400              |
| 2036                  | 270,000              | 70,075              | 340,075              |
| 2037                  | 280,000              | 63,369              | 343,369              |
| 2038                  | 285,000              | 56,269              | 341,269              |
| 2039                  | 290,000              | 49,069              | 339,069              |
| 2040                  | 300,000              | 40,938              | 340,938              |
| 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                 | <u>\$ 23,137,945</u> | <u>\$ 4,488,377</u> | <u>\$ 27,626,322</u> |

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

**Bonds Payable – Sewer Enterprise Fund**

|                                | Date of Issue | Interest Rate (%) | Outstanding July 1, 2019 | Issued       | Redeemed       | Outstanding June 30, 2020 |
|--------------------------------|---------------|-------------------|--------------------------|--------------|----------------|---------------------------|
| MCWT Sewer.....                | 10/06/1999    | 5.16%             | \$ 420,000               | \$ -         | \$ (420,000)   | \$ -                      |
| MCWT Sewer.....                | 11/10/2000    | 5.20%             | 982,000                  | -            | (486,000)      | 496,000                   |
| MCWT Sewer.....                | 7/03/2002     | -                 | 40,000                   | -            | (10,000)       | 30,000                    |
| Sewer system improvements..... | 4/27/2010     | 2.0-4.0%          | 25,000                   | -            | (25,000)       | -                         |
| Sewer system improvements..... | 4/3/2012      | 2.0-3.0%          | 1,470,000                | -            | (115,000)      | 1,355,000                 |
| Sewer I& I removal.....        | 4/12/2013     | 2.0-4.0%          | 2,945,000                | -            | (215,000)      | 2,730,000                 |
| Water Garage.....              | 4/12/2013     | 2.0-4.0%          | 42,500                   | -            | (5,000)        | 37,500                    |
| MWRA Sewer.....                | 8/18/2014     | -                 | 252,560                  | -            | (252,560)      | -                         |
| MWRA Sewer.....                | 12/15/2014    | -                 | 550,200                  | -            | (91,700)       | 458,500                   |
| MWRA Sewer.....                | 11/19/2015    | -                 | 785,300                  | -            | (20,000)       | 765,300                   |
| Sewer Vehicle.....             | 1/20/2016     | 3.0 -5.0%         | 196,600                  | -            | (91,700)       | 104,900                   |
| Sewer system improvements..... | 12/12/2017    | 3.0 -5.0%         | 219,000                  | -            | -              | 219,000                   |
| MWRA Sewer.....                | 11/29/2018    | -                 | 1,145,000                | -            | (114,500)      | 1,030,500                 |
| MWRA Sewer.....                | 8/19/2019     | -                 | -                        | 1,145,000    | -              | 1,145,000                 |
| Subtotal.....                  |               |                   | \$ 9,073,160             | \$ 1,145,000 | \$ (1,846,460) | \$ 8,371,700              |
| Unamortized Premium.....       |               |                   | 85,164                   | -            | (7,405)        | 77,759                    |
| Total Sewer.....               |               |                   | \$ 9,158,324             | \$ 1,145,000 | \$ (1,853,865) | \$ 8,449,459              |

The MWRA’s sanitary sewer infiltration/inflow reduction financial assistance program provides financial assistance for eligible projects in the form of a combination of grants and five-year interest-free loans. At June 30, 2020, the City had \$3,399,900 in MWRA sewer infiltration/inflow reduction loans outstanding.

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

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

| Fiscal Year Ending | Principal    | Interest   | Total        |
|--------------------|--------------|------------|--------------|
| 2021               | \$ 1,295,400 | \$ 165,008 | \$ 1,345,908 |
| 2022               | 799,400      | 137,901    | 822,801      |
| 2023               | 799,400      | 123,575    | 808,475      |
| 2024               | 789,400      | 110,326    | 785,226      |
| 2025               | 789,400      | 96,498     | 771,398      |
| 2026               | 702,700      | 86,687     | 674,887      |
| 2027               | 611,000      | 74,762     | 571,262      |
| 2028               | 603,500      | 62,837     | 551,837      |
| 2029               | 606,000      | 50,837     | 542,337      |
| 2030               | 490,500      | 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              | \$ 8,371,700 | \$ 997,004 | \$ 8,223,704 |

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

**Bonds Payable – Stormwater Enterprise Fund**

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

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

**Authorized and Unissued Debt**

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

|                                      | <b>Authorized and Unissued Debt</b> |                      |                        |                      |
|--------------------------------------|-------------------------------------|----------------------|------------------------|----------------------|
|                                      | Beginning<br>of Year                | Increases            | Decreases              | End<br>of Year       |
| School improvements.....             | \$ 18,127,143                       | \$ 2,510,066         | (16,062,584)           | \$ 4,574,625         |
| Water main rehabilitation - MWRA.... | 2,720,400                           |                      | (1,360,200)            | 1,360,200            |
| Water main improvement.....          | 3,200,000                           | 7,000,000            | (3,200,000)            | 7,000,000            |
| Sewer System.....                    | 1,145,000                           |                      |                        | 1,145,000            |
| Fire engine and station repairs..... | -                                   | 800,000              | (800,000)              | -                    |
| Public works equipment.....          | -                                   | 1,064,339            | (1,064,339)            | -                    |
| Public works infrastructure.....     | 5,600,000                           | 4,050,000            | (9,650,000)            | -                    |
| Webster Land Acquisition.....        | -                                   | 15,000,000           | (15,000,000)           | -                    |
| Newton Early Childhood Program.....  | -                                   | 12,334,366           | (4,000,000)            | 8,334,366            |
| Traffic signal improvements.....     | -                                   | 1,500,000            | (1,500,000)            | -                    |
| Total.....                           | <u>\$ 30,792,543</u>                | <u>\$ 44,258,771</u> | <u>\$ (52,637,123)</u> | <u>\$ 22,414,191</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 \$440,768 at June 30, 2020 for future year landfill site monitoring and maintenance. Estimated costs per year total \$38,000. The current estimate is based upon current costs and may require modification in future years due to price inflation, changes in technology or changes in state/federal law and regulations.

**Note 12 – Other Post Employment Benefits (OPEB)**

**A - General Information about the OPEB Plan**

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

**B – Benefits Provided**

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

**C – Contributions**

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

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

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

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

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

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

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

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

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



**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

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

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

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

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

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

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

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

**Note 13 – Risk Financing**

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

Workers' compensation claims are administered by the City's Personnel Department. The City contracts for an annual actuarial valuation of the program, and based on this study, has recorded a liability of \$8,306,203 at June 30, 2020, of which \$1,034,382 has been recorded as a current liability based upon the City's expectation that this amount will be paid within the fiscal year ending June 30, 2021. The liability includes an estimate of the IBNR claims.

The June 30, 2020 plan valuation is based upon the use of a combination of the paid loss development method and the Bornhuetter-Ferguson Paid Loss method. US Life Tables 2016 Vital Statistics for Males and Females have been used to determine annuity values for long term claims, using a 5.0% annual rate of interest.

Changes in the reported liability since July 1, 2018 are as follows:

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

**Note 14 – Fund Balances**

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

**Note 15 – Stabilization Funds**

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

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

**Note 16 - Donor Restricted Endowments**

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

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

**Note 17 – Pension Plan (System)**

**A – Plan Description**

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

At December 31, 2019, the System’s membership consisted of the following:

|  |                     |
|--|---------------------|
| Active members.....  | 1,581               |
| Inactive - entitled to or receiving benefits.....            | 29                  |
| Inactive - not entitled to or not receiving benefits.....    | 587                 |
| Retirees and beneficiaries currently receiving benefits..... | <u>1,315</u>        |
| Total members.....   | <u><u>3,512</u></u> |
| Number of participating employers.....                       | <u><u>2</u></u>     |

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

**B – Benefits Provided**

The System provides retirement, disability and death benefits to plan members and beneficiaries, pursuant to Massachusetts General Law Chapter 32, up to a maximum of 80% of the average of a member’s three or five highest consecutive years’ regular compensation. In addition to regular compensation, benefits are based upon a member’s age, length of creditable service and group classification. Members become vested after ten years of creditable service. A normal retirement allowance may be received after the completion of 20 years of service or upon reaching age 55 or 60, with 10 years of service. Normal retirement for most employees occurs at age 65 or 67, except for certain hazardous duty and public safety employees who attain normal retirement at age 55 or 57. City employees with World War II military veteran status, at least 30 years of service to the City, and who began work prior to July 1, 1939, are entitled to a non-contributory pension benefit equal to 72% of their highest annual rate of regular compensation. Non contributory retirees are eligible for an annual cost of living adjustment of not more than 3% on the first \$12,000 of their annual retirement benefit.

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

**C - Contributions**

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

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

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

The components of the net pension liability of the System at December 31, 2019, were as follows:

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

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

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

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

|                                |  |
|--------------------------------|--|
| Actuarial cost method:         | Entry Age Normal   |
| Amortization method:           | Increasing payments 9.60% per year   |
| Remaining amortization period: | 10 years (closed)  |
| Asset valuation method:        | Sum of actuarial value at beginning of year, contributions and investment earnings based on actuarial interest assumption less benefit payments plus 25% of the market value at the end of the year in excess of that sum, plus additional adjustment toward market value as necessary so that final actuarial value is within 20% of market value |
| Investment rate of return:     | 7.25%, net of pension plan investment expense, including inflation   |
| Inflation rate:                | 2.75% per year   |
| Salary increases:              | Ranging from 3.50% to 8.00% based upon years of service  |
| Cost of living adjustment:     | 3.0% on the first \$12,000 in benefits   |

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Mortality rates:

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

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

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

**Investment Policies and Rates of Return** - Deposits and investments made by the System are governed by Chapter 32 of the MGL. The NCRB is responsible for the adoption of a formal asset allocation policy, the selection of professional investment managers to execute the investment policies, and the appointment of an investment consultant to assist with the evaluation of investment manager performance. All investment activities of the NCRB are subject to oversight by the Commonwealth of Massachusetts' Public Employee Retirement Administration Commission (PERAC).

For the year ended December 31, 2019, the annual money-weighted rate of return on System investments, net of investment expense, was 15.56%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The System's current funding schedule is based upon a 7.25% assumed rate of return.

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

| <u>Asset Class</u>                       | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--|--------------------------|---|
| Domestic Equity                          | 21.00%                   | 6.15%   |
| International Equity - Developed Markets | 13.00%                   | 6.78%   |
| International Equity - Emerging Markets  | 5.00%                    | 8.65%   |
| Core Fixed Income                        | 15.00%                   | 1.11%   |
| High-Yield Fixed Income                  | 8.00%                    | 3.51%   |
| Real Estate                              | 10.00%                   | 4.33%   |
| Commodities                              | 4.00%                    | 4.13%   |
| Hedge Funds                              | 11.00%                   | 3.19%   |
| Private Equity                           | 13.00%                   | 9.99%   |
|  | <u>100.00%</u>           |   |



**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the System calculated using the discount rate of 7.25 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

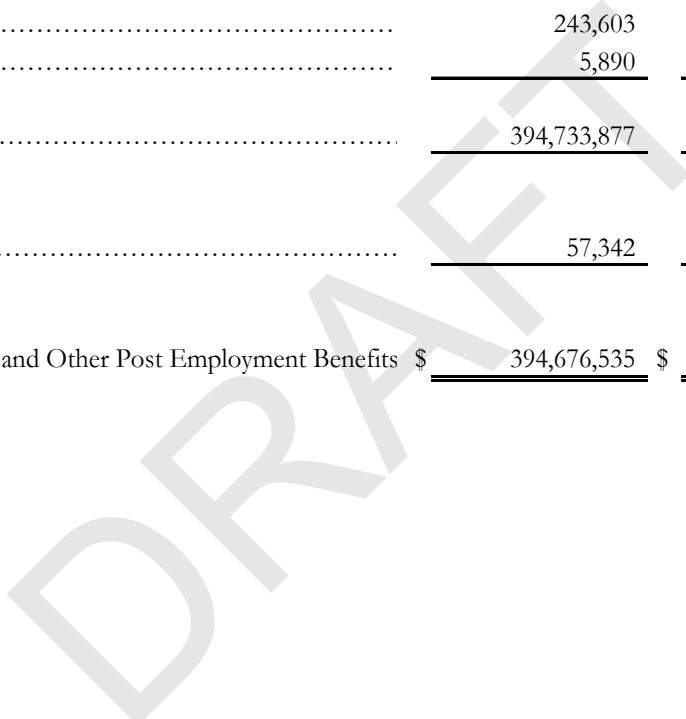
Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

**Note 18 – Fiduciary Fund Financial Statements**

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

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



**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

**Note 19 – Pension Plan (Massachusetts Teachers Retirement System)**

**A - General Information about the Pension Plan**

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

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

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

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

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

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

Since the City does not contribute directly to MTRS, the City does not report a proportionate share of the net pension liability of the MTRS at June 30, 2020. The Commonwealth's net pension liability associated with the City was \$422,172,622.

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

**Note 20 – Commitments and Contingencies**

Significant commitments include the continuing appropriations and encumbrances outstanding for the general fund and CPA fund, for which outstanding balances at June 30, 2020, totaled \$17,729,941 and \$11,396,397, respectively.

The City has an Infrastructure Development Assistance Agreement (IDAA) with the Commonwealth of Massachusetts and the developers of the Chestnut Hill Square commercial development along State Route 9. Under the terms of the agreement the Commonwealth issued debt to reimburse the developers for \$10 million in public infrastructure improvements that were necessary to accommodate the Chestnut Hill Square development. All funding for the 30 years of debt service associated with the infrastructure improvement reimbursement is expected to be derived from incremental state sales and income tax revenue generated from the commercial development project, however, in the event of a short-fall, the City is responsible for reimbursing the Commonwealth for the difference between the annual debt service on the project debt and the actual incremental state sales and income tax revenues generated from the project. According to Article 4(a) of the agreement, “Local Infrastructure Development Assistance shall constitute a general obligation of the City to which its full faith and credit shall be pledged.” In order to minimize the City’s financial exposure for such an event, the IDAA authorizes the City to levy and collect an Infrastructure Assessment against development real estate for any short fall and further requires that the developer fund a Municipal Liquidity Reserve equal to two years of annual debt service requirements (\$1,163,000), to be held by the City. The developer and any successors or assigns are obligated to replenish the Municipal Liquidity Reserve if any draw occurs. During fiscal year 2020 the City was not obligated to reimburse the Commonwealth for any debt service related to the IDAA.

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

Various additional legal actions and claims are pending. Litigation is subject to many uncertainties and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any at June 30, 2020 cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the City at June 30, 2020.

## **Required Supplementary Information**

**CITY OF NEWTON, MASSACHUSETTS**

Required Supplementary Information

Fiscal Year Ended June 30, 2020

**PENSION PLAN SCHEDULES**

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

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

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



**CITY OF NEWTON, MASSACHUSETTS**

Required Supplementary Information

Fiscal Year Ended June 30, 2020

**PENSION PLAN SCHEDULES (CONTINUED)**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)**

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

|  | <u>2014</u>       | <u>2013</u>       | <u>2012</u>       | <u>2011</u>       | <u>2010</u>       |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Actuarially determined contribution                                  | \$ 19,972,859     | 18,363,516        | 16,343,094        | 16,252,351        | 15,029,827        |
| Contributions in relation to the actuarially determined contribution | <u>19,972,859</u> | <u>18,363,516</u> | <u>16,343,094</u> | <u>16,252,351</u> | <u>15,029,827</u> |
| Contribution deficiency (excess)                                     | \$ <u>-</u>       | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>          |
| Covered payroll  | \$ 86,807,549     | 86,807,549        | 82,970,000        | 80,337,000        | 81,378,000        |
| Contributions as a percentage of covered payroll                     | 23.01%            | 21.15%            | 19.70%            | 20.23%            | 18.47%            |

**SCHEDULE OF INVESTMENT RETURNS (SYSTEM) (A)**

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

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

**CITY OF NEWTON, MASSACHUSETTS**  
 Required Supplementary Information  
 Fiscal Year Ended June 30, 2020

**PENSION PLAN SCHEDULES (CONTINUED)**

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

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

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

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

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

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

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

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Required Supplementary Information

Fiscal Year Ended June 30, 2020

**PENSION PLAN SCHEDULES (CONTINUED)**

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

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

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

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**CITY OF NEWTON, MASSACHUSETTS**

Required Supplementary Information

Fiscal Year Ended June 30, 2020

**OTHER POSTEMPLOYMENT BENEFITS SCHEDULES**

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

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Required Supplementary Information

Fiscal Year Ended June 30, 2020

**OTHER POSTEMPLOYMENT BENEFITS SCHEDULES (CONTINUED)**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS (PLAN) (A)**

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

**SCHEDULE OF INVESTMENT RETURNS (PLAN) (A)**

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

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

**CITY OF NEWTON, MASSACHUSETTS**  
Notes to Required Supplementary Information  
Fiscal Year Ended June 30, 2020

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

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

|  |  |
|--|--|
| Actuarial cost method (2010-2019):         | Entry Age Normal   |
| Amortization method (2010-2012):           | Payment increases 3.75% per year   |
| Amortization method (2013):                | Payment increases 8.50% per year   |
| Amortization method (2014):                | Payment increases 8.75% per year   |
| Amortization method (2015-2019)            | Payment increases 9.60% per year   |
| Remaining amortization period (2010):      | 27 years   |
| Remaining amortization period (2011):      | 26 years   |
| Remaining amortization period (2012):      | 24 years   |
| Remaining amortization period (2013):      | 15 years   |
| Remaining amortization period (2014):      | 14 years   |
| Remaining amortization period (2015-2016): | 13 years   |
| Remaining amortization period (2017):      | 12 years   |
| Remaining amortization period (2018):      | 11 years   |
| Remaining amortization period (2019):      | 10 years   |
| Asset valuation method (2010-2019):        | Sum of actuarial value at beginning of year, contributions and investment earnings based on actuarial interest assumption less benefit payments plus 25% of the market value at the end of the year in excess of that sum, plus additional adjustment toward market value as necessary so that final actuarial value is within 20% of market value |
| Inflation (2010-2012):                     | 3.0%   |
| Inflation (2013):                          | 2.0 – 2.5%   |
| Inflation (2014-2017):                     | 2.5%   |
| Inflation (2018-2019):                     | 2.75%  |
| Salary increases (2010-2011):              | 2.0 – 3.5%   |
| Salary increases (2012):                   | 2.5 – 3.5%   |
| Salary increases (2013):                   | 3.0 – 3.5%   |
| Salary increases (2014-2016):              | 3.5%   |
| Salary increases (2017-2019):              | 3.5 – 8.0%   |
| Investment rate of return (2010-2012):     | 7.75%  |
| Investment rate of return (2013):          | 7.35%  |
| Investment rate of return (2014-2015):     | 7.35%  |
| Investment rate of return (2016):          | 7.50%  |
| Investment rate of return (2017-2019):     | 7.25%  |

**CITY OF NEWTON, MASSACHUSETTS**

Notes to Required Supplementary Information

Fiscal Year Ended June 30, 2020

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

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

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

DRAFT

**Combining and Individual Fund  
Statements and Schedules**



# Nonmajor Governmental Funds

## *Special Revenue Funds*

### School Lunch Fund:

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

### Revolving Fund

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

### Receipts Reserved Fund

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

### Community Development Block Grant Fund

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

### Municipal Federal Grant Fund

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

### Municipal State Grant Fund

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

### School State Grant Fund

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

#### School Federal Grant Fund

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

#### Gift Fund

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

### ***Capital Projects Funds***

#### Public Building Improvements Fund

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

#### School Building Improvements Fund

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

#### Street Improvements Fund

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

#### Municipal Equipment Replacement Fund

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

### ***Permanent Funds***

#### Municipal Fund

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

#### Library Common Fund

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

CITY OF NEWTON, MASSACHUSETTS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET

JUNE 30, 2020

*Special Revenue Funds*

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

*Special Revenue Funds*

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

CITY OF NEWTON, MASSACHUSETTS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET

JUNE 30, 2020

*Capital Projects Funds*

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

*Permanent Funds*

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

*Special Revenue Funds*

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

*Special Revenue Funds*

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

(Continued)



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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

*Capital Projects Funds*

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

*Permanent Funds*

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

(Concluded)

## Internal Service Funds

### Health Insurance Fund

This fund is used to account for group health benefits for active and retired employees of the City. The City funds 70%/75% of group health benefits, and employees contribute 25%/30% of the cost through payroll deductions. The City maintains separate sub-funds for plans administered by Tufts Associated Health Plan and Harvard-Pilgrim Health.

### Workers' Compensation Insurance Fund

This fund is used to account for workers' compensation benefits, replacement wages and medical benefits for qualified employees. The fund is also used to account for the cost of providing medical benefits to public safety employees who are injured in the line of duty. Replacement wages for public safety employees are accounted for in the General Fund operating budgets of the police and fire departments.

### Liability Insurance Fund

This fund is used to accumulate resources to pay liability claims in excess of \$50,000. Liability claims of \$15,000 or more are financed from a judgment and settlement appropriation in the City's Solicitor's General Fund annual appropriation. Claims greater than \$5,000, but less than \$50,000 are financed with a transfer from the Reserve Fund annual appropriation in the General Fund.

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**CITY OF NEWTON, MASSACHUSETTS**  
**INTERNAL SERVICE FUNDS**  
 COMBINING STATEMENT OF FUND NET POSITION

JUNE 30, 2020

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

**CITY OF NEWTON, MASSACHUSETTS**  
**INTERNAL SERVICE FUNDS**  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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



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## Private Purpose Trust Funds

### Chaffin Education Fund

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

### Scovell Education Fund

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

### Cousens Welfare Fund

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

### Newton North High School Scholarship Fund

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

### Kendrick Welfare Fund

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

### Read Charity Fund

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

### Spear Infirmary Fund

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

### Mabel Riley Senior Fund

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

### Elderly Tax Relief Fund

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

### Marjorie Moerschner Fund

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



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

JUNE 30, 2020

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

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

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

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

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

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## 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.

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**CITY OF NEWTON, MASSACHUSETTS**  
**AGENCY FUND**  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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## General Fund

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

(Continued)



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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

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## Community Preservation Fund

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

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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



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## **Additional Information**



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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

(Continued)

**CITY OF NEWTON, MASSACHUSETTS**  
**CAPITAL PROJECTS FUND**  
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT  
BUDGET TO ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

| <u>Expended</u>  | <u>Encumbered</u> | <u>Balance</u>    |
|------------------|-------------------|-------------------|
| -                | -                 | 229,155           |
| 685,087          | 2,834,394         | 1,057,915         |
| <u>685,087</u>   | <u>2,834,394</u>  | <u>1,287,070</u>  |
| <br>             |                   |                   |
| <u>662,663</u>   | <u>360,000</u>    | <u>36,500</u>     |
| <br>             |                   |                   |
| -                | -                 | 40,410            |
| -                | -                 | 45,000            |
| -                | -                 | 7,727             |
| 4,051            | -                 | 142,585           |
| -                | -                 | 2,520             |
| 12,980           | 12,669            | -                 |
| 420,000          | -                 | -                 |
| 8,563            | 614,057           | 177,380           |
| -                | 150,280           | -                 |
| -                | 739,059           | -                 |
| 65,950           | 18,750            | 90,300            |
| -                | 87,197            | 803               |
| 5,405            | 1,177,548         | 317,047           |
| <u>516,949</u>   | <u>2,799,560</u>  | <u>823,772</u>    |
| <br>             |                   |                   |
| 357,407          | -                 | 94,274            |
| 6,988            | 19,042            | 25,855            |
| 1,198,000        | 3,799,134         | 602,866           |
| 111,007          | 88,993            | -                 |
| 1,635,213        | 3,473,917         | 640,870           |
| <u>3,308,615</u> | <u>7,381,086</u>  | <u>1,363,865</u>  |
| <br>             |                   |                   |
| -                | -                 | 358,462           |
| 121,040          | 70,552            | 50,561            |
| 115,983          | 150,599           | -                 |
| -                | 1,360,200         | -                 |
| 30,601           | -                 | 762,175           |
| -                | 1,360,200         | -                 |
| 33,527           | 139,168           | 1,187,505         |
| -                | 33,798            | 8,500             |
| 1,164            | 40,566            | -                 |
| -                | 19,012            | 2,928             |
| 1,063,932        | 1,211,528         | -                 |
| 1,289,099        | 1,090,622         | 65,204            |
| -                | -                 | 250,467           |
| -                | 801,778           | 2,398,222         |
| -                | -                 | 7,000,000         |
| <u>2,655,346</u> | <u>6,278,023</u>  | <u>12,084,024</u> |

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

| <u>Expended</u>      | <u>Encumbered</u>    | <u>Balance</u>       |
|----------------------|----------------------|----------------------|
| -                    | -                    | 399,727              |
| 93,718               | -                    | -                    |
| -                    | -                    | 4,741                |
| 175,641              | -                    | 4,167                |
| 641,576              | -                    | 45,328               |
| 420,854              | -                    | 298,948              |
| 646,117              | 1,128,723            | -                    |
| 236,777              | 880,215              | 209,268              |
| 188,823              | 45,858               | 21,319               |
| 127,701              | 1,299                | -                    |
| -                    | 494,270              | 1,730                |
| -                    | -                    | 626                  |
| -                    | -                    | 38,785               |
| 278,095              | 1,135                | 426,780              |
| 1,113,441            | 594,779              | -                    |
| 149,227              | 1,516,024            | -                    |
| 31,525               | 4,168,889            | 379,586              |
| -                    | -                    | 4,580,000            |
| <u>4,103,495</u>     | <u>8,831,192</u>     | <u>6,411,005</u>     |
| -                    | 12,677               | -                    |
| 13,963               | 171,135              | -                    |
| 175,545              | -                    | 147,482              |
| 3,650                | -                    | 43,532               |
| 151,652              | 6,720                | 24,777               |
| 380                  | -                    | 498,635              |
| 244,466              | -                    | 5,534                |
| 295,760              | -                    | 19,240               |
| -                    | -                    | 500,000              |
| <u>885,416</u>       | <u>190,532</u>       | <u>1,239,200</u>     |
| -                    | -                    | 16,395               |
| -                    | -                    | 157,462              |
| -                    | -                    | 154,185              |
| -                    | -                    | 195,477              |
| <u>-</u>             | <u>-</u>             | <u>523,519</u>       |
| <u>\$ 24,586,467</u> | <u>\$ 31,164,426</u> | <u>\$ 39,723,375</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, 2020

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

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



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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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



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# ***STATISTICAL SECTION***

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

## **Financial Trends**

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

## **Revenue Capacity**

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

## **Debt Capacity**

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

## **Demographic and Economic Information**

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

## **Operating Information**

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

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

**NET POSITION BY COMPONENT**  
(ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

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

|    | <u>2015</u>                 | <u>2016</u>                 | <u>2017</u>                 | <u>2018</u>                 | <u>2019</u>                 | <u>2020</u>                 |
|----|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| \$ | 258,490,143                 | \$ 260,763,492              | \$ 271,665,564              | \$ 278,142,332              | \$ 289,288,369              | \$ 299,446,858              |
|    | 32,723,876                  | 34,250,976                  | 33,507,464                  | 39,481,750                  | 43,753,181                  | 46,932,508                  |
|    | <u>(436,919,140)</u>        | <u>(455,531,782)</u>        | <u>(853,427,299)</u>        | <u>(880,169,294)</u>        | <u>(885,881,588)</u>        | <u>(979,691,741)</u>        |
| \$ | <u><u>(145,705,121)</u></u> | <u><u>(160,517,314)</u></u> | <u><u>(548,254,271)</u></u> | <u><u>(562,545,212)</u></u> | <u><u>(552,840,038)</u></u> | <u><u>(633,312,375)</u></u> |
| \$ | 83,521,987                  | \$ 89,426,102               | \$ 94,552,211               | \$ 101,217,609              | \$ 111,179,650              | \$ 117,784,284              |
|    | <u>12,101,552</u>           | <u>20,314,782</u>           | <u>17,913,166</u>           | <u>18,708,882</u>           | <u>20,677,223</u>           | <u>21,775,318</u>           |
| \$ | <u><u>95,623,539</u></u>    | <u><u>109,740,884</u></u>   | <u><u>112,465,377</u></u>   | <u><u>119,926,491</u></u>   | <u><u>131,856,873</u></u>   | <u><u>139,559,602</u></u>   |
| \$ | 342,012,130                 | \$ 350,189,594              | \$ 366,217,775              | \$ 379,359,941              | \$ 400,468,019              | \$ 417,231,142              |
|    | 32,723,876                  | 34,250,976                  | 33,507,464                  | 39,481,750                  | 43,753,181                  | 46,932,508                  |
|    | <u>(424,817,588)</u>        | <u>(435,217,000)</u>        | <u>(835,514,133)</u>        | <u>(861,460,412)</u>        | <u>(865,204,365)</u>        | <u>(957,916,423)</u>        |
| \$ | <u><u>(50,081,582)</u></u>  | <u><u>(50,776,430)</u></u>  | <u><u>(435,788,894)</u></u> | <u><u>(442,618,721)</u></u> | <u><u>(420,983,165)</u></u> | <u><u>(493,752,773)</u></u> |



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

LAST TEN FISCAL YEARS

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

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

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

LAST TEN FISCAL YEARS

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

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

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

LAST TEN FISCAL YEARS

|   | <u>2011</u>                          | <u>2012</u>                          | <u>2013</u>                          | <u>2014</u>                       |
|---|--------------------------------------|--------------------------------------|--------------------------------------|-----------------------------------|
| Total expenses.....   | \$ 434,848,130                       | \$ 429,799,429                       | \$ 449,556,069                       | \$ 462,145,304                    |
| Total program revenues.....   | <u>136,698,784</u>                   | <u>143,442,377</u>                   | <u>152,510,203</u>                   | <u>159,529,082</u>                |
| Net (expense)/revenue.....  | (298,149,346)                        | (286,357,052)                        | (297,045,866)                        | (302,616,222)                     |
| Total general revenues, transfers and<br>other changes in net position..... | <u>266,192,228</u>                   | <u>274,891,418</u>                   | <u>285,464,237</u>                   | <u>306,140,944</u>                |
| <b>Change in net position.....</b>  | <b><u><u>\$ (31,957,118)</u></u></b> | <b><u><u>\$ (11,465,634)</u></u></b> | <b><u><u>\$ (11,581,629)</u></u></b> | <b><u><u>\$ 3,524,722</u></u></b> |

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|    | <u>2015</u>                | <u>2016</u>             | <u>2017</u>               | <u>2018</u>               | <u>2019</u>              | <u>2020</u>                |
|----|----------------------------|-------------------------|---------------------------|---------------------------|--------------------------|----------------------------|
| \$ | 486,451,432                | \$ 509,619,972          | \$ 540,917,116            | \$ 559,727,406            | \$ 559,157,392           | \$ 669,491,669             |
|    | <u>155,353,267</u>         | <u>167,064,172</u>      | <u>180,254,101</u>        | <u>186,299,781</u>        | <u>198,871,920</u>       | <u>200,509,605</u>         |
|    | (331,098,165)              | (342,555,800)           | (360,663,015)             | (373,427,625)             | (360,285,472)            | (468,982,064)              |
|    | <u>319,208,091</u>         | <u>341,860,952</u>      | <u>352,673,969</u>        | <u>366,597,798</u>        | <u>381,921,028</u>       | <u>396,212,456</u>         |
| \$ | <u><u>(11,890,074)</u></u> | <u><u>(694,848)</u></u> | <u><u>(7,989,046)</u></u> | <u><u>(6,829,827)</u></u> | <u><u>21,635,556</u></u> | <u><u>(72,769,608)</u></u> |

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**GOVERNMENTAL FUNDS**  
 FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

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

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



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

LAST TEN FISCAL YEARS

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

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

4.0%

4.5%

5.0%

4.8%

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)**

**LAST TEN FISCAL YEARS**

| Fiscal Year | Assessed Value (2)        |   |                   | Total Assessed Value | Total Direct Tax Rate | Estimated Actual Value (3) | Assessed Value as a Percentage of Actual Value |
|-------------|---------------------------|---|-------------------|----------------------|-----------------------|----------------------------|--|
|             | Residential Real Property | Commercial and Industrial Real Property | Personal Property |                      |                       |                            |  |
| 2011        | \$ 18,113,668,363         | \$ 1,830,045,937                        | \$ 289,095,700    | \$ 20,232,810,000    | \$ 11.80              | \$ 22,506,213,100          | 89.90%   |
| 2012        | 18,276,909,150            | 1,851,072,350                           | 336,017,900       | 20,463,999,400       | 12.10                 | 21,744,090,700             | 94.11%   |
| 2013        | 18,445,998,977            | 1,847,689,523                           | 351,617,700       | 20,645,306,200       | 12.43                 | 21,744,090,700             | 94.95%   |
| 2014        | 18,687,096,235            | 1,906,786,065                           | 368,307,500       | 20,962,189,800       | 13.13                 | 22,305,253,800             | 93.98%   |
| 2015        | 19,995,837,989            | 2,270,794,311                           | 398,472,900       | 22,665,105,200       | 12.65                 | 22,305,253,800             | 101.61%  |
| 2016        | 21,618,642,652            | 2,285,453,048                           | 417,722,300       | 24,321,818,000       | 12.31                 | 26,223,773,800             | 92.75%   |
| 2017        | 23,453,469,746            | 2,287,653,254                           | 401,743,300       | 26,142,866,300       | 11.98                 | 26,223,773,800             | 99.69%   |
| 2018        | 25,270,096,630            | 2,400,479,370                           | 434,148,500       | 28,104,724,500       | 11.64                 | 30,006,442,400             | 93.66%   |
| 2019        | 27,369,325,232            | 2,596,372,968                           | 459,149,400       | 30,424,847,600       | 11.24                 | 30,006,442,400             | 101.39%  |
| 2020        | 28,565,605,020            | 2,499,190,780                           | 472,007,200       | 31,536,803,000       | 11.30                 | 33,734,313,300             | 93.49%   |

**Source:** City of Newton Annual Tax Recap Sheet

- (1) Does not include valuation affected by residential exemption
- (2) As of January 1st
- (3) Estimated actual value is based on equalized valuations determined biennially by the Commissioner of Revenue

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**DIRECT PROPERTY TAX RATES (1) (2)**

LAST TEN FISCAL YEARS

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

**Source:** City of Newton Tax Recap Sheets

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

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

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

**PRINCIPAL PROPERTY TAXPAYERS**

CURRENT YEAR AND TEN YEARS AGO

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

Source: City of Newton Board of Assessors.

**PROPERTY TAX LEVIES AND COLLECTIONS**

**LAST TEN FISCAL YEARS**

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

**Source:** Annual Tax Recap Sheet and General Ledger records

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

**RATIOS OF OUTSTANDING DEBT BY TYPE**

LAST TEN FISCAL YEARS

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

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

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

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**

LAST TEN FISCAL YEARS

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

(1) See the "Assessed Value and Estimated Actual Value of Taxable Property" schedule located in the Statistical Section for property value data.

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



**DIRECT AND OVERLAPPING DEBT**

JUNE 30, 2020

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

**Sources:** MWRA

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**LEGAL DEBT MARGIN INFORMATION**

LAST FIVE FISCAL YEARS

|   | 2020                    | 2019                    | 2018                    | 2017                    | 2016                    |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Equalized valuation.....  | \$ 33,734,313,300       | \$ 30,006,442,400       | \$ 30,006,442,400       | \$ 26,223,773,800       | \$ 26,223,773,800       |
| Normal debt limit (5% of equalized valuation).....                                  | 1,686,715,665           | 1,500,322,120           | 1,500,322,120           | 1,311,188,690           | 1,311,188,690           |
| Debt applicable to limit:   |                         |                         |                         |                         |                         |
| Total bonded debt.....  | 361,861,879             | 341,133,821             | 341,093,737             | 328,927,741             | 293,854,221             |
| Less: General obligation bonds exempted by<br>authority of state legislature.....   | <u>(23,100,445)</u>     | <u>(21,624,211)</u>     | <u>(16,399,757)</u>     | <u>(19,474,183)</u>     | <u>(14,230,992)</u>     |
| Total net debt applicable to limit.....   | <u>338,761,434</u>      | <u>319,509,610</u>      | <u>324,693,980</u>      | <u>309,453,558</u>      | <u>279,623,229</u>      |
| Legal debt margin.....  | \$ <u>1,347,954,231</u> | \$ <u>1,180,812,510</u> | \$ <u>1,175,628,140</u> | \$ <u>1,001,735,132</u> | \$ <u>1,031,565,461</u> |
| Total net debt applicable to the limit as<br>a percentage of normal debt limit..... | <u>20.1%</u>            | <u>21.3%</u>            | <u>21.6%</u>            | <u>23.6%</u>            | <u>21.3%</u>            |

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**DEMOGRAPHIC AND ECONOMIC STATISTICS**

LAST TEN CALENDAR YEARS

| Year | Population | Median Age | Per Capita Income | Estimated Personal Income | Median Family Income | Public School Enrollment | Unemployment Rate (%) |
|------|------------|------------|-------------------|---------------------------|----------------------|--------------------------|-----------------------|
| 2010 | 84,024     | 40.5       | 61,530            | 5,169,996,720             | 113,416              | 11,775                   | 5.3%                  |
| 2011 | 85,146     | 39.9       | 61,530            | 5,239,033,380             | 113,416              | 12,172                   | 4.3%                  |
| 2012 | 86,307     | 40.2       | 61,530            | 5,310,469,710             | 113,416              | 12,170                   | 4.3%                  |
| 2013 | 86,307     | 40.2       | 61,530            | 5,310,469,710             | 113,416              | 12,441                   | 4.2%                  |
| 2014 | 88,287     | 40.1       | 63,872            | 5,639,067,264             | 119,148              | 12,503                   | 3.4%                  |
| 2015 | 88,817     | 41.9       | 64,475            | 5,726,476,075             | 118,639              | 12,508                   | 3.1%                  |
| 2016 | 89,045     | 42.3       | 62,983            | 5,608,321,235             | 122,080              | 12,657                   | 2.5%                  |
| 2017 | 88,994     | 40.5       | 66,047            | 5,877,786,718             | 127,402              | 12,750                   | 2.4%                  |
| 2018 | 88,904     | 40.5       | 68,155            | 6,059,252,120             | 133,853              | 12,685                   | 1.8%                  |
| 2019 | 88,414     | 40.5       | 69,859            | 6,176,513,626             | 139,696              | 12,611                   | 1.5%                  |

**Sources:** Population from City census

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

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

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

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**EMPLOYEES BY FUNCTION/PROGRAM**

LAST FIVE FISCAL YEARS

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

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

**Source:** City of Newton payroll

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**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

LAST FIVE FISCAL YEARS

| Function/Program                             | Fiscal Year |            |            |            |            |
|--|-------------|------------|------------|------------|------------|
|  | 2020        | 2019       | 2018       | 2017       | 2016       |
| Public safety                                |             |            |            |            |            |
| Police                                       |             |            |            |            |            |
| Stations.....                                | 1           | 1          | 1          | 1          | 1          |
| Vehicles.....                                | 69          | 69         | 69         | 69         | 69         |
| Fire   |             |            |            |            |            |
| Stations.....                                | 6           | 6          | 6          | 6          | 6          |
| Firefighting Vehicles.....                   | 9           | 9          | 9          | 9          | 9          |
| Education                                    |             |            |            |            |            |
| Public school buildings.....                 | 22          | 22         | 22         | 22         | 22         |
| Public works                                 |             |            |            |            |            |
| Streets (miles).....                         | 310         | 310        | 310        | 310        | 310        |
| Streetlights.....                            | 8,595       | 8,595      | 8,595      | 8,595      | 8,595      |
| Traffic signals.....                         | 98          | 98         | 98         | 98         | 98         |
| Parking meters.....                          | 1,671       | 1,671      | 1,671      | 1,671      | 1,671      |
| Culture and recreation                       |             |            |            |            |            |
| Public libraries                             |             |            |            |            |            |
| Main library.....                            | 1           | 1          | 1          | 1          | 1          |
| Park & playground Acreage.....               | 595         | 595        | 595        | 595        | 595        |
| Outdoor swimming facilities.....             | 2           | 2          | 2          | 2          | 2          |
| Indoor swimming facilities.....              | 1           | 1          | 1          | 1          | 1          |
| Public street trees                          | 30,000      | 30,000     | 30,000     | 30,000     | 30,000     |
| Water  |             |            |            |            |            |
| Water mains (miles).....                     | 300         | 300        | 300        | 300        | 300        |
| Fire hydrants.....                           | 2,400       | 2,400      | 2,400      | 2,400      | 2,400      |
| Storage capacity (thousands of gallons)..... | 26,000,000  | 26,000,000 | 26,000,000 | 26,000,000 | 26,000,000 |
| Sewer  |             |            |            |            |            |
| Sanitary sewers (miles).....                 | 300         | 300        | 300        | 300        | 300        |
| Sewer pump stations.....                     | 10          | 10         | 10         | 10         | 10         |
| Stormwater                                   |             |            |            |            |            |
| Stormdrains (miles).....                     | 324         | 324        | 324        | 324        | 324        |

**Sources:** Various departments of the City of Newton

**CITY OF NEWTON, MASSACHUSETTS**

**MANAGEMENT LETTER**

**JUNE 30, 2020**

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CliftonLarsonAllen LLP  
CLAconnect.com

To Management  
City of Newton, Massachusetts

In planning and performing our audit of the financial statements of the City of Newton, Massachusetts (City) as of and for the year ended June 30, 2020, 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, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and recommendations regarding those matters. This letter does not affect our report dated OPEN DATE, on the financial statements of the City.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

The City's written responses to the matters identified in our audit have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, the Audit Committee and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

**CliftonLarsonAllen LLP**

Boston, Massachusetts  
OPEN DATE

CITY OF NEWTON, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2020

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## **Prior Year Comments – Unresolved**

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## **General Ledger Integration of Police Details**

### Comment

Our prior year management letter identified that subsequent to fiscal 2014 year end, the City's Information Technology Department developed a new billing and collection system for police details that is fully integrated with the police detail scheduling and payroll systems of the City. The remaining step was to integrate the system with the general ledger.

During fiscal year 2020, the police details billing and collection system was not integrated with the general ledger due to the pending conversion of payroll to the MUNIS accounting system. As part of the conversion, the City is considering the cost/benefit of developing procedures to fully integrate police details (billing, collection, payroll, etc.) within the MUNIS software.

### Recommendation

We recommend the City perform a cost/benefit analysis of developing procedures to fully integrate the processing of police detail transactions within the MUNIS system once MUNIS payroll is implemented.

### Management's Response

The City of Newton concurs with the auditor's recommendation.

## **Oak Hill Middle School and South High School Student Activity Funds**

### Comment

In prior years, we evaluated the systems of internal control surrounding the student activity funds at the Oak Hill Middle School and South High School and identified various areas for improvement. The following areas for improvement remain for the City's consideration:

- For each school that maintains student activity funds, a student activity fund Checking account must be authorized by the School Committee and a maximum balance established. We identified that maximum Checking account balances were approved several years ago. While not required, the School Department should consider periodically revisiting and reapproving maximum account balances.
  - Per inquiries of the School Department, new maximum balances are expected to be presented to the School Committee in fiscal year 2021.
- The City converted to the MUNIS accounting program effective July 1, 2019. MUNIS has a student activity fund module for student activity fund accounting and reporting. Consideration should be given to utilizing the MUNIS student activity fund module for all Schools with student activity funds
  - Per inquiries of the School Department, consideration will not be given to any new modules until the complete transition of payroll into MUNIS.
- The student activity Agency account reimburses the student activity Checking account during the year for disbursements incurred. We identified that the reimbursements are processed through issuing checks. While that is an acceptable method, utilizing bank wire transfers to reimburse the Checking account should be considered as a potentially more efficient process, eliminating the need to process, issue, mail and deposit checks.

### Recommendation

We recommend the City and School Department analyze the cost/benefit of the improvements identified and to implement policies and procedures accordingly.

### Management's Response

**Inspectional Services Department**

Comment

OPEN – WAITING FOR THE DEPARTMENT TO PROVIDE STATUS UPDATES

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**Prior Year Comments – Partially Resolved**

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## **Year-End Close**

### Comment

In prior years, we evaluated the City's policies and procedures surrounding the year-end close process. Our evaluation took into consideration that the City was converting to the MUNIS software program effective July 1, 2019, in an attempt to identify potential improvements to the year-end close once MUNIS was fully implemented.

The following is a summary of the areas for improvement we identified in the prior year and their current status:

- Other than School payroll, payroll and expenditure accruals must be entered into a spreadsheet by each department, then manually entered into the current software by the Comptroller's office. This is a time-consuming process.

Current Status: The City's current plan is to implement MUNIS payroll effective January 1, 2021.

- Final year-end cash receipts can take up to two months to report. A significant part of the delay is caused by departments making deposits, but neglecting to provide a full accounting of their deposits to the Treasurer's office through turnover sheets.

Current Status: For fiscal year 2020, the City continued the process of having departments make their own deposits, but will consider the cost/benefit of centralizing deposits with the Treasurer's Office in future years.

- For the annual independent audit, the City must report balances in capital assets. The City utilizes a spreadsheet to account for capital assets. While this is an acceptable approach, with the conversion to MUNIS, the City should consider utilizing the MUNIS module for capital asset accounting and determine if there are efficiency (and other) benefits as compared to the current approach.

Current Status: For fiscal year 2020, the City continued utilizing a spreadsheet to account for capital assets, but will consider the cost/benefit of utilizing MUNIS in future years.

### Recommendation

We recommend the City continue to analyze the cost/benefit of implementing the improvements identified in this comment.

### Management's Response

The City of Newton concurs with the auditor's recommendation.

## High School Athletic Fees and Gate Receipts

### Comment

Our fiscal year 2017 Management Letter identified various areas for improvement related to athletic fees and gate receipts for Newton North High School (NNHS) and Newton South High School (NSHS). Several of the areas for improvement have been resolved. The following areas for improvement remain for the City's consideration:

- **Formal Reconciliations of Participants to Fees** – The School Department has purchased a new online payment management system. The School Department plans to implement the system for High School athletics in the spring of 2021. As part of the implementation, the School Department intends to implement formal reconciliations of participants to fees.
- **Manual Processing of Receipts** - The School Department has purchased a new online payment management system. The School Department plans to implement the system for High School athletics in the spring of 2021. As part of the implementation, the School Department intends to fully automate the cash receipts process.
- **Refunds Tracked in Separate System** - The School Department has purchased a new online payment management system. The School Department plans to implement the system for High School athletics in the spring of 2021. As part of the implementation, the School Department intends to perform all financial processes (including refunds) with the new system.

### Recommendation

We recommend the School Department continue its efforts to fully resolve the items identified above.

### Management's Response

## **Current Year Comments**

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## Police Details

### Comment

We evaluated the systems of internal control surrounding police details and identified the following areas for improvement:

- The Police Department (Department) does not maintain formal documented policies and procedures related to police details. The preparation of a formal policy and procedures manual would improve and standardize internal controls and reduce inconsistencies in everyday practices.
- The Department does not utilize a standard form to document the performance of a police detail. Multiple forms with different formats are used, some of which do not require the signature of the officer performing the detail and/or the signature of supervisory personnel. The use of multiple forms creates inconsistencies. In addition, requiring signatures of the officer and/or supervisor provides for additional accountability and enhances the audit trail.
- We tested fifteen (15) police detail transactions and identified the following:
  - For six (6) transactions, the form documenting the detail was not signed by the officer performing the detail (or supervisory personnel).
  - For seven (7) transactions, the form documenting the detail was not signed by the vendor.
    - While there are instances in which obtaining a vendor signature may not be feasible, every effort should be made to obtain vendor signatures when possible.

### Recommendation

We recommend the Department:

- Develop and implement formal policies and procedures. The document should include policies and procedures related to old outstanding accounts receivable (collection efforts, communicating unpaid vendors to other departments, write-off policies and procedures, etc.).
- Implement a standard form to document the performance of a police detail. The form should include sections for an officer (or supervisor) signature and a vendor signature.
- Implement and enforce policies and procedures requiring all police detail forms be signed by the officer performing the detail (and/or supervisory personnel) and the vendor (when feasible).

### Management's Response

## Community Education

### Comment

We evaluated the systems of internal control surrounding the Community Education program (the program) and identified the following areas for improvement:

- Formal reconciliations (or analytical reviews) of class enrollments to fees collected are not performed. For activities in which participants are charged set fees, there is the ability to reconcile (or analytically review) the number of participants to fees collected, which enhances internal controls related to program revenues.
- A 15% discount is offered to Veterans and employees of Newton Public Schools. There are no formal procedures performed to verify Veteran or school employee status for those claiming the discount.
- Instructor contracts are not reviewed by supervisory personnel. This would enhance internal controls related to program expenses.
- At the beginning of each semester, a spreadsheet is prepared that documents the expected weekly payroll amounts for instructors for the entire semester. This spreadsheet is the primary document used to prepare weekly payroll. However, there are instances in which classes that were expected to be conducted at the beginning of the semester get canceled. Since instructors are paid on an hourly basis, instructors should not be paid if a class is canceled. There is no formal weekly procedure in place to identify all canceled classes and adjust the weekly payroll accordingly. This would enhance internal controls related to program expenses.
- There is no formal annual budgeting or financial forecasting conducted for the program. While not required, annual budgeting and/or forecasting may enhance program planning and administration and the evaluation of financial performance and results.

### Recommendation

We recommend the following:

- Periodically perform and document formal reconciliations (or analytical reviews) of class enrollments to fees collected.
- Implement and document verification procedures related to fee discounts.
- Implement procedures to have supervisory personnel review all instructor contracts prior to execution.
- Implement weekly procedures to identify canceled classes and adjust weekly payroll accordingly.
- Evaluate the cost/benefit of implementing an annual program budget/forecast and monitoring financial results against the budget/forecast

### Management's Response

## Information Technology

### Comment

We evaluated the City's computer processing environments and general controls over information technology (IT) related to business and financial systems. The evaluation was not intended to be a full scope network security review of the City's information technology infrastructure. The scope was limited to internal controls and security features related to the integrity of transactions and data that could impact financial reporting.

The following are the areas for improvement we identified:

- The following password complexity settings do not comply with best practice:
  - Minimum password length is 7 characters
  - Maximum password age is 182 days

Lack of password complexity creates the risk of unauthorized access to network and application resources.

This area for improvement was also identified in the prior year Management Letter.

- A formal IT Risk Assessment is not performed internally or by a third party. This presents the risk that vulnerabilities are not identified and remediated in a timely manner resulting in possible unauthorized or malicious activity performed on the organization's servers.

This area for improvement was also identified in the prior year Management Letter.

- During testing of terminated employees and user access, we identified several terminated employees that remained on the active user list of various IT systems and programs. This creates the risk of unauthorized access to financial systems, applications and data.

This area for improvement was also identified in the prior year Management Letter.

- Formal policies that have been established are currently not subject to annual review. Policies should be reviewed on an annual basis to ensure the information is still accurate and complete.

### Recommendation

We recommend the City consider the cost/benefit of the following recommendations:

- Update password requirements for standard network and application users to meet the following:
  - Minimum Password Length: 8-14 characters
  - Maximum Password Age: 60-90 Days
  - Minimum password age- 1 Day

Another option is the use of passphrases (greater than 20 characters). If passphrases are implemented, complexity may be relaxed and password age may be expanded to no more than 365 days.

- Perform an asset-based risk assessment modeled after an established framework, or contract a third party vendor to provide such services to adequately assess the risk environment, identify gaps in controls and identify level of compliance with required regulations.

The risk assessment should include:

- A comprehensive list of IT assets (hardware, software, vendors, employees, etc.)
- Risks associated with each IT asset
- Likelihood and Impact ratings for each risk combined to form Inherent Risk Rating
- A documented Risk Assessment Methodology to standardize the calculation of risk to include probability, impact, and the inherent risk
- Current mitigating controls associated with each risk
- Residual risk rating
- Residual risk mitigation strategy

Additionally, the IT Risk Assessment should be updated on a regular basis in order to reflect changes to the IT environment as well as risk mitigation efforts.

- Perform periodic reviews over access to IT systems, applications and data to ensure no terminated employees have access.
- Review formal policies on an annual basis to ensure the information is still accurate and complete.

#### Management's Response

# **Informational Comments**

DRAFT

## **Fiduciary Activities**

### Comment

In January of 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*, which establishes new criteria for identifying and reporting fiduciary activities of state and local governments. The criteria generally focuses on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom the fiduciary relationship exists.

Activities meeting the criteria will be required to report (1) a statement of fiduciary net position and (2) a statement of changes in fiduciary net position in one of the following four fiduciary fund types in the basic financial statements:

1. Pension (and other employee benefit) trust funds
2. Investment trust funds
3. Private-purpose trust funds
4. Custodial funds

Furthermore, agency funds will no longer be reported and activities that do not meet the new fiduciary fund criteria will be reported as resources of the government.

Any changes in activities adopted to conform to the provisions of GASB Statement No. 84 will require a restatement of beginning net position/fund balance.

The initial implementation date was fiscal year 2020. However, to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic, GASB issued Statement No. 95, which postponed the City's required implementation date to fiscal year 2021.

### Recommendation

We recommend management familiarize itself with the requirements of GASB Statement No. 84 and prepare for its implementation.

### Management's Response

## **Lease Accounting and Financial Reporting**

### Comment

In June of 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, which establish new financial reporting requirements for governments that enter into lease contracts.

The implementation of this Statement will represent a significant change in the accounting and financial reporting of leased assets, as well as lease liabilities. The implementation of this statement requires:

- Leases previously classified as operating leases to be recognized as lease assets or lease liabilities.
- Lessees to recognize a lease liability and an intangible right-to-use lease asset.
- Lessors to recognize a lease receivable and a deferred inflow of resources.
- Expanded note disclosures.

The initial implementation date was fiscal year 2021. However, to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic, GASB issued Statement No. 95, which postponed the City's required implementation date to fiscal year 2022.

### Recommendation

We recommend management familiarize itself with the requirements of GASB Statement No. 87 and prepare for its implementation.

### Management's Response

**CITY OF NEWTON, MASSACHUSETTS**

**GAO AND OMB REPORTS**

**FOR THE YEAR ENDED JUNE 30, 2020**

DRAFT



CITY OF NEWTON, MASSACHUSETTS

GAO AND OMB REPORTS

FOR THE YEAR ENDED JUNE 30, 2020

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts, as of and for the year ended June 30, 2020 (except for the Newton Contributory Retirement System and the Newton Commonwealth Foundation, Inc., which are as of and for the year ended December 31, 2019), and the related notes to the financial statements, which collectively comprise the City of Newton, Massachusetts' basic financial statements, and have issued our report thereon dated REPORT DATE. Our report includes a reference to other auditors who audited the financial statements of Newton Commonwealth Foundation, Inc. (as of and for the year ended December 31, 2019), as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Newton, Massachusetts' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Newton, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Newton, Massachusetts' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Newton, Massachusetts' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

## **CliftonLarsonAllen LLP**

Boston, Massachusetts  
REPORT DATE

DRAFT



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Newton, Massachusetts' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Newton, Massachusetts' major federal programs for the year ended June 30, 2020. The City of Newton, Massachusetts' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The City of Newton, Massachusetts' financial statements include the operations of the Newton Contributory Retirement System and the Newton Commonwealth Foundation, Inc. (as of and for the year ended December 31, 2019) and the Newton Community Development Authority (as of and for the year ended June 30, 2020). These are component units that did not receive federal awards and therefore did not meet the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**Management's Responsibility**

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Newton, Massachusetts' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Uniform Guidance. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Newton's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for major federal programs. However, our audit does not provide a legal determination of the City of Newton, Massachusetts' compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the City of Newton, Massachusetts complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on the major federal program is not modified with respect to this matter.

The City of Newton, Massachusetts' response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Newton, Massachusetts' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the City of Newton is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Newton's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Newton's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

City of Newton, Massachusetts' response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questions costs. The City of Newton, Massachusetts' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the 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 fiscal year ended June 30, 2020 (except for the Newton Contributory Retirement System and the Newton Commonwealth Foundation, Inc., which are as of and for the fiscal year ended December 31, 2019), and the related notes to the financial statements, which collectively comprise the City of Newton, Massachusetts' basic financial statements. We issued our report thereon dated REPORT DATE, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The City of Newton, Massachusetts' financial statements include the operations of the Newton Contributory Retirement System and the Newton Commonwealth Foundation, Inc. (as of and for the year ended December 31, 2019) and the Newton Community Development Authority (as of and for the year ended June 30, 2020). The federal expenditures, where applicable, for these entities are not included in the schedule of expenditures of federal awards.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

**CliftonLarsonAllen LLP**

Boston, Massachusetts  
REPORT DATE

**CITY OF NEWTON, MASSACHUSETTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

| Federal Grantor/<br><u>Pass-Through Grantor/</u><br>Program                         | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Identifying<br>Number | Passed<br>through to<br>Subrecipients | Federal<br>Expenditures |
|---|---------------------------|--|---------------------------------------|-------------------------|
| <b>U.S. Department of Agriculture</b>   |                           |  |                                       |                         |
| <u>Passed through the State Department of Elementary &amp; Secondary Education:</u> |                           |  |                                       |                         |
| <i>Child Nutrition Cluster</i>  |                           |  |                                       |                         |
| School Breakfast Program - Cash Assistance  | 10.553                    | 09-207                                       | \$ -                                  | \$ 38,567               |
| National School Lunch Program - Cash Assistance                                     | 10.555                    | 09-207                                       | -                                     | 404,970                 |
| National School Lunch Program - Non-Cash Assistance<br>(Commodities)                | 10.555                    | 09-207                                       | -                                     | 158,976                 |
| Subtotal CFDA 10.555  |                           |  | -                                     | 563,946                 |
| Subtotal Child Nutrition Cluster  |                           |  | -                                     | 602,513                 |
| Total U.S. Department of Agriculture  |                           |  | -                                     | 602,513                 |
| <b>U.S. Department of Housing and Urban Development</b>                             |                           |  |                                       |                         |
| <u>Direct Programs:</u>   |                           |  |                                       |                         |
| Community Development Block Grant   | 14.218                    | Not Applicable                               | 908,268                               | 1,912,575               |
| Emergency Solutions Grants Program  | 14.231                    | Not Applicable                               | 171,002                               | 171,002                 |
| HOME Investment Partnerships Program  | 14.239                    | Not Applicable                               | 286,195                               | 2,916,148               |
| Continuum of Care Program   | 14.267                    | Not Applicable                               | -                                     | 21,170                  |
| Total U.S. Department of Housing and Urban Development                              |                           |  | 1,365,465                             | 5,020,895               |
| <b>U.S. Department of Justice</b>   |                           |  |                                       |                         |
| <u>Direct Programs:</u>   |                           |  |                                       |                         |
| DEA Asset Forfeitures   | 16.UNK                    | Not Applicable                               | -                                     | 20,318                  |
| <u>Passed through the State Executive Office of Public Safety:</u>                  |                           |  |                                       |                         |
| Bulletproof Vest Partnership Grant  | 16.607                    | Not Available                                | -                                     | 9,502                   |
| Total U.S. Department of Justice  |                           |  | -                                     | 29,820                  |
| <b>U.S. Department of the Treasury</b>  |                           |  |                                       |                         |
| <u>Passed through Massachusetts Office of Administration and Finance:</u>           |                           |  |                                       |                         |
| Coronavirus Aid, Relief, and Economic Security Act (CARES)                          | 21.029                    | Not Available                                | -                                     | 219,866                 |
| <b>U.S. Department of Education</b>   |                           |  |                                       |                         |
| <u>Direct Programs:</u>   |                           |  |                                       |                         |
| Climate Transformation Grant  | 84.184G                   | Not Applicable                               | -                                     | 230,212                 |
| <u>Passed through the State Department of Elementary &amp; Secondary Education:</u> |                           |  |                                       |                         |
| <i>Title I, Part A</i>  |                           |  |                                       |                         |
| Title I Distribution (fiscal year 2020)   | 84.010                    | 305-306152-2020-0207                         | -                                     | 421,529                 |
| Title I Distribution (fiscal year 2019)   | 84.010                    | 305-069243-2019-0207                         | -                                     | 153,960                 |
| Subtotal CFDA 84.010  |                           |  | -                                     | 575,489                 |
| <i>Special Education Cluster</i>  |                           |  |                                       |                         |
| SPED 94-142 Allocation (fiscal year 2020)   | 84.027                    | 240-306150-2020-0207                         | -                                     | 3,339,054               |
| SPED 94-142 Allocation (fiscal year 2019)   | 84.027                    | 240-095248-2019-0207                         | -                                     | 86,830                  |
| Subtotal CFDA 84.027  |                           |  | -                                     | 3,425,884               |
| <u>Passed through the State Department of Early Education and Care:</u>             |                           |  |                                       |                         |
| <i>Special Education Cluster (continued)</i>  |                           |  |                                       |                         |
| SPED Early Childhood Allocation (fiscal year 2020)                                  | 84.173                    | 26220NEWTONPUBLICSCH                         | -                                     | 72,754                  |
| SPED Early Childhood Allocation (fiscal year 2019)                                  | 84.173                    | 26219NEWTONPUBLICSCH                         | -                                     | 6,854                   |
| Subtotal CFDA 84.173  |                           |  | -                                     | 79,608                  |
| Subtotal Special Education Cluster  |                           |  | -                                     | 3,505,492               |

**CITY OF NEWTON, MASSACHUSETTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

|   |        |                      |              |               |
|---|--------|----------------------|--------------|---------------|
| <u>Passed through the State Department of Elementary &amp; Secondary Education:</u> |        |                      |              |               |
| Carl Perkins Occupational Education (fiscal year 2020)                              | 84.048 | 2020                 | -            | 85,395        |
| Carl Perkins Occupational Education (fiscal year 2019)                              | 84.048 | 2019                 | -            | 7,118         |
| Subtotal CFDA 84.048  |        |                      | -            | 92,513        |
| Title III - English Language Acquisition (fiscal year 2020)                         | 84.365 | 2020                 | -            | 43,915        |
| Title III - English Language Acquisition (fiscal year 2019)                         | 84.365 | 2019                 | -            | 59,228        |
| Subtotal CFDA 84.365  |        |                      | -            | 103,143       |
| Title IIA - Improving Teacher Quality (fiscal year 2020)                            | 84.367 | 140-306147-2020-0207 | -            | 70,887        |
| Title IIA - Improving Teacher Quality (fiscal year 2019)                            | 84.367 | 140-215754-2019-0207 | -            | 134,403       |
| Subtotal CFDA 84.367  |        |                      | -            | 205,290       |
| Title IVA (fiscal year 2020)  | 84.424 | Not Available        | -            | 2,628         |
| Title IVA (fiscal year 2019)  | 84.424 | Not Available        | -            | 9,624         |
| Subtotal CFDA 84.367  |        |                      | -            | 12,252        |
| Total U.S. Department of Education  |        |                      | -            | 4,724,391     |
| <b>U.S. Department of Health and Human Services</b>                                 |        |                      |              |               |
| <u>Passed through the State Executive Office of Health and Human Services:</u>      |        |                      |              |               |
| School-Based Medicaid Reimbursement Program/<br>Medicaid Cluster                    | 93.778 | 1951726              | -            | 230,296       |
| <b>Centers for Disease Control and Prevention</b>                                   |        |                      |              |               |
| <u>Passed through the State Executive Office of Health and Human Services:</u>      |        |                      |              |               |
| Medical Reserve Corps Grant   | 93.069 | Not Available        | -            | 1,015         |
| <u>Passed through the Cambridge Public Health Department:</u>                       |        |                      |              |               |
| Public Health Emergency Preparedness Grant  | 93.074 | Not Available        | -            | 1,015         |
| Total Centers for Disease Control and Prevention                                    |        |                      | -            | 2,030         |
| <b>U.S. Food &amp; Drug Administration</b>  |        |                      |              |               |
| <u>Direct Programs:</u>   |        |                      |              |               |
| Food Safety Inspection Grant  | 93.103 | Not Applicable       | -            | 5,340         |
| <b>U.S. Department of Homeland Security</b>   |        |                      |              |               |
| <u>Direct Program:</u>  |        |                      |              |               |
| Assistance to Firefighters Grant  | 97.044 | Not Applicable       | -            | 12,717        |
| U.S Customs and Border Protection Asset Forfeitures                                 | 97.UKN | Not Applicable       | -            | 7,167         |
| <u>Passed through the State Emergency Management Agency:</u>                        |        |                      |              |               |
| Public Assistance Grants  | 97.036 | CTFEMA4214NEWTO00781 | -            | 883,401       |
| Total U.S. Department of Homeland Security  |        |                      | -            | 903,285       |
| Total   |        |                      | \$ 1,365,465 | \$ 11,738,436 |

See notes to schedule of expenditures of federal awards.



**CITY OF NEWTON, MASSACHUSETTS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2020**

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Newton, Massachusetts and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2 – Indirect Costs**

The City of Newton, Massachusetts did not elect to use the 10% de minimis indirect cost rate identified in §200.414 of the Uniform Guidance.

**Note 3 – U.S. Department of Agriculture**

The amount reported for the National School Lunch Program - Non-Cash Assistance (Commodities) represents non-monetary assistance and is reported in the schedule at the fair market value of the commodities received. The amounts reported for the National School Lunch Program - Cash Assistance and School Breakfast Program – Cash Assistance represent cash receipts from federal reimbursements.

**Note 4 – U.S. Department of Health and Human Services**

The amount reported for the School-Based Medicaid Reimbursement Program represents federal reimbursements for Administrative Activity Claims.

**Note 5 – U.S. Department of Homeland Security**

The amount reported for the Public Assistance Program represents federal reimbursements of expenses incurred.

This information is an integral part of the accompanying schedule of expenditures of federal awards.

**CITY OF NEWTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

***Section I – Summary of Auditors’ Results***

***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes  no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes  none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes  no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes  no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ X yes \_\_\_\_\_ no
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with Subpart F, Section 516(a) of the Uniform Guidance? \_\_\_\_\_ X yes \_\_\_\_\_ no

***Identification of Major Federal Programs***

|                                     |   |
|-------------------------------------|---|
| 14.239<br>84.027 & 84.173<br>97.036 | HOME Investment Partnerships<br>Special Education Cluster<br>Public Assistance Programs |
|-------------------------------------|---|

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee pursuant to the Uniform Guidance? \_\_\_\_\_ yes  no

**CITY OF NEWTON, MASSACHUSETTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

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***Section II – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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**UNITED STATES DEPARTMENT OF HOMELAND SECURITY**

***Noncompliance and Significant Deficiency in Internal Control over Compliance***

2020-001            Public Assistance Program, CFDA No. 97.036

Award Period: July 1, 2019 – June 30, 2020

Compliance Requirement: Allowable Costs/Cost Principles

*Criteria or Specific Requirement:* The Code of Federal Regulations (CFR) Title 2 Part 200.430 indicates charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. Such records should support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on a federal award and a non-federal award.

*Condition and Context:* Fifteen (15) of forty (40) payroll transactions in our statistically valid sample were not accurately supported by time and effort documentation.

*Questioned Costs:* None in excess of the reportable threshold of the Uniform Grant Guidance.

*Cause:* The City's internal controls surrounding the charges for salaries and wages was deficient in accurately supporting the charges with time and effort documentation.

*Effect:* Noncompliance with the federal grant program occurred.

*Repeat Finding:* No.

*Recommendation:* We recommend procedures be strengthened to accurately support all charges for salaries and wages with time and effort documentation.

*Views of Responsible Officials:* Management agrees with the finding.