

# City of Newton, Massachusetts

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019



# City of Newton, Massachusetts

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019



*Prepared by the Comptroller's Office*

**CITY OF NEWTON, MASSACHUSETTS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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# ***INTRODUCTORY SECTION***

COMPTROLLER'S OFFICE



## CITY OF NEWTON, MASSACHUSETTS

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TELEPHONE (617) 796-1305  
FAX (617) 796-1196  
sdzikowski@newtonma.gov

SUSAN DZIKOWSKI  
COMPTROLLER

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January 14, 2020

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, 2019. This report has been prepared by the Comptroller's Office of the City in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Government Accounting Standards Board (GASB).

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

The independent auditors' unqualified ("clean") opinion on the City's financial statements for the year ended June 30, 2019 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. Last year, CLA was chosen to carry on as Newton's independent auditor for the next five fiscal years, from 2019 through 2023.

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

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

## **History and Profile**

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

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

Newton has a diversified economic base with approximately 54,866 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 monthly revenue and expenditure information is provided on-line to operating departments. Monthly comparative financial management reports are issued to the Mayor, City Council and public on the Comptroller's page of the City web site. Un-audited budgetary basis year-end financial reports are issued within 90 days of the close of the fiscal year, and audited financial statements are issued shortly before or after the end of the calendar year.

## **Financial Planning**

The three primary financial management challenges facing the City for the past several years have been the need to 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's Rainy Day Stabilization Fund ended fiscal year 2019 with a fund balance of \$21.4 million, \$900,000 or 4.0% more than the balance as of the start of the year and 5% of General Fund expenditures for the year.

The City is now on track to fund its defined benefit pension obligations in full by fiscal year 2030. For fiscal year 2019 and later years, each year's appropriation increases 9.6%. The Plan's Net Pension Liability increased from \$308.2 million as of December 31, 2017 to \$338.3 million as of December 31, 2018. The funded ratio, or the ratio of the actuarial value of assets to the actuarial accrued liability increased from 51.69% to 52.64%.

The OPEB trust ended fiscal year 2019 with assets of \$11.8 million, \$3.2 million or 37% 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, 2019 OPEB actuarial valuations include significant funding to begin in fiscal year 2031, after the defined benefit plan is scheduled to be actuarially funded. Nine years later, by fiscal year 2040, the City's OPEB obligations will reach full actuarial funding.

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

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

- Properly safeguard assets.
- Provide reasonable assurance on the accuracy and reliability of the accounting records used in the preparation of the basic financial statements.
- Provide reasonable assurance relative to compliance with legal and contractual constraints on the custody and use of assets.
- Successfully implement new payroll software as of July 1, 2020.

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 2019 were closed within 160 days of year end and on October 10, 2019 the Massachusetts Department of Revenue certified the City's July 1, 2019 free cash (General Fund balance available for appropriation) at \$11.7 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 will go live with payroll and human resources transactions in July 2020. In preparation, the City developed a new chart of accounts and initiated staff training on new and updated processes to perform financial and other functions in the new system. The tax and utility billings, fund accounting, budget preparation, purchasing, and payroll/human resources modules of the new system will be completely integrated. The new modules will be used for all City financial activities except the disbursement of contributory and non-contributory retirement benefits; Pension Technology Group (PTG) will replace 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, 2019 actuarial valuation used a measurement date of June 30, 2018, based on the actuary's report dated August 2, 2019. GASB 75 permits a measurement date as early as the end of the fiscal year prior to the reporting date. The City's Net OPEB Liability decreased from \$638.8 million as of June 30, 2017 to \$628.2 million as of June 30, 2018, and the Plan's Fiduciary Net Position as a percent of the Total OPEB Liability increased from 0.93% to 1.37%.

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 3.5%. 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 2019. A complete accounting of the work of the Audit Committee is documented on their page of the City web site.

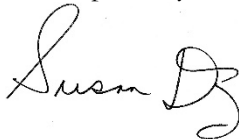
## **Awards and Acknowledgments**

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

The Comptroller's Office succeeds because of the extraordinary analytical skills of Steven Curley and Regina Zegarelli and the professional commitment of all staff including Denise King, Juiling De Los Reyes, Maria Mastroianni, and our newest member, Stela Zaloshnja. I am grateful to the Chair of the Finance Committee, Councilor Leonard Gentile, for his insightful leadership and to the members of the Finance Committee, with special recognition to Vice Chair Cheryl Lappin for her sound advice.

Thank you to the public accounting firm of CliftonLarsonAllen, LLP for the efficient 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,

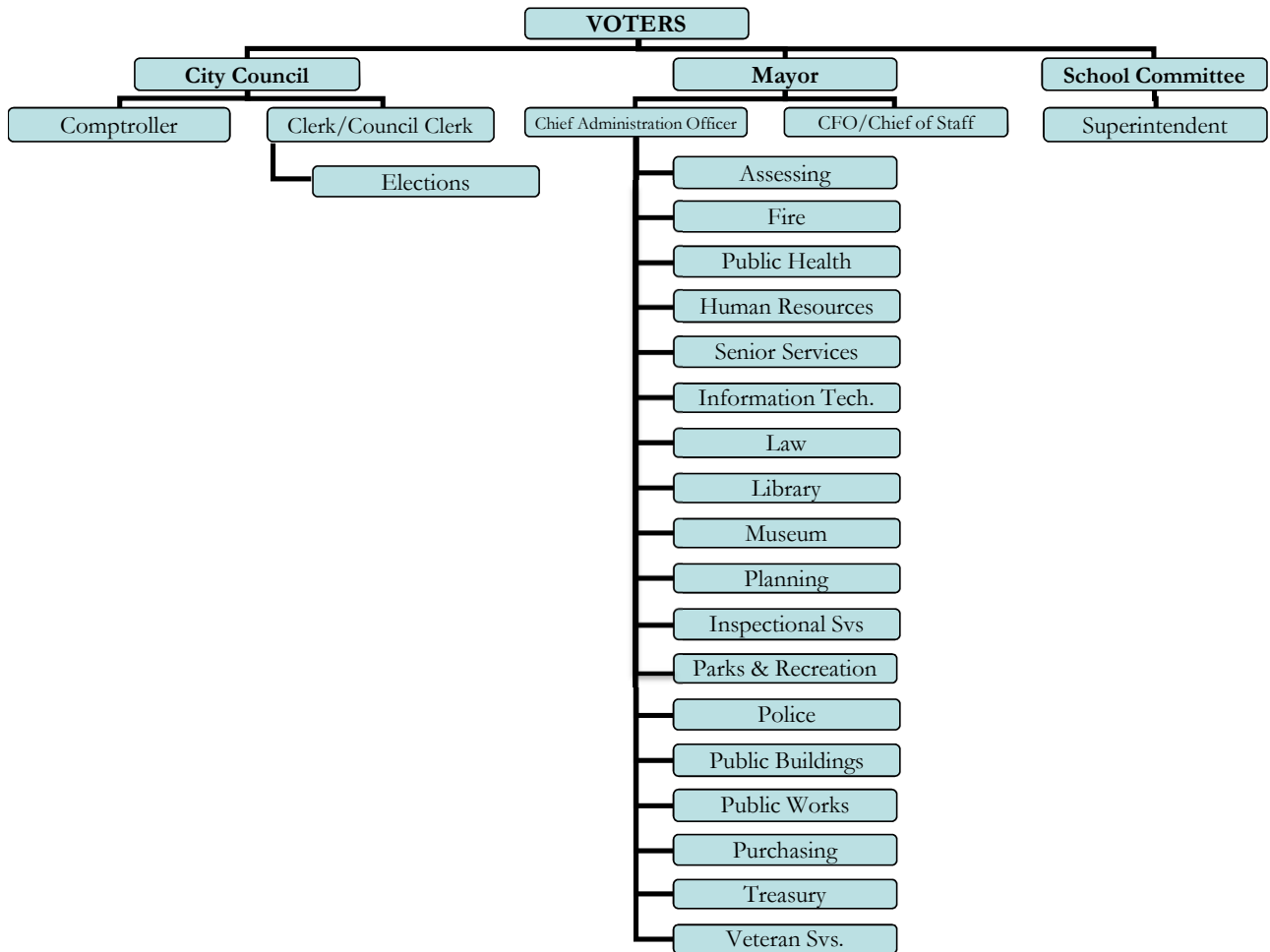
A handwritten signature in black ink, appearing to read "Susan Dzikowski". The signature is fluid and cursive, with the first name "Susan" written in a larger, more prominent script than the last name "Dzikowski".

Susan Dzikowski  
Comptroller, City of Newton

CITY OF NEWTON, MASSACHUSETTS

ORGANIZATIONAL CHART

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**CITY OF NEWTON, MASSACHUSETTS**  
ELECTED OFFICIALS AND DEPARTMENT HEADS  
JUNE 30, 2019

**CITY COUNCIL**

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

**SCHOOL COMMITTEE**

Ruth Goldman, Chair  
Steven Siegel, Vice Chair  
Margaret Albright  
Bridget Ray-Canada  
Diana Fisher Gomberg  
Matthew Miller  
Anping Shen  
Kathy Shields  
Mayor Ruthanne Fuller, Ex Officio Member  
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: Joe Mulvey, Chief Information Officer  
Inspectional Services: John Lojek, Commissioner  
Newton History Museum: Lisa Dady, Director  
Law: Alissa Guiliani, City Solicitor  
Library: Jill Mercurio, Acting Director  
Parks & Recreation: Robert J. DeRubeis, Commissioner  
Planning & Development: Barney Heath, Director  
Police: David MacDonald, Police Chief  
Public Buildings: Josh Morse, Commissioner  
Public Works: James McGonagle, Commissioner  
Purchasing: Nicholas Read, Chief Procurement Officer  
Senior Service: Jayne Colino, Director  
Treasury: James Reardon, Treasurer & Collector  
Veteran Services: Seth Bai, Veteran Services Officer

**CONTRIBUTORY RETIREMENT BOARD**

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



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# ***FINANCIAL SECTION***





## **Independent Auditors' Report**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts, as of and for the year ended June 30, 2019 (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, 2018), 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 44.8%, 44.4%, 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, 2019 (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, 2018) and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Community Preservation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Other Information*

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

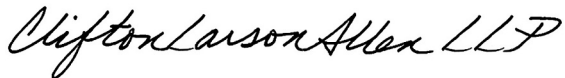
The combining and individual fund financial statements and schedules and additional information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected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

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

Honorable City Council and Mayor  
City of Newton, Massachusetts

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2020 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.



**CliftonLarsonAllen LLP**

Boston, Massachusetts  
January 14, 2020



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# **Management's Discussion and Analysis**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Newton (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City (primary government) for the fiscal year ended June 30, 2019.

### **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 \$421 million – an increase of \$21.6 million or 4.9% from June 30, 2018. The negative (\$421) million net position for June 30, 2019 consisted of (\$552.8) in negative net position in governmental activities and a positive \$131.8 million in the City's business type activities.
- Unrestricted governmental net position decreased by \$5.7 million to (\$885.9) million at June 30, 2019. 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 2019 was \$559.1 million, \$509.6 million (91%) of which was for governmental services, and \$49.5 million (9%) of which was for business type services. The total cost of City services decreased by \$570 thousand; which was less than 1% from the total cost of services in the previous fiscal year.
- A total of \$133.5 million or 25.9% of governmental services were financed from program revenue, leaving 74.1% to be financed from general revenues and inter-fund transfers. Real estate and personal property tax revenue continues to represent the single largest source of general revenue, accounting for 89.9% of 2019 governmental services funding.
- At June 30, 2019, the City's governmental funds reported a combined fund balance of \$119.8 million. The combined governmental funds fund balance decreased by \$4.5 million (3.6%) from the prior year's ending fund balance.
- The City's general fund reported total fund balance of \$71 million at the end of fiscal year 2019, a \$4.4 million (6.6%) increase from the total fund balance at June 30 of the prior fiscal year. The unassigned portion of the fund balance increased by \$3.5 million to \$47.5 million or 10.2% of total general fund revenues and other financing sources. The unassigned fund balance includes \$21.4 million that the City has set aside as a "Rainy Day Stabilization" fund and \$11.7 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.

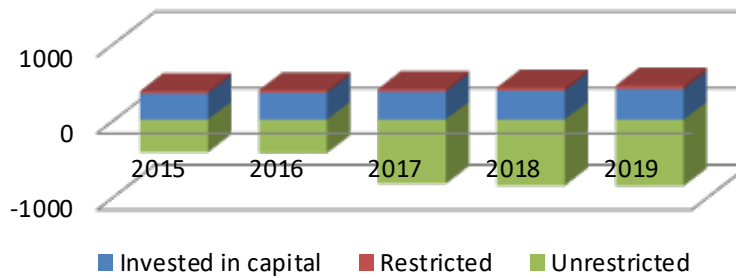
The combining statements previously referred to are presented immediately following the notes to the basic financial statements.

### **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 \$421 million at June 30, 2019. This represents an increase of \$21.6 million or 4.9% in the total net position at June 30 of the prior year. Trend information for total net position and its major components over the past five year period is summarized graphically below. Unfunded pension benefit liabilities are recognized in full beginning with the fiscal year ended June 30, 2015.



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



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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Assets</b>						
Current assets..... \$	205,055,606	\$ 207,677,233	\$ 86,565,161	\$ 69,378,370	\$ 291,620,767	\$ 277,055,603
Noncurrent assets (excluding capital assets).....	5,947,867	7,659,250	197,809	461,572	6,145,676	8,120,822
Capital assets (net).....	584,478,711	559,567,399	120,689,275	113,252,518	705,167,986	672,819,917
Total assets.....	<u>795,482,184</u>	<u>774,903,882</u>	<u>207,452,245</u>	<u>183,092,460</u>	<u>1,002,934,429</u>	<u>957,996,342</u>
<b>Deferred Outflows of Resources</b>	<u>43,308,808</u>	<u>39,631,575</u>	<u>1,221,063</u>	<u>1,028,662</u>	<u>44,529,871</u>	<u>40,660,237</u>
<b>Liabilities</b>						
Current liabilities (excluding debt).....	46,757,010	49,266,159	12,454,237	5,490,479	59,211,247	54,756,638
Noncurrent liabilities (excluding debt).....	951,204,931	932,573,125	25,941,007	25,343,247	977,145,938	957,916,372
Current debt.....	15,252,311	14,351,299	4,936,921	4,981,843	20,189,232	19,333,142
Noncurrent debt.....	289,634,652	295,619,806	31,309,937	26,140,789	320,944,589	321,760,595
Total liabilities.....	<u>1,302,848,904</u>	<u>1,291,810,389</u>	<u>74,642,102</u>	<u>61,956,358</u>	<u>1,377,491,006</u>	<u>1,353,766,747</u>
<b>Deferred Inflows of Resources</b>	<u>88,782,126</u>	<u>85,270,280</u>	<u>2,174,333</u>	<u>2,238,273</u>	<u>90,956,459</u>	<u>87,508,553</u>
<b>Net Position</b>						
Net investment in capital assets....	289,288,369	278,142,332	111,179,650	101,217,609	400,468,019	379,359,941
Restricted.....	43,753,181	39,481,750	-	-	43,753,181	39,481,750
Unrestricted.....	(885,881,588)	(880,169,294)	20,677,223	18,708,882	(865,204,365)	(861,460,412)
Total net position..... \$	<u><u>(552,840,038)</u></u>	<u><u>(562,545,212)</u></u>	<u><u>131,856,873</u></u>	<u><u>119,926,491</u></u>	<u><u>(420,983,165)</u></u>	<u><u>(442,618,721)</u></u>

The largest single components of the City's negative total net position are \$334.8 million in unfunded pension benefits (Net Pension Liabilities) and \$628.2 million in unfunded OPEB liabilities (Net OPEB Liabilities). The unfunded pension benefit total represents the difference between benefit obligations and assets that have been accumulated in the Pension Trust Fund. The funding schedule for the City's defined benefit retirement plan anticipates full actuarial funding in the fiscal year ending June 30, 2030. The unfunded OPEB total represents the difference between benefit obligations and assets that have been accumulated in the OPEB Trust Fund.

Although the City has yet to formally adopt a funding plan for its OPEB liabilities, a new OPEB actuary was engaged in 2017 to prepare a funding plan that provides for meaningful funding to begin in fiscal year 2031, after the defined benefit plan is scheduled to be actuarially funded. The plan projects full actuarial funding of OPEB obligations by fiscal year 2042.

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

An additional portion of the City's net position, \$43.8 million, represents resources that are subject to restrictions placed on how they may be used by parties external to the City. A total of \$20.3 million (46.4%) represents resources restricted to community preservation purposes. A summary of all major components of the restricted net position may be found on the face of the Statement of Net Position.

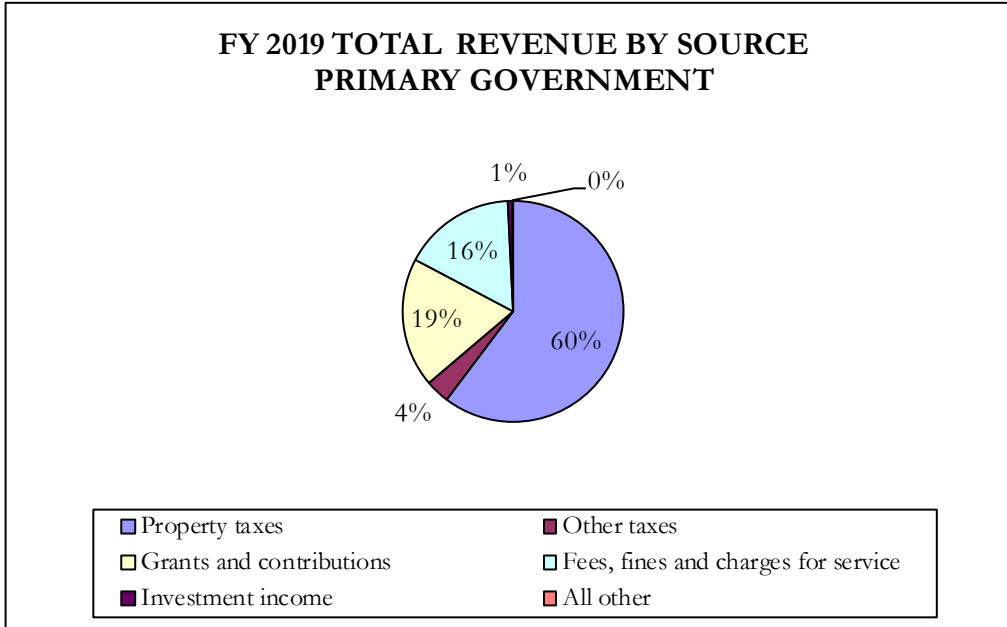
**Changes in net position:**

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Revenues</b>						
<i>Program Revenues:</i>						
Fees, fines and charges for services.....	\$ 35,745,286	\$ 34,118,209	\$ 60,059,988	\$ 59,362,817	\$ 95,805,274	\$ 93,481,026
Operating grants and contributions.....	86,589,421	87,258,085	1,182,080	348,089	87,771,501	87,606,174
Capital grants and contributions.....	11,176,779	4,264,589	4,118,366	947,992	15,295,145	5,212,581
<i>General Revenues:</i>						
Real estate and personal property taxes.....	346,757,156	331,364,668	-	-	346,757,156	331,364,668
Motor vehicle and other excise taxes.....	13,857,190	13,649,251	-	-	13,857,190	13,649,251
Hotel room occupancy taxes.....	2,411,164	2,440,667	-	-	2,411,164	2,440,667
Meals taxes.....	2,026,232	1,902,662	-	-	2,026,232	1,902,662
Penalties and interest on taxes.....	1,456,045	2,198,862	-	-	1,456,045	2,198,862
Payments in lieu of taxes.....	620,405	1,229,355	-	-	620,405	1,229,355
Community preservation surcharges.....	3,385,398	3,254,161	-	-	3,385,398	3,254,161
Grants and contributions not restricted to specific programs.....	6,710,460	6,321,899	-	-	6,710,460	6,321,899
Unrestricted investment income.....	3,856,837	1,986,190	-	-	3,856,837	1,986,190
Gain/(loss) on sales/disposals of capital assets.....	-	92,435	(58,246)	-	(58,246)	92,435
Other.....	898,387	2,157,648	-	-	898,387	2,157,648
Total revenues.....	<u>515,490,760</u>	<u>492,238,681</u>	<u>65,302,188</u>	<u>60,658,898</u>	<u>580,792,948</u>	<u>552,897,579</u>
<b>Expenses</b>						
General government.....	31,005,249	30,081,504	-	-	31,005,249	30,081,504
Public safety.....	80,638,692	78,526,981	-	-	80,638,692	78,526,981
Education.....	318,140,994	315,908,244	-	-	318,140,994	315,908,244
Public works.....	34,337,618	37,206,974	-	-	34,337,618	37,206,974
Health and human services.....	12,881,214	12,812,793	-	-	12,881,214	12,812,793
Culture and recreation.....	20,216,213	21,312,457	-	-	20,216,213	21,312,457
Debt service - interest.....	12,394,788	14,416,456	-	-	12,394,788	14,416,456
Water.....	-	-	19,845,729	20,424,302	19,845,729	20,424,302
Sewer.....	-	-	28,066,143	26,252,621	28,066,143	26,252,621
Stormwater.....	-	-	1,630,752	2,785,074	1,630,752	2,785,074
Total expenses.....	<u>509,614,768</u>	<u>510,265,409</u>	<u>49,542,624</u>	<u>49,461,997</u>	<u>559,157,392</u>	<u>559,727,406</u>
Change in net position before transfers.....	5,875,992	(18,026,728)	15,759,564	11,196,901	21,635,556	(6,829,827)
Transfers, net.....	<u>3,829,182</u>	<u>3,735,787</u>	<u>(3,829,182)</u>	<u>(3,735,787)</u>	-	-
Change in net position.....	9,705,174	(14,290,941)	11,930,382	7,461,114	21,635,556	(6,829,827)
Net position - beginning of year.....	<u>(562,545,212)</u>	<u>(548,254,271)</u>	<u>119,926,491</u>	<u>112,465,377</u>	<u>(442,618,721)</u>	<u>(435,788,894)</u>
Net position - end of year.....	<u>\$ (552,840,038)</u>	<u>\$ (562,545,212)</u>	<u>\$ 131,856,873</u>	<u>\$ 119,926,491</u>	<u>\$ (420,983,165)</u>	<u>\$ (442,618,721)</u>

Total revenue for the year ended June 30, 2019 amounted to \$580.8 million, an increase of \$27.9 million or 5.0% from the prior year. Real estate tax revenue, the City's largest revenue source, accounted for \$15.4 million or 55.2% of the revenue growth.

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

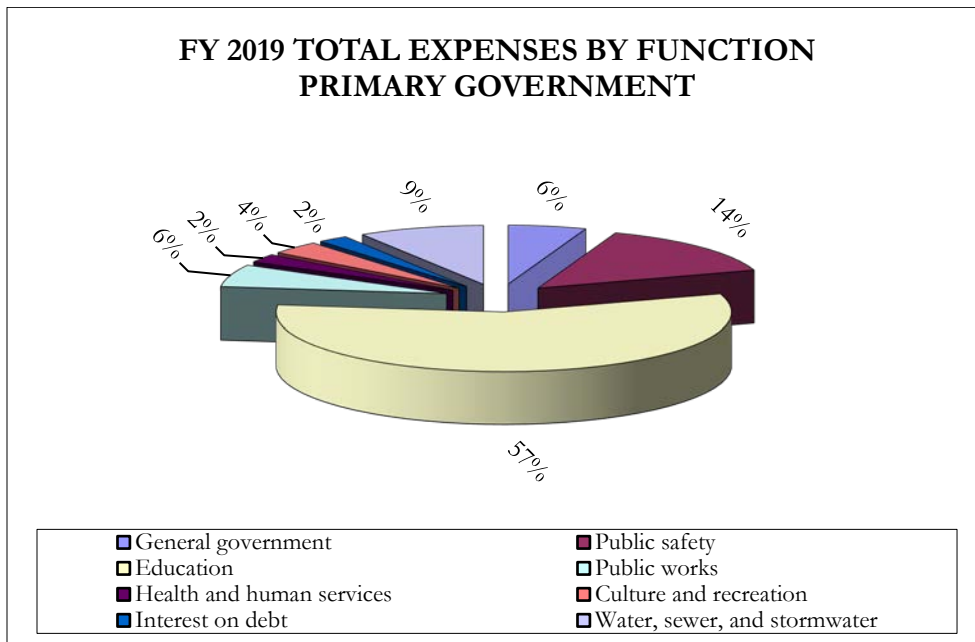


Total expenses decreased by \$570 thousand or less than 1% during the year.

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, 2019, total spending for education purposes was \$318.1 million or 57% of total spending, 62% of governmental activity spending and \$2.2 million or 1% 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, 2019.



**Governmental activities** – Governmental activities increased the City’s net position by \$9.7 million or 2.2% during fiscal 2019 primarily due to capital grants and contributions. 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 2019. Inspectional service department program revenues exceeded total program expenses by \$8.2 million for the year. In the fiscal year ending June 30, 2018, Inspectional services department program revenue exceeded program expenses by \$5.0 million.

**Business-type activities** – Business-type activities increased the City’s net position by \$11.9 million or 2.7% during fiscal year 2019.

**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, 2019, the City’s governmental funds reported a combined fund balance totaling \$119.8 million, a \$4.5 million or 3.6% decrease from the prior year reported financial position.

The General fund is the primary operating fund of the City and at June 30, 2019 reported a total fund balance of \$71 million, \$4.4 million or 6.6% more than the total fund balance for the previous fiscal year. The unassigned portion of fund balance increased from \$44.0 million or approximately 9.9% of total fund revenues and other financing sources at June 30, 2018 to \$47.5 million or 10.2% of fund revenues and other financing sources at June 30, 2019. The City’s Rainy Day (fiscal/economic stabilization) Fund accounts for \$21.4 million or approximately 45.1% 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 2019 and (5) previous fiscal years**

	2019	2018	2017	2016	2015	2014
Total fund balance	\$ 71,020,024	\$ 66,621,935	\$ 67,050,624	\$ 57,458,697	\$ 38,523,664	\$ 36,675,777
Less: Fund balance restrictions for:						
Debt service.....	2,234,379	2,339,315	2,442,053	2,803,983	2,992,322	2,835,755
Capital.....	195,477	195,477	1,115,477	10,285	13,752	13,752
Less: Fund balance committed for:						
Subsequent year's expenditures.....	1,904,936	1,602,738	1,600,564	1,598,546	1,595,628	1,595,130
Capital.....	370,580	728,835	1,070,580	2,168,821	714,055	714,835
Continued appropriations.....	12,999,204	12,057,695	12,197,805	5,084,436	2,998,738	2,579,251
Less: Fund balance assigned for:						
Encumbrances.....	5,773,803	5,656,818	2,365,805	1,881,754	1,546,338	2,556,214
Capital.....	80,609	10,677	10,678	294,350	905,046	121,776
Unassigned fund balance.....	47,461,036	44,030,380	46,247,662	43,616,522	27,757,785	26,259,064
Total revenues & other financing sources.....	\$ 464,574,323	\$ 444,960,412	\$ 428,920,940	\$ 380,459,215	\$ 352,531,003	\$ 370,804,386
Total fund balance as % total revenues and ofs.....	15.3%	15.0%	15.6%	15.1%	10.9%	9.9%
Unassigned fund balance as % total revenues and ofs..	10.2%	9.9%	10.8%	11.5%	7.9%	7.1%

Total general fund revenues and other financing sources increased by \$19.6 million or 4.4%, during fiscal year 2019 principally as a result of real estate and personal property tax collections.

Property tax revenue growth of \$13.6 million accounted for 72.7% of all revenue growth for the year. The 4.1% increase in property tax revenue resulted from a combination of the normal increase authorized by Proposition 2 ½ and new growth. The City also collected 99.8% 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 \$1,763,762 or 0.5% of the tax levy for the year. A tax refund payable liability of \$1.8 million has been recorded at fiscal year-end for abatement applications that, in the opinion of the Board of Assessors, are likely to result in tax refunds.

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

Source	Amount	% of Total	Increase/ (Decrease)	% Change
Real estate and personal property taxes..... \$	345,311,921	74.2%	\$ 13,614,738	4.1%
Motor vehicle excise taxes.....	13,734,610	3.0%	251,899	1.9%
Hotel room occupancy taxes.....	2,411,164	0.5%	(29,503)	-1.2%
Meals taxes.....	2,026,232	0.4%	123,570	6.5%
Penalties and interest on taxes.....	1,456,045	0.3%	(742,817)	-33.8%
Licenses and permits.....	11,705,692	2.5%	3,283,921	39.0%
Intergovernmental.....	71,820,673	15.5%	1,004,015	1.4%
Charges for services.....	4,068,618	0.9%	259,229	6.8%
Fines and forfeitures.....	1,514,640	0.3%	(95,685)	-5.9%
Investment income.....	3,456,932	0.7%	1,689,735	95.6%
Payments in lieu of taxes.....	618,720	0.1%	(685,873)	-52.6%
Special assessments.....	39,535	0.0%	(10,979)	-21.7%
Other.....	363,885	0.1%	68,474	23.2%
<b>Total revenues.....</b>	<b>458,528,667</b>	<b>98.7%</b>	<b>18,730,724</b>	<b>4.3%</b>
Sale of capital assets.....	-	0.0%	(40,631)	-100.0%
Transfers from other funds.....	6,045,656	1.3%	923,818	18.0%
<b>Total revenues and other financing sources..... \$</b>	<b>464,574,323</b>	<b>100.0%</b>	<b>\$ 19,613,911</b>	<b>4.4%</b>

Total general fund expenditures and transfers to other funds totaled \$460.2 million, an increase of \$14.8 million or 3.3% from the previous fiscal year.

	Amount	% of Total	Increase/ (Decrease)	% Change
General government..... \$	19,617,260	4.3%	\$ (629,182)	-3.1%
Public safety.....	49,356,834	10.7%	2,885,981	6.2%
Education.....	266,966,709	57.9%	10,522,670	4.1%
Public works.....	31,524,690	6.9%	(4,495,753)	-12.5%
Health and human services.....	4,917,009	1.1%	201,982	4.3%
Culture and recreation.....	12,782,956	2.8%	(434,086)	-3.3%
Retirement benefits.....	39,410,176	8.6%	3,758,376	10.5%
Workers' compensation insurance.....	1,200,000	0.3%	-	0.0%
Property and liability insurance.....	517,261	0.1%	11,089	2.2%
Claims and judgements.....	368,203	0.1%	251,834	216.4%
State assessments and charges.....	6,351,888	1.4%	300,934	5.0%
Debt service				
Principal.....	13,162,267	2.9%	321,300	2.5%
Interest.....	10,919,960	2.4%	1,105,580	11.3%
<b>Total expenditures.....</b>	<b>457,095,213</b>	<b>99.5%</b>	<b>13,800,725</b>	<b>3.1%</b>
Transfers to other funds.....	3,081,021	0.7%	986,408	47.1%
<b>Total expenditures and transfers..... \$</b>	<b>460,176,234</b>	<b>100.2%</b>	<b>\$ 14,787,133</b>	<b>3.3%</b>

The \$4.5 million or 12.5% decrease in public works spending resulted principally from the reduction of budgeted paving projects that occurred during 2018.

The \$10.5 million or 4.1% 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, 2019, the City realized \$4.4 million in CPA fund revenue, \$3.4 million (76.9%) of which came from the local property tax surcharge. State matching funds amounted to \$0.6 million. Fund expenditures totaled \$1.9 million for the year, \$1.3 million of which was for historic resources preservation; \$0.3 million of which was for community housing; \$0.2 million was for community recreation, and \$0.1 million for program administration.

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

The financial position of the City's sewer fund increased by \$7.7 million to \$76.9 million at June 30, 2019. Unrestricted fund net position decreased by \$2.8 million or 17.6% to \$13.1 million at June 30, 2019.

The financial position of the City's water fund also improved during the last fiscal year from \$47.5 million at June 30, 2018 to \$51 million at June 30, 2019. Unrestricted fund net position was \$5.9 million.

The City's stormwater management fund ended the year with a net position of \$3.9 million – a increase of \$839 thousand or 26.9% from June 30, 2018. Unrestricted net position amounted to \$1.6 million.

The financial position of the City's Internal Service Funds increased by \$1.8 million, or 9.4% during the year ended June 30, 2019. 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 decreased by \$1.2 million during the year as a result of an increase \$1.5 million of self-insurance claims during the year.

The financial position of the group health self-insurance fund increased by \$2.9 million or 22.5% as a result of a \$6.2 million increase in self-insurance contributions during the year. The \$15.8 million year-end net position represents approximately 3 months of average paid claims. The City's target financial position for the fund is 1.5 – 2.0 months of average paid claims.

**Fiduciary funds** – The net position of the City's contributory retirement system decreased by \$9.3 million (2.7%) to \$341.8 million during the system's fiscal year that ended December 31, 2018, as a result of the fact that investment losses for the year (net of investment management fees) were \$7.2 million. According to the Commonwealth of Massachusetts Public Employee Retirement Administration Commission's 2018 Annual Report, the Newton Contributory Retirement System's investment portfolio returned 5.67% for the year (compared to a long term return assumption of 7.25% for funding and financial reporting). The plan's thirty-three year average annual return as of 1/1/18 was 8.47%.

The funded status of the defined benefit retirement plan at January 1, 2019 on an actuarial funding basis was 50.26%. Based upon a new funding schedule that was formally adopted by the City, the plan is expected to be fully funded in the fiscal year ending June 30, 2030. The new funding schedule assumes a 9.6% annual increase in City appropriations to the defined benefit trust; average annual investment returns of 7.25%; and projected annual salary increases ranging from 3.5% to 8.0% per year. The City made its actuarially required contribution to the fund in full. More specific information about the local retirement system may be found in the Notes to the Basic Financial Statements.

The net position of the City's OPEB fund increased from \$8.7 million to \$11.8 million during fiscal year 2019, primarily as a result of employer contributions. All OPEB assets were invested with the Commonwealth of Massachusetts State Employee Benefit Fund (under the management of the Pension Reserve Investment Management Board) during 2019.



## General Fund Budgetary Highlights:

The difference between the original General Fund budget of \$430.2 million (including prior year encumbrances and continuing appropriations) and the final amended budget of \$441.7 million amounts to 2.7% and can be summarized as follows:

Description	Amount
Street improvements.....	\$ 6,755,103
Capital outlay and improvements.....	2,375,000
Snow and ice control.....	750,000
NCRS pension contribution.....	766,961
Rainy Day Stabilization fund.....	240,000
Newton Public Schools.....	28,804
All other.....	<u>536,920</u>
Total supplemental appropriations.....	<u>\$ 11,452,788</u>

A deficit of \$91 thousand was incurred for state assessments and charges during fiscal year 2019. All but \$2.4 million (0.6%) of total appropriations were expended, encumbered, or continued into fiscal year 2019 for completion of the appropriated purposes at June 30, 2019. 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, 2019, amounts to \$705.2 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>	
	2019	2018	2019	2018	2019	2018
Land and improvements.....	\$ 31,200,152	\$ 31,200,152	\$ 284,785	\$ 284,785	\$ 31,484,937	\$ 31,484,937
Intangible assets.....	2,238,261	2,238,261	-	-	2,238,261	2,238,261
Buildings and improvements..	389,545,139	401,842,832	1,974,148	2,060,033	391,519,287	403,902,865
Machinery and equipment.....	30,576,630	28,851,022	7,277,476	8,342,821	37,854,106	37,193,843
Infrastructure.....	79,823,279	73,502,668	105,781,165	100,084,109	185,604,444	173,586,777
Construction in progress.....	<u>51,095,250</u>	<u>21,932,464</u>	<u>5,371,701</u>	<u>2,480,770</u>	<u>56,466,951</u>	<u>24,413,234</u>
Total capital assets.....	<u>\$ 584,478,711</u>	<u>\$ 559,567,399</u>	<u>\$ 120,689,275</u>	<u>\$ 113,252,518</u>	<u>\$ 705,167,986</u>	<u>\$ 672,819,917</u>

Total capital assets, net of accumulated depreciation, increased by \$32.3 million or 4.8%. Major capital asset events during 2019 included the following:

- Business-type activity net capital assets increased by \$7.4 million, due to water and sewer system improvements funded with Massachusetts Water Resources Authority grants and interest free loans, and locally funded sewer infiltration and inflow reduction, water main cleaning and relining programs, and stormwater drainage construction projects.
- Governmental activity capital assets (net) increased by \$24.9 million, principally as a result of the Cabot School construction project being funded with a combination of state capital construction grants and 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, 2019, the City had total long term debt outstanding of \$325.5 million, \$290.5 million for governmental activities and \$35 million for business-type activities. At June 30, 2019, 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Education Buildings.....	\$ 244,226,828	\$ 248,407,881	\$ -	\$ -	\$ 244,226,828	\$ 248,407,881
Municipal buildings.....	38,876,175	40,225,900	-	-	38,876,175	40,225,900
Departmental equipment...	7,401,861	6,367,750	-	-	7,401,861	6,367,750
Landfill closure.....	-	170,600	-	-	-	170,600
Street reconstruction.....	-	15,000	-	-	-	15,000
Water system.....	-	-	21,666,709	17,807,455	21,666,709	17,807,455
Sanitary sewer system.....	-	-	9,073,160	9,640,120	9,073,160	9,640,120
Stormwater system.....	-	-	4,230,800	3,167,800	4,230,800	3,167,800
Total bonds and notes.....	\$ <u>290,504,864</u>	\$ <u>295,187,131</u>	\$ <u>34,970,669</u>	\$ <u>30,615,375</u>	\$ <u>325,475,533</u>	\$ <u>325,802,506</u>

During the year just ended, the City added \$17.9 million in new bonds and notes and retired \$18.3 million in existing bonds and notes. General fund interest and principal payments amounted to \$24.1 million or 5.2% of fund revenues and other financing sources.

A total of \$158.3 million or 48.6% of existing bonded debt will be retired within ten years; \$280.1 million or 86.1% will be retired within twenty years; and all existing debt will be extinguished by June 30, 2049.

At June 30, 2019 the City’s authorized and unissued long term debt amounted to \$32.2 million, a decrease of \$5.1 million (13.7%) from June 30, 2018.

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

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

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

- According to the U.S. Census Bureau, the median household income for the City was \$133,853. This compares favorably with the Massachusetts median household income of \$74,167, and the U.S. median household income of \$57,652.
- According to Homefacts.com, the unemployment rate for the City for September 2019 was 2.3%, which compared favorably with the statewide unemployment rate of 2.9% and the national unemployment rate of 3.6%.
- The City of Newton’s fiscal year 2020 general fund original operating budget amounts to \$430.3 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).

# **Basic Financial Statements**

CITY OF NEWTON  
STATEMENT OF NET POSITION  
JUNE 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents.....	\$ 95,728,598	\$ 42,202,806	\$ 137,931,404	\$ 1,358,167
Restricted Cash and Cash Equivalents.....	68,265,414	26,737,233	95,002,647	2,380
Restricted Investments.....	14,463,742	-	14,463,742	-
Interest and Dividends.....	19,008	-	19,008	541,264
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate and Personal Property Taxes.....	11,063,712	-	11,063,712	-
Tax and utility liens.....	6,418,082	530,507	6,948,589	-
Motor Vehicle and Other Excise Taxes.....	1,100,061	-	1,100,061	-
Community Preservation Surcharges.....	62,118	-	62,118	-
User Charges.....	670,469	16,412,012	17,082,481	-
Departmental and Other.....	39,295	-	39,295	3,684
Intergovernmental.....	6,707,609	682,603	7,390,212	-
Loans.....	-	-	-	41,145
Other Assets.....	30,000	-	30,000	-
Due from Fiduciary Funds	121,226	-	121,226	-
Working Capital Deposit.....	366,272	-	366,272	-
<b>Total Current Assets.....</b>	<b>205,055,606</b>	<b>86,565,161</b>	<b>291,620,767</b>	<b>1,959,690</b>
Noncurrent Assets:				
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate Tax Deferrals.....	2,941,412	-	2,941,412	-
Departmental and Other.....	2,654,591	-	2,654,591	-
Intergovernmental.....	-	161,438	161,438	-
Special Assessments.....	351,864	36,371	388,235	-
Loans.....	-	-	-	3,388,042
Capital assets:				
Nondepreciable.....	84,533,663	5,656,486	90,190,149	-
Depreciable, net of accumulated depreciation.....	499,945,048	115,032,789	614,977,837	1,855,539
<b>Total Noncurrent Assets.....</b>	<b>590,426,578</b>	<b>120,887,084</b>	<b>711,313,662</b>	<b>5,243,581</b>
<b>Total Assets.....</b>	<b>795,482,184</b>	<b>207,452,245</b>	<b>1,002,934,429</b>	<b>7,203,271</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Loss on Refunding.....	266,043	-	266,043	-
Related to OPEB.....	23,074,106	557,432	23,631,538	-
Related to Pension.....	19,968,659	663,631	20,632,290	-
<b>Total Deferred Outflows of Resources.....</b>	<b>43,308,808</b>	<b>1,221,063</b>	<b>44,529,871</b>	<b>-</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Warrants Payable.....	8,033,913	10,017,171	18,051,084	56,000
Accrued Liabilities.....	2,139,756	1,028,752	3,168,508	2,380
Accrued Payroll.....	19,868,639	59,142	19,927,781	-
Revenue Refunds Payable.....	1,763,762	-	1,763,762	-
Health Claims Payable.....	3,931,247	-	3,931,247	-
Other Liabilities.....	1,514,324	-	1,514,324	-
Accrued Interest.....	3,511,960	300,134	3,812,094	-
Abandoned Property.....	757,690	-	757,690	-
Liabilities payable from restricted assets.....	323,707	1,009,761	1,333,468	-
Bonds Payable.....	15,252,311	4,936,921	20,189,232	-
Landfill Closure and Other Environmental Liabilities.....	46,507	-	46,507	-
Compensated Absences.....	3,387,272	39,277	3,426,549	-
Workers' Compensation Claims.....	1,478,233	-	1,478,233	-
<b>Total Current Liabilities.....</b>	<b>62,009,321</b>	<b>17,391,158</b>	<b>79,400,479</b>	<b>58,380</b>

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

JUNE 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Noncurrent Liabilities:</b>				
Bonds Payable.....	289,634,652	31,309,937	320,944,589	-
Landfill Closure and Other Environmental Liabilities.....	439,554	-	439,554	-
Compensated Absences.....	5,461,744	353,488	5,815,232	-
Net Pension Liability.....	324,033,139	10,768,341	334,801,480	-
Net OPEB Liability.....	613,408,142	14,819,178	628,227,320	-
Workers' Compensation Claims.....	7,862,352	-	7,862,352	-
<b>Total Noncurrent Liabilities.....</b>	<b>1,240,839,583</b>	<b>57,250,944</b>	<b>1,298,090,527</b>	<b>-</b>
<b>Total Liabilities.....</b>	<b>1,302,848,904</b>	<b>74,642,102</b>	<b>1,377,491,006</b>	<b>58,380</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to OPEB.....	85,530,576	2,066,278	87,596,854	-
Related to Pension.....	3,251,550	108,055	3,359,605	-
<b>Total Deferred Inflows of Resources.....</b>	<b>88,782,126</b>	<b>2,174,333</b>	<b>90,956,459</b>	<b>-</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets.....	289,288,369	111,179,650	400,468,019	1,855,539
Restricted for:				
Community preservation activities.....	20,281,704	-	20,281,704	-
Education activities.....	5,950,500	-	5,950,500	-
Debt service.....	2,234,379	-	2,234,379	-
Receipts reserved.....	1,322,904	-	1,322,904	-
Community development block grant.....	14,174	-	14,174	-
Municipal federal grants.....	1,292,122	-	1,292,122	-
Municipal state grants.....	719,167	-	719,167	-
Permanent Funds:				
Expendable.....	1,624,052	-	1,624,052	-
Nonexpendable.....	399,125	-	399,125	-
Other Specific Purposes.....	9,915,054	-	9,915,054	-
Unrestricted.....	(885,881,588)	20,677,223	(865,204,365)	5,289,352
<b>Total Net Position.....</b>	<b>\$ (552,840,038)</b>	<b>\$ 131,856,873</b>	<b>\$ (420,983,165)</b>	<b>\$ 7,144,891</b>

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
<b>General Government</b>					
Legislative & executive.....	\$ 4,737,445	\$ 977,903	\$ 144,945	\$ -	\$ (3,614,597)
Financial administration.....	5,124,942	158,253	3,695	-	(4,962,994)
Administrative support.....	6,711,046	470,900	58	-	(6,240,088)
Planning & development.....	8,012,168	1,145,275	3,665,546	-	(3,201,347)
Public building maintenance & operation.....	6,419,648	14,848	386,498	-	(6,018,302)
<b>Public Safety</b>					
Police.....	38,964,250	5,538,662	317,928	-	(33,107,660)
Fire.....	39,369,276	1,000,298	158,396	-	(38,210,582)
Inspectional services.....	2,305,166	10,536,132	-	-	8,230,966
<b>Education.....</b>	<b>318,140,994</b>	<b>10,055,187</b>	<b>79,236,274</b>	<b>7,296,557</b>	<b>(221,552,976)</b>
<b>Public Works</b>					
Streets & sidewalks.....	16,993,225	2,210,140	-	3,880,222	(10,902,863)
Control of snow & ice.....	5,382,562	-	-	-	(5,382,562)
Sanitation.....	9,153,438	1,950	-	-	(9,151,488)
Engineering.....	2,808,393	50,169	-	-	(2,758,224)
<b>Health and Human Services</b>					
Public health & human services.....	11,415,072	136,280	172,491	-	(11,106,301)
Senior services.....	1,154,015	9,889	359,212	-	(784,914)
Veteran services.....	312,127	-	73,042	-	(239,085)
<b>Culture and Recreation</b>					
Libraries.....	8,192,521	110,173	510,628	-	(7,571,720)
Parks & recreation.....	11,725,104	3,329,227	302,059	-	(8,093,818)
Newton History museum.....	298,588	-	2,699	-	(295,889)
Debt Service-Interest.....	12,394,788	-	1,255,950	-	(11,138,838)
<b>Total Governmental Activities.....</b>	<b>509,614,768</b>	<b>35,745,286</b>	<b>86,589,421</b>	<b>11,176,779</b>	<b>(376,103,282)</b>
<b>Business-Type Activities:</b>					
Water.....	19,845,729	24,559,122	321,707	606,009	5,641,109
Sewer.....	28,066,143	32,540,503	836,729	3,512,357	8,823,446
Stormwater.....	1,630,752	2,960,363	23,644	-	1,353,255
<b>Total Business-Type Activities.....</b>	<b>49,542,624</b>	<b>60,059,988</b>	<b>1,182,080</b>	<b>4,118,366</b>	<b>15,817,810</b>
<b>Total Primary Government.....</b>	<b>\$ 559,157,392</b>	<b>\$ 95,805,274</b>	<b>\$ 87,771,501</b>	<b>\$ 15,295,145</b>	<b>\$ (360,285,472)</b>
<b>Component Units:</b>					
Newton Commonwealth Foundation, Inc.....	\$ 283,350	\$ 377,049	\$ 14,170	\$ -	\$ 107,869
Newton Community Development Authority.....	205,403	30	126,387	-	(78,986)
<b>Total Component Units.....</b>	<b>\$ 488,753</b>	<b>\$ 377,079</b>	<b>\$ 140,557</b>	<b>\$ -</b>	<b>\$ 28,883</b>

CITY OF NEWTON, MASSACHUSETTS  
STATEMENT OF ACTIVITIES (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>CHANGES IN NET POSITION</b>				
Net (Expense) Revenue (From Previous Page).....	\$ (376,103,282)	\$ 15,817,810	\$ (360,285,472)	\$ 28,883
General Revenues:				
Real estate and personal property taxes, levied for general purposes.....	346,757,156	-	346,757,156	-
Real estate and personal property taxes, levied for community preservation purposes.....	3,385,398	-	3,385,398	-
Motor Vehicle and Other Excise Taxes.....	13,857,190	-	13,857,190	-
Hotel Room Occupancy Taxes.....	2,411,164	-	2,411,164	-
Meals Taxes.....	2,026,232	-	2,026,232	-
Penalties and Interest on Taxes.....	1,456,045	-	1,456,045	-
Payments in Lieu of Taxes.....	620,405	-	620,405	-
Grants and Contributions not Restricted to				
Specific Programs.....	6,710,460	-	6,710,460	-
Unrestricted Investment Income.....	3,856,837	-	3,856,837	-
Gain (Loss) on Sale of Capital Assets.....	-	(58,246)	(58,246)	-
Other.....	898,387	-	898,387	-
Transfers, Net.....	3,829,182	(3,829,182)	-	-
Total General Revenues and Transfers.....	385,808,456	(3,887,428)	381,921,028	-
<b>CHANGE IN NET POSITION</b>	9,705,174	11,930,382	21,635,556	28,883
Net Position - Beginning of Year.....	(562,545,212)	119,926,491	(442,618,721)	7,116,008
<b>NET POSITION - END OF YEAR.....</b>	<b>\$ (552,840,038)</b>	<b>\$ 131,856,873</b>	<b>\$ (420,983,165)</b>	<b>\$ 7,144,891</b>



CITY OF NEWTON, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2019

ASSETS	General	Community Preservation	Cabot School Improvements	Angier School Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents.....	\$ 91,516,865	\$ -	\$ -	\$ -	\$ 4,211,733	\$ 95,728,598
Receivables, Net of Allowance for Uncollectible Amounts:						
Real Estate and Personal Property Taxes.....	11,063,712	-	-	-	-	11,063,712
Real Estate Tax Deferrals.....	2,941,412	-	-	-	-	2,941,412
Tax Liens.....	6,418,082	-	-	-	-	6,418,082
Motor Vehicle and Other Excise Taxes.....	1,100,061	-	-	-	-	1,100,061
Community Preservation Surcharges.....	-	62,118	-	-	-	62,118
User Charges.....	76,885	-	-	-	593,584	670,469
Departmental and Other.....	2,693,886	-	-	-	-	2,693,886
Intergovernmental.....	1,972,241	391,215	109,707	-	4,234,446	6,707,609
Special Assessments.....	145,399	-	-	-	206,465	351,864
Due from Other Funds.....	1,204,302	-	-	-	-	1,204,302
Other Assets.....	-	-	-	-	30,000	30,000
Restricted Assets:						
Cash and Cash Equivalents.....	2,429,856	19,874,809	6,275,022	8,083	17,999,309	46,587,079
Investments.....	-	-	-	-	1,092,919	1,092,919
Total Assets.....	<u>\$ 121,562,701</u>	<u>\$ 20,328,142</u>	<u>\$ 6,384,729</u>	<u>\$ 8,083</u>	<u>\$ 28,368,456</u>	<u>\$ 176,652,111</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Warrants Payable.....	\$ 4,194,012	\$ 41,551	\$ 2,153,882	\$ -	\$ 898,744	\$ 7,288,189
Accrued Liabilities.....	1,742,181	3,600	-	-	349,600	2,095,381
Accrued Payroll.....	19,271,143	1,287	-	-	579,804	19,852,234
Revenue Refunds Payable.....	1,763,762	-	-	-	-	1,763,762
Other Liabilities.....	339,617	-	-	-	265,520	605,137
Abandoned Property.....	757,690	-	-	-	-	757,690
Liabilities Due Depositors.....	323,707	-	-	-	-	323,707
Due to Other Funds.....	-	-	-	-	1,083,076	1,083,076
Total Liabilities.....	<u>28,392,112</u>	<u>46,438</u>	<u>2,153,882</u>	<u>-</u>	<u>3,176,744</u>	<u>33,769,176</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue.....	22,150,565	432,081	-	-	482,866	23,065,512
<b>FUND BALANCES</b>						
Nonspendable.....	-	-	-	-	399,125	399,125
Restricted.....	2,429,856	19,849,623	4,230,847	8,083	20,097,988	46,616,397
Committed.....	15,274,720	-	-	-	4,211,733	19,486,453
Assigned.....	5,854,412	-	-	-	-	5,854,412
Unassigned.....	47,461,036	-	-	-	-	47,461,036
Total Fund Balances.....	<u>71,020,024</u>	<u>19,849,623</u>	<u>4,230,847</u>	<u>8,083</u>	<u>24,708,846</u>	<u>119,817,423</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 121,562,701</u>	<u>\$ 20,328,142</u>	<u>\$ 6,384,729</u>	<u>\$ 8,083</u>	<u>\$ 28,368,456</u>	<u>\$ 176,652,111</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, 2019

Total Governmental Fund Balances .....	\$	119,817,423
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		584,478,711
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.....		23,065,512
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.....		(3,511,960)
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.....		(304,886,963)
Landfill Post-Closure.....		(486,061)
Compensated Absences.....		(8,849,016)
Net OPEB Obligation.....		(613,408,142)
Net Pension Liability.....		(324,033,139)
In the statement of net position, deferred outflows of resources are reported for amounts related to pensions.....		19,968,659
In the statement of net position, deferred outflows of resources are reported for the loss on advanced refunding transactions.....		266,043
In the statement of net position, deferred inflows of resources are reported for amounts related to pensions.....		(3,251,550)
In the statement of net position, deferred outflows of resources are reported for amounts related to OPEB.....		23,074,106
In the statement of net position, deferred inflows of resources are reported for amounts related to OPEB.....		(85,530,576)
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.....		20,446,915
Net Position of Governmental Activities.....	\$	(552,840,038)

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, 2019

	General	Community Preservation	Cabot School Improvements	Angier School Improvement	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Real Estate and Personal Property Taxes.....	\$ 345,311,921	\$ -	\$ -	\$ -	\$ -	\$ 345,311,921
Motor Vehicle and Other Excise Taxes.....	13,734,610	-	-	-	-	13,734,610
Hotel/Motel Tax.....	2,411,164	-	-	-	-	2,411,164
Meals Taxes.....	2,026,232	-	-	-	-	2,026,232
Payments in Lieu of Taxes.....	618,720	-	-	-	-	618,720
Community Preservation Surcharges.....	-	3,372,765	-	-	-	3,372,765
Charges for Services.....	4,068,618	-	-	-	18,462,538	22,531,156
Intergovernmental.....	71,820,673	614,786	7,296,556	-	23,191,769	102,923,784
Special Assessments.....	39,535	-	-	-	156,944	196,479
Penalties and Interest on Taxes.....	1,456,045	-	-	-	-	1,456,045
Licenses and Permits.....	11,705,692	-	-	-	1,459,583	13,165,275
Fines and Forfeitures.....	1,514,640	-	-	-	58,909	1,573,549
Contributions.....	-	-	-	-	947,105	947,105
Investment Income (loss).....	3,456,932	399,904	-	-	113,942	3,970,778
Other.....	363,885	-	-	-	249,777	613,662
<b>Total Revenues.....</b>	<b>458,528,667</b>	<b>4,387,455</b>	<b>7,296,556</b>	<b>-</b>	<b>44,640,567</b>	<b>514,853,245</b>
<b>EXPENDITURES</b>						
Current:						
General Government						
Legislative & Executive.....	2,890,026	-	-	-	26,675	2,916,701
Financial Administration.....	3,848,036	-	-	-	-	3,848,036
Administrative Support.....	5,113,640	-	-	-	-	5,113,640
Planning & Development.....	2,229,567	1,737,493	-	-	3,793,382	7,760,442
Public Building Maintenance & Operations.....	5,335,991	58,031	-	-	1,223,529	6,817,551
Public Safety						
Police.....	23,123,693	-	-	-	4,672,909	27,796,602
Fire.....	24,576,041	-	-	-	1,728,743	26,304,784
Inspectional Services.....	1,657,100	-	-	-	8,277	1,665,377
Education.....	266,966,709	-	25,501,038	-	26,003,631	318,471,378
Public Works						
Streets & Sidewalks.....	11,258,483	-	-	-	4,845,506	16,103,989
Control of Snow & Ice.....	5,014,095	-	-	-	-	5,014,095
Sanitation.....	8,750,171	-	-	-	18,708	8,768,879
Vehicle Maintenance.....	2,926,363	-	-	-	-	2,926,363
Engineering.....	2,017,331	-	-	-	67,223	2,084,554
Administration & Support.....	1,558,247	-	-	-	-	1,558,247
Health and Human Services						
Health and Human Services.....	4,032,678	-	-	-	187,265	4,219,943
Senior Services.....	657,721	-	-	-	420,261	1,077,982
Veteran Services.....	226,610	-	-	-	730	227,340
Culture and Recreation						
Libraries.....	5,696,731	-	-	-	656,110	6,352,841
Parks & Recreation.....	6,809,501	109,150	-	-	4,276,578	11,195,229
Newton History Museum.....	276,724	-	-	-	165	276,889
Retirement Benefits.....	39,410,176	-	-	-	-	39,410,176
Worker's Compensation Insurance.....	1,200,000	-	-	-	-	1,200,000
Property and Liability Insurance.....	517,261	-	-	-	-	517,261
Claims and Judgments.....	368,203	-	-	-	-	368,203
State and County Charges.....	6,351,888	-	-	-	-	6,351,888
Debt Service:						
Principal.....	13,162,267	-	-	-	-	13,162,267
Interest.....	10,919,960	-	-	-	-	10,919,960
<b>Total Expenditures.....</b>	<b>457,095,213</b>	<b>1,904,674</b>	<b>25,501,038</b>	<b>-</b>	<b>47,929,692</b>	<b>532,430,617</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>1,433,454</b>	<b>2,482,781</b>	<b>(18,204,482)</b>	<b>-</b>	<b>(3,289,125)</b>	<b>(17,577,372)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds of Bonds and Notes.....	-	-	5,000,000	-	3,480,000	8,480,000
Premium from Issuance of Bonds and Notes.....	-	-	242,045	-	563,418	805,463
Transfers In.....	6,045,656	-	-	-	3,081,021	9,126,677
Transfers Out.....	(3,081,021)	-	-	(1,250,000)	(966,474)	(5,297,495)
<b>Total Other Financing Sources (Uses).....</b>	<b>2,964,635</b>	<b>-</b>	<b>5,242,045</b>	<b>(1,250,000)</b>	<b>6,157,965</b>	<b>13,114,645</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>4,398,089</b>	<b>2,482,781</b>	<b>(12,962,437)</b>	<b>(1,250,000)</b>	<b>2,868,840</b>	<b>(4,462,727)</b>
Fund Balances - Beginning of Year.....	66,621,935	17,366,842	17,193,284	1,258,083	21,840,006	124,280,150
<b>FUND BALANCES - END OF YEAR.....</b>	<b>\$ 71,020,024</b>	<b>\$ 19,849,623</b>	<b>\$ 4,230,847</b>	<b>\$ 8,083</b>	<b>\$ 24,708,846</b>	<b>\$ 119,817,423</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, 2019

Net Change in Fund Balances - Total Governmental Funds.....	\$	(4,462,727)
<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.....		46,576,649
Depreciation.....		(21,592,860)
<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>		
		(72,477)
<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>		
		(381,928)
<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.....		(8,480,000)
Bond Maturities.....		13,162,267
Bond Premiums.....		(805,463)
Net Amortization of Bond Premiums.....		1,207,338
<p>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable.....</p>		
		1,265,943
<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.....		61,957
Compensated Absences.....		(201,442)
Net OPEB Liability.....		10,376,454
Net Pension Liability.....		(28,870,915)
<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>		
		5,031,247
<p>In the statement of activities, deferred outflows related to the loss on advanced refunding transactions are amortized and recognized as interest expense. This amount represents the net change in deferred outflows related to advanced refunding transactions.....</p>		
		(2,740,769)
<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>		
		15,265,542
<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>		
		1,386,755
<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>		
		(18,777,388)
<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>		
		1,756,991
Changes in Net Position of Governmental Activities.....	\$	<u>9,705,174</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, 2019

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
<b>REVENUES</b>				
Real estate and personal property taxes.....	\$ 342,183,546	341,869,514	\$ 345,555,140	\$ 3,685,626
Motor vehicle excise taxes.....	13,500,000	13,500,000	13,713,327	213,327
Hotel room occupancy taxes.....	2,500,000	2,450,000	2,411,164	(38,836)
Meals tax.....	1,956,589	1,916,808	2,026,232	109,424
Penalties and interest on taxes.....	1,290,000	1,290,000	1,456,045	166,045
Licenses and permits.....	6,480,675	6,480,675	11,705,692	5,225,017
Intergovernmental.....	31,861,760	32,133,466	31,790,716	(342,750)
Charges for services.....	3,522,399	3,679,950	4,068,618	388,668
Fines and forfeitures.....	1,615,000	1,615,000	1,514,640	(100,360)
Investment income.....	800,000	800,000	2,939,842	2,139,842
Payments in lieu of taxes.....	360,000	360,000	618,720	258,720
Miscellaneous.....	60,000	60,000	301,745	241,745
Special assessments.....	50,000	50,000	39,535	(10,465)
<b>TOTAL REVENUES.....</b>	<b>406,179,969</b>	<b>406,205,413</b>	<b>418,141,416</b>	<b>11,936,003</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Legislative & executive.....	3,225,085	3,225,341	2,890,026	335,315
Financial administration.....	5,461,082	5,585,305	3,848,036	1,737,269
Administrative support.....	6,354,294	6,302,263	5,113,639	1,188,624
Planning & development.....	2,496,681	2,516,681	2,229,568	287,113
Public building maintenance & operations.....	5,592,374	6,167,374	5,535,992	631,382
Public safety:				
Police.....	23,382,337	23,422,337	23,123,693	298,644
Fire.....	24,896,464	25,657,064	24,576,041	1,081,023
Inspectional services.....	1,680,475	1,745,475	1,657,100	88,375
Education.....	228,179,055	227,985,378	226,936,752	1,048,626
Public works:				
Streets & sidewalks.....	13,940,382	20,497,671	11,258,483	9,239,188
Control of snow & ice.....	1,526,636	5,038,997	5,014,095	24,902
Sanitation.....	8,894,694	8,855,852	8,750,171	105,681
Vehicle maintenance.....	3,013,956	3,304,419	2,926,363	378,056
Engineering.....	2,104,442	2,437,658	2,017,331	420,327
Administration & support.....	1,474,033	1,699,649	1,558,247	141,402
Health and human services:				
Health & human services.....	4,191,467	4,206,467	4,032,677	173,790
Senior services.....	667,829	671,829	657,722	14,107
Veteran services.....	394,184	394,184	226,609	167,575
Culture and recreation:				
Libraries.....	5,917,390	5,997,390	5,696,731	300,659
Parks & recreation.....	7,454,455	7,500,383	6,809,501	690,882
Newton History museum.....	293,417	295,917	276,723	19,194
Retirement benefits.....	39,175,944	39,942,905	39,410,176	532,729
Workers' compensation insurance.....	1,200,000	1,200,000	1,200,000	-
Property and liability insurance.....	615,461	615,461	517,261	98,200
Claims and judgments.....	353,062	453,062	368,203	84,859
Reserve fund.....	6,161,119	2,192,119	-	2,192,119
State assessments & charges.....	6,235,332	6,260,776	6,351,888	(91,112)
Debt service:				
Principal.....	13,162,267	13,162,267	13,162,267	-
Interest.....	10,925,907	10,925,909	10,919,960	5,949
<b>TOTAL EXPENDITURES.....</b>	<b>428,969,824</b>	<b>438,260,133</b>	<b>417,065,255</b>	<b>21,194,878</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(22,789,855)</b>	<b>(32,054,720)</b>	<b>1,076,161</b>	<b>33,130,881</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in.....	4,730,682	6,252,261	6,345,656	93,395
Transfers out.....	(1,258,078)	(3,420,557)	(3,420,557)	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>3,472,604</b>	<b>2,831,704</b>	<b>2,925,099</b>	<b>93,395</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(19,317,251)</b>	<b>(29,223,016)</b>	<b>4,001,260</b>	<b>33,224,276</b>
<b>FUND BALANCE AT BEGINNING OF YEAR.....</b>	<b>45,942,042</b>	<b>45,942,042</b>	<b>45,942,042</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR.....</b>	<b>\$ 26,624,791</b>	<b>\$ 16,719,026</b>	<b>\$ 49,943,302</b>	<b>\$ 33,224,276</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, 2019

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
<b>REVENUES</b>				
Community preservation surcharges.....	\$ 3,062,574	\$ 3,062,574	\$ 3,365,737	\$ 303,163
Intergovernmental .....	253,970	253,970	614,786	360,816
Investment income.....	-	-	399,904	399,904
Miscellaneous.....	240,424	240,424	-	(240,424)
	<u>3,556,968</u>	<u>3,556,968</u>	<u>4,380,427</u>	<u>823,459</u>
<b>TOTAL REVENUES.....</b>				
<b>EXPENDITURES</b>				
Current:				
General government:				
Legislative & executive.....	20,000	20,000	-	20,000
Planning & development.....	10,669,404	10,250,101	1,737,493	8,512,608
Public building maintenance & operations.....	183,614	183,614	58,031	125,583
Culture and recreation:				
Parks & recreation.....	480,618	480,618	109,150	371,468
Newton History museum.....	84,008	84,008	-	84,008
Reserve fund.....	3,396,924	225,697	-	225,697
	<u>14,834,568</u>	<u>11,244,038</u>	<u>1,904,674</u>	<u>9,339,364</u>
<b>TOTAL EXPENDITURES.....</b>				
NET CHANGE IN FUND BALANCE.....	(11,277,600)	(7,687,070)	2,475,753	10,162,823
FUND BALANCE AT BEGINNING OF YEAR.....	17,352,618	17,352,618	17,352,618	-
FUND BALANCE AT END OF YEAR.....	<u>\$ 6,075,018</u>	<u>\$ 9,665,548</u>	<u>\$ 19,828,371</u>	<u>\$ 10,162,823</u>

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF FUND NET POSITION  
 JUNE 30, 2019

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Nonmajor Stormwater	Total	
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents.....	\$ 21,920,643	\$ 17,916,100	\$ 2,366,063	\$ 42,202,806	\$ -
Restricted Cash and Cash Equivalents.....	15,178,737	9,887,447	1,671,049	26,737,233	21,678,335
Restricted Investments.....	-	-	-	-	13,370,823
Interest and Dividends.....	-	-	-	-	19,008
Receivables, Net of Allowance for Uncollectible Amounts:					
User Charges.....	8,897,779	6,674,187	840,046	16,412,012	-
Utility Liens.....	278,689	228,523	23,295	530,507	-
Intergovernmental.....	252,354	430,249	-	682,603	-
Working Capital Deposit.....	-	-	-	-	366,272
<b>Total Current Assets.....</b>	<b>46,528,202</b>	<b>35,136,506</b>	<b>4,900,453</b>	<b>86,565,161</b>	<b>35,434,438</b>
Noncurrent Assets:					
Receivables, Net of Allowance for Uncollectible Amounts:					
Special Assessments.....	36,371	-	-	36,371	-
Intergovernmental.....	161,438	-	-	161,438	-
Capital Assets					
Nondepreciable.....	1,861,426	1,155,477	2,639,583	5,656,486	-
Depreciable, Net of Accumulated Depreciation.....	55,966,054	56,356,639	2,710,096	115,032,789	-
<b>Total Noncurrent Assets.....</b>	<b>58,025,289</b>	<b>57,512,116</b>	<b>5,349,679</b>	<b>120,887,084</b>	<b>-</b>
<b>Total Assets.....</b>	<b>104,553,491</b>	<b>92,648,622</b>	<b>10,250,132</b>	<b>207,452,245</b>	<b>35,434,438</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Related to OPEB.....	252,801	299,377	5,254	557,432	-
Related to Pension.....	267,856	329,576	66,199	663,631	-
<b>Total Deferred Outflows of Resources.....</b>	<b>520,657</b>	<b>628,953</b>	<b>71,453</b>	<b>1,221,063</b>	<b>-</b>
<b>LIABILITIES</b>					
Current Liabilities:					
Warrants Payable.....	5,919,863	4,086,930	10,378	10,017,171	745,724
Accrued Liabilities.....	666,948	151,004	210,800	1,028,752	44,375
Accrued Payroll.....	17,812	31,877	9,453	59,142	16,405
Other Liabilities.....	-	-	-	-	909,187
Liabilities Payable from Restricted Assets.....	165,670	844,091	-	1,009,761	-
Accrued Interest.....	51,778	185,647	62,709	300,134	-
Accrued Health Claims Payable.....	-	-	-	-	3,931,247
Workers' Compensation Claims.....	-	-	-	-	1,478,233
Compensated Absences.....	10,369	17,250	11,658	39,277	-
Long-Term Bonds and Notes Payable.....	1,850,163	2,814,109	272,649	4,936,921	-
<b>Total Current Liabilities.....</b>	<b>8,682,603</b>	<b>8,130,908</b>	<b>577,647</b>	<b>17,391,158</b>	<b>7,125,171</b>
Noncurrent Liabilities:					
Workers' Compensation Claims.....	-	-	-	-	7,862,352
Compensated Absences.....	93,317	155,246	104,925	353,488	-
Net Pension Liability.....	4,346,298	5,347,721	1,074,322	10,768,341	-
Net OPEB Obligation.....	6,720,646	7,958,851	139,681	14,819,178	-
Long-Term Bonds and Notes Payable.....	7,308,161	19,565,581	4,436,195	31,309,937	-
<b>Total Noncurrent Liabilities.....</b>	<b>18,468,422</b>	<b>33,027,399</b>	<b>5,755,123</b>	<b>57,250,944</b>	<b>7,862,352</b>
<b>Total Liabilities.....</b>	<b>27,151,025</b>	<b>41,158,307</b>	<b>6,332,770</b>	<b>74,642,102</b>	<b>14,987,523</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Related to OPEB.....	937,078	1,109,724	19,476	2,066,278	-
Related to Pension.....	43,613	53,662	10,780	108,055	-
<b>Total Deferred Outflows of Resources.....</b>	<b>980,691</b>	<b>1,163,386</b>	<b>30,256</b>	<b>2,174,333</b>	<b>-</b>
<b>FUND NET POSITION</b>					
Net Investment in Capital Assets.....	63,847,893	45,019,873	2,311,884	111,179,650	-
Unrestricted.....	13,094,539	5,936,009	1,646,675	20,677,223	20,446,915
<b>Total Net Position.....</b>	<b>\$ 76,942,432</b>	<b>\$ 50,955,882</b>	<b>\$ 3,958,559</b>	<b>\$ 131,856,873</b>	<b>\$ 20,446,915</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, 2019

	Business-Type Activities - Enterprise Funds				Internal Service Funds
	Sewer	Water	Nonmajor Stormwater	Total	
<b>OPERATING REVENUES</b>					
Charges for Services.....	\$ 32,490,370	\$ 24,559,122	\$ 2,960,363	\$ 60,009,855	\$ -
Special Assessments.....	50,133	-	-	50,133	-
Employer Contributions.....	-	-	-	-	54,253,894
Plan Member Contributions.....	-	-	-	-	14,334,149
<b>Total Operating Revenues.....</b>	<b>32,540,503</b>	<b>24,559,122</b>	<b>2,960,363</b>	<b>60,059,988</b>	<b>68,588,043</b>
<b>OPERATING EXPENSES</b>					
Salaries, Wages and Employee Benefits.....	2,170,052	3,716,906	1,394,955	7,281,913	-
Other Operating Expense.....	1,292,342	1,154,081	9,453	2,455,876	2,719,637
MWRA Assessment.....	22,348,192	12,080,214	-	34,428,406	-
Worker's Compensation.....	252,441	250,000	-	502,441	-
Self Insurance Claims.....	-	-	-	-	65,068,697
Depreciation.....	1,676,543	2,054,966	95,626	3,827,135	-
<b>Total Operating Expenses.....</b>	<b>27,739,570</b>	<b>19,256,167</b>	<b>1,500,034</b>	<b>48,495,771</b>	<b>67,788,334</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>4,800,933</b>	<b>5,302,955</b>	<b>1,460,329</b>	<b>11,564,217</b>	<b>799,709</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Intergovernmental .....	4,264,323	806,120	-	5,070,443	-
Premium from Issuance of Bonds and Notes.....	7,406	30,018	23,644	61,068	-
Investment Income.....	77,357	91,578	-	168,935	957,282
Interest Expense.....	(326,573)	(589,562)	(130,718)	(1,046,853)	-
Loss on Sale of Capital Assets.....	(32,970)	(25,276)	-	(58,246)	-
<b>Total Nonoperating Revenues (Expenses), Net.....</b>	<b>3,989,543</b>	<b>312,878</b>	<b>(107,074)</b>	<b>4,195,347</b>	<b>957,282</b>
<b>INCOME (LOSS) BEFORE TRANSFERS.....</b>	<b>8,790,476</b>	<b>5,615,833</b>	<b>1,353,255</b>	<b>15,759,564</b>	<b>1,756,991</b>
<b>TRANSFERS</b>					
Transfers In.....	708,362	-	-	708,362	-
Transfers Out.....	(1,814,042)	(2,209,237)	(514,265)	(4,537,544)	-
<b>Total Transfers.....</b>	<b>(1,105,680)</b>	<b>(2,209,237)</b>	<b>(514,265)</b>	<b>(3,829,182)</b>	<b>-</b>
<b>CHANGE IN FUND NET POSITION.....</b>	<b>7,684,796</b>	<b>3,406,596</b>	<b>838,990</b>	<b>11,930,382</b>	<b>1,756,991</b>
Fund Net Position - Beginning of Year.....	69,257,636	47,549,286	3,119,569	119,926,491	18,689,924
<b>FUND NET POSITION - END OF YEAR.....</b>	<b>\$ 76,942,432</b>	<b>\$ 50,955,882</b>	<b>\$ 3,958,559</b>	<b>\$ 131,856,873</b>	<b>\$ 20,446,915</b>

See notes to basic financial statements.



CITY OF NEWTON, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Nonmajor Stormwater	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers and Users.....	\$ 32,115,411	\$ 24,501,800	\$ 2,821,347	\$ 59,438,558	\$ 14,334,149
Receipts from Interfund Services Provided.....	-	-	-	-	54,994,208
Payments to Vendors/Providers.....	(18,312,056)	(11,643,006)	(766,975)	(30,722,037)	(68,027,071)
Payments to Employees.....	(1,327,625)	(2,012,333)	(624,535)	(3,964,493)	-
Net Cash Provided by Operating Activities.....	12,475,730	10,846,461	1,429,837	24,752,028	1,301,286
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers In.....	708,362	-	-	708,362	-
Transfers Out.....	(1,814,042)	(2,209,237)	(514,265)	(4,537,544)	-
Intergovernmental Subsidy.....	-	514,430	-	514,430	-
Net Cash Provided by Noncapital Financing Activities.....	(1,105,680)	(1,694,807)	(514,265)	(3,314,752)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from the Issuance of Bonds and Notes.....	1,145,000	7,077,200	1,223,000	9,445,200	-
Premium from the Issuance of Bonds and Notes.....	-	683,000	147,000	830,000	-
Intergovernmental Revenues.....	4,101,146	-	-	4,101,146	-
Acquisition and Construction of Capital Assets.....	(5,926,591)	(4,915,608)	(479,939)	(11,322,138)	-
Principal Payments on Bonds and Notes.....	(1,711,960)	(5,917,946)	(160,000)	(7,789,906)	-
Interest Expense.....	(186,276)	(226,352)	(156,285)	(568,913)	-
Net Cash Used by Capital and Related Financing Activities.....	(2,578,681)	(3,299,706)	573,776	(5,304,611)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase and sales of Investments, net.....	-	-	-	-	(445,959)
Investment Income.....	77,357	91,578	-	168,935	954,379
Net Cash Provided by Investing Activities.....	77,357	91,578	-	168,935	508,420
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>8,868,726</b>	<b>5,943,526</b>	<b>1,489,348</b>	<b>16,301,600</b>	<b>1,809,706</b>
Cash and Cash Equivalents - Beginning of Year (Includes \$9,480,047, \$9,077,522, \$530,124, and \$19,868,629 Reported as Restricted in the Sewer, Water, and Stormwater Enterprise Funds and Internal Service Funds Respectively).....	28,230,654	21,860,021	2,547,764	52,638,439	19,868,629
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b> (Includes \$15,178,737, \$9,887,447, \$1,671,049, and \$21,678,335 Reported as Restricted in the Sewer, Water, and Stormwater Enterprise Funds and Internal Service Funds Respectively).....	<b>\$ 37,099,380</b>	<b>\$ 27,803,547</b>	<b>\$ 4,037,112</b>	<b>\$ 68,940,039</b>	<b>\$ 21,678,335</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>					
Operating Income (Loss).....	\$ 4,800,933	\$ 5,302,955	\$ 1,460,329	\$ 11,564,217	\$ 799,709
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Changes in Assets and Liabilities not Requiring Current Cash Flows:					
Depreciation.....	1,676,543	2,054,966	95,626	3,827,135	-
Net Pension Liability.....	165,285	116,591	(164,182)	117,694	-
Net OPEB Liability.....	103,568	107,551	(13,872)	197,247	-
Effect of Changes in Operating Assets and Liabilities:					
Utility Liens.....	(70,817)	(53,165)	(8,643)	(132,625)	-
User Charges.....	(618,034)	(64,917)	(130,374)	(813,325)	-
Special Assessments.....	11,408	-	-	11,408	-
Departmental and Other.....	-	-	-	-	740,314
Intergovernmental.....	252,353	60,760	-	313,113	-
Working Capital Deposit.....	-	-	-	-	7,033
Warrants Payable.....	5,661,618	3,824,733	(61,794)	9,424,557	693,850
Accrued Liabilities.....	571,189	(701,461)	187,517	57,245	(645,769)
Accrued Payroll.....	(18,832)	(28,668)	(16,903)	(64,403)	1,340
Other Liabilities.....	-	-	-	-	(984,935)
Liabilities payable from restricted assets.....	-	220,345	-	220,345	-
Accrued Health Claims Payable.....	-	-	-	-	(788,489)
Workers' Compensation Claims.....	-	-	-	-	1,478,233
Compensated Absences.....	(59,482)	6,771	82,132	29,421	-
Total Adjustments.....	7,674,797	5,543,506	(30,492)	13,187,811	501,577
Net Cash Provided by Operating Activities.....	\$ 12,475,730	\$ 10,846,461	\$ 1,429,837	\$ 24,752,028	\$ 1,301,286
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Intergovernmental Debt Subsidies (MCWT).....	\$ 415,531	\$ 291,690	\$ -	\$ 707,221	\$ -

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2019\*

<b>ASSETS</b>	Pension and OPEB Trust Funds	Private Purpose Trust Funds	Agency Funds
	<u>          </u>	<u>          </u>	<u>          </u>
Cash and Cash Equivalents.....	\$ 17,317,095	\$ 1,013,753	\$ 5,596,206
Investments:	-		
Fixed Income .....	-	3,641,086	-
Equities.....	-	7,224,114	-
External Investment Pool.....	336,222,721	-	-
Interest and Dividends.....	-	11,431	-
Receivables, Net of Allowance for Uncollectible Amounts:			
Intergovernmental.....	133,960	-	-
Prepaid Expenses.....	5,635	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets.....	353,679,411	11,890,384	\$ 5,596,206
	<u>          </u>	<u>          </u>	<u>          </u>
<b>LIABILITIES</b>			
Warrants Payable.....	19,445	-	-
Payroll Withholding.....	-	-	3,005,876
Other Liabilities.....	-	-	2,590,330
Due to Other Funds.....	-	121,226	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities.....	19,445	121,226	\$ 5,596,206
	<u>          </u>	<u>          </u>	<u>          </u>
<b>NET POSITION</b>			
Restricted for Pensions, Other Post Employment Benefits and Other Purposes.....	\$ 353,659,966	\$ 11,769,158	
	<u>          </u>	<u>          </u>	

\* Except for the Pension Trust Fund (December 31, 2018)

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, 2019\*

	Pension and OPEB Trust Funds	Private Purpose Trust Funds
<b>ADDITIONS</b>		
Contributions:		
Employer.....	\$ 54,777,230	\$ -
Plan Members.....	10,065,686	-
Private Donations.....	-	266,572
Total Contributions.....	<u>64,842,916</u>	<u>266,572</u>
Net Investment Income:		
Net Appreciation in Fair Value of Investments.....	(14,600,980)	-
Interest and Dividends.....	9,755,525	870,986
Total Investment Income.....	(4,845,455)	870,986
Less: Investment Expense.....	(1,791,604)	-
Net Investment Income.....	<u>(6,637,059)</u>	<u>870,986</u>
Other.....	3,183,169	-
Total Additions.....	<u>61,389,026</u>	<u>1,137,558</u>
<b>DEDUCTIONS</b>		
Administration.....	325,392	19,846
Retirement Benefits and Refunds.....	64,101,074	-
Transfers to Other Systems.....	3,183,170	-
Scholarships Awarded.....	-	424,040
Total Deductions.....	<u>67,609,636</u>	<u>443,886</u>
<b>CHANGE IN NET POSITION.....</b>	<b>(6,220,610)</b>	<b>693,672</b>
Net Position - Beginning of Year.....	<u>359,880,576</u>	<u>11,075,486</u>
<b>NET POSITION - END OF YEAR.....</b>	<b>\$ <u>353,659,966</u></b>	<b>\$ <u>11,769,158</u></b>

\* Except for the Pension Trust Fund (for the fiscal year ended December 31, 2018)

See notes to basic financial statements.

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

JUNE 30, 2019

	Component Units		
	Newton Commonwealth Foundation, Inc. (As of 12/31/18)	Newton Community Development Authority	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents.....	\$ 1,358,167	\$ -	\$ 1,358,167
Restricted cash and cash equivalents.....	-	2,380	2,380
Interest and dividends.....	-	541,264	541,264
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	3,684	-	3,684
Loans.....	-	41,145	41,145
Prepaid expenses.....	13,050	-	13,050
Total current assets.....	<u>1,374,901</u>	<u>584,789</u>	<u>1,959,690</u>
Noncurrent assets:			
Receivables, net of allowance for uncollectible amounts:			
Loans.....	-	3,388,042	3,388,042
Capital assets:			
Depreciable, net of accumulated depreciation.....	<u>1,855,539</u>	<u>-</u>	<u>1,855,539</u>
Total noncurrent assets.....	<u>1,855,539</u>	<u>3,388,042</u>	<u>5,243,581</u>
Total assets.....	<u>3,230,440</u>	<u>3,972,831</u>	<u>7,203,271</u>
<b>LIABILITIES</b>			
Current liabilities:			
Warrants payable.....	56,000	-	56,000
Accrued liabilities.....	<u>-</u>	<u>2,380</u>	<u>2,380</u>
Total current liabilities.....	<u>56,000</u>	<u>2,380</u>	<u>58,380</u>
<b>FUND NET POSITION</b>			
Net investment in capital assets.....	1,855,539	-	1,855,539
Unrestricted.....	<u>1,318,901</u>	<u>3,970,451</u>	<u>5,289,352</u>
Total fund net position.....	<u>\$ 3,174,440</u>	<u>\$ 3,970,451</u>	<u>\$ 7,144,891</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, 2019

	Component Units		
	Newton Commonwealth Foundation, Inc. (As of 12/31/18)	Newton Community Development Authority	Total
<b>OPERATING REVENUES</b>			
Charges for services.....	\$ 377,049	\$ -	\$ 377,049
Other.....	-	30	30
<b>TOTAL OPERATING REVENUES.....</b>	<b>377,049</b>	<b>30</b>	<b>377,079</b>
<b>OPERATING EXPENSES</b>			
Salaries, wages and employee benefits.....	9,270	-	9,270
Other operating expenses.....	77,978	205,403	283,381
Depreciation.....	196,102	-	196,102
<b>TOTAL OPERATING EXPENSES.....</b>	<b>283,350</b>	<b>205,403</b>	<b>488,753</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>93,699</b>	<b>(205,373)</b>	<b>(111,674)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment/interest income.....	14,170	126,387	140,557
<b>CHANGE IN FUND NET POSITION.....</b>	<b>107,869</b>	<b>(78,986)</b>	<b>28,883</b>
<b>FUND NET POSITION AT BEGINNING OF YEAR.....</b>	<b>3,066,571</b>	<b>4,049,437</b>	<b>7,116,008</b>
<b>FUND NET POSITION AT END OF YEAR.....</b>	<b>\$ 3,174,440</b>	<b>\$ 3,970,451</b>	<b>\$ 7,144,891</b>

See notes to basic financial statements.

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

### 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, 2019

### 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, 2019

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, 2019

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, 2019, the City implemented the following pronouncements issued by the GASB:

- GASB Statement No. 83, *Certain Asset Retirement Obligations*
- GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*

The implementation of these pronouncements had no reporting impact for the City.

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

### 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, 2019

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, 2019

### 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, 2019

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

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

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

#### Governmental Funds Statements (Fund Balances)

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

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

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

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

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

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

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

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

#### **Long term debt**

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

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

#### **Investment Income**

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

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

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

### 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 consolidated financial information.

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

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

### 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 2019 General Fund and Community Preservation Fund budgets authorized \$430,227,902 and \$14,834,568 (including prior year encumbrances and continuing appropriations), respectively, in appropriations and other amounts to be raised. During the fiscal year, the Mayor and City Council authorized supplemental appropriations and reversions for the General Fund and Community Preservation Fund totaling \$11,452,788, and \$(3,590,530), respectively, for total budgets of \$441,680,690 and \$11,244,038, respectively.

Total General Fund expenditures and transfers to other funds totaled \$420,485,812, and \$18,773,007 in appropriation balances were carried forward into fiscal year 2020 to support encumbrances and continuing appropriations.

Total Community Preservation Fund expenditures and transfers to other funds were \$1,904,674 and \$9,087,953 in appropriation balances were carried forward into fiscal year 2020 to support encumbrances and continuing appropriations.

#### B. Deficit Net Position

At June 30, 2019, the net position of governmental activities and the primary government have a deficit balance of \$552,840,038 and \$420,983,165 respectively. The primary causes of the deficits are the net pension liability and net OPEB liability. At June 30, 2019, these liabilities total \$937,441,281 and \$963,028,800 for governmental activities and the primary government, respectively.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

**C. Expenditures in Excess of Appropriations**

For the year ended June 30, 2019, the City incurred expenditures in excess of appropriations for State and County Charges.

**D. 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, 2019 are presented below:

	General Fund		
	Revenues	Expenditures	Other Financing Sources (Uses)
Budgetary basis as reported on the statement of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 418,141,416	\$ 417,065,255	\$ 2,925,099
<u>Reclassifications</u>			
Activity of stabilization fund recorded in the general fund for GAAP purposes .....	517,091	-	39,536
<u>Adjustments</u>			
Net change in recording 60-day receipts.....	21,281	-	-
Net change in recording tax refunds payable.....	(243,218)	-	-
To record activity of MTRS on-behalf payments.....	40,029,958	40,029,958	-
Net change in recording other revenues.....	62,139	-	-
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balance	\$ 458,528,667	\$ 457,095,213	\$ 2,964,635

	CPA Fund
	Revenues
Budgetary basis as reported on the statement of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 4,380,427
<u>Adjustment</u>	
Net change in recording 60-day receipts.....	7,028
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balance	\$ 4,387,455



**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

**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, 2019, \$112,708,085 of the City's bank balance of \$136,871,284 was uninsured and uncollateralized.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Investments Summary

The City's investments at June 30, 2019 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.....	\$ 999,407	\$ -	\$ 211,814	\$ 653,292	\$ 134,301
U.S. Agencies.....	208,535	-	158,171	50,364	-
Corporate bonds.....	225,374	60,008	79,165	86,201	-
Money market mutual funds.....	799,278	799,278	-	-	-
Mutual bond funds.....	6,341,858	6,341,858	-	-	-
External investment pools.....	113,414,356	113,414,356	-	-	-
Total debt securities.....	121,988,808	\$ 120,615,500	\$ 449,150	\$ 789,857	\$ 134,301
<u>Other Investments:</u>					
Equity mutual funds.....	4,230,662				
Equity securities.....	10,256,115				
International equities.....	3,066,991				
Total other investments.....	17,553,768				
Total investments.....	\$ 139,542,576				

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, 2019

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, 2019, \$26,128,220 of the City's investments of \$139,542,576 were uninsured, not registered in the name of the City and exposed to custodial credit risk as follows:

Investment Type	Total Amount	Held by Counterparty	Held by Counterparty's Trust or Agent
U.S. Treasuries.....	\$ 999,407	\$ -	\$ 999,407
U.S. Agencies.....	208,535	-	208,535
Corporate bonds.....	225,374	-	225,374
Money market mutual funds.....	799,278	799,278	-
Mutual bond funds.....	6,341,858	-	6,341,858
Equity mutual funds.....	4,230,662	-	4,230,662
Equity securities.....	10,256,115	-	10,256,115
International equities.....	3,066,991	-	3,066,991
<b>Total.....</b>	<b>\$ 26,128,220</b>	<b>\$ 799,278</b>	<b>\$ 25,328,942</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, 2019, the credit quality ratings of the City's investments in debt securities are as follows:

Investment Type	Total Amount	Quality Ratings *			
		AA+	AA-	A	Unrated
Corporate bonds.....	\$ 225,374	\$ 79,166	\$ 86,201	\$ 60,007	\$ -
Money market mutual funds....	799,278	-	-	-	799,278
Mutual bond funds.....	6,341,858	-	-	-	6,341,858
External investment pools.....	113,414,356	-	-	-	113,414,356
<b>Total.....</b>	<b>\$ 120,780,866</b>	<b>\$ 79,166</b>	<b>\$ 86,201</b>	<b>\$ 60,007</b>	<b>\$ 120,555,492</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, 2019

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, 2019:

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.....	\$ 999,407	\$ 999,407	\$ -	\$ -
U.S. Agencies.....	208,535	208,535	-	-
Corporate bonds.....	225,374	225,374	-	-
Mutual bond funds.....	6,341,858	6,341,858	-	-
Total Debt Securities.....	<u>7,775,174</u>	<u>7,775,174</u>	-	-
<u>Equity Securities:</u>				
Equity mutual funds.....	4,230,662	4,230,662	-	-
Equity securities.....	10,256,115	10,256,115	-	-
International equities.....	3,066,991	3,066,991	-	-
Total Equity Securities.....	<u>17,553,768</u>	<u>17,553,768</u>	-	-
Total Investments by Fair Value Level .....	<u>25,328,942</u>	<u>\$ 25,328,942</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Investments measured at the net asset value (NAV)</u>				
PRIT Fund.....	<u>11,549,472</u>			
Total Investments measured at Fair Value ...	<u>\$ 36,878,414</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, 2019

*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, 2018, the System is not exposed to custodial credit risk.

Investments Summary

The System's investments at December 31, 2018 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Total Amount	Investment Maturities (in Years) Less Than 1
<u>External Investment Pools:</u>		
Pension Reserve Investment Trust.....	\$ 324,873,667	\$ 324,873,667
Massachusetts Municipal Depository Trust.	16,849,278	16,849,278
Total investments.....	\$ 341,722,945	\$ 341,722,945

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, 2018, 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, 2019

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, 2018, 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, 2019, receivables for the individual major governmental funds and non-major governmental, internal service and fiduciary funds in the aggregate, including applicable allowances for amounts estimated to be uncollectible, are as follows:

	Gross	Allowance	Net
	Amount	for	Amount
	<u>Amount</u>	<u>Uncollectibles</u>	<u>Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 11,856,344	\$ (792,632)	\$ 11,063,712
Real estate tax deferrals.....	2,941,412	-	2,941,412
Tax liens.....	6,418,082	-	6,418,082
Motor vehicle and other excise taxes.....	2,566,789	(1,466,728)	1,100,061
Community preservation surcharges.....	62,118	-	62,118
User charges.....	670,469	-	670,469
Special assessments.....	351,864	-	351,864
Departmental and other.....	9,130,914	(6,437,028)	2,693,886
Intergovernmental.....	6,841,569	-	6,841,569
	<u>\$ 40,839,561</u>	<u>\$ (8,696,388)</u>	<u>\$ 32,143,173</u>

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

At June 30, 2019, 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.....	\$ 16,577,672	\$ (165,660)	\$ 16,412,012
Utility liens.....	530,507	-	530,507
Special assessments.....	36,371	-	36,371
Intergovernmental.....	<u>844,041</u>	<u>-</u>	<u>844,041</u>
	<u>\$ 17,988,591</u>	<u>\$ (165,660)</u>	<u>\$ 17,822,931</u>

**Note 5 – Capital Assets**

Capital asset activity for governmental activities for the fiscal year ended June 30, 2019 was as follows:

	July 1, 2018			June 30, 2019
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
<b><u>Governmental activities:</u></b>				
Capital assets not being depreciated:				
Land.....	\$ 31,200,152	\$ -	\$ -	\$ 31,200,152
Intangible assets.....	2,238,261	-	-	2,238,261
Construction in progress.....	<u>21,932,464</u>	<u>29,162,786</u>	<u>-</u>	<u>51,095,250</u>
Sub-total .....	<u>55,370,877</u>	<u>29,162,786</u>	<u>-</u>	<u>84,533,663</u>
Capital assets being depreciated:				
Buildings and improvements.....	582,551,788	570,538	-	583,122,326
Equipment and machinery.....	97,481,741	7,895,987	(619,948)	104,757,780
Road network.....	<u>109,042,487</u>	<u>8,947,338</u>	<u>-</u>	<u>117,989,825</u>
Sub-total.....	<u>789,076,016</u>	<u>17,413,863</u>	<u>(619,948)</u>	<u>805,869,931</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(180,708,956)	(12,868,231)	-	(193,577,187)
Equipment and machinery.....	(68,630,719)	(6,097,902)	547,471	(74,181,150)
Road network.....	<u>(35,539,819)</u>	<u>(2,626,727)</u>	<u>-</u>	<u>(38,166,546)</u>
Sub-total.....	<u>(284,879,494)</u>	<u>(21,592,860)</u>	<u>547,471</u>	<u>(305,924,883)</u>
Capital assets being depreciated, net.....	<u>504,196,522</u>	<u>(4,178,997)</u>	<u>(72,477)</u>	<u>499,945,048</u>
Governmental capital assets, net.....	<u>\$ 559,567,399</u>	<u>\$ 24,983,789</u>	<u>\$ (72,477)</u>	<u>\$ 584,478,711</u>

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

Legislative & executive	\$	25,404
Administrative support		344,883
Public building maintenance and operations		365,684
Police		769,763
Fire		1,790,487
Education		13,157,518
Streets and sidewalks		3,326,832
Control of snow and ice		79,115
Solid waste		998
Health & human services		2,822
Senior services		5,404
Libraries		975,520
Parks and recreation		718,640
Newton history museum		29,790
Total Govt. Fund depreciation expense	\$	<u>21,592,860</u>

Capital asset activity for individual enterprise funds for the fiscal year ended June 30, 2019 is as follows:

	July 1, 2018			June 30, 2019
	<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.....	4,345	892,592	-	896,937
Sub-total .....	<u>262,885</u>	<u>892,592</u>	<u>-</u>	<u>1,155,477</u>
Capital assets being depreciated:				
Buildings and improvements.....	2,455,492	-	-	2,455,492
Equipment and machinery.....	13,731,982	-	(141,409)	13,590,573
Water system.....	63,850,405	4,023,016	-	67,873,421
Sub-total.....	<u>80,037,879</u>	<u>4,023,016</u>	<u>(141,409)</u>	<u>83,919,486</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(1,343,168)	(45,762)	-	(1,388,930)
Equipment and machinery.....	(7,950,295)	(713,174)	116,133	(8,547,336)
Water system.....	(16,330,551)	(1,296,030)	-	(17,626,581)
Sub-total.....	<u>(25,624,014)</u>	<u>(2,054,966)</u>	<u>116,133</u>	<u>(27,562,847)</u>
Capital assets being depreciated, net.....	<u>54,413,865</u>	<u>1,968,050</u>	<u>(25,276)</u>	<u>56,356,639</u>
Water system capital assets, net.....	\$ <u>54,676,750</u>	\$ <u>2,860,642</u>	\$ <u>(25,276)</u>	\$ <u>57,512,116</u>



**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

	July 1, 2018			June 30, 2019
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
<b>Sewer system</b>				
Capital assets not being depreciated:				
Land.....	\$ 26,245	\$ -	\$ -	\$ 26,245
Construction in progress.....	<u>-</u>	<u>1,835,181</u>	<u>-</u>	<u>1,835,181</u>
Sub-total	<u>26,245</u>	<u>1,835,181</u>	<u>-</u>	<u>1,861,426</u>
Capital assets being depreciated:				
Buildings and improvements.....	1,887,602	-	-	1,887,602
Equipment and machinery.....	5,034,374	-	(164,850)	4,869,524
Sanitary sewer system.....	<u>73,784,697</u>	<u>4,091,410</u>	<u>-</u>	<u>77,876,107</u>
Sub-total.....	<u>80,706,673</u>	<u>4,091,410</u>	<u>(164,850)</u>	<u>84,633,233</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(939,893)	(40,123)	-	(980,016)
Equipment and machinery.....	(2,473,240)	(293,925)	131,880	(2,635,285)
Sanitary sewer system.....	<u>(23,709,383)</u>	<u>(1,342,495)</u>	<u>-</u>	<u>(25,051,878)</u>
Sub-total.....	<u>(27,122,516)</u>	<u>(1,676,543)</u>	<u>131,880</u>	<u>(28,667,179)</u>
Capital assets being depreciated, net.....	<u>53,584,157</u>	<u>2,414,867</u>	<u>(32,970)</u>	<u>55,966,054</u>
Sewer system capital assets, net.....	<u>\$ 53,610,402</u>	<u>\$ 4,250,048</u>	<u>\$ (32,970)</u>	<u>\$ 57,827,480</u>

	July 1, 2018			June 30, 2019
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
<b>Stormwater system</b>				
Capital assets not being depreciated:				
Construction in progress.....	\$ 2,476,425	\$ 163,158	\$ -	\$ 2,639,583
Capital assets being depreciated:				
Storm drainage system.....	<u>4,129,161</u>	<u>316,781</u>	<u>-</u>	<u>4,445,942</u>
Less: accumulated depreciation				
Storm drainage system.....	<u>(1,640,220)</u>	<u>(95,626)</u>	<u>-</u>	<u>(1,735,846)</u>
Capital assets being depreciated, net.....	<u>2,488,941</u>	<u>221,155</u>	<u>-</u>	<u>2,710,096</u>
Stormwater system capital assets, net.....	<u>\$ 4,965,366</u>	<u>\$ 384,313</u>	<u>\$ -</u>	<u>\$ 5,349,679</u>

Capital asset activity for the Newton Commonwealth Foundation for the fiscal year ended December 31, 2018 is as follows:

	Beginning			Ending
	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
<b>Golf course:</b>				
Capital assets being depreciated:				
Land improvements.....	\$ 3,871,961	\$ 20,721	\$ -	\$ 3,892,682
Buildings and improvements.....	157,681	7,279	-	164,960
Equipment and machinery.....	<u>130,859</u>	<u>-</u>	<u>-</u>	<u>130,859</u>
Sub-total.....	<u>4,160,501</u>	<u>28,000</u>	<u>-</u>	<u>4,188,501</u>
Less: accumulated depreciation:				
Land improvements.....	(1,997,795)	(188,258)	-	(2,186,053)
Buildings and improvements.....	(65,889)	(1,962)	-	(67,851)
Equipment and machinery.....	<u>(73,176)</u>	<u>(5,882)</u>	<u>-</u>	<u>(79,058)</u>
Sub-total.....	<u>(2,136,860)</u>	<u>(196,102)</u>	<u>-</u>	<u>(2,332,962)</u>
Golf course, net.....	<u>\$ 2,023,641</u>	<u>\$ (168,102)</u>	<u>\$ -</u>	<u>\$ 1,855,539</u>

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

Net investment in capital assets at June 30, 2019 is summarized as follows:

***Governmental Activities***

Capital assets, net of accumulated depreciation.....	\$	584,478,711
Less: total long-term debt outstanding.....		(304,886,963)
Add: deferred loss on advance refunding.....		266,043
Add: unspent BAN/bond proceeds.....		<u>9,430,578</u>
 Net investment in capital assets.....	\$	<u><u>289,288,369</u></u>

***Business-Type Activities***

	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>	Total Enterprise Funds/ Business-Type Activities
Capital assets, net of accumulated depreciation.....	\$ 57,512,116	\$ 57,827,480	\$ 5,349,679	\$ 120,689,275
Less: total long-term debt outstanding.....	(22,379,690)	(9,158,324)	(4,708,844)	(36,246,858)
Add: unspent BAN/bond proceeds.....	<u>9,887,447</u>	<u>15,178,737</u>	<u>1,671,049</u>	<u>26,737,233</u>
 Net investment in capital assets.....	\$ <u><u>45,019,873</u></u>	\$ <u><u>63,847,893</u></u>	\$ <u><u>2,311,884</u></u>	\$ <u><u>111,179,650</u></u>

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

Receivables and payables between funds at June 30, 2019, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	School Federal Grants Fund	\$ 748,485
General Fund	Mass Works Roadway Grant Fund	281,526
General Fund	Cousens Fund	54,089
General Fund	Chapter 90 Highway Improvement Fund	51,953
General Fund	Chaffin Education Fund	43,688
General Fund	Scovell Education Fund	23,449
General Fund	School State Grants Fund	<u>1,112</u>
	Total	\$ <u><u>1,204,302</u></u>

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Inter-fund transfer activity for the fiscal year ended June 30, 2019 consisted of the following:

	General Fund	Angier School Improvements Fund	Nonmajor Governmental Funds	Water Enterprise Fund	Sewer Enterprise Fund	Stormwater Enterprise Fund	Total All Funds
Solid Waste Program receipts reserved - FY 2019 operating budget.....	\$ 125,000	-	(125,000)	-	-	-	\$ -
BAA Marathon receipts reserved - FY 2019 operating budget.....	121,500	-	(121,500)	-	-	-	-
Sale of Recycling Materials receipts reserved - FY 2019 operating budget.....	90,000	-	(90,000)	-	-	-	-
CATV licensing fees receipts reserved - FY 2019 operating budget.....	250,000	-	(250,000)	-	-	-	-
NCGF golf day receipts reserved - FY 2019 operating budget.....	15,000	-	(15,000)	-	-	-	-
Sewer fund admin overhead support - FY 2019 operating budget.....	1,814,042	-	-	-	(1,814,042)	-	-
Water fund admin overhead support - FY 2019 operating budget.....	1,500,875	-	-	(1,500,875)	-	-	-
Stormwater fund admin overhead support - FY 2019 operating budget.....	514,265	-	-	-	-	(514,265)	-
Water fund indirect cost reimbursement to Sewer fund - FY 2019 operating budget.....	-	-	-	(708,362)	708,362	-	-
NSHS/Bowen LED Upgrades (from Energy Conservation FB-Cap Stab Fund).....	(50,463)	-	50,463	-	-	-	-
Wells/Nahanton Signal/ Intersection (from RR Uber).....	105,103	-	(105,103)	-	-	-	-
Operation Access (from Handicap Parking Violations RR).....	7,000	-	(7,000)	-	-	-	-
150 Jackson Road Feasibility Study (from Free Cash).....	(1,300,000)	-	1,300,000	-	-	-	-
Close out of Angier Funds (to Cap Stab Fund).....	1,250,000	(1,250,000)	-	-	-	-	-
Fire Prevention Program Activities (from RR-Fire fines).....	5,600	-	(5,600)	-	-	-	-
NEWCAL Feas, Design, Site Approval (from Free Cash).....	(400,000)	-	400,000	-	-	-	-
Chamber HQ Video System (from RR-CATV funds).....	50,000	-	(50,000)	-	-	-	-
Bond Premiums to pay debt Service.....	103,876	-	(103,876)	-	-	-	-
Garden Remedies Reclass of Revenues.....	16,708	-	(16,708)	-	-	-	-
FEMA Reimbursement from old storms (from Fed Grants).....	32,469	-	(32,469)	-	-	-	-
Newton Public Schools Athletic Revolving Fund Subsidy.....	(1,248,078)	-	1,248,078	-	-	-	-
E-Rate Reimbursement transfer to General Fund (See AJE# 1017).....	44,218	-	(44,218)	-	-	-	-
School Lunch Bad Debt Write off (from GF to School lunch and School Gift).....	(82,480)	-	82,480	-	-	-	-
<b>Transfers from other funds</b>	<b>\$ 6,045,656</b>	<b>\$ -</b>	<b>\$ 3,081,021</b>	<b>\$ -</b>	<b>\$ 708,362</b>	<b>\$ -</b>	<b>\$ 9,835,039</b>
<b>Transfers to other funds</b>	<b>\$ 3,081,021</b>	<b>\$ 1,250,000</b>	<b>\$ 966,474</b>	<b>\$ 2,209,237</b>	<b>\$ 1,814,042</b>	<b>\$ 514,265</b>	<b>\$ 9,835,039</b>

**Note 8 - Short-Term Debt**

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

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

Details related to the short-term debt activity for the fiscal year ended June 30, 2019 is as follows:

**Notes Payable – Governmental Funds**

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at 6/30/2018	Increases	Decreases	Balance at 6/30/2019
BAN	General Obligation BAN.....	06/29/18	02/28/19	2.75%	\$ 2,100,000	\$ -	\$ (2,100,000)	\$ -

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

**Notes Payable – Water Enterprise Fund**

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at 6/30/2018	Increases	Decreases	Balance at 6/30/2019
BAN	General Obligation BAN.....	06/29/18	02/28/19	2.75%	\$ 2,700,000	\$ -	\$ (2,700,000)	\$ -

**Note 9 - Long-Term Obligations**

The following represents a summary of changes that occurred in long-term obligations during the fiscal year ended June 30, 2019:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion
<b>Governmental Activities:</b>					
Bonds and notes payable.....	\$ 309,971,105	\$ 9,285,463	\$ (14,369,605)	\$ 304,886,963	\$ 15,252,311
Landfill closure and other environmental	548,018	-	(61,957)	486,061	46,507
Workers' compensation.....	7,862,352	4,806,160	(3,327,927)	9,340,585	1,478,233
Compensated absences.....	8,647,574	344,523	(143,081)	8,849,016	3,387,272
Total.....	\$ 327,029,049	\$ 14,436,146	\$ (17,902,570)	\$ 323,562,625	\$ 20,164,323
<b>Business-type Activities:</b>					
Bonds and notes payable.....	\$ 31,122,632	\$ 10,275,200	\$ (5,150,974)	\$ 36,246,858	\$ 4,936,921
Compensated absences.....	363,344	29,421	-	392,765	39,277
Total.....	\$ 31,485,976	\$ 10,304,621	\$ (5,150,974)	\$ 36,639,623	\$ 4,976,198

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, \$9,340,585 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, 2019

**Note 10 - Long-Term Debt**

Information on the City's long term debt at June 30, 2019, along with future year debt service requirements, is presented as follows.

**Bonds Payable – Governmental Funds**

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2018	Issued	Redeemed	Outstanding June 30, 2019
MCWT landfill closure.....	2/15/1998	4.6%	\$ 170,600	\$ -	\$ (170,600)	\$ -
School new construction.....	4/1/2009	2.0-5.0%	1,770,000	-	(1,770,000)	-
School renovations.....	4/1/2009	2.0-5.0%	100,000	-	(100,000)	-
School renovations.....	4/1/2009	2.0-5.0%	10,000	-	(10,000)	-
School renovations.....	4/1/2009	2.0-5.0%	40,000	-	(40,000)	-
School athletic fields.....	4/1/2009	2.0-5.0%	215,000	-	(215,000)	-
Fire station improvements.....	4/1/2009	2.0-5.0%	165,000	-	(165,000)	-
City Hall boiler.....	4/1/2009	2.0-5.0%	10,000	-	(10,000)	-
Road improvements.....	4/1/2009	2.0-5.0%	15,000	-	(15,000)	-
Fire equipment.....	4/1/2009	2.0-5.0%	55,000	-	(55,000)	-
Parks equipment.....	4/1/2009	2.0-5.0%	5,000	-	(5,000)	-
Public works equipment.....	4/1/2009	2.0-5.0%	40,000	-	(40,000)	-
School new construction.....	4/27/2010	3.0-4.0%	780,000	-	(390,000)	390,000
Fire station renovations.....	4/27/2010	2.0-4.0%	450,000	-	(225,000)	225,000
Underground fuel tanks.....	4/27/2010	2.0-4.0%	90,000	-	(45,000)	45,000
Modular classrooms.....	4/27/2010	2.0-4.0%	190,000	-	(95,000)	95,000
School renovations.....	4/27/2010	2.0-4.0%	220,000	-	(110,000)	110,000
Energy conservation.....	4/27/2010	2.0-4.0%	490,000	-	(245,000)	245,000
Fire equipment.....	4/27/2010	2.0-4.0%	100,000	-	(50,000)	50,000
Public works equipment.....	4/27/2010	2.0-4.0%	380,000	-	(190,000)	190,000
School new construction.....	3/30/2011	2.00%	8,433,331	-	(366,667)	8,066,664
School renovations.....	4/14/2011	3.0-4.5%	365,000	-	(125,000)	240,000
City Hall windows.....	4/14/2011	3.0-4.5%	30,000	-	(10,000)	20,000
Public works equipment.....	4/14/2011	3.0-4.5%	45,000	-	(15,000)	30,000
Elementary modular classrooms.....	4/12/2012	2.0 - 3.0%	540,000	-	(60,000)	480,000
Elementary modular classrooms.....	4/12/2012	2.0 - 3.0%	45,000	-	(5,000)	40,000
Elementary sprinkler design.....	4/12/2012	2.0 - 3.0%	45,000	-	(5,000)	40,000
Elementary sprinkler systems.....	4/12/2012	2.0 - 3.0%	870,000	-	(100,000)	770,000
School accessibility upgrades.....	4/12/2012	2.0 - 3.0%	180,000	-	(20,000)	160,000
School electrical system upgrades.....	4/12/2012	2.0 - 3.0%	110,000	-	(15,000)	95,000
School generator replacement.....	4/12/2012	2.0 - 3.0%	180,000	-	(20,000)	160,000
School heating system improvements.....	4/12/2012	2.0 - 3.0%	270,000	-	(30,000)	240,000
Public works equipment.....	4/12/2012	2.0 - 3.0%	10,000	-	(10,000)	-
Public works equipment.....	4/12/2012	2.0 - 3.0%	140,000	-	(30,000)	110,000
Gath Pool improvements.....	4/12/2012	2.0 - 3.0%	40,000	-	(10,000)	30,000
Braceland Park improvements.....	4/12/2012	2.0 - 3.0%	90,000	-	(10,000)	80,000
Fire engine replacement.....	4/12/2012	2.0 - 3.0%	240,000	-	(60,000)	180,000
School advance refunding.....	4/12/2013	2.0 - 4.0%	3,325,000	-	(475,000)	2,850,000
School renovations.....	4/12/2013	2.0 - 4.0%	6,140,000	-	(230,000)	5,910,000
Public works equipment.....	4/12/2013	2.0 - 4.0%	75,000	-	(15,000)	60,000
Gath Pool improvements.....	4/12/2013	2.0 - 4.0%	75,000	-	(15,000)	60,000
City Hall improvements.....	4/12/2013	2.0 - 4.0%	425,000	-	(35,000)	390,000
Crafts St DPW garage improvements.....	4/12/2013	2.0 - 4.0%	100,000	-	(20,000)	80,000
Fire equipment.....	4/12/2013	2.0 - 4.0%	650,000	-	(65,000)	585,000
Elementary modular classrooms.....	3/06/2014	2.75% - 5.0%	1,760,000	-	(160,000)	1,600,000
Mason Rice School sprinklers.....	3/06/2014	2.75% - 5.0%	340,000	-	(35,000)	305,000
Carr School renovations.....	3/06/2014	2.75% - 5.0%	10,865,000	-	(245,000)	10,620,000

(continued)

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2018	Issued	Redeemed	Outstanding June 30, 2019
Angier demolition & construction.....	3/06/2014	2.75% - 5.0%	4,625,000	-	(105,000)	4,520,000
Community Ctr renovations.....	3/06/2014	2.75% - 5.0%	195,000	-	(20,000)	175,000
DPW equipment.....	3/06/2014	2.75% - 5.0%	160,000	-	(30,000)	130,000
Snow melting equipment.....	3/06/2014	2.75% - 5.0%	150,000	-	(25,000)	125,000
Salt shed & garage.....	3/06/2014	2.75% - 5.0%	400,000	-	(25,000)	375,000
School renovation adv refunding.....	1/29/2015	2.0-3.0%	4,081,000	-	(590,000)	3,491,000
DPW equip adv refunding.....	1/29/2015	2.0-3.0%	145,000	-	(50,000)	95,000
Fire ladder adv refunding.....	1/29/2015	2.0-3.0%	158,500	-	(55,000)	103,500
School renovation adv refunding.....	1/29/2015	2.0-3.0%	3,368,000	-	(440,000)	2,928,000
Fire station adv refunding.....	1/29/2015	2.0-3.0%	80,000	-	(20,000)	60,000
DPW equip adv refunding.....	1/29/2015	2.0-3.0%	158,500	-	(39,500)	119,000
Fire station adv refunding.....	1/29/2015	2.0-3.0%	169,500	-	(40,500)	129,000
School construction adv refunding.....	1/29/2015	2.0-3.0%	9,459,500	-	(995,000)	8,464,500
Cabot Feasibility study.....	1/29/2015	2.0-5.0%	390,000	-	(195,000)	195,000
Bigelow staircase.....	1/29/2015	2.0-5.0%	315,000	-	(45,000)	270,000
Angier construction.....	1/29/2015	2.0-5.0%	14,185,000	-	(325,000)	13,860,000
Fire station #10 renovations.....	1/29/2015	2.0-5.0%	5,185,000	-	(305,000)	4,880,000
Publ Bldg Energy Conservation.....	1/29/2015	2.0-5.0%	2,210,000	-	(130,000)	2,080,000
DPW equipment.....	1/29/2015	2.0-5.0%	235,000	-	(35,000)	200,000
North High School adv refunding.....	1/28/2016	3.0 -5.0%	18,301,050	-	(554,340)	17,746,710
Brown Windows adv refunding.....	1/28/2016	3.0 -5.0%	983,800	-	(99,190)	884,610
Fire Pumper adv refunding.....	1/28/2016	3.0 -5.0%	139,450	-	(28,610)	110,840
DPW Equipment adv refunding.....	1/28/2016	3.0 -5.0%	185,700	-	(37,860)	147,840
Zervas Elementary construction.....	1/28/2016	3.0 -5.0%	19,265,000	-	(375,000)	18,890,000
Angier Elementary construction.....	1/28/2016	3.0 -5.0%	4,775,000	-	(95,000)	4,680,000
Aquinas Acquisition.....	1/28/2016	3.0 -5.0%	16,720,000	-	(325,000)	16,395,000
FA Day Hot Water Heater.....	1/28/2016	3.0 -5.0%	125,000	-	(15,000)	110,000
NNHS Baseball Backstop.....	1/28/2016	3.0 -5.0%	320,000	-	(20,000)	300,000
Fire Station #3 Improvements.....	1/28/2016	3.0 -5.0%	3,515,000	-	(65,000)	3,450,000
Senior Center HVAC.....	1/28/2016	3.0 -5.0%	125,000	-	(15,000)	110,000
City Hall War Memorial Elevator.....	1/28/2016	3.0 -5.0%	1,060,000	-	(40,000)	1,020,000
Manet Rd Communications Building.....	1/28/2016	3.0 -5.0%	735,000	-	(15,000)	720,000
Main Library Improvements.....	1/28/2016	3.0 -5.0%	210,000	-	(20,000)	190,000
City Hall Roof Trace Wiring.....	1/28/2016	3.0 -5.0%	80,000	-	(10,000)	70,000
DPW Snowblower.....	1/28/2016	3.0 -5.0%	125,000	-	(15,000)	110,000
Library Automated Circulation Eqmt.....	1/28/2016	3.0 -5.0%	170,000	-	(20,000)	150,000
Fire Pumper.....	1/28/2016	3.0 -5.0%	590,000	-	(35,000)	555,000
Fire SCBA Equipment.....	1/28/2016	3.0 -5.0%	420,000	-	(45,000)	375,000
Fire Bucket Truck.....	1/28/2016	3.0 -5.0%	185,000	-	(20,000)	165,000
NSHS Tennis Courts.....	1/28/2016	3.0 -5.0%	680,000	-	(40,000)	640,000
Traffic Signal Improvements.....	1/28/2016	3.0 -5.0%	665,000	-	(70,000)	595,000
Auburndale Sq Traffic Improvements.....	1/28/2016	3.0 -5.0%	1,000,000	-	(105,000)	895,000
Eliot St Bridge Replacement.....	1/28/2016	3.0 -5.0%	1,870,000	-	(70,000)	1,800,000
North High School Construction.....	7/28/2016	3.0 -4.0%	62,035,000	-	-	62,035,000
FA Day HVAC.....	7/28/2016	3.0 -4.0%	952,500	-	-	952,500
Underwood Boiler.....	7/28/2016	3.0 -4.0%	90,100	-	-	90,100
Brown Windows.....	7/28/2016	3.0 -4.0%	357,500	-	-	357,500
NSHS Athletic Fields.....	7/28/2016	3.0 -4.0%	1,020,400	-	-	1,020,400
Fire Station #4 Renovations.....	7/28/2016	3.0 -4.0%	766,500	-	-	766,500
City Hall Boiler.....	7/28/2016	3.0 -4.0%	95,000	-	-	95,000
Fire Ladder Truck.....	7/28/2016	3.0 -4.0%	240,000	-	-	240,000
Parks Vehicles.....	7/28/2016	3.0 -4.0%	25,000	-	-	25,000
DPW Equipment.....	7/28/2016	3.0 -4.0%	193,000	-	-	193,000
Zervas Elementary Construction.....	1/25/2017	3.0 -4.0%	12,442,800	-	(240,000)	12,202,800

(continued)

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2018	Issued	Redeemed	Outstanding June 30, 2019
Cabot Land Acquisition.....	1/25/2017	3.0 -5.0%	965,000	-	(20,000)	945,000
Cabot Design.....	1/25/2017	3.0 -4.0%	385,700	-	(5,000)	380,700
Cabot Construction.....	1/25/2017	3.0 -5.0%	5,830,000	-	(115,000)	5,715,000
Fire Station #3 Improvements.....	1/25/2017	3.0 -4.0%	3,255,000	-	(65,000)	3,190,000
Fire Station #3 Improvements.....	1/25/2017	3.0 -5.0%	10,191,100	-	(375,000)	9,816,100
DPW Construction Vehicle.....	1/25/2017	3.0 -4.0%	210,000	-	(20,000)	190,000
Fire Pumper.....	1/25/2017	3.0 -4.0%	545,800	-	(50,000)	495,800
Police Dispatch Consoles.....	1/25/2017	3.0 -5.0%	586,800	-	(55,000)	531,800
2010 School Qualified Bonds.....	12/12/2017	3.0 -5.0%	7,200,350	-	-	7,200,350
2010 Modular Classrooms.....	12/12/2017	3.0 -5.0%	410,000	-	-	410,000
2010 Burr School Windows.....	12/12/2017	3.0 -5.0%	262,225	-	-	262,225
2010 Fire Station 4 Renovations.....	12/12/2017	3.0 -5.0%	44,000	-	-	44,000
2010 Fire Station 7 Renovations.....	12/12/2017	3.0 -5.0%	1,921,650	-	-	1,921,650
2010 Energy Conservation.....	12/12/2017	3.0 -5.0%	1,111,125	-	-	1,111,125
2011 School Roof Repairs.....	12/12/2017	3.0 -5.0%	353,000	-	-	353,000
2011 School Masonry Repairs.....	12/12/2017	3.0 -5.0%	190,000	-	-	190,000
2011 School Boiler Replacement.....	12/12/2017	3.0 -5.0%	145,650	-	-	145,650
2011 H. Mann School Windows/Doors...	12/12/2017	3.0 -5.0%	221,000	-	-	221,000
2017 Zervas School Construction.....	12/12/2017	3.0 -5.0%	1,855,700	-	(65,000)	1,790,700
2017 South High Track.....	12/12/2017	3.0 -5.0%	304,000	-	(24,000)	280,000
2017 Cabot School Construction.....	12/12/2017	3.0 -5.0%	19,000,275	-	(185,775)	18,814,500
2017 Fire Station 3/HQ Construction.....	12/12/2017	3.0 -5.0%	1,775,000	-	(90,000)	1,685,000
2017 Traffic Signal Improvements.....	12/12/2017	3.0 -5.0%	1,215,225	-	(85,225)	1,130,000
2017 Intersection Improvements.....	12/12/2017	3.0 -5.0%	391,800	-	(30,000)	361,800
Fire Ladder #2 Replacement.....	2/27/2019	3.0 -5.0%	-	1,200,000	-	1,200,000
DPW Gradall Truck.....	2/27/2019	3.0 -5.0%	-	280,000	-	280,000
Parks Department Bucket Truck.....	2/27/2019	3.0 -5.0%	-	215,000	-	215,000
McGrath Park Tennis Courts.....	2/27/2019	3.0 -5.0%	-	213,000	-	213,000
Parks Department Trash Trucks.....	2/27/2019	3.0 -5.0%	-	192,000	-	192,000
DPW Backhoe.....	2/27/2019	3.0 -5.0%	-	149,000	-	149,000
Front End Loader.....	2/27/2019	3.0 -5.0%	-	99,081	-	99,081
Carr School AC Installation.....	2/27/2019	3.0 -5.0%	-	313,919	-	313,919
Crafts Street Garage Roof.....	2/27/2019	3.0 -5.0%	-	318,000	-	318,000
Newton Library Interior Improvements...	2/27/2019	3.0 -5.0%	-	500,000	-	500,000
Cabot Elementary School.....	2/27/2019	3.0 -5.0%	-	5,000,000	-	5,000,000
			<u>295,187,131</u>	<u>8,480,000</u>	<u>(13,162,267)</u>	<u>290,504,864</u>
Unamortized Premiums.....			<u>14,783,974</u>	<u>805,463</u>	<u>(1,207,338)</u>	<u>14,382,099</u>
Total Governmental Funds.....			<u>\$ 309,971,105</u>	<u>\$ 9,285,463</u>	<u>\$ (14,369,605)</u>	<u>\$ 304,886,963</u>

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

Fiscal Year Ending	Principal	Interest	Total
2020	\$ 14,026,667	\$ 10,432,506	\$ 24,459,173
2021	13,559,667	9,878,373	23,438,040
2022	13,569,667	9,324,487	22,894,154
2023	13,669,667	8,754,033	22,423,700
2024	13,849,667	8,201,219	22,050,886
2025	13,704,667	7,612,837	21,317,504
2026	12,926,867	7,099,626	20,026,493
2027	12,254,667	6,581,705	18,836,372
2028	11,924,667	6,096,172	18,020,839
2029	11,174,667	5,628,063	16,802,730
2030	11,165,667	5,190,312	16,355,979
2031	11,291,667	4,795,991	16,087,658
2032	11,356,667	4,427,039	15,783,706
2033	11,701,667	4,032,057	15,733,724
2034	11,821,667	3,656,298	15,477,965
2035	12,086,667	3,284,115	15,370,782
2036	11,991,667	2,907,757	14,899,424
2037	12,121,667	2,531,099	14,652,766
2038	11,726,667	2,149,302	13,875,969
2039	10,231,667	1,790,800	12,022,467
2040	6,196,667	1,464,648	7,661,315
2041	6,006,657	1,263,355	7,270,012
2042	5,825,000	1,061,139	6,886,139
2043	6,020,000	859,250	6,879,250
2044	6,215,000	653,244	6,868,244
2045	5,470,000	440,250	5,910,250
2046	4,775,000	271,231	5,046,231
2047	2,430,000	112,106	2,542,106
2048	1,245,000	29,100	1,274,100
2049	165,000	5,775	170,775
<b>Total</b>	<b>\$ 290,504,864</b>	<b>\$ 120,533,891</b>	<b>\$ 411,038,755</b>



**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

**Bonds Payable – Water Enterprise Fund**

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2018	Issued	Redeemed	Outstanding June 30, 2019
Water Meters.....	4/1/2009	2.0-5.0	\$ 600,000	\$ -	\$ (600,000)	\$ -
MWRA Water .....	5/21/2009	0.00	360,000	-	(360,000)	-
MWRA Water .....	5/20/2010	0.00	444,880	-	(222,440)	222,440
MWRA Water .....	2/15/2011	0.00	580,095	-	(193,366)	386,729
Water Meters.....	4/14/2011	3.0-4.5	900,000	-	(300,000)	600,000
MWRA Water .....	5/14/2012	0.00	544,080	-	(136,020)	408,060
MWRA Water .....	8/20/2012	0.00	680,100	-	(136,020)	544,080
Water Mains.....	4/12/2013	2.0-4.0	2,023,980	-	(135,000)	1,888,980
Water Garage.....	4/12/2013	2.0-4.0	47,500	-	(5,000)	42,500
MWRA Water .....	8/15/2013	0.00	817,140	-	(136,020)	681,120
MWRA Water .....	11/17/2014	0.00	952,140	-	(136,020)	816,120
MWRA Water .....	11/19/2015	0.00	1,088,160	-	(136,020)	952,140
MWRA Water .....	11/19/2016	0.00	1,224,180	-	(136,020)	1,088,160
MWRA Water .....	1/25/2017	3.0-4.0	2,585,000	-	(50,000)	2,535,000
MWRA Lead.....	5/15/2017	0.00	3,600,000	-	(400,000)	3,200,000
MWRA Water .....	5/24/2018	0.00	1,360,200	-	(136,020)	1,224,180
Water Main.....	2/15/2019	3.0-5.0	-	2,412,000	-	2,412,000
Water Main.....	2/15/2019	3.0-5.0	-	3,305,000	-	3,305,000
MWRA Water.....	12/24/2018	0.00	-	1,360,200	-	1,360,200
Subtotal.....			\$ 17,807,455	\$ 7,077,200	\$ (3,217,946)	\$ 21,666,709
Unamortized Premium.....			60,000	683,000	(30,019)	712,981
Total Water.....			\$ 17,867,455	\$ 7,760,200	\$ (3,247,965)	\$ 22,379,690

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, 2019, the City was the recipient of \$1,360,200 in MWRA loans and \$3,435,000 in MWRA grants.

At June 30, 2019, the City had \$13,417,210 in MWRA water rehabilitation loans outstanding. Interest subsidies on these loans for the year ended June 30, 2019 totaled \$291,690.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

Fiscal Year Ending	Principal	Interest	Total
2020	\$ 2,785,965	\$ 433,186	\$ 3,219,151
2021	2,561,524	400,999	2,962,523
2022	2,063,160	360,450	2,423,610
2023	1,932,140	333,649	2,265,789
2024	1,796,120	306,650	2,102,770
2025	1,665,100	279,649	1,944,749
2026	1,529,080	254,900	1,783,980
2027	1,398,060	229,100	1,627,160
2028	859,540	203,100	1,062,640
2029	726,020	177,175	903,195
2030	590,000	151,125	741,125
2031	595,000	128,875	723,875
2032	600,000	106,425	706,425
2033	600,000	87,575	687,575
2034	470,000	68,556	538,556
2035	90,000	54,231	144,231
2036	95,000	51,306	146,306
2037	100,000	48,100	148,100
2038	100,000	44,600	144,600
2039	105,000	41,100	146,100
2040	110,000	36,900	146,900
2041	115,000	32,500	147,500
2042	120,000	27,900	147,900
2043	125,000	23,100	148,100
2044	130,000	18,725	148,725
2045	130,000	14,175	144,175
2046	135,000	9,625	144,625
2047	140,000	4,900	144,900
<b>Total</b>	<b>\$ 21,666,709</b>	<b>\$ 3,928,580</b>	<b>\$ 25,595,289</b>

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

**Bonds Payable – Sewer Enterprise Fund**

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2018	Issued	Redeemed	Outstanding June 30, 2019
MCWT Sewer.....	10/06/1999	5.16%	\$ 835,000	\$ -	\$ (415,000)	\$ 420,000
MCWT Sewer.....	11/10/2000	5.20%	1,458,000	-	(476,000)	982,000
MCWT Sewer.....	7/03/2002	-	45,000	-	(5,000)	40,000
Sewer system improvements.....	4/27/2010	2.0-4.0%	50,000	-	(25,000)	25,000
Sewer system improvements.....	4/3/2012	2.0-3.0%	1,585,000	-	(115,000)	1,470,000
Sewer I& I removal.....	4/12/2013	2.0-4.0%	3,160,000	-	(215,000)	2,945,000
Water Garage.....	4/12/2013	2.0-4.0%	47,500	-	(5,000)	42,500
MWRA Sewer.....	8/18/2014	-	505,120	-	(252,560)	252,560
MWRA Sewer.....	12/15/2014	-	641,900	-	(91,700)	550,200
MWRA Sewer.....	11/19/2015	-	805,300	-	(20,000)	785,300
Sewer Vehicle.....	1/20/2016	3.0 -5.0%	288,300	-	(91,700)	196,600
Sewer system improvements.....	12/12/2017	3.0 -5.0%	219,000	-	-	219,000
MWRA Sewer.....	11/29/2018	-	-	1,145,000	-	1,145,000
Subtotal.....			\$ 9,640,120	\$ 1,145,000	\$ (1,711,960)	\$ 9,073,160
Unamortized Premium.....			92,569	-	(7,405)	85,164
Total Sewer.....			\$ 9,732,689	\$ 1,145,000	\$ (1,719,365)	\$ 9,158,324

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, 2019, the City had \$2,589,660 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, 2019 the City had \$1,442,000 in loans outstanding under this project. Interest and principal subsidies on these loans for the year ended June 30, 2019 were \$163,177 and \$252,354, respectively.

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

Fiscal Year Ending	Principal	Interest	Total
2020	\$ 1,846,460	\$ 215,294	\$ 2,061,754
2021	1,180,900	165,008	1,345,908
2022	684,900	137,901	822,801
2023	684,900	123,575	808,475
2024	674,900	110,326	785,226
2025	674,900	96,498	771,398
2026	588,200	86,687	674,887
2027	496,500	74,762	571,262
2028	489,000	62,837	551,837
2029	491,500	50,837	542,337
2030	376,000	38,687	414,687
2031	355,000	27,162	382,162
2032	320,000	16,162	336,162
2033	210,000	6,562	216,562
Total	\$ 9,073,160	\$ 1,212,299	\$ 10,285,459

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

**Bonds Payable – Stormwater Enterprise Fund**

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2018	Issued	Redeemed	Outstanding June 30, 2019
Dedham St Drainage.....	1/20/2016	3.0 -5.0%	\$ 675,000	\$ -	\$ (25,000)	\$ 650,000
DPW Streetsweeper.....	1/25/2017	3.0 -5.0%	182,800	-	(15,000)	167,800
2017 Laundry Brook Drainage.....	12/12/2017	3.0 -5.0%	2,310,000	-	(120,000)	2,190,000
Forest Grove Pump Station.....	2/27/2019	3.0 -5.0%	-	338,000	-	338,000
Elgin Pelican Street Sweeper.....	2/27/2019	3.0 -5.0%	-	85,000	-	85,000
Hammond Brook Culvert Replacement.....	2/27/2019	3.0 -5.0%	-	300,000	-	300,000
Crafts Street Garage Interior Support Syster	2/27/2019	3.0 -5.0%	-	500,000	-	500,000
Subtotal.....			<u>3,167,800</u>	<u>1,223,000</u>	<u>(160,000)</u>	<u>4,230,800</u>
Unamortized Premium.....			354,688	147,000	(23,644)	478,044
Total Stormwater.....			\$ <u><u>3,522,488</u></u>	\$ <u><u>1,370,000</u></u>	\$ <u><u>(183,644)</u></u>	\$ <u><u>4,708,844</u></u>

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

Fiscal Year Ending	Principal	Interest	Total
2020	\$ 258,000	\$ 182,062	\$ 440,062
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
2038	<u>115,000</u>	<u>1,725</u>	<u>116,725</u>
Total	\$ <u><u>4,230,800</u></u>	\$ <u><u>1,521,384</u></u>	\$ <u><u>5,752,184</u></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, 2019

**Authorized and Unissued Debt**

At June 30, 2019 the City had a total of \$30,792,543 in authorized (by the City Council) and unissued debt, which is summarized as follows:

	<b>Authorized and Unissued Debt</b>			
	Beginning of Year	Increases	Decreases	End of Year
School improvements.....	\$ 22,927,916	\$ 1,677,925	\$ (6,478,698)	\$ 18,127,143
Water main rehabilitation - MWRA....	4,080,600	-	(1,360,200)	2,720,400
Water main improvement.....	6,400,000	3,200,000	(6,400,000)	3,200,000
Sewer System.....	-	2,290,000	(1,145,000)	1,145,000
Stormwater improvements.....	-	800,000	(800,000)	-
Fire engine and station repairs.....	14,693	-	(14,693)	-
Public works equipment.....	687,000	934,221	(1,621,221)	-
Public works infrastructure.....	-	5,918,000	(318,000)	5,600,000
Ladder fire truck.....	1,200,000	-	(1,200,000)	-
Forest grove pump station.....	338,000	-	(338,000)	-
Newton Free Library children's room..	-	500,000	(500,000)	-
Traffic signal improvements.....	38,009	-	(38,009)	-
Other.....	244,181	-	(244,181)	-
<b>Total.....</b>	<b>\$ 35,930,399</b>	<b>\$ 15,320,146</b>	<b>\$ (20,213,821)</b>	<b>\$ 30,792,543</b>

**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 \$486,061 at June 30, 2019 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, 2019

The number of participants as of June 30, 2018, the latest actuarial valuation, is as follows:

Inactive plan members and beneficiaries currently receiving benefit payments.....	2,841
Inactive plan members entitled to but not yet receiving benefit payments.....	-
Active plan members.....	<u>2,423</u>
Total.....	<u>5,264</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, 2019, employer contributions totaled \$26,148,831. 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, 2019 were as follows:

Total OPEB liability.....	\$	700,325,228
Fiduciary Net Position.....		<u>(11,816,871)</u>
Net OPEB Liability.....	\$	<u>688,508,357</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, 2019, the City reported a liability of \$628,227,320 for its net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was also determined by an actuarial valuation as that date.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

	Amounts (in thousands)		
	Total	Fiduciary	Net
	OPEB Liability	Net Position	OPEB Liability
Balance at June 30, 2017.....	\$ 644,806	5,979	638,827
Changes for the year:			
Service Cost.....	25,273	-	25,273
Interest of Liability and Service Cost .....	23,595	-	23,595
Differences between expected and actual experienc	(1,933)		(1,933)
Changes of assumptions.....	(36,641)	-	(36,641)
Plan Change.....	4,040		4,040
Employer Contributions.....	-	24,329	(24,329)
Net Investment Income.....	-	605	(605)
Benefit Payments.....	(22,211)	(22,211)	-
Balance at June 30, 2018.....	<u>\$ 636,929</u>	<u>8,702</u>	<u>628,227</u>

For the year ended June 30, 2019, the City recognized \$35,957,696 of OPEB expense associated with the Plan. At June 30, 2019, the City reported deferred outflows of resources related to OPEB of \$23,631,538 and deferred inflows of resources related to OPEB of \$87,596,854 from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date.....	\$ 23,631,538	\$ -
Differences between expected and actual experience.....	-	1,657,149
Changes of assumptions.....	-	85,726,790
Net difference between projected and actual earnings on Plan investments.....	-	212,915
	<u>\$ 23,631,538</u>	<u>\$ 87,596,854</u>

\$23,631,538 reported as deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	<u>Amount</u>
2020	\$ 16,439,373
2021	16,439,372
2022	16,439,372
2023	16,393,606
2024	16,374,704
Thereafter	5,510,427

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

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

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

Valuation date:	June 30, 2018
Inflation rate:	2.75%
Actuarial cost method:	Entry Age Normal
Amortization method:	Level dollar
Remaining amortization period:	30 years from July 1, 2017
Salary increases:	7.00% decreasing to an ultimate level of 3.5% based on service-related increases for Group 1 (excluding Teachers) 8.00% decreasing to an ultimate level of 4.00% based on service-related increases for group 4 7.5% decreasing to an ultimate level of 4.00% based on service-related increases for Teachers
Interest discount rate:	3.50%
Investment rate of return:	7.25%
Healthcare/Medical cost trend rates:	Non-Medicare: 7.0% decreasing by 0.25% for 10 years to an ultimate level of 4.5% Medicare Supplement: 4.5% Medicare Advantage: 4.5% Prescription drug: 8.0% decreasing by 0.25% for 14 years to an ultimate level of 4.5% per year Administrative expenses: 3.0%
Contributions:	Non-Medicare: 7.0% decreasing by 0.25% for 10 years to an ultimate level of 4.50% per year Medicare Supplement: 6.5% decreasing by 0.25% for 8 years to an ultimate level of 4.50% per year. Medicare Advantage: 4.5%



**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Mortality:

Pre-Retirement (Non-Teachers): RP-2014 Blue Collar Employee Mortality Table projected generationally using scale MP-2017

Healthy Retiree (Non-Teachers): RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally using Scale MP-2017

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, 2019, the money-weighted rate of return on the Trust Fund’s investments, net of investment expense, was 6.14%. 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%	6.16%
International Equity - Developed Markets.	13.0%	6.69%
International Equity - Emerging Markets..	5.0%	9.47%
Core Fixed Income.....	15.0%	1.89%
High-Yield Fixed Income.....	8.0%	4.00%
Real Estate.....	10.0%	4.58%
Commodities.....	4.0%	4.77%
Hedge Funds.....	11.0%	3.68%
Private Equity.....	13.0%	10.00%
	<u>100.0%</u>	

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

**Discount Rate** – The discount rate used to measure the total OPEB liability as of June 30, 2019 was 3.50%; compared to a discount rate of 3.87% to measure the total OPEB liability as of June 30, 2018. The discount rate is equal to the yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher reported on the Bond Buyer’s 20 bond index. Based on the current assets in the OPEB Trusts and City’s funding policy to contribute approximately \$2,250,000 in fiscal 2019, increasing by \$250,000 per year, there are insufficient assets to cover projected benefit payments. Accordingly, the Bond Buyer’s 20 bond index rates were applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate** – The following presents the net OPEB liability of the Plan calculated using the current discount rate of 3.50 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate 1 percentage point lower (2.50 percent) or 1 percentage point higher (4.50 percent) than the current rate:

	<u>1% Decrease</u> <u>(2.50%)</u>	<u>Current Discount</u> <u>Rate (3.50%)</u>	<u>1% Increase</u> <u>(4.50%)</u>
Net OPEB Liability.....	\$ 804,282,193	\$ 688,508,357	\$ 595,926,727

The following presents the City’s net OPEB liability calculated using the current discount rate of 3.87 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate 1 percentage point lower (2.87 percent) or 1 percentage point higher (4.87 percent) than the current rate:

	<u>1% Decrease</u> <u>(2.87%)</u>	<u>Current Discount</u> <u>Rate (3.87%)</u>	<u>1% Increase</u> <u>(4.87%)</u>
Net OPEB Liability.....	\$ 730,367,706	\$ 628,227,320	\$ 546,111,330

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

	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
Net OPEB Liability.....	\$ 584,075,697	\$ 688,508,357	\$ 824,316,634

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

	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
Net OPEB Liability.....	\$ 540,390,002	\$ 628,227,320	\$ 741,256,731

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

**Note 13 – Risk Financing**

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

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

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

At June 30, 2019, the City’s health claims liability totaled \$3,931,247 and is based on approximately one month claims paid average. Changes in the reported liability since July 1, 2017 are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-end
Fiscal year 2018.....	\$ 4,177,547	\$ 60,220,983	\$ (59,678,794)	\$ 4,719,736
Fiscal year 2019.....	4,719,736	60,529,807	(61,318,296)	3,931,247

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 \$9,340,585 at June 30, 2019, of which \$1,478,233 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, 2020. The liability includes an estimate of the IBNR claims.

The June 30, 2019 plan valuation is based upon the use of a combination of the paid loss development method and the Bornhuetter-Ferguson Paid Loss method. US Life Tables 2010 Vital Statistics for Males and Females have been used to determine annuity values for long term claims, using a 5.0% annual rate of interest.

Changes in the reported liability since July 1, 2017 are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-end
Fiscal year 2018.....	\$ 7,734,209	\$ 1,919,722	\$ (1,791,579)	\$ 7,862,352
Fiscal year 2019.....	7,862,352	4,806,160	(3,327,927)	9,340,585

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

**Note 14 – Fund Balances**

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

	<u>General</u>	<u>Community Preservation</u>	<u>Cabot School Improvements</u>	<u>Angier School Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>						
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ -	\$ 399,125	\$ 399,125
<b>Restricted:</b>						
Debt service.....	2,234,379	-	-	-	-	2,234,379
General government.....	-	-	-	-	3,310,379	3,310,379
Public safety.....	-	-	-	-	459,492	459,492
Education.....	-	-	-	-	3,867,416	3,867,416
School construction.....	-	-	4,230,847	8,083	2,112,713	6,351,643
Summer school.....	-	-	-	-	320,587	320,587
Continuing education.....	-	-	-	-	1,743,519	1,743,519
Public works.....	-	-	-	-	1,161,805	1,161,805
Health and human services.....	-	-	-	-	174,745	174,745
Culture and recreation.....	-	-	-	-	3,088,152	3,088,152
Recreation activities/classes.....	-	-	-	-	794,876	794,876
Camp programs.....	-	-	-	-	1,596,654	1,596,654
Community preservation.....	-	9,812,813	-	-	-	9,812,813
CPA- community housing.....	-	7,551,061	-	-	-	7,551,061
CPA- historic resources.....	-	1,119,251	-	-	-	1,119,251
CPA- community recreation.....	-	1,366,498	-	-	-	1,366,498
Capital.....	195,477	-	-	-	-	195,477
School lunch.....	-	-	-	-	110,496	110,496
Insurance proceeds.....	-	-	-	-	34,251	34,251
Receipts reserved.....	-	-	-	-	1,322,903	1,322,903
Sub-total -	<u>2,429,856</u>	<u>19,849,623</u>	<u>4,230,847</u>	<u>8,083</u>	<u>20,097,988</u>	<u>46,616,397</u>
<b>Committed:</b>						
Subsequent year's expenditures.....	1,904,936	-	-	-	-	1,904,936
Capital.....	370,580	-	-	-	-	370,580
Continuing appropriations.....	12,999,204	-	-	-	-	12,999,204
Receipts reserved.....	-	-	-	-	4,211,733	4,211,733
Sub-total -	<u>15,274,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,211,733</u>	<u>19,486,453</u>
<b>Assigned:</b>						
Encumbrances.....	5,773,803	-	-	-	-	5,773,803
Capital.....	80,609	-	-	-	-	80,609
Sub-total -	<u>5,854,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,854,412</u>
<b>Unassigned.....</b>	<u>47,461,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,461,036</u>
<b>Total.....</b>	<u>\$ 71,020,024</u>	<u>\$ 19,849,623</u>	<u>\$ 4,230,847</u>	<u>\$ 8,083</u>	<u>\$ 24,708,846</u>	<u>\$ 119,817,423</u>

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

**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, 2019 total \$646,666 and \$21,407,131 respectively, and are reported in the general fund as restricted (\$195,477), committed (\$370,580), assigned (\$80,609) and unassigned (\$21,407,131).

**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, 2018, the System’s membership consisted of the following:

Active members.....	1,633
Inactive - entitled to or receiving benefits.....	34
Inactive - not entitled to or not receiving benefits.....	621
Retirees and beneficiaries currently receiving benefits.....	<u>1,310</u>
Total members.....	<u><u>3,598</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, 2019

**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, 2018, active member contributions totaled \$10,065,686 and employer contributions totaled \$28,628,399. Contributions to the System from the City were \$28,336,124 for the year ended June 30, 2019.

**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, 2018, were as follows:

Total pension liability	\$ 680,097,898
Plan fiduciary net position	<u>(341,843,095)</u>
Net pension liability	<u>\$ 338,254,803</u>
Plan fiduciary net position as a percentage of the total pension liability	50.26%

At June 30, 2019, the City reported a liability of \$334,801,480 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was also determined by an actuarial valuation as of December 31, 2018. 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, 2018, actuarially determined. At December 31, 2018, the City’s proportion was 98.979073 percent; compared to a proportion of 99.008917 percent at December 31, 2017.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

For the year ended June 30, 2019, the City recognized pension expense of \$37,794,903 associated with the System. At June 30, 2019, the City reported deferred outflows of resources related to pensions of \$20,632,290, and deferred inflows of resources of \$3,359,605 from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date.....	\$ 766,961	\$ -
Differences between expected and actual experience.....	2,748,713	3,277,330
Changes of assumptions.....	4,257,641	-
Net difference between projected and actual earnings on System investments.....	12,831,517	-
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	27,458	82,275
	<u>\$ 20,632,290</u>	<u>\$ 3,359,605</u>

\$766,961 reported as deferred outflows of resources related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The remaining 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>
2020	\$ 5,863,003
2021	2,846,388
2022	1,445,721
2023	6,350,612

**Actuarial Assumptions** – The total pension liability in the January 1, 2019 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:	11 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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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
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, 2018, the annual money-weighted rate of return on System investments, net of investment expense, was (2.07%). 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%	6.16%
International Equity - Developed Markets	13.00%	6.69%
International Equity - Emerging Markets	5.00%	9.47%
Core Fixed Income	15.00%	1.89%
High-Yield Fixed Income	8.00%	4.00%
Real Estate	10.00%	4.58%
Commodities	4.00%	4.77%
Hedge Funds	11.00%	3.68%
Private Equity	13.00%	10.00%
	<u>100.00%</u>	



**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

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

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
System's net pension liability	\$ 412,243,067	\$ 338,254,803	\$ 275,787,107

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

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
City's proportionate share of the net pension liability	\$ 408,034,381	\$ 334,801,480	\$ 272,971,532

**Legally Required Reserve Accounts** - The balance in the System's legally required reserves as of December 31, 2018 are as follows:

<u>Description</u>	<u>Amount</u>	<u>Purpose</u>
Annuity Savings Fund.....	\$ 98,608,452	Active members' contribution balance
Annuity Reserve Fund....	28,806,750	Retired members' contribution account
Military Service Fund.....	52,616	Military leave of absence contribution balance
Pension Fund.....	<u>214,375,277</u>	Remaining net reserves
Total.....	\$ <u>341,843,095</u>	

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

**Note 18 – Fiduciary Fund Financial Statements**

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

	Pension Trust Fund <u>(As of 12/31/19)</u>	OPEB Trust Fund	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents.....	\$ 17,049,696	\$ 267,399	\$ 17,317,095
Investments:			
External Investment Pool.....	324,673,249	11,549,472	336,222,721
Receivables, Net of Allowance for Uncollectible Amounts:			
Intergovernmental.....	133,960	-	133,960
Prepaid Expenses.....	<u>5,635</u>	<u>-</u>	<u>5,635</u>
 Total Assets.....	 <u>341,862,540</u>	 <u>11,816,871</u>	 <u>353,679,411</u>
<b>LIABILITIES</b>			
Warrants Payable.....	<u>19,445</u>	<u>-</u>	<u>19,445</u>
<b>NET POSITION</b>			
Restricted for Pensions and Other Post Employment Benefits \$	<u><u>341,843,095</u></u>	<u><u>11,816,871</u></u>	<u><u>\$ 353,659,966</u></u>

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

	Pension Trust Fund <u>(As of 12/31/18)</u>	OPEB Trust Fund	Total
<b>ADDITIONS</b>			
Contributions:			
Employer.....	\$ 28,628,399	\$ 26,148,831	\$ 54,777,230
Plan Members.....	<u>10,065,686</u>	<u>-</u>	<u>10,065,686</u>
Total Contributions.....	<u>38,694,085</u>	<u>26,148,831</u>	<u>64,842,916</u>
Net Investment Income:			
Net Appreciation in Fair Value of Investments.....	(15,199,394)	598,414	(14,600,980)
Interest and Dividends.....	<u>9,755,525</u>	<u>-</u>	<u>9,755,525</u>
Total Investment Income.....	(5,443,869)	598,414	(4,845,455)
Less: Investment Expense.....	<u>(1,791,604)</u>	<u>-</u>	<u>(1,791,604)</u>
Net Investment Income.....	<u>(7,235,473)</u>	<u>598,414</u>	<u>(6,637,059)</u>
Other.....	<u>3,183,170</u>	<u>-</u>	<u>3,183,170</u>
Total Additions.....	<u>34,641,782</u>	<u>26,747,245</u>	<u>61,389,027</u>
<b>DEDUCTIONS</b>			
Administration.....	325,392	-	325,392
Retirement Benefits and Refunds.....	40,469,536	23,631,539	64,101,075
Transfers to Other Systems.....	<u>3,183,170</u>	<u>-</u>	<u>3,183,170</u>
Total Deductions.....	<u>43,978,098</u>	<u>23,631,539</u>	<u>67,609,637</u>
<b>CHANGE IN NET POSITION.....</b>	<b>(9,336,316)</b>	<b>3,115,706</b>	<b>(6,220,610)</b>
Net Position - Beginning of Year.....	<u>351,179,411</u>	<u>8,701,165</u>	<u>359,880,576</u>
<b>NET POSITION - END OF YEAR.....</b>	<b>\$ <u>341,843,095</u></b>	<b>\$ <u>11,816,871</u></b>	<b>\$ <u>353,659,966</u></b>

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

### 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, 2019. The Commonwealth's net pension liability associated with the City was \$395,023,946.

The MTRS' net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018 rolled forward to June 30, 2018.

For the year ended June 30, 2019, the City recognized pension expense of \$40,029,958 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, 2018 measurement date was determined by an actuarial valuation as of January 1, 2018 rolled forward to June 30, 2018. This valuation used the following assumptions:

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Investment rate of return:	7.35%
Salary increases:	Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service
Mortality Rates:	Pre-retirement - reflects RP-2014 White Collar Employees table projected generationally with Scale MP-2016 (gender distinct)  Post-retirement – reflects RP-2014 White Collar Healthy Annuitant table projected generationally with a Scale MP-2016 (gender distinct)  Disability – assumed to be in accordance with the RP-2014 Healthy Annuitant Table projected generationally with Scale MP-2016 (gender distinct).
Other:	3.50% interest rate credited to the annuity savings fund  3.00% cost of living increase per year

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Global Equity	39.00%	5.00%
Portfolio Completion Strategies	13.00%	3.70%
Core Fixed Income	12.00%	0.90%
Private Equity	12.00%	6.60%
Real Estate	10.00%	3.80%
Value Added Fixed Income	10.00%	3.80%
Timber/Natural Resources	4.00%	3.40%
Totals	100.00%	

**Discount rate** - The discount rate used to measure the MTRS' total pension liability was 7.35%. 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, 2019

**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, 2019, totaled \$18,773,007 and \$9,087,953, 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 2019 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, 2019 cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the City at June 30, 2019.

## **Required Supplementary Information**

**CITY OF NEWTON, MASSACHUSETTS**

Required Supplementary Information

Fiscal Year Ended June 30, 2019

**PENSION PLAN SCHEDULES**

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Total pension liability</u>					
Service cost	\$ 14,270,532	\$ 14,020,532	\$ 12,238,508	\$ 11,948,894	\$ 10,445,973
Interest	47,371,930	46,282,670	44,357,326	43,307,330	41,588,936
Differences between expected and actual experience	(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>(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	20,727,730	23,510,775	25,655,233	14,611,371	44,456,317
Total pension liability - beginning	<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>\$ 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	\$ 28,628,399	\$ 25,829,131	\$ 23,566,725	\$ 21,670,552	\$ 19,972,859
Contributions - member	10,065,686	9,457,254	9,282,992	8,842,379	8,661,238
Net investment income	(7,235,473)	50,390,107	20,972,368	2,146,925	20,748,803
Benefit payments, including refunds of member contributions	(40,469,536)	(40,367,473)	(37,883,262)	(36,652,624)	(35,872,446)
Administrative expense	<u>(325,392)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	(9,336,316)	45,309,019	15,938,823	(3,992,768)	13,510,454
Plan fiduciary net position - beginning	<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>\$ 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>\$ 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	50.26%	53.26%	48.10%	47.51%	49.35%
Covered payroll	\$ 100,614,192	\$ 96,567,809	\$ 94,881,278	\$ 92,136,867	86,807,549
Net pension liability as a percentage of covered payroll	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, 2019

**PENSION PLAN SCHEDULES (CONTINUED)**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 28,628,399	25,829,131	23,566,725	21,670,552	19,972,859
Contributions in relation to the actuarially determined contribution	<u>28,628,399</u>	<u>25,829,131</u>	<u>23,566,725</u>	<u>21,670,552</u>	<u>19,972,859</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Covered payroll	\$ 100,614,192	96,567,809	94,881,278	92,136,867	86,807,549
Contributions as a percentage of covered payroll	28.45%	26.75%	24.84%	23.52%	23.01%
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$ 18,363,516	16,343,094	16,252,351	15,029,827	13,547,778
Contributions in relation to the actuarially determined contribution	<u>18,363,516</u>	<u>16,343,094</u>	<u>16,252,351</u>	<u>15,029,827</u>	<u>13,547,778</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Covered payroll	\$ 86,807,549	82,970,000	80,337,000	81,378,000	83,844,000
Contributions as a percentage of covered payroll	21.15%	19.70%	20.23%	18.47%	16.16%

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

	<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	-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, 2019

**PENSION PLAN SCHEDULES (CONTINUED)**

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

	2019*	2018*	2017*	2016*	2015*
City's proportion of the net pension liability	98.979073%	99.008917%	98.993848%	99.000556%	99.026264%
City's proportionate share of the net pension liability	334,801,480	305,136,331	326,668,811	317,071,646	298,730,998
City's covered payroll	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	338.20%	320.55%	347.79%	348.66%	348.81%
Plan fiduciary net position as a percentage of the total pension liability	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)**

	2019*	2018*	2017*	2016*	2015*
Actuarially Required Contribution	\$ 28,336,124	\$ 25,573,143	\$ 23,329,608	\$ 21,453,967	\$ 19,778,376
Contributions in Relation to the Actuarially Required Contribution	28,336,124	25,573,143	23,329,608	21,453,967	19,778,376
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 98,995,159	\$ 95,190,276	\$ 93,926,628	\$ 90,939,864	\$ 85,643,310
Contributions as a Percentage of Covered Payroll	28.62%	26.87%	24.84%	23.59%	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)**

	2019*	2018*	2017*	2016*	2015*
City's proportion of the net pension liability	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	<u>395,023,946</u>	<u>383,939,326</u>	<u>375,785,250</u>	<u>337,530,133</u>	<u>260,194,376</u>
Total	<u>\$ 395,023,946</u>	<u>\$ 383,939,326</u>	<u>\$ 375,785,250</u>	<u>\$ 337,530,133</u>	<u>\$ 260,194,376</u>
City's covered payroll	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
Plan fiduciary net position as a percentage of the total pension liability	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, 2019

**PENSION PLAN SCHEDULES (CONTINUED)**

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

	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 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

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

**CITY OF NEWTON, MASSACHUSETTS**

Required Supplementary Information

Fiscal Year Ended June 30, 2019

**OTHER POSTEMPLOYMENT BENEFITS SCHEDULES**

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Total OPEB liability</u>			
Service cost	\$ 23,978,991	\$ 25,272,995	\$ 30,190,353
Interest	25,376,516	23,594,722	20,240,435
Differences between expected and actual experience	(1,415,423)	-	-
Changes of assumptions	28,081,870	(28,013,342)	(76,049,934)
Plan Amendments	4,486,261	-	-
Benefit payments	<u>(23,631,538)</u>	<u>(22,211,248)</u>	<u>(19,017,966)</u>
Net change in total OPEB liability	56,876,677	(1,356,873)	(44,637,112)
Total OPEB liability - beginning	<u>643,448,551</u>	<u>644,805,424</u>	<u>689,442,536</u>
Total OPEB liability - ending (a)	\$ <u>700,325,228</u>	\$ <u>643,448,551</u>	\$ <u>644,805,424</u>
<u>Plan fiduciary net position</u>			
Contributions - employer	\$ 26,148,831	\$ 24,328,980	\$ 20,872,070
Net investment income	598,414	604,735	554,860
Benefit payments	<u>(23,631,539)</u>	<u>(22,211,248)</u>	<u>(19,017,966)</u>
Net change in plan fiduciary net position	3,115,706	2,722,467	2,408,964
Plan fiduciary net position - beginning	<u>8,701,165</u>	<u>5,978,698</u>	<u>3,569,734</u>
Plan fiduciary net position - ending (b)	\$ <u>11,816,871</u>	\$ <u>8,701,165</u>	\$ <u>5,978,698</u>
Net OPEB liability - ending (a) - (b)	\$ <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%	1.35%	0.93%
Covered payroll	\$ 265,068,902	\$ 245,502,840	\$ 227,381,047
Net OPEB liability as a percentage of covered payroll	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, 2019

**OTHER POSTEMPLOYMENT BENEFITS SCHEDULES (CONTINUED)**

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Required Contribution	\$ 35,614,447	\$ 33,900,292	\$ 55,094,130
Contributions in Relation to the Actuarially Required Contribution	26,148,831	24,328,980	20,872,070
Contribution Deficiency (Excess)	<u>\$ 9,465,616</u>	<u>\$ 9,571,312</u>	<u>\$ 34,222,060</u>
City's Covered Payroll	\$ 265,068,902	\$ 245,502,840	\$ 227,381,047
Contributions as a Percentage of Covered Payroll	9.86%	9.91%	9.18%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	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, 2019

**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 (2009-2018):	Entry Age Normal
Amortization method (2009):	Payment increases 4.50% per year
Amortization method (2010-2012):	Payment increases 3.75% per year
Amortization method (2013):	Payment increases 8.50% per year
Amortization method (2014):	Payment increases 8.75% per year
Amortization method (2015-2018)	Payment increases 9.60% per year
Remaining amortization period (2009):	20 years
Remaining amortization period (2010):	27 years
Remaining amortization period (2011):	26 years
Remaining amortization period (2012):	24 years
Remaining amortization period (2013):	15 years
Remaining amortization period (2014):	14 years
Remaining amortization period (2015-2016):	13 years
Remaining amortization period (2017):	12 years
Remaining amortization period (2018):	11 years
Asset valuation method (2009):	Market value
Asset valuation method (2010-2018):	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 (2009-2012):	3.0%
Inflation (2013):	2.0 – 2.5%
Inflation (2014-2017):	2.5%
Inflation (2018):	2.75%
Salary increases (2009):	4.00 – 5.25%
Salary increases (2010-2011):	2.0 – 3.5%
Salary increases (2012):	2.5 – 3.5%
Salary increases (2013):	3.0 – 3.5%
Salary increases (2014-2016):	3.5%
Salary increases (2017-2018):	3.5 – 8.0%
Investment rate of return (2009):	8.00%
Investment rate of return (2010-2012):	7.75%
Investment rate of return (2013):	7.35%
Investment rate of return (2014-2015):	7.35%
Investment rate of return (2016):	7.50%
Investment rate of return (2017-2018):	7.25%

**CITY OF NEWTON, MASSACHUSETTS**

Notes to Required Supplementary Information

Fiscal Year Ended June 30, 2019

**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 (2017-2019):	Entry Age Normal
Amortization method (2017-2019):	Level dollar
Remaining amortization period (2017-2019):	30 years (open)
Interest discount rate (2017-2018):	2.06%
Interest discount rate (2019):	7.25%
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%

# **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, 2019

*Special Revenue Funds*

ASSETS	School Lunch	Revolving	Receipts Reserved	Community Development Block Grant	Municipal Federal Grant
Cash and cash equivalents.....	\$ -	\$ -	\$ 4,211,733	\$ -	\$ -
Restricted cash and cash equivalents.....	612,527	7,469,340	1,322,903	17,871	1,254,876
Restricted investments.....	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:					
User charges.....	-	593,584	-	-	-
Special assessments.....	-	206,465	-	-	-
Intergovernmental.....	28,462	-	-	2,379	47,246
Other assets.....	-	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 640,989</b>	<b>\$ 8,269,389</b>	<b>\$ 5,534,636</b>	<b>\$ 20,250</b>	<b>\$ 1,302,122</b>
<b>LIABILITIES</b>					
Warrants payable.....	\$ 14,891	\$ 216,406	\$ -	\$ -	\$ -
Accrued liabilities.....	250,084	66,756	-	-	10,000
Accrued payroll.....	-	334,907	-	6,074	-
Other liabilities.....	265,518	-	-	2	-
Due to other funds.....	-	-	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b>530,493</b>	<b>618,069</b>	<b>-</b>	<b>6,076</b>	<b>10,000</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue.....	-	482,866	-	-	-
<b>FUND BALANCES</b>					
Nonspendable.....	-	-	-	-	-
Restricted.....	110,496	7,168,454	1,322,903	14,174	1,292,122
Committed.....	-	-	4,211,733	-	-
<b>TOTAL FUND BALANCES.....</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>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 640,989</b>	<b>\$ 8,269,389</b>	<b>\$ 5,534,636</b>	<b>\$ 20,250</b>	<b>\$ 1,302,122</b>

*Special Revenue Funds*

Municipal State Grant	School State Grant	School Federal Grant	Gift	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ 4,211,733
482,042	715,933	-	1,144,834	13,020,326
-	-	-	-	-
-	-	-	-	593,584
-	-	-	-	206,465
282,580	2,038,183	1,017,037	-	3,415,887
-	-	-	-	-
<u>\$ 764,622</u>	<u>\$ 2,754,116</u>	<u>\$ 1,017,037</u>	<u>\$ 1,144,834</u>	<u>\$ 21,447,995</u>
\$ 40,672	\$ 9,714	\$ 2,982	\$ 4,887	\$ 289,552
1	118	-	22,641	349,600
4,782	111,530	102,175	20,336	579,804
-	-	-	-	265,520
-	1,112	748,485	-	749,597
<u>45,455</u>	<u>122,474</u>	<u>853,642</u>	<u>47,864</u>	<u>2,234,073</u>
-	-	-	-	482,866
-	-	-	-	-
719,167	2,631,642	163,395	1,096,970	14,519,323
-	-	-	-	4,211,733
<u>719,167</u>	<u>2,631,642</u>	<u>163,395</u>	<u>1,096,970</u>	<u>18,731,056</u>
<u>\$ 764,622</u>	<u>\$ 2,754,116</u>	<u>\$ 1,017,037</u>	<u>\$ 1,144,834</u>	<u>\$ 21,447,995</u>

(Continued)

CITY OF NEWTON, MASSACHUSETTS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET

JUNE 30, 2019

*Capital Projects Funds*

ASSETS	Public Building Improvements	School Building Improvements	Street Improvements	Municipal Equipment Replacement	Sub-total
Cash and cash equivalents.....	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents.....	973,996	2,304,174	512,418	288,138	4,078,726
Restricted investments.....	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:					
Charges for services.....	-	-	-	-	-
Special assessments.....	-	-	-	-	-
Intergovernmental.....	-	-	818,559	-	818,559
Other assets.....	-	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 973,996</b>	<b>\$ 2,304,174</b>	<b>\$ 1,330,977</b>	<b>\$ 288,138</b>	<b>\$ 4,897,285</b>
<b>LIABILITIES</b>					
Warrants payable.....	\$ 56,213	\$ 191,461	\$ 361,322	\$ 196	\$ 609,192
Accrued liabilities.....	-	-	-	-	-
Accrued payroll.....	-	-	-	-	-
Other liabilities.....	-	-	-	-	-
Due to other funds.....	-	-	333,479	-	333,479
<b>TOTAL LIABILITIES.....</b>	<b>56,213</b>	<b>191,461</b>	<b>694,801</b>	<b>196</b>	<b>942,671</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue.....	-	-	-	-	-
<b>FUND BALANCES:</b>					
Nonspendable.....	-	-	-	-	-
Restricted.....	917,783	2,112,713	636,176	287,942	3,954,614
Committed.....	-	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>917,783</b>	<b>2,112,713</b>	<b>636,176</b>	<b>287,942</b>	<b>3,954,614</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 973,996</b>	<b>\$ 2,304,174</b>	<b>\$ 1,330,977</b>	<b>\$ 288,138</b>	<b>\$ 4,897,285</b>

*Permanent Funds*

Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 4,211,733
396,264	503,993	900,257	17,999,309
-	1,092,919	1,092,919	1,092,919
-	-	-	593,584
-	-	-	206,465
-	-	-	4,234,446
<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
<u>\$ 426,264</u>	<u>\$ 1,596,912</u>	<u>\$ 2,023,176</u>	<u>\$ 28,368,456</u>
\$ -	\$ -	\$ -	\$ 898,744
-	-	-	349,600
-	-	-	579,804
-	-	-	265,520
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,083,076</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,176,744</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>482,866</u>
399,125	-	399,125	399,125
27,139	1,596,912	1,624,051	20,097,988
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,211,733</u>
<u>426,264</u>	<u>1,596,912</u>	<u>2,023,176</u>	<u>24,708,846</u>
<u>\$ 426,264</u>	<u>\$ 1,596,912</u>	<u>\$ 2,023,176</u>	<u>\$ 28,368,456</u>

(Concluded)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

*Special Revenue Funds*

	School Lunch	Revolving	Receipts Reserved	Community Development Block Grant	Municipal Federal Grant
<b>REVENUES</b>					
Licenses and permits.....	\$ -	\$ 85,843	\$ 1,373,490	\$ -	\$ -
Intergovernmental .....	654,416	20,173	129,248	1,606,004	2,004,730
Charges for services.....	2,437,139	16,024,597	802	-	-
Fines and forfeitures.....	-	31,059	27,850	-	-
Investment income .....	13,816	31,798	613	-	-
Contributions and donations.....	-	170,871	139,500	-	-
Miscellaneous.....	-	143,583	104,953	-	-
Special assessments.....	-	156,944	-	-	-
<b>TOTAL REVENUES.....</b>	<b>3,105,371</b>	<b>16,664,868</b>	<b>1,776,456</b>	<b>1,606,004</b>	<b>2,004,730</b>
<b>EXPENDITURES</b>					
Current:					
General government:					
Legislative & executive.....	-	958	-	-	-
Planning & development.....	-	276,182	-	1,605,049	1,816,193
Public building maintenance & operations.....	-	-	-	-	-
Public safety:					
Police.....	-	4,381,176	-	-	1,986
Fire.....	-	598,750	-	-	28,717
Inspectional services.....	-	8,277	-	-	-
Education.....	3,131,779	8,596,479	-	-	2,728
Public works:					
Streets & sidewalks.....	-	194,464	-	-	-
Sanitation.....	-	-	-	-	-
Engineering.....	-	67,223	-	-	-
Health and human services:					
Health & human services.....	-	613	-	-	33,964
Senior services.....	-	171,452	-	-	-
Veteran services.....	-	-	-	-	-
Culture and recreation:					
Libraries.....	-	307,504	-	-	2,385
Parks & recreation.....	-	3,530,555	-	-	-
Newton History museum.....	-	165	-	-	-
<b>TOTAL EXPENDITURES.....</b>	<b>3,131,779</b>	<b>18,133,798</b>	<b>-</b>	<b>1,605,049</b>	<b>1,885,973</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(26,408)</b>	<b>(1,468,930)</b>	<b>1,776,456</b>	<b>955</b>	<b>118,757</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in.....	82,480	1,248,078	-	-	-
Issuance of general obligation bonds.....	-	-	-	-	-
Premium from issuance of bonds and notes.....	-	-	109,278	-	-
Transfers out.....	-	-	(934,005)	-	(32,469)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>82,480</b>	<b>1,248,078</b>	<b>(824,727)</b>	<b>-</b>	<b>(32,469)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>56,072</b>	<b>(220,852)</b>	<b>951,729</b>	<b>955</b>	<b>86,288</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>54,424</b>	<b>7,389,306</b>	<b>4,582,907</b>	<b>13,219</b>	<b>1,205,834</b>
<b>FUND BALANCES AT END 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>

*Special Revenue Funds*

Municipal State Grant	School State Grant	School Federal Grant	Gift	Sub-total
\$ -	\$ -	\$ -	\$ 250	\$ 1,459,583
1,438,207	8,663,085	4,795,681	-	19,311,544
-	-	-	-	18,462,538
-	-	-	-	58,909
264	-	-	4,735	51,226
-	-	-	331,718	642,089
-	-	-	1,241	249,777
-	-	-	-	156,944
<u>1,438,471</u>	<u>8,663,085</u>	<u>4,795,681</u>	<u>337,944</u>	<u>40,392,610</u>
23,247	-	-	2,470	26,675
94,228	-	-	1,730	3,793,382
243,732	-	-	-	243,732
289,670	-	-	77	4,672,909
38,837	-	-	-	666,304
-	-	-	-	8,277
4,839	8,021,726	4,803,086	181,678	24,742,315
-	-	3,957	2,013	200,434
18,708	-	-	-	18,708
-	-	-	-	67,223
152,667	-	-	21	187,265
246,016	-	-	2,793	420,261
-	-	-	730	730
39,760	-	-	-	349,649
44,064	-	-	123,084	3,697,703
-	-	-	-	165
<u>1,195,768</u>	<u>8,021,726</u>	<u>4,807,043</u>	<u>314,596</u>	<u>39,095,732</u>
<u>242,703</u>	<u>641,359</u>	<u>(11,362)</u>	<u>23,348</u>	<u>1,296,878</u>
-	-	-	-	1,330,558
-	-	-	-	-
-	-	-	-	109,278
-	-	-	-	(966,474)
-	-	-	-	473,362
242,703	641,359	(11,362)	23,348	1,770,240
476,464	1,990,283	174,757	1,073,622	16,960,816
<u>\$ 719,167</u>	<u>\$ 2,631,642</u>	<u>\$ 163,395</u>	<u>\$ 1,096,970</u>	<u>\$ 18,731,056</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, 2019

*Capital Projects Funds*

	Public Building Improvements	School Building Improvements	Street Improvements	Municipal Equipment Replacement	Sub-total
<b>REVENUES</b>					
Licenses and permits.....	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental .....	100,000	-	3,780,225	-	3,880,225
Charges for services.....	-	-	-	-	-
Fines and forfeitures.....	-	-	-	-	-
Investment income (loss).....	-	-	-	-	-
Contributions and donations.....	-	-	-	-	-
Miscellaneous.....	-	-	-	-	-
Special assessments.....	-	-	-	-	-
<b>TOTAL REVENUES.....</b>	<b>100,000</b>	<b>-</b>	<b>3,780,225</b>	<b>-</b>	<b>3,880,225</b>
<b>EXPENDITURES</b>					
Current:					
General government:					
Legislative & executive.....	-	-	-	-	-
Planning & development.....	-	-	-	-	-
Public building maintenance & operations.....	979,797	-	-	-	979,797
Public safety:					
Police.....	-	-	-	-	-
Fire.....	-	-	-	1,062,439	1,062,439
Inspectional services.....	-	-	-	-	-
Education.....	-	1,261,316	-	-	1,261,316
Public works:					
Streets & sidewalks.....	-	-	4,263,492	381,580	4,645,072
Sanitation.....	-	-	-	-	-
Engineering.....	-	-	-	-	-
Health and human services:					
Health & human services.....	-	-	-	-	-
Senior services.....	-	-	-	-	-
Veteran services.....	-	-	-	-	-
Culture and recreation:					
Libraries.....	-	-	-	-	-
Parks & recreation.....	135,480	-	-	399,262	534,742
Newton History museum.....	-	-	-	-	-
<b>TOTAL EXPENDITURES.....</b>	<b>1,115,277</b>	<b>1,261,316</b>	<b>4,263,492</b>	<b>1,843,281</b>	<b>8,483,366</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>					
<b>OVER EXPENDITURES.....</b>	<b>(1,015,277)</b>	<b>(1,261,316)</b>	<b>(483,267)</b>	<b>(1,843,281)</b>	<b>(4,603,141)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in.....	707,000	918,544	-	124,919	1,750,463
Issuance of general obligation bonds.....	1,031,000	313,919	-	2,135,081	3,480,000
Premium from issuance of bonds and notes.....	-	-	-	454,140	454,140
Transfers out.....	(419,481)	519,400	-	(99,919)	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>1,318,519</b>	<b>1,751,863</b>	<b>-</b>	<b>2,614,221</b>	<b>5,684,603</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>303,242</b>	<b>490,547</b>	<b>(483,267)</b>	<b>770,940</b>	<b>1,081,462</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>614,541</b>	<b>1,622,166</b>	<b>1,119,443</b>	<b>(482,998)</b>	<b>2,873,152</b>
<b>FUND BALANCES AT END 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>

*Permanent Funds*

Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 1,459,583
-	-	-	23,191,769
-	-	-	18,462,538
-	-	-	58,909
7,115	55,601	62,716	113,942
-	305,016	305,016	947,105
-	-	-	249,777
-	-	-	156,944
<u>7,115</u>	<u>360,617</u>	<u>367,732</u>	<u>44,640,567</u>
-	-	-	26,675
-	-	-	3,793,382
-	-	-	1,223,529
-	-	-	4,672,909
-	-	-	1,728,743
-	-	-	8,277
-	-	-	26,003,631
-	-	-	4,845,506
-	-	-	18,708
-	-	-	67,223
-	-	-	187,265
-	-	-	420,261
-	-	-	730
-	306,461	306,461	656,110
44,133	-	44,133	4,276,578
-	-	-	165
<u>44,133</u>	<u>306,461</u>	<u>350,594</u>	<u>47,929,692</u>
<u>(37,018)</u>	<u>54,156</u>	<u>17,138</u>	<u>(3,289,125)</u>
-	-	-	3,081,021
-	-	-	3,480,000
-	-	-	563,418
-	-	-	(966,474)
-	-	-	6,157,965
(37,018)	54,156	17,138	2,868,840
<u>463,282</u>	<u>1,542,756</u>	<u>2,006,038</u>	<u>21,840,006</u>
<u>\$ 426,264</u>	<u>\$ 1,596,912</u>	<u>\$ 2,023,176</u>	<u>\$ 24,708,846</u>

(Concluded)

## Internal Service Funds

### Health Insurance Fund

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

### Workers' Compensation Insurance Fund

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

### Liability Insurance Fund

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

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

JUNE 30, 2019

<b>ASSETS</b>	Health Insurance	Workers' Compensation Insurance	Liability Insurance	Total
<b>Current assets:</b>				
Restricted cash and cash equivalents.....	\$ 21,015,103	\$ 658,670	\$ 4,562	\$ 21,678,335
Restricted investments.....	-	13,370,823	-	13,370,823
Interest and dividends.....	-	19,008	-	19,008
Working capital deposit.....	366,272	-	-	366,272
<b>Total assets.....</b>	<b>21,381,375</b>	<b>14,048,501</b>	<b>4,562</b>	<b>35,434,438</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Warrants payable.....	741,340	4,384	-	745,724
Accrued liabilities.....	-	44,375	-	44,375
Accrued payroll.....	-	16,405	-	16,405
Other liabilities.....	909,187	-	-	909,187
Accrued health claims payable.....	3,931,247	-	-	3,931,247
Workers' compensation claims.....	-	1,478,233	-	1,478,233
<b>Total current liabilities.....</b>	<b>5,581,774</b>	<b>1,543,397</b>	<b>-</b>	<b>7,125,171</b>
<b>Noncurrent liabilities:</b>				
Workers' compensation claims.....	-	7,862,352	-	7,862,352
<b>Total liabilities.....</b>	<b>5,581,774</b>	<b>9,405,749</b>	<b>-</b>	<b>14,987,523</b>
<b>FUND NET POSITION</b>				
Unrestricted.....	\$ 15,799,601	\$ 4,642,752	\$ 4,562	\$ 20,446,915

**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, 2019

	Health Insurance	Workers' Compensation Insurance	Liability Insurance	Total
<b>OPERATING REVENUES</b>				
Employer contributions.....	\$ 52,553,894	\$ 1,700,000	\$ -	\$ 54,253,894
Plan member contributions.....	14,334,149	-	-	14,334,149
<b>TOTAL OPERATING REVENUES.....</b>	<b>66,888,043</b>	<b>1,700,000</b>	<b>-</b>	<b>68,588,043</b>
<b>OPERATING EXPENSES</b>				
Change in incurred but not reported liability.....	(481,722)	30	-	(481,692)
Self insurance claims.....	62,222,462	3,327,927	-	65,550,389
Administrative expenses.....	2,597,508	122,129	-	2,719,637
<b>TOTAL OPERATING EXPENSES.....</b>	<b>64,338,248</b>	<b>3,450,086</b>	<b>-</b>	<b>67,788,334</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>2,549,795</b>	<b>(1,750,086)</b>	<b>-</b>	<b>799,709</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income.....	389,332	567,881	69	957,282
<b>CHANGE IN FUND NET POSITION.....</b>	<b>2,939,127</b>	<b>(1,182,205)</b>	<b>69</b>	<b>1,756,991</b>
<b>FUND NET POSITION AT BEGINNING OF YEAR.....</b>	<b>12,860,474</b>	<b>5,824,957</b>	<b>4,493</b>	<b>18,689,924</b>
<b>FUND NET POSITION AT END OF YEAR.....</b>	<b>\$ 15,799,601</b>	<b>\$ 4,642,752</b>	<b>\$ 4,562</b>	<b>\$ 20,446,915</b>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Health Insurance	Workers' Compensation Insurance	Liability Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users.....	\$ 14,334,149	\$ -	\$ -	\$ 14,334,149
Receipts from interfund services provided.....	53,294,208	1,700,000	-	54,994,208
Payments to vendors/providers.....	(66,015,786)	(2,011,285)	-	(68,027,071)
NET CASH FROM OPERATING ACTIVITIES.....	<u>1,612,571</u>	<u>(311,285)</u>	<u>-</u>	<u>1,301,286</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase and sales of investments, net.....	-	(445,959)	-	(445,959)
Investment income.....	389,332	564,978	69	954,379
NET CASH FROM INVESTING ACTIVITIES.....	<u>389,332</u>	<u>119,019</u>	<u>69</u>	<u>508,420</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	2,001,903	(192,266)	69	1,809,706
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (restricted).....	19,013,200	850,936	4,493	19,868,629
CASH AND CASH EQUIVALENTS AT END OF YEAR (restricted).....	<u>\$ 21,015,103</u>	<u>\$ 658,670</u>	<u>\$ 4,562</u>	<u>\$ 21,678,335</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating income (loss).....	\$ 2,549,795	\$ (1,750,086)	\$ -	\$ 799,709
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Changes in assets and liabilities:				
Departmental and other.....	740,314	-	-	740,314
Working capital deposit.....	7,033	-	-	7,033
Warrants payable.....	735,503	(41,653)	-	693,850
Accrued payroll.....	-	1,340	-	1,340
Other liabilities.....	(984,935)	-	-	(984,935)
Accrued liabilities.....	(646,650)	881	-	(645,769)
Accrued health claims payable.....	(788,489)	-	-	(788,489)
Workers' compensation.....	-	1,478,233	-	1,478,233
Total adjustments.....	<u>(937,224)</u>	<u>1,438,801</u>	<u>-</u>	<u>501,577</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 1,612,571</u>	<u>\$ (311,285)</u>	<u>\$ -</u>	<u>\$ 1,301,286</u>



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## Private Purpose Trust Funds

### Chaffin Education Fund

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

### Scovell Education Fund

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

### Gorin Education Fund

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

### Cousens Welfare Fund

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

### Newton North High School Scholarship Fund

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

### Kendrick Welfare Fund

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

### Read Charity Fund

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

### Spear Infirmary Fund

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

### Mabel Riley Senior Fund

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

### Elderly Tax Relief Fund

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

### 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, 2019

	Chaffin Education	Scovell Education	Cousens Welfare	Newton North High School Scholarship
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 73,321	\$ 43,671	\$ 45,585	\$ 643,073
Investments:				
Fixed Income.....	1,748,564	567,287	995,714	329,521
Equities.....	4,343,014	920,337	1,427,948	532,815
Interest and dividends.....	1,343	2,850	6,006	1,232
Total assets.....	<u>6,166,242</u>	<u>1,534,145</u>	<u>2,475,253</u>	<u>1,506,641</u>
<b>LIABILITIES</b>				
Due to other funds.....	<u>43,688</u>	<u>23,449</u>	<u>54,089</u>	<u>-</u>
<b>NET POSITION</b>				
Assets held in trust for other purposes.....	<u>\$ 6,122,554</u>	<u>\$ 1,510,696</u>	<u>\$ 2,421,164</u>	<u>\$ 1,506,641</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>
\$	3,267	\$ 45,392	\$ 4,901	\$ 39,977	\$ 12,969	\$ 101,597	\$ 1,013,753
	-	-	-	-	-	-	3,641,086
	-	-	-	-	-	-	7,224,114
	-	-	-	-	-	-	11,431
	<u>3,267</u>	<u>45,392</u>	<u>4,901</u>	<u>39,977</u>	<u>12,969</u>	<u>101,597</u>	<u>11,890,384</u>
	-	-	-	-	-	-	121,226
\$	<u><u>3,267</u></u>	<u><u>45,392</u></u>	<u><u>4,901</u></u>	<u><u>39,977</u></u>	<u><u>12,969</u></u>	<u><u>101,597</u></u>	<u><u>11,769,158</u></u>

**CITY OF NEWTON, MASSACHUSETTS**  
**PRIVATE PURPOSE TRUST FUNDS**  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Chaffin Education</u>	<u>Scovell Education</u>	<u>Cousens Welfare</u>	<u>Newton North High School Scholarship</u>
<b>ADDITIONS</b>				
Contributions:				
Private donations.....	\$ -	\$ -	\$ 10,062	\$ 147,791
Net investment income:				
Interest.....	563,823	68,681	180,659	54,065
TOTAL ADDITIONS.....	<u>563,823</u>	<u>68,681</u>	<u>190,721</u>	<u>201,856</u>
<b>DEDUCTIONS</b>				
Administration expense.....	189	-	19,657	-
Educational scholarships & awards.....	209,500	22,999	81,387	109,154
TOTAL DEDUCTIONS.....	<u>209,689</u>	<u>22,999</u>	<u>101,044</u>	<u>109,154</u>
CHANGE IN NET POSITION.....	354,134	45,682	89,677	92,702
NET POSITION AT BEGINNING OF YEAR.....	5,768,420	1,465,014	2,331,487	1,413,939
NET POSITION AT END OF YEAR.....	<u>\$ 6,122,554</u>	<u>\$ 1,510,696</u>	<u>\$ 2,421,164</u>	<u>\$ 1,506,641</u>

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<u>Kendrick Welfare</u>	<u>Read Charity</u>	<u>Spear Infirmiry</u>	<u>Mabel Riley Senior</u>	<u>Elderly Tax Relief</u>	<u>Marjorie Moerschner Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 8,719	\$ 100,000	\$ 266,572
<u>66</u>	<u>923</u>	<u>100</u>	<u>813</u>	<u>259</u>	<u>1,597</u>	<u>870,986</u>
<u>66</u>	<u>923</u>	<u>100</u>	<u>813</u>	<u>8,978</u>	<u>101,597</u>	<u>1,137,558</u>
-	-	-	-	-	-	19,846
-	-	-	-	1,000	-	424,040
-	-	-	-	1,000	-	443,886
66	923	100	813	7,978	101,597	693,672
<u>3,201</u>	<u>44,469</u>	<u>4,801</u>	<u>39,164</u>	<u>4,991</u>	<u>-</u>	<u>11,075,486</u>
<u>\$ 3,267</u>	<u>\$ 45,392</u>	<u>\$ 4,901</u>	<u>\$ 39,977</u>	<u>\$ 12,969</u>	<u>\$ 101,597</u>	<u>\$ 11,769,158</u>

## Agency Fund

This fund is used to account for monies held on behalf of parties other than the City, such as state and federal agencies; independent not-for-profit organizations for which the City collects private donations; the Metro Fire District; and public school student activities.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 2,903,806	\$ 167,494,230	\$ (164,801,830)	\$ 5,596,206
<b>LIABILITIES</b>				
Payroll withholdings.....	\$ 386,276	\$ 164,873,764	\$ (162,254,164)	\$ 3,005,876
Other liabilities.....	2,517,530	2,620,466	(2,547,666)	2,590,330
Total liabilities.....	\$ 2,903,806	\$ 167,494,230	\$ (164,801,830)	\$ 5,596,206



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## General Fund

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



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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Encumbrances/ Continued Appropriations	FY 2019 Original Budget	FY 2019 Budget Revisions
<b>City Clerk/Clerk of the Board</b>			
Personal Services	\$ -	\$ 1,391,882	\$ -
Expenses	55,423	222,965	-
Capital Outlay	8,222	9,000	-
Fringe Benefits	-	391,900	(11,000)
Total City Clerk/Clerk of the Board	<u>63,645</u>	<u>2,015,747</u>	<u>(11,000)</u>
<b>Executive</b>			
Personal Services	-	779,460	-
Expenses	85,000	114,266	-
Fringe Benefits	-	91,367	11,256
Total Mayor's Office	<u>85,000</u>	<u>985,093</u>	<u>11,256</u>
<b>Comptroller's Office/Property Insurance/Audit</b>			
Personal Services	-	539,144	-
Expenses	109,997	669,707	-
Fringe Benefits	-	85,741	-
Total Comptroller's Office/Property Insurance	<u>109,997</u>	<u>1,294,592</u>	<u>-</u>
<b>Purchasing/General Services</b>			
Personal Services	-	370,820	7,000
Expenses	7,320	58,850	-
Fringe Benefits	-	91,033	-
Total Purchasing/General Services	<u>7,320</u>	<u>520,703</u>	<u>7,000</u>
<b>Assessing Department</b>			
Personal Services	-	1,054,695	12,000
Expenses	-	63,375	-
Fringe Benefits	-	134,621	-
Total Assessing Department	<u>-</u>	<u>1,252,691</u>	<u>12,000</u>
<b>Treasury &amp; Collection Department</b>			
Personal Services	-	726,794	-
Expenses	71,172	459,450	103,876
Fringe Benefits	-	111,417	2,736
Total Treasury & Collection Department	<u>71,172</u>	<u>1,297,661</u>	<u>106,612</u>
<b>City Solicitor/Judgments &amp; Settlements</b>			
Personal Services	13,465	1,486,351	(100,000)
Expenses	314,771	240,875	100,000
Fringe Benefits	-	189,052	-
Total City Solicitor's Office/Settlements	<u>328,236</u>	<u>1,916,278</u>	<u>-</u>

FY 2019 Budget As Amended	Total Revised FY 2019 Budget	Expenditures and Transfers	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ 1,391,882	\$ 1,391,882	\$ 1,378,265	\$ -	\$ 13,617
222,965	278,388	174,797	86,854	16,737
9,000	17,222	10,151	6,643	428
380,900	380,900	370,485	-	10,415
<u>2,004,747</u>	<u>2,068,392</u>	<u>1,933,698</u>	<u>93,497</u>	<u>41,197</u>
779,460	779,460	770,997	-	8,463
114,266	199,266	59,978	139,288	-
102,623	102,623	102,143	-	480
<u>996,349</u>	<u>1,081,349</u>	<u>933,118</u>	<u>139,288</u>	<u>8,943</u>
539,144	539,144	536,147	-	2,997
669,707	779,704	599,190	180,264	250
85,741	85,741	83,727	-	2,014
<u>1,294,592</u>	<u>1,404,589</u>	<u>1,219,064</u>	<u>180,264</u>	<u>5,261</u>
377,820	377,820	376,300	-	1,520
58,850	66,170	47,672	-	18,498
91,033	91,033	89,879	-	1,154
<u>527,703</u>	<u>535,023</u>	<u>513,851</u>	<u>-</u>	<u>21,172</u>
1,066,695	1,066,695	1,056,772	-	9,923
63,375	63,375	54,862	-	8,513
134,621	134,621	133,069	-	1,552
<u>1,264,691</u>	<u>1,264,691</u>	<u>1,244,703</u>	<u>-</u>	<u>19,988</u>
726,794	726,794	656,395	-	70,399
563,326	634,498	506,851	31,986	95,661
114,153	114,153	114,153	-	-
<u>1,404,273</u>	<u>1,475,445</u>	<u>1,277,399</u>	<u>31,986</u>	<u>166,060</u>
1,386,351	1,399,816	1,239,719	-	160,097
340,875	655,646	524,901	130,700	45
189,052	189,052	143,125	-	45,927
<u>1,916,278</u>	<u>2,244,514</u>	<u>1,907,745</u>	<u>130,700</u>	<u>206,069</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, 2019

	Encumbrances/ Continued Appropriations	FY 2019 Original Budget	FY 2019 Budget Revisions
<b>Human Resources Department</b>			
Personal Services	-	672,765	(15,000)
Expenses	-	206,756	-
Fringe Benefits	-	212,067	(1,630)
Total Human Resources Department	<u>-</u>	<u>1,091,588</u>	<u>(16,630)</u>
<b>Information Technology Department</b>			
Personal Services	-	1,092,177	-
Expenses	25,913	379,353	-
Capital Outlay	2,799	125,000	-
Fringe Benefits	-	199,630	599
Total Information Technology Department	<u>28,712</u>	<u>1,796,160</u>	<u>599</u>
<b>Financial Information Systems</b>			
Personal Services	-	255,233	3,500
Expenses	21,889	215,793	-
Fringe Benefits	-	62,423	2,111
Total Financial Information Systems	<u>21,889</u>	<u>533,449</u>	<u>5,611</u>
<b>Planning &amp; Development Department</b>			
Personal Services	-	1,593,434	20,000
Expenses	53,928	115,749	-
Capital Outlay	66,886	25,000	-
Fringe Benefits	-	212,506	-
Total Planning & Development Department	<u>120,814</u>	<u>1,946,689</u>	<u>20,000</u>
<b>Public Building Department</b>			
Personal Services	-	2,553,109	25,000
Expenses	112,243	1,563,745	-
Capital Outlay	66,408	200,000	-
Fringe Benefits	-	506,505	-
Total Public Building Department	<u>178,651</u>	<u>4,823,359</u>	<u>25,000</u>
<hr/>			
<b>GENERAL GOVERNMENT TOTAL</b>	<b><u>1,015,436</u></b>	<b><u>19,474,010</u></b>	<b><u>160,448</u></b>
<hr/>			
<b>Police Department</b>			
Personal Services	-	18,094,168	40,000
Expenses	30,805	943,096	-
Capital Outlay	54,173	408,000	-
Fringe Benefits	-	2,928,042	-
Total Police Department	<u>84,978</u>	<u>22,373,306</u>	<u>40,000</u>

<u>FY 2019 Budget As Amended</u>	<u>Total Revised FY 2019 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
657,765	657,765	589,678	-	68,087
206,756	206,756	201,857	4,190	709
210,437	210,437	172,566	-	37,871
<u>1,074,958</u>	<u>1,074,958</u>	<u>964,101</u>	<u>4,190</u>	<u>106,667</u>
1,092,177	1,092,177	1,083,449	-	8,728
379,353	405,266	366,243	38,958	65
125,000	127,799	116,242	11,043	514
200,229	200,229	200,229	-	-
<u>1,796,759</u>	<u>1,825,471</u>	<u>1,766,163</u>	<u>50,001</u>	<u>9,307</u>
258,733	258,733	257,359	-	1,374
215,793	237,682	205,986	27,378	4,318
64,534	64,534	64,154	-	380
<u>539,060</u>	<u>560,949</u>	<u>527,499</u>	<u>27,378</u>	<u>6,072</u>
1,613,434	1,613,434	1,578,291	-	35,143
115,749	169,677	94,346	69,895	5,436
25,000	91,886	998	90,887	1
212,506	212,506	175,860	-	36,646
<u>1,966,689</u>	<u>2,087,503</u>	<u>1,849,495</u>	<u>160,782</u>	<u>77,226</u>
2,578,109	2,578,109	2,544,919	-	33,190
1,563,745	1,675,988	1,670,242	5,672	74
200,000	266,408	227,211	38,684	513
506,505	506,505	483,633	-	22,872
<u>4,848,359</u>	<u>5,027,010</u>	<u>4,926,005</u>	<u>44,356</u>	<u>56,649</u>
<b><u>19,634,458</u></b>	<b><u>20,649,894</u></b>	<b><u>19,062,841</u></b>	<b><u>862,442</u></b>	<b><u>724,611</u></b>
18,134,168	18,134,168	18,094,143	-	40,025
943,096	973,901	879,378	13,062	81,461
408,000	462,173	452,381	7,450	2,342
2,928,042	2,928,042	2,916,373	-	11,669
<u>22,413,306</u>	<u>22,498,284</u>	<u>22,342,275</u>	<u>20,512</u>	<u>135,497</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, 2019

	Encumbrances/ Continued Appropriations	FY 2019 Original Budget	FY 2019 Budget Revisions
<b>Fire Department</b>			
Personal Services	-	18,921,130	660,000
Expenses	10,901	1,068,826	20,000
Capital Outlay	121,489	150,000	75,000
Fringe Benefits	-	3,181,953	-
Total Fire Department	<u>132,390</u>	<u>23,321,909</u>	<u>755,000</u>
<b>Inspectional Services Department</b>			
Personal Services	-	1,302,956	65,000
Expenses	2,712	62,970	-
Fringe Benefits	-	260,698	-
Total Inspectional Services Department	<u>2,712</u>	<u>1,626,624</u>	<u>65,000</u>
<b>PUBLIC SAFETY TOTAL</b>	<u>220,080</u>	<u>47,321,839</u>	<u>860,000</u>
<b>NEWTON PUBLIC SCHOOLS</b>	<u>2,123,147</u>	<u>226,052,185</u>	<u>(222,481)</u>
<b>Public Works Department</b>			
Personal Services	-	8,244,360	800,000
Expenses	537,150	13,905,834	2,750,000
Capital Outlay	309,795	722,400	75,000
Fringe Benefits	-	1,740,196	-
Total Public Works Department	<u>846,945</u>	<u>24,612,790</u>	<u>3,625,000</u>
<b>PUBLIC WORKS TOTAL</b>	<u>846,945</u>	<u>24,612,790</u>	<u>3,625,000</u>

<u>FY 2019 Budget As Amended</u>	<u>Total Revised FY 2019 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
19,581,130	19,581,130	19,540,662	-	40,468
1,088,826	1,099,727	1,028,159	27,144	44,424
225,000	346,489	141,328	205,159	2
3,181,953	3,181,953	3,157,184	-	24,769
<u>24,076,909</u>	<u>24,209,299</u>	<u>23,867,333</u>	<u>232,303</u>	<u>109,663</u>
1,367,956	1,367,956	1,353,328	-	14,628
62,970	65,682	56,672	8,844	166
260,698	260,698	244,726	-	15,972
<u>1,691,624</u>	<u>1,694,336</u>	<u>1,654,726</u>	<u>8,844</u>	<u>30,766</u>
<b><u>48,181,839</u></b>	<b><u>48,401,919</u></b>	<b><u>47,864,334</u></b>	<b><u>261,659</u></b>	<b><u>275,926</u></b>
<b><u>225,829,704</u></b>	<b><u>227,952,851</u></b>	<b><u>226,907,948</u></b>	<b><u>1,043,377</u></b>	<b><u>1,526</u></b>
9,044,360	9,044,360	8,804,505	-	239,855
16,655,834	17,192,984	16,345,566	847,418	-
797,400	1,107,195	881,348	225,757	90
1,740,196	1,740,196	1,653,887	-	86,309
<u>28,237,790</u>	<u>29,084,735</u>	<u>27,685,306</u>	<u>1,073,175</u>	<u>326,254</u>
<b><u>28,237,790</u></b>	<b><u>29,084,735</u></b>	<b><u>27,685,306</u></b>	<b><u>1,073,175</u></b>	<b><u>326,254</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, 2019

	Encumbrances/ Continued Appropriations	FY 2019 Original Budget	FY 2019 Budget Revisions
<b>Health &amp; Human Services Department</b>			
Personal Services	-	3,046,147	48,750
Expenses	20,333	542,755	(33,750)
Fringe Benefits	-	570,288	-
Total Public Health Department	<u>20,333</u>	<u>4,159,190</u>	<u>15,000</u>
<b>Senior Services Department</b>			
Personal Services	-	275,823	4,000
Expenses	-	331,350	-
Fringe Benefits	-	60,656	-
Total Human Services Department	<u>-</u>	<u>667,829</u>	<u>4,000</u>
<b>Veteran Services Department</b>			
Personal Services	-	74,732	-
Expenses	25,000	283,369	-
Fringe Benefits	-	1,083	-
Total Veteran Services Department	<u>25,000</u>	<u>359,184</u>	<u>-</u>
<hr/>			
<b>HEALTH &amp; HUMAN SERVICES TOTAL</b>	<b><u>45,333</u></b>	<b><u>5,186,203</u></b>	<b><u>19,000</u></b>
<hr/>			
<b>Newton Public Library</b>			
Personal Services	-	3,875,519	80,000
Expenses	2,482	1,162,340	-
Capital Outlay	75,000	12,500	-
Fringe Benefits	-	714,549	-
Total Newton Public Library	<u>77,482</u>	<u>5,764,908</u>	<u>80,000</u>
<b>Parks &amp; Recreation Department</b>			
Personal Services	-	3,343,315	50,000
Expenses	342,096	2,446,203	-
Capital Outlay	75,180	150,000	-
Fringe Benefits	-	665,813	(4,072)
Total Parks & Recreation Department	<u>417,276</u>	<u>6,605,331</u>	<u>45,928</u>
<b>Newton History Museum</b>			
Personal Services	-	228,849	2,500
Expenses	-	30,765	-
Fringe Benefits	-	28,981	-
Total Newton History Museum	<u>-</u>	<u>288,595</u>	<u>2,500</u>
<hr/>			
<b>CULTURE &amp; RECREATION TOTAL</b>	<b><u>494,758</u></b>	<b><u>12,658,834</u></b>	<b><u>128,428</u></b>

<u>FY 2019 Budget As Amended</u>	<u>Total Revised FY 2019 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
3,094,897	3,094,897	3,026,969	-	67,928
509,005	529,338	439,644	9,177	80,517
570,288	570,288	566,064	-	4,224
<u>4,174,190</u>	<u>4,194,523</u>	<u>4,032,677</u>	<u>9,177</u>	<u>152,669</u>
279,823	279,823	270,432	-	9,391
331,350	331,350	327,520	-	3,830
60,656	60,656	59,770	-	886
<u>671,829</u>	<u>671,829</u>	<u>657,722</u>	<u>-</u>	<u>14,107</u>
74,732	74,732	74,727	-	5
283,369	308,369	143,697	-	164,672
1,083	1,083	1,083	-	-
<u>359,184</u>	<u>384,184</u>	<u>219,507</u>	<u>-</u>	<u>164,677</u>
<b><u>5,205,203</u></b>	<b><u>5,250,536</u></b>	<b><u>4,909,906</u></b>	<b><u>9,177</u></b>	<b><u>331,453</u></b>
3,955,519	3,955,519	3,821,920	-	133,599
1,162,340	1,164,822	1,153,872	10,283	667
12,500	87,500	12,075	75,000	425
714,549	714,549	674,704	-	39,845
<u>5,844,908</u>	<u>5,922,390</u>	<u>5,662,571</u>	<u>85,283</u>	<u>174,536</u>
3,393,315	3,393,315	3,351,331	-	41,984
2,446,203	2,788,299	2,639,118	124,069	25,112
150,000	225,180	117,702	107,478	-
661,741	661,741	588,186	-	73,555
<u>6,651,259</u>	<u>7,068,535</u>	<u>6,696,337</u>	<u>231,547</u>	<u>140,651</u>
231,349	231,349	224,202	-	7,147
30,765	30,765	25,436	2,482	2,847
28,981	28,981	27,085	-	1,896
<u>291,095</u>	<u>291,095</u>	<u>276,723</u>	<u>2,482</u>	<u>11,890</u>
<b><u>12,787,262</u></b>	<b><u>13,282,020</u></b>	<b><u>12,635,631</u></b>	<b><u>319,312</u></b>	<b><u>327,077</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, 2019

	Encumbrances/ Continued Appropriations	FY 2019 Original Budget	FY 2019 Budget Revisions
<b>DEBT SERVICE (PRINCIPAL &amp; INTEREST)</b>			
Debt Service	-	24,088,174	2
<b>RETIREMENT</b>			
Personal Services	-	-	-
Expenses	-	-	-
Fringe Benefits	-	39,175,944	766,961
Total Retirement	-	39,175,944	766,961
<b>APPROPRIATED RESERVES</b>			
Wage & Salary Reserve	911,119	2,000,000	(719,000)
Reserve Fund (Budget Reserve)	-	500,000	(500,000)
Reserve Fund (Staffing/Project Reserve)	-	-	-
Reserve Fund (Snow & Ice)	-	2,750,000	(2,750,000)
Total Budgetary Reserves	911,119	5,250,000	(3,969,000)
<b>STATE &amp; COUNTY ASSESSMENTS</b>	-	6,235,332	25,444
<b>SPECIAL APPROPRIATIONS</b>	12,057,695	-	7,896,506
<b>TOTAL EXPENDITURES</b>	17,714,513	410,055,311	9,290,308
<b>TRANSFERS TO OTHER FUNDS:</b>			
Workers Comp Self Insurance Fund - Municipal	-	800,000	-
Workers Comp Self Insurance Fund - School	-	400,000	-
School Athletic Revolving Fund - School	-	1,093,078	155,000
School Building Improvement Fund	-	-	1,300,000
Building Improvement Fund	-	-	400,000
Rainy Day Stabilization Fund	-	150,000	240,000
School Lunch Fund	-	15,000	67,480
Total Transfers to Other Funds	-	2,458,078	2,162,480
<b>TOTAL EXPENDITURES AND TRANSFERS</b>	<b>\$ 17,714,513</b>	<b>\$ 412,513,389</b>	<b>\$ 11,452,788</b>

<u>FY 2019 Budget As Amended</u>	<u>Total Revised FY 2019 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
<u>24,088,176</u>	<u>24,088,176</u>	<u>24,082,227</u>	<u>-</u>	<u>5,949</u>
-	-	-	-	-
-	-	-	-	-
<u>39,942,905</u>	<u>39,942,905</u>	<u>39,410,176</u>	<u>12,542</u>	<u>520,187</u>
<u>39,942,905</u>	<u>39,942,905</u>	<u>39,410,176</u>	<u>12,542</u>	<u>520,187</u>
1,281,000	2,192,119	-	2,192,119	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,281,000</u>	<u>2,192,119</u>	<u>-</u>	<u>2,192,119</u>	<u>-</u>
<u>6,260,776</u>	<u>6,260,776</u>	<u>6,351,888</u>	<u>-</u>	<u>(91,112)</u>
<u>7,896,506</u>	<u>19,954,201</u>	<u>6,954,997</u>	<u>12,999,204</u>	<u>-</u>
<u>419,345,619</u>	<u>437,060,132</u>	<u>415,865,254</u>	<u>18,773,007</u>	<u>2,421,871</u>
800,000	800,000	800,000	-	-
400,000	400,000	400,000	-	-
1,248,078	1,248,078	1,248,078	-	-
1,300,000	1,300,000	1,300,000	-	-
400,000	400,000	400,000	-	-
390,000	390,000	390,000	-	-
82,480	82,480	82,480	-	-
<u>4,620,558</u>	<u>4,620,558</u>	<u>4,620,558</u>	<u>-</u>	<u>-</u>
<u>423,966,177</u> \$	<u>441,680,690</u> \$	<u>420,485,812</u> \$	<u>18,773,007</u> \$	<u>2,421,871</u>

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## Community Preservation Fund

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

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Encumbrances/ Continued Appropriations	Current Year Appropriations	Original Budget
<b>Administration &amp; operations</b>	\$ 11,800	\$ 160,044	\$ 171,844
<b>2019 CPA appropriation reserve</b>	-	2,329,833	2,329,833
<b>Open space:</b>			
Open space reserve	-	355,697	355,697
Kessler Woods land acquisition	-	-	-
300 Hammond Pond Parkway/Webster Woods	-	100,000	100,000
Total - Open space projects	-	455,697	455,697
<b>Historic resources:</b>			
Historic preservation reserve	-	355,697	355,697
Historical burial grounds restoration	2,048	-	2,048
Historical burial grounds restoration Phase Ia	2,349	-	2,349
Nathan Allen House Preservation/Rehabilitation	1,222,813	244,303	1,467,116
East Parish Burial Ground Restoration	79,611	-	79,611
New Arts Center Renovation Plan Grant	7,290	-	7,290
Whipple-Beal Fence Project (Newton Cemetery)	58,200	-	58,200
Auburn St. Historic Rehab	276,153	-	276,153
Total - Historic preservation	1,648,464	600,000	2,248,464
<b>Community housing:</b>			
Community housing reserve	-	355,697	355,697
Newton Homebuyer Assistance Program II	53,246	-	53,246
Newton Homebuyer Assistance Program III	470,497	-	470,497
12 & 18-20 Curve St. Affordable Housing	95,946	-	95,946
Newton Homebuyer Assistance Program - IV	1,057,000	-	1,057,000
Crescent Street Design - Housing	4,412	-	4,412
Auburn St. Housing	677,700	-	677,700
Haywood House Jackson Rd	-	3,000,000	3,000,000
Scanton Ave/Golda Meir Expansion	-	3,250,000	3,250,000
Total - community housing	2,358,801	6,605,697	8,964,498
<b>Community recreation:</b>			
20 Rogers Street Land Acquisition	-	-	-
Farlow Park Preservation/Restoration	96,150	-	96,150
Waban Hill Reservoir Land Acquisition	384,468	-	384,468
Crescent Street Design - playground	183,614	-	183,614
Total - community recreation	664,232	-	664,232
<b>TOTAL CPA FUND</b>	<b>\$ 4,683,297</b>	<b>\$ 10,151,271</b>	<b>\$ 14,834,568</b>

Budget Revisions	Final Budget	Expended	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ -	\$ 171,844	\$ 143,975	\$ 2,155	\$ 25,714
(2,329,833)	-	-	-	-
(130,000)	225,697	-	-	225,697
7,500	7,500	-	7,500	-
-	100,000	85,488	14,512	-
(122,500)	333,197	85,488	22,012	225,697
(355,697)	-	-	-	-
-	2,048	-	2,048	-
-	2,349	-	2,349	-
355,697	1,822,813	1,022,813	800,000	-
-	79,611	-	79,611	-
-	7,290	7,290	-	-
-	58,200	52,200	6,000	-
-	276,153	214,538	61,615	-
-	2,248,464	1,296,841	951,623	-
(355,697)	-	-	-	-
-	53,246	-	53,246	-
(7,797)	462,700	-	462,700	-
-	95,946	95,946	-	-
(797,203)	259,797	-	259,797	-
-	4,412	-	4,412	-
-	677,700	156,794	520,906	-
-	3,000,000	-	3,000,000	-
-	3,250,000	-	3,250,000	-
(1,160,697)	7,803,801	252,740	7,551,061	-
22,500	22,500	-	22,500	-
-	96,150	96,150	-	-
-	384,468	13,000	371,468	-
-	183,614	16,480	167,134	-
22,500	686,732	125,630	561,102	-
<u>\$ (3,590,530)</u>	<u>\$ 11,244,038</u>	<u>\$ 1,904,674</u>	<u>\$ 9,087,953</u>	<u>\$ 251,411</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, 2019

	Continued Appropriations	FY 2019 Appropriations	Transfers
<b>School Building Improvement Fund:</b>			
Carr Elementary Evaluation/Design - 2012	\$ 1,674	\$ -	\$ -
Carr Elementary Renovations - 2013	35,427	-	-
FA Day Water Heater	25,046	-	(25,000)
Aquinas Window Replacement - 2017	36,052	-	-
NNHS Baseball Backstop - 2016	71,628	-	(71,600)
NSHS Modulars	2,000	-	(2,000)
Lincoln Eliot HVAC System	650,000	-	-
150 Jackson St. Feasibility Study	200,000	1,300,000	-
Horace Mann Elevator	70,000	-	-
NSHS/Bowen LED Upgrades	-	-	50,463
Carr School AC Units - 2019	-	313,919	186,081
Bigelow Boiler Rple - 2019	-	1,364,006	-
<b>Total School Building Improvement Fund</b>	<u>1,091,827</u>	<u>2,977,925</u>	<u>137,944</u>
<b>Angier School Improvement Fund</b>			
Angier Elementary School Construction - 2014	<u>1,849,626</u>	<u>(591,542)</u>	<u>(1,250,000)</u>
<b>Zervas School Improvement Fund</b>			
Zervas Elementary Renovation - 2014	<u>2,035,181</u>	<u>-</u>	<u>-</u>
<b>Cabot School Improvement Fund</b>			
Cabot Construction 1/2017	34,005,112	-	-
23 Parkview Ave Land Taking - 2016	10,228	-	-
<b>Total Cabot School Improvement Fund</b>	<u>34,015,340</u>	<u>-</u>	<u>-</u>
<b>Municipal Building Improvement Fund</b>			
Fire Station #3/HQ Design - 2015	99,818	-	-
Fire Station #3/HQ Design - 2016	66,724	-	-
Fire Station #3/HQ Design - 2017	23,290	(14,693)	-
Fire Station #10 Renovations - 2010	268,794	-	(268,500)
City Hall Window Replacement/Repairs - 2011	85,594	-	-
City Hall War Memorial Elevator - 2015	38,849	-	(38,500)
Senior Center HVAC improvements - 2015	43,991	-	-
Energy Conservation Improvements - 2016	54,581	-	-
City Hall Roof Heat Trace Wiring - 2016	58,926	-	-
Manet Road Public Safety Communications Building - 2016	707	-	-
Crafts Street Garage Roof - 2019	-	318,000	307,000
Library Interior Imprv - 2019	-	500,000	-
Senior Ctr Construction - Feas - 2019	-	100,000	-
NEWCAL - Feas, Design, Site - 2019	-	400,000	-
<b>Total Municipal Building Improvement Fund</b>	<u>741,274</u>	<u>1,303,307</u>	<u>-</u>

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
\$ -	\$ 1,674	\$ -
17,450	5,427	12,550
46	-	-
36,052	-	-
28	-	-
-	-	-
369,031	-	280,969
571,953	660,856	267,191
35,450	-	34,550
50,463	-	-
22,840	477,160	-
46,500	1,010,430	307,076
<u>1,149,813</u>	<u>2,155,547</u>	<u>902,336</u>
-	-	8,084
<u>111,502</u>	<u>145,298</u>	<u>1,778,381</u>
25,501,038	6,703,182	1,800,892
-	-	10,228
<u>25,501,038</u>	<u>6,703,182</u>	<u>1,811,120</u>
9,744	-	90,074
12,503	-	54,221
8,597	-	-
294	-	-
-	85,594	-
349	-	-
22,006	-	21,985
42,178	-	12,403
-	7,500	51,426
707	-	-
510,513	79,861	34,626
372,910	106,880	20,210
-	-	100,000
-	-	400,000
<u>979,801</u>	<u>279,835</u>	<u>784,945</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, 2019

	Continued Appropriations	FY 2019 Appropriations	Transfers
<b>CH 90 Highway Improvement Fund:</b>			
Unallocated	79,637	249,704	-
Approved projects	2,559,832	2,509,019	-
<b>Total CH 90 Highway Improvement Fund</b>	<b>2,639,469</b>	<b>2,758,723</b>	<b>-</b>
<b>Massworks Road Improvement Fund:</b>			
2016 Grant Award	1,330,536	-	-
<b>Municipal Equipment Replacement Fund:</b>			
DPW Snow Equipment - 2016	4,190	-	(4,105)
Sewer Cleaner Equipment - 2016	40,410	-	-
DPW Construction Equipment Replacement - 2017	3	-	(3)
Fire Pumper Replacement - 2016	27	-	-
Fire Pumper Replacement - 2017	95,844	-	(95,800)
Fire Bucket Truck Replacement - 2016	420	-	-
Street Sweeper Equipment - 2017	11	-	(11)
Police Dispatch Console Replacement - 2017	45,000	-	-
Fire SCBA Replacement - 2016	20,810	-	-
DPW Gradall Truck - 2018	5	-	-
Fire Ladder Replacement - 2018	1,195,500	-	-
Parks - two trash trucks - 2018	192,000	-	-
Parks Bucket truck - 2018	209,782	-	-
Backhoe truck - 2018	-	149,000	-
Front End Loader - 2018	-	258,140	-
2 6-Wheel Dump Trucks - 2019	-	295,081	124,919
<b>Total Municipal Equipment Replacement Fund</b>	<b>1,804,002</b>	<b>702,221</b>	<b>25,000</b>
<b>Street Improvement Fund</b>			
Harvard/Washington Traffic Signal Improvements - 2017	130,002	(130,002)	-
Ded/Nah/Brk Intersectin Improvement	621,533	-	-
APS Units - Complete Street (Reimbursable)	70,070	(70,070)	-
Dedham/Nahanton/Brk Intersection Improv - 2018	365,299	-	-
West Newton Sq Improv	-	5,600,000	-
<b>Total Street Improvement Fund</b>	<b>1,186,904</b>	<b>5,399,928</b>	<b>-</b>
<b>Park Improvement Fund</b>			
Lower Falls Community Ctr Accessibility - 2013	4,491	-	(4,400)
NSHS Tennis Courts - 2016	108,586	-	(108,081)
McGrath Park - 2018	134,884	-	-
<b>Total Park Improvement Fund</b>	<b>247,961</b>	<b>-</b>	<b>(112,481)</b>
<b>Water System Improvement Fund:</b>			
MWRA - Water System - Accumulated Interest Income	185,962	91,578	-
MWRA - Water System Improvements - Loan of 2016	718,199	-	-
MWRA - Water System Improvements - Loan of 2017	1,360,200	-	-
MWRA - Water System Improvements - Loan of 2018	1,360,200	-	-
MWRA - Water System Improvements - Loan of 2019	-	1,360,200	-
Water Meter Replacement - 2009	42,298	-	-
Water Main Cleaning & Relining - 2014	109,000	-	-
Water Main Improvements - 2015	47,712	-	-
Water Main Improvements - 2017/18	2,560,141	-	-
Water Main Improvements - 2018/19	3,700,000	-	-
Waban Hill Reservoir Improvements - 2001/2003	250,467	-	-
2017 MWRA Lead Replacement	1,481,917	-	-
Water Main Improvements - 2020	-	3,200,000	-
<b>Total Water System Improvement Fund</b>	<b>11,816,096</b>	<b>4,651,778</b>	<b>-</b>

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
-	-	329,341
3,112,349	1,524,553	431,949
<u>3,112,349</u>	<u>1,524,553</u>	<u>761,290</u>
<u>667,873</u>	<u>662,663</u>	<u>-</u>
85	-	-
-	-	40,410
-	-	-
27	-	-
44	-	-
420	-	-
-	-	-
-	-	45,000
13,086	-	7,724
5	-	-
1,048,861	4,306	142,333
189,480	-	2,520
209,782	-	-
123,351	25,649	-
258,140	-	-
-	413,612	6,388
<u>1,843,281</u>	<u>443,567</u>	<u>244,375</u>
-	-	-
169,853	374,437	77,243
-	-	-
313,414	26,030	25,855
-	-	5,600,000
<u>483,267</u>	<u>400,467</u>	<u>5,703,098</u>
91	-	-
505	-	-
134,884	-	-
<u>135,480</u>	<u>-</u>	<u>-</u>
-	-	277,540
476,046	135,591	106,562
1,093,618	266,582	-
-	1,360,200	-
-	1,360,200	-
-	33,798	8,500
67,270	32,906	8,824
25,772	10,161	11,779
284,681	2,237,007	38,453
1,255,075	575,299	1,869,626
-	-	250,467
689,141	392,472	400,304
-	-	3,200,000
<u>3,891,603</u>	<u>6,404,216</u>	<u>6,172,055</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, 2019

	Continued Appropriations	FY 2019 Appropriations	Transfers
<b>Sanitary Sewer Improvement Fund:</b>			
Sewer Emergency Repairs (City of Newton)	10,000	-	-
Cochituate Sewer Repair (Town of Wellesley Contb)	135,478	-	-
Sewer Improvements - 2011	67,817	-	-
Phase I Underground Infrastructure Impv Plan - 2012	235,755	-	-
Project Area II (Local Share) - 2014	57,025	-	-
Project Area III & IV - 2014	-	-	-
Project Area III/IV/V - 2015	2,422,184	-	-
Sewer I&I - 2016	1,131,754	-	-
Sewer I&I - 2018	1,774,840	-	-
Sewer I&I - 2019	-	1,819,211	-
Staniford St Sewer Extension - 2019	-	256,000	-
Rumford Ave Transfer Station - 2019	-	129,000	-
MWRA - Sewer I&I - Accumulated Interest Income	188,407	77,356	-
MWRA - Infiltration/Inflow - 2014 (Project Area II)	407,585	-	-
MWRA - Infiltration/Inflow - 2015 (Project Area II - V)	38,785	-	-
MWRA - Infiltration/Inflow - 2016 (Project Area III & IV)	828,696	-	-
MWRA - Infiltration/Inflow - 2017 Proj	1,708,220	-	-
MWRA - Infiltration/Inflow - 2018 (Proj 6)	-	2,200,000	-
MWRA - Sewer Improvements Grant - 2019	-	4,580,000	-
<b>Total Sanitary Sewer Improvement Fund</b>	<u>9,006,546</u>	<u>9,061,567</u>	<u>-</u>
<b>Storm Drainage Improvement Fund</b>			
Dedham Street Storm Drainage Improvements	12,677	-	-
Laundry Brook Culvert Construction	348,256	-	-
Forest Grove Pump Station	338,000	-	-
Franklin Storm Water Project	150,000	-	-
Hammond Brook Culvert Repl - 2018	-	-	300,000
Crafts Street Wash Bay - 2019	-	500,000	-
Elgin Pelican Street Sweeper - 2018	-	232,000	-
S. Meadow Brook Drain Basin - 2019	-	250,000	-
<b>Total Storm Drainage Improvement Fund</b>	<u>848,933</u>	<u>982,000</u>	<u>300,000</u>
<b>Capital Stabilization Fund:</b>			
Designated for Fire Station Renovations	16,396	-	-
Designated for Energy Conservation Projects	68,932	62,140	(50,463)
Designated for 2013 Override Capital Projects	654,185	-	(300,000)
Designated for Ordinary Capital Appropriations	195,477	-	-
<b>Total Capital Stabilization Fund</b>	<u>934,990</u>	<u>62,140</u>	<u>(350,463)</u>
<b>Total Capital Projects Funds</b>	<u>\$ 69,548,685</u>	<u>\$ 27,308,047</u>	<u>\$ (1,250,000)</u>

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
10,000	-	-
41,760	93,718	-
63,076	-	4,741
55,947	146,450	33,358
57,025	-	-
-	-	-
1,735,280	686,904	-
411,952	613,739	106,063
-	-	1,774,840
492,951	430,573	895,687
-	194,986	61,014
-	-	129,000
-	-	265,763
406,959	626	-
-	38,785	-
122,687	227,856	478,153
-	1,708,220	-
534,749	102,621	1,562,630
-	-	4,580,000
<u>3,932,386</u>	<u>4,244,478</u>	<u>9,891,249</u>
-	-	12,677
163,158	156,957	28,141
14,973	160,827	162,200
102,818	-	47,182
116,851	158,373	24,776
985	-	499,015
232,000	-	-
-	250,000	-
<u>630,785</u>	<u>726,157</u>	<u>773,991</u>
-	-	16,396
-	-	80,609
-	-	354,185
-	-	195,477
<u>-</u>	<u>-</u>	<u>646,667</u>
<u>\$ 42,439,178</u>	<u>\$ 23,689,963</u>	<u>\$ 29,477,591</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, 2019

	Continued <u>Appropriations</u>	FY 2019 <u>Original Budget</u>	FY 2019 <u>Budget Revisions</u>
Sewer Maintenance & Operation			
Personal Services	\$ -	\$ 2,001,863	\$ (60,000)
Expenses	289,614	1,213,242	-
Capital Outlay	807,289	770,500	-
Fringe Benefits	-	427,194	(128,067)
Total	<u>1,096,903</u>	<u>4,412,799</u>	<u>(188,067)</u>
MWRA Sewer Assessment			
Intergovernmental	-	22,520,321	-
Legal settlements	-	50,000	50,000
Debt Maturities & Interest	-	1,982,833	-
Retirement	-	375,672	188,067
Operating Reserve	-	750,000	(50,000)
Transfer - Workers Compensation Fund	-	250,000	-
Transfer - Sewer Capital Project Fund	-	1,819,211	2,585,000
Transfer - General Fund	-	1,814,043	-
<b>Total Sewer Enterprise Fund</b>	<u>\$ 1,096,903</u>	<u>\$ 33,974,879</u>	<u>\$ 2,585,000</u>

	FY 2019 Budget As Amended	Total Revised FY 2019 Budget	Expended	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$	1,941,863	\$ 1,941,863	\$ 1,272,012	\$ -	\$ 669,851
	1,213,242	1,502,856	1,117,084	380,528	5,244
	770,500	1,577,789	808,387	769,402	-
	299,127	299,127	268,641	-	30,486
	<u>4,224,732</u>	<u>5,321,635</u>	<u>3,466,124</u>	<u>1,149,930</u>	<u>705,581</u>
	<u>22,520,321</u>	<u>22,520,321</u>	<u>22,348,192</u>	<u>-</u>	<u>172,129</u>
	<u>100,000</u>	<u>100,000</u>	<u>51,169</u>	<u>48,831</u>	<u>-</u>
	<u>1,982,833</u>	<u>1,982,833</u>	<u>1,645,886</u>	<u>-</u>	<u>336,947</u>
	<u>563,739</u>	<u>563,739</u>	<u>544,771</u>	<u>-</u>	<u>18,968</u>
	<u>700,000</u>	<u>700,000</u>	<u>-</u>	<u>-</u>	<u>700,000</u>
	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
	<u>4,404,211</u>	<u>4,404,211</u>	<u>4,404,211</u>	<u>-</u>	<u>-</u>
	<u>1,814,043</u>	<u>1,814,043</u>	<u>1,814,042</u>	<u>-</u>	<u>1</u>
\$	<u>36,559,879</u>	\$ <u>37,656,782</u>	\$ <u>34,524,395</u>	\$ <u>1,198,761</u>	\$ <u>1,933,626</u>



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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Continued <u>Appropriations</u>	FY 2019 <u>Original Budget</u>	FY 2019 <u>Budget Revisions</u>
Water Maintenance & Operation			
Personal Services	\$ -	\$ 2,439,099	\$ (150,000)
Expenses	931,714	1,920,572	-
Capital Outlay	1,526,074	511,000	-
Fringe Benefits	-	663,040	(152,283)
Total	<u>2,457,788</u>	<u>5,533,711</u>	<u>(302,283)</u>
			-
Debt Maturities & Interest	<u>-</u>	<u>3,308,275</u>	<u>-</u>
Retirement	<u>-</u>	<u>462,230</u>	<u>302,283</u>
MWRA/DEP Assessments & Charges	<u>-</u>	<u>12,202,888</u>	<u>-</u>
Operating Reserve	<u>-</u>	<u>750,000</u>	<u>-</u>
Transfer - Sewer Fund	<u>-</u>	<u>708,362</u>	<u>-</u>
Transfer - General Fund	<u>-</u>	<u>1,500,876</u>	<u>-</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>250,000</u>	<u>-</u>
<b>Total Water Enterprise Fund</b>	<u>\$ 2,457,788</u>	<u>\$ 24,716,342</u>	<u>\$ -</u>

<u>FY 2019 Budget As Amended</u>	<u>Total Revised FY 2019 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 2,289,099	\$ 2,289,099	\$ 2,162,101	\$ -	\$ 126,998
1,920,572	2,852,286	1,346,002	1,506,284	-
511,000	2,037,074	831,252	1,205,822	-
510,757	510,757	488,980	-	21,777
<u>5,231,428</u>	<u>7,689,216</u>	<u>4,828,335</u>	<u>2,712,106</u>	<u>148,775</u>
<u>3,308,275</u>	<u>3,308,275</u>	<u>3,444,295</u>	<u>-</u>	<u>(136,020)</u>
<u>764,513</u>	<u>764,513</u>	<u>751,171</u>	<u>-</u>	<u>13,342</u>
<u>12,202,888</u>	<u>12,202,888</u>	<u>12,110,805</u>	<u>-</u>	<u>92,083</u>
<u>750,000</u>	<u>750,000</u>	<u>-</u>	<u>-</u>	<u>750,000</u>
<u>708,362</u>	<u>708,362</u>	<u>708,362</u>	<u>-</u>	<u>-</u>
<u>1,500,876</u>	<u>1,500,876</u>	<u>1,500,875</u>	<u>-</u>	<u>1</u>
<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
<u>\$ 24,716,342</u>	<u>\$ 27,174,130</u>	<u>\$ 23,593,843</u>	<u>\$ 2,712,106</u>	<u>\$ 868,181</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Continued</u> <u>Appropriations</u>	<u>FY 2019</u> <u>Original Budget</u>	<u>FY 2019</u> <u>Budget Revisions</u>
Stormwater Maintenance & Operation			
Personal Services	\$ -	\$ 865,379	\$ (25,000)
Expenses	265,549	570,407	89,600
Capital Outlay	260,000	100,000	-
Fringe Benefits	-	70,764	25,000
Total	<u>525,549</u>	<u>1,606,550</u>	<u>89,600</u>
Retirement	<u>-</u>	<u>92,849</u>	<u>10</u>
Debt Maturities and Interest	<u>-</u>	<u>316,285</u>	<u>-</u>
Budget Reserve	<u>-</u>	<u>150,000</u>	<u>(89,600)</u>
Transfer - General Fund	<u>-</u>	<u>514,316</u>	<u>249,990</u>
<b>Total Stormwater Enterprise Fund</b>	<u>\$ 525,549</u>	<u>\$ 2,680,000</u>	<u>\$ 250,000</u>

<u>FY 2019 Budget As Amended</u>	<u>Total Revised FY 2019 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 840,379	\$ 840,379	\$ 696,813	\$ -	\$ 143,566
660,007	925,556	393,936	531,620	-
100,000	360,000	81,155	278,845	-
95,764	95,764	84,722	-	11,042
<u>1,696,150</u>	<u>2,221,699</u>	<u>1,256,626</u>	<u>810,465</u>	<u>154,608</u>
<u>92,859</u>	<u>92,859</u>	<u>92,859</u>	<u>-</u>	<u>-</u>
<u>316,285</u>	<u>316,285</u>	<u>316,284</u>	<u>-</u>	<u>1</u>
<u>60,400</u>	<u>60,400</u>	<u>-</u>	<u>-</u>	<u>60,400</u>
<u>764,306</u>	<u>764,306</u>	<u>764,265</u>	<u>-</u>	<u>41</u>
<u>\$ 2,930,000</u>	<u>\$ 3,455,549</u>	<u>\$ 2,430,034</u>	<u>\$ 810,465</u>	<u>\$ 215,050</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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Governmental Activities</b>					
Net investment in capital assets.....	\$ 194,301,691	\$ 211,763,420	\$ 227,091,798	\$ 238,374,247	\$ 248,739,230
Restricted.....	52,363,403	34,096,760	27,700,568	27,981,384	29,816,361
Unrestricted.....	<u>(27,083,933)</u>	<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>\$ 219,581,161</u>	<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.....	\$ 52,125,768	\$ 54,124,183	\$ 55,890,406	\$ 56,271,350	\$ 66,943,719
Unrestricted.....	<u>9,980,661</u>	<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>\$ 62,106,429</u>	<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.....	\$ 232,929,470	\$ 258,565,946	\$ 269,287,104	\$ 294,645,597	\$ 315,682,949
Restricted.....	65,861,392	41,418,417	41,395,668	27,981,384	29,816,361
Unrestricted.....	<u>(17,103,272)</u>	<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>\$ 281,687,590</u>	<u>\$ 249,730,472</u>	<u>\$ 238,264,838</u>	<u>\$ 226,370,236</u>	<u>\$ 229,894,958</u>

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	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	258,490,143	\$ 260,763,492	\$ 271,665,564	\$ 278,142,332	\$ 289,288,369
	32,723,876	34,250,976	33,507,464	39,481,750	43,753,181
	<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>(145,705,121)</u>	<u>(160,517,314)</u>	<u>(548,254,271)</u>	<u>(562,545,212)</u>	<u>(552,840,038)</u>
\$	83,521,987	\$ 89,426,102	\$ 94,552,211	\$ 101,217,609	\$ 111,179,650
	12,101,552	20,314,782	17,913,166	18,708,882	20,677,223
	<u>95,623,539</u>	<u>109,740,884</u>	<u>112,465,377</u>	<u>119,926,491</u>	<u>131,856,873</u>
\$	342,012,130	\$ 350,189,594	\$ 366,217,775	\$ 379,359,941	\$ 400,468,019
	32,723,876	34,250,976	33,507,464	39,481,750	43,753,181
	<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>(50,081,582)</u>	<u>(50,776,430)</u>	<u>(435,788,894)</u>	<u>(442,618,721)</u>	<u>(420,983,165)</u>



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

LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014
<b>Expenses</b>					
General government.....	\$ 24,623,302	\$ 26,974,952	\$ 21,992,988	\$ 22,997,802	\$ 22,716,559
Public safety.....	52,168,801	55,800,259	56,061,495	56,962,698	61,290,201
Education.....	245,946,308	252,413,006	252,922,994	264,655,220	272,447,586
Public works.....	26,138,843	28,410,758	24,221,365	28,194,390	29,223,056
Health and human services.....	10,672,057	10,757,372	10,684,932	11,323,484	11,328,446
Culture and recreation.....	16,245,112	15,092,035	16,216,945	16,177,118	15,164,811
Debt service - interest.....	7,234,167	7,670,746	7,559,469	7,989,634	7,714,546
Total expenses.....	<u>383,028,590</u>	<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.....	20,969,889	21,915,225	25,732,684	28,970,340	28,321,486
Operating grants and contributions.....	65,706,164	66,976,636	65,780,261	69,319,711	74,285,730
Capital grants and contributions.....	1,960,084	1,764,258	2,519,356	5,975,327	5,053,677
Total program revenues.....	<u>88,636,137</u>	<u>90,656,119</u>	<u>94,032,301</u>	<u>104,265,378</u>	<u>107,660,893</u>
Net (expense)/revenue.....	<u>(294,392,453)</u>	<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.....	232,774,689	239,761,554	249,340,011	258,590,398	278,426,655
Motor vehicle and other excise taxes.....	9,860,220	10,541,624	10,514,832	11,404,708	11,953,727
Hotel/motel taxes.....	1,168,095	1,588,882	1,814,792	2,051,414	2,218,759
Meal taxes.....	382,934	1,308,191	1,403,261	1,407,803	1,557,737
Penalties and interest on taxes.....	1,026,507	1,038,225	1,146,496	1,011,590	1,160,092
Payments in lieu of taxes.....	3,270,902	515,471	529,294	524,906	557,065
Community preservation surcharges.....	2,288,314	2,352,389	2,431,863	2,501,875	2,697,187
Grants and contributions not restricted to specific programs.....	5,891,287	5,596,391	5,263,525	6,276,114	5,716,482
Unrestricted investment income.....	934,313	454,365	278,106	202,473	230,699
Gain (Loss) on sale of capital assets.....	24,347	32,280	-	-	-
Other.....	1,752,802	3,002,856	2,169,238	1,492,956	1,622,541
Transfers, net.....	1,376,187	1,240,538	1,429,518	1,640,260	1,983,994
Total general revenues and other changes in net position.....	<u>260,750,597</u>	<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>\$ (33,641,856)</u>	<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
\$	26,440,640	\$ 28,489,575	\$ 30,363,602	\$ 30,081,504	\$ 31,005,249
	68,685,178	74,526,967	77,684,860	78,526,981	80,638,692
	273,738,170	287,559,898	309,135,770	315,908,244	318,140,994
	33,419,187	29,698,488	32,690,317	37,206,974	34,337,618
	11,625,318	12,319,296	12,650,838	12,812,793	12,881,214
	17,759,803	20,385,376	20,368,611	21,312,457	20,216,213
	9,906,400	10,945,881	10,725,817	14,416,456	12,394,788
	<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>
	28,572,429	32,651,120	32,016,871	34,118,209	35,745,286
	64,031,611	67,774,244	83,577,037	87,258,085	86,589,421
	3,703,180	4,232,242	2,616,320	4,264,589	11,176,779
	<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>(345,267,476)</u>	<u>(359,267,875)</u>	<u>(375,409,587)</u>	<u>(384,624,526)</u>	<u>(376,103,282)</u>
	289,075,613	309,686,267	321,041,250	331,364,668	346,757,156
	12,670,852	13,061,883	13,392,891	13,649,251	13,857,190
	2,330,724	2,444,007	2,263,279	2,440,667	2,411,164
	1,786,617	1,880,428	1,938,182	1,902,662	2,026,232
	1,509,583	1,282,596	1,409,030	2,198,862	1,456,045
	476,899	461,586	443,150	1,229,355	620,405
	2,818,748	2,945,936	3,085,259	3,254,161	3,385,398
	5,968,282	6,309,128	6,160,868	6,321,899	6,710,460
	265,809	483,866	909,764	1,986,190	3,856,837
	-	-	119,489	92,435	-
	2,304,964	3,305,255	1,966,066	2,157,648	898,387
	2,088,882	2,594,730	3,099,125	3,735,787	3,829,182
	<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>(23,970,503)</u>	<u>(14,812,193)</u>	<u>(19,581,234)</u>	<u>(14,290,941)</u>	<u>9,705,174</u>

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

LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014
<b>Expenses</b>					
Sewer.....	\$ 23,347,392	\$ 23,468,371	\$ 24,953,457	\$ 25,359,689	\$ 25,557,836
Water.....	13,780,687	14,260,631	15,185,784	15,896,034	16,702,263
Stormwater.....	-	-	-	-	-
Total expenses.....	<u>37,128,079</u>	<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.....	38,405,378	45,171,479	48,273,768	47,175,932	51,347,815
Operating grants and contributions.....	732,948	847,004	646,975	1,059,085	514,894
Capital grants and contributions.....	<u>245,331</u>	<u>24,182</u>	<u>489,333</u>	<u>9,808</u>	<u>5,480</u>
Total program revenues.....	<u>39,383,657</u>	<u>46,042,665</u>	<u>49,410,076</u>	<u>48,244,825</u>	<u>51,868,189</u>
Net (expense)/revenue.....	<u>2,255,578</u>	<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.....	2,776	-	-	-	-
Transfers, net.....	<u>(1,376,187)</u>	<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>\$ 882,167</u>	<u>\$ 7,073,125</u>	<u>\$ 7,841,317</u>	<u>\$ 5,348,842</u>	<u>\$ 7,624,096</u>

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	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	26,254,561	\$ 24,958,975	\$ 26,159,136	\$ 26,252,621	\$ 28,066,143
	17,503,699	19,439,528	20,212,470	20,424,302	19,845,729
	<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>44,876,736</u>	<u>45,694,491</u>	<u>47,297,301</u>	<u>49,461,997</u>	<u>49,542,624</u>
	54,741,671	59,064,372	61,488,035	59,362,817	60,059,988
	506,547	545,793	464,271	348,089	1,182,080
	<u>3,797,829</u>	<u>2,796,401</u>	<u>91,567</u>	<u>947,992</u>	<u>4,118,366</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>14,169,311</u>	<u>16,712,075</u>	<u>14,746,572</u>	<u>11,196,901</u>	<u>15,817,810</u>
	-	-	(55,259)	-	(58,246)
	<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><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>

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

LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total expenses.....	\$ 420,156,669	\$ 434,848,130	\$ 429,799,429	\$ 449,556,069	\$ 462,145,304
Total program revenues.....	<u>128,019,794</u>	<u>136,698,784</u>	<u>143,442,377</u>	<u>152,510,203</u>	<u>159,529,082</u>
Net (expense)/revenue.....	(292,136,875)	(298,149,346)	(286,357,052)	(297,045,866)	(302,616,222)
Total general revenues, transfers and other changes in net position.....	<u>259,377,186</u>	<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>(32,759,689)</u></u></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>
\$	486,451,432	\$ 509,619,972	\$ 540,917,116	\$ 559,727,406	\$ 559,157,392
	<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>
	(331,098,165)	(342,555,800)	(360,663,015)	(373,427,625)	(360,285,472)
	<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><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>

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

LAST TEN FISCAL YEARS

	2010	2011 (1)	2012	2013	2014
<b>General Fund</b>					
Reserved.....	\$ 5,746,263	\$ -	\$ -	\$ -	\$ -
Unreserved.....	13,566,282	-	-	-	-
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.....	-	14,123,323	14,886,340	21,091,447	26,259,064
Total general fund.....	<u>\$ 19,312,545</u>	<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>					
Reserved.....	\$ 25,926,689	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds.....	10,704,933	-	-	-	-
Capital projects funds.....	28,167,213	-	-	-	-
Permanent funds.....	740,024	-	-	-	-
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.....	-	(354,498)	-	-	-
Total all other governmental funds.....	<u>\$ 65,538,859</u>	<u>\$ 29,967,129</u>	<u>\$ 30,809,243</u>	<u>\$ 29,035,203</u>	<u>\$ 32,423,434</u>

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

	2015	2016	2017	2018	2019
\$	-	-	-	-	-
	-	-	-	-	-
	3,006,074	2,814,268	3,557,530	2,534,792	2,429,856
	5,308,421	8,851,803	14,868,949	14,389,268	15,274,720
	2,451,384	2,176,104	2,376,483	5,667,495	5,854,412
	<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>38,523,664</u>	<u>57,458,697</u>	<u>67,050,624</u>	<u>66,621,935</u>	<u>71,020,024</u>
\$	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	397,170	397,049	396,932	397,064	399,125
	38,421,915	50,313,321	39,994,517	54,303,913	44,186,541
	1,281,577	1,554,522	1,679,111	3,440,236	4,211,733
	-	-	-	(482,998)	-
\$	<u>40,100,662</u>	<u>52,264,892</u>	<u>42,070,560</u>	<u>57,658,215</u>	<u>48,797,399</u>



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

LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014
<b>REVENUES</b>					
Real estate and personal property taxes.....	\$ 233,726,177	\$ 240,732,647	\$ 248,503,570	\$ 257,225,856	\$ 277,636,527
Motor vehicle and other excise taxes.....	10,222,534	10,463,796	10,567,479	11,351,368	12,057,191
Hotel/motel tax.....	1,168,095	1,588,882	1,814,792	2,051,414	2,218,759
Meals tax.....	382,934	1,308,191	1,403,261	1,407,803	1,557,737
Payments in lieu of taxes.....	3,095,059	439,721	479,617	521,643	475,741
Community preservation surcharges.....	2,296,523	2,365,422	2,427,905	2,508,969	2,689,198
Charges for services.....	14,821,694	14,674,078	17,340,467	17,702,424	19,090,133
Intergovernmental.....	75,443,469	73,856,678	73,036,706	81,971,057	83,629,746
Special assessments.....	158,481	254,638	350,639	224,503	189,547
Penalties and interest on taxes.....	1,026,507	1,038,224	1,146,496	1,011,591	1,160,091
Licenses and permits.....	4,564,508	5,523,613	6,081,388	9,291,263	7,538,284
Fines and forfeitures.....	2,101,518	1,907,471	2,017,085	2,029,860	1,889,935
Contributions.....	1,185,340	1,382,243	1,299,748	833,888	1,112,823
Investment income.....	1,016,818	554,473	271,250	257,726	328,015
Miscellaneous/other.....	667,540	1,676,863	1,222,231	593,712	737,709
	<u>351,877,197</u>	<u>357,766,940</u>	<u>367,962,634</u>	<u>388,983,077</u>	<u>412,311,436</u>
<b>EXPENDITURES</b>					
Current:					
General government.....	22,007,737	27,495,142	21,216,365	18,961,966	22,784,656
Public safety.....	37,999,263	37,725,281	39,687,309	40,232,455	42,177,396
Education.....	254,430,394	214,802,244	196,486,485	210,372,992	230,391,740
Public works.....	26,357,440	24,730,797	21,918,256	28,939,827	31,082,397
Health and human services.....	4,305,785	4,177,515	4,123,498	4,358,995	4,656,637
Culture and recreation.....	12,637,414	11,232,808	13,839,046	13,634,682	12,443,344
Retirement benefits.....	49,940,948	53,157,157	56,055,483	57,813,067	60,134,090
Insurance.....	1,676,169	1,445,803	1,559,274	1,722,006	1,778,619
Claims and judgments.....	100,453	160,733	58,504	128,950	171,221
State and county charges.....	5,619,317	5,472,487	5,503,956	5,722,550	5,783,939
Debt service:					
Principal.....	8,548,500	9,460,500	9,408,367	9,596,167	10,367,425
Interest.....	7,079,256	7,509,703	7,574,440	7,568,326	7,411,724
	<u>430,702,676</u>	<u>397,370,170</u>	<u>377,430,983</u>	<u>399,051,983</u>	<u>429,183,188</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>					
OVER EXPENDITURES.....	(78,825,479)	(39,603,230)	(9,468,349)	(10,068,906)	(16,871,752)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in.....	8,860,150	6,386,643	8,413,437	7,732,178	10,802,542
Proceeds of bonds and notes.....	25,548,000	13,770,000	5,734,000	10,812,558	20,936,000
Premium from issuance of bonds and notes.....	815,357	168,147	131,379	590,740	749,963
Proceeds of refunding bonds.....	-	-	-	-	-
Premium from issuance of refunding bonds.....	-	-	-	-	-
Sale of capital assets.....	42,491	36,262	67,610	55,325	27,419
Transfers out.....	(7,206,381)	(4,868,523)	(6,585,196)	(6,091,919)	(8,295,548)
Payments to refunding bond escrow agent.....	-	-	-	-	-
	<u>28,059,617</u>	<u>15,492,529</u>	<u>7,761,230</u>	<u>13,098,882</u>	<u>24,220,376</u>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>\$ (50,765,862)</b>	<b>\$ (24,110,701)</b>	<b>\$ (1,707,119)</b>	<b>\$ 3,029,976</b>	<b>\$ 7,348,624</b>
<b>DEBT SERVICE EXPENDITURES AS A PERCENTAGE</b>					
OF NONCAPITAL EXPENDITURES.....	3.6%	4.3%	4.5%	4.3%	4.1%

	2015	2016	2017	2018	2019
\$	288,700,477	\$ 308,965,868	\$ 319,976,273	\$ 331,697,183	\$ 345,311,921
	12,486,356	13,122,277	13,486,831	13,482,711	13,734,610
	2,330,724	2,444,007	2,263,279	2,440,667	2,411,164
	1,786,617	1,880,428	1,938,182	1,902,662	2,026,232
	465,822	476,083	415,835	1,304,593	618,720
	2,814,155	2,946,847	3,074,706	3,255,316	3,372,765
	19,628,195	20,126,506	20,403,479	21,772,655	22,531,156
	53,128,480	60,527,637	91,204,897	95,618,448	102,923,784
	190,603	169,588	193,238	255,536	196,479
	1,508,259	1,282,596	1,409,030	2,198,862	1,456,045
	7,621,990	10,483,024	10,084,619	11,226,292	13,165,275
	1,808,854	2,046,389	1,762,093	1,703,654	1,573,549
	1,016,439	1,446,969	1,336,660	1,395,073	947,105
	270,552	490,874	1,036,413	2,102,896	3,970,778
	1,606,532	1,127,899	837,319	904,088	613,662
	<u>395,364,055</u>	<u>427,536,992</u>	<u>469,422,854</u>	<u>491,260,636</u>	<u>514,853,245</u>
	27,381,322	30,839,020	38,944,088	30,635,662	26,456,370
	43,368,473	46,354,662	51,881,011	52,080,273	55,766,763
	236,571,691	273,044,983	300,304,073	295,108,157	318,471,378
	33,411,422	29,034,856	33,766,661	38,029,703	36,456,127
	4,545,590	4,924,260	5,172,086	5,335,432	5,525,265
	13,867,205	16,256,351	18,098,831	18,719,503	17,824,959
	29,199,509	31,235,486	33,521,494	35,651,800	39,410,176
	2,000,027	1,618,006	1,931,586	1,706,172	1,717,261
	232,282	244,752	157,075	116,369	368,203
	5,875,034	6,113,282	6,143,354	6,050,954	6,351,888
	9,824,367	10,747,967	12,247,667	12,840,967	13,162,267
	8,009,057	8,177,639	8,325,141	9,814,380	10,919,960
	<u>414,285,979</u>	<u>458,591,264</u>	<u>510,493,067</u>	<u>506,089,372</u>	<u>532,430,617</u>
	(18,921,924)	(31,054,272)	(41,070,213)	(14,828,736)	(17,577,372)
	9,399,205	10,001,522	9,103,803	7,259,431	9,126,677
	25,505,000	55,340,000	35,528,500	24,542,000	8,480,000
	1,197,352	3,955,263	1,479,298	1,880,482	805,463
	19,635,000	19,610,000	65,775,000	11,859,000	-
	1,759,523	2,430,245	5,535,226	1,673,284	-
	13,300	129,179	115,194	92,435	-
	(7,264,297)	(7,272,429)	(6,004,678)	(3,523,644)	(5,297,495)
	<u>(21,798,044)</u>	<u>(22,040,245)</u>	<u>(71,064,535)</u>	<u>(13,795,286)</u>	<u>-</u>
	<u>28,447,039</u>	<u>62,153,535</u>	<u>40,467,808</u>	<u>29,987,702</u>	<u>13,114,645</u>
\$	<u>9,525,115</u>	<u>\$ 31,099,263</u>	<u>\$ (602,405)</u>	<u>\$ 15,158,966</u>	<u>\$ (4,462,727)</u>
	4.3%	4.1%	4.0%	4.5%	5.0%

**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				
2010	\$ 18,384,685,100	\$ 1,819,972,600	\$ 283,174,000	\$ 20,487,831,700	\$ 11.25	\$ 22,506,213,100	91.03%
2011	18,113,668,363	1,830,045,937	289,095,700	20,232,810,000	11.80	22,506,213,100	89.90%
2012	18,276,909,150	1,851,072,350	336,017,900	20,463,999,400	12.10	21,744,090,700	94.11%
2013	18,445,998,977	1,847,689,523	351,617,700	20,645,306,200	12.43	21,744,090,700	94.95%
2014	18,687,096,235	1,906,786,065	368,307,500	20,962,189,800	13.13	22,305,253,800	93.98%
2015	19,995,837,989	2,270,794,311	398,472,900	22,665,105,200	12.65	22,305,253,800	101.61%
2016	21,618,642,652	2,285,453,048	417,722,300	24,321,818,000	12.31	26,223,773,800	92.75%
2017	23,453,469,746	2,287,653,254	401,743,300	26,142,866,300	11.98	26,223,773,800	99.69%
2018	25,270,096,630	2,400,479,370	434,148,500	28,104,724,500	11.64	30,006,442,400	93.66%
2019	27,369,325,232	2,596,372,968	459,149,400	30,424,847,600	11.24	30,006,442,400	101.39%

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

(1) Does not include valuation affected by residential exemption

(2) As of January 1st

(3) Estimated actual value is based on equalized valuations determined biennially by the Commissioner of Revenue

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

### LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Residential Real Property</u>	<u>Commercial and Industrial Real Property</u>	<u>Personal Property</u>	<u>Total Direct (3)</u>
2010	\$ 10.41	\$ 19.93	\$ 19.93	11.25
2011	10.90	20.89	20.89	11.80
2012	11.17	21.32	21.32	12.10
2013	11.49	21.93	21.93	12.43
2014	12.12	23.18	23.18	13.13
2015	11.61	22.38	22.38	12.65
2016	11.38	21.94	21.94	12.31
2017	11.12	21.27	21.27	11.98
2018	10.82	20.62	20.62	11.64
2019	10.45	19.94	19.94	11.24

**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	2019			2009		
	Assessed Valuation	Rank	Percentage of Total Tax Levy	Assessed Valuation	Rank	Percentage of Total Tax Levy
NStar Electric	\$ 3,240,200	1	0.93%	\$ 1,138,277	3	0.51%
Hines Global REIT	3,005,451	2	0.87%	N/A	N/A	N/A
Chestnut Hill Shopping Center, LLC	2,741,578	3	0.79%	N/A	N/A	N/A
Mall at Chestnut Hill, LLC	2,489,288	4	0.72%	N/A	N/A	N/A
CHS Commercial Owner LLC	2,195,252	5	0.63%	N/A	N/A	N/A
Boston Gas/National Grid	1,960,932	6	0.57%	N/A	N/A	N/A
Chesapeake Hotel Lmt Partnership	1,802,199	7	0.52%	755,462	6	0.34%
Avalon Upper Falls LLC	916,805	8	0.26%	N/A	N/A	N/A
Ag-Jcm Wells Ave. Prop. Owner LLC	897,091	9	0.26%	693,991	7	0.31%
Lasell College	806,517	10	0.23%	N/A	N/A	N/A
Riverside Project, LLC	N/A	N/A	N/A	2,027,399	1	0.91%
Mayflower Atrium, LLC	N/A	N/A	N/A	1,323,703	2	0.60%
Verizon, New England Inc.	N/A	N/A	N/A	1,097,023	4	0.49%
Julian Cohen & Daniel Rothenberg Trust	N/A	N/A	N/A	904,972	5	0.41%
Thomas White Trust	N/A	N/A	N/A	674,262	8	0.30%
Daniel Rothenberg	N/A	N/A	N/A	571,167	9	0.26%
Daniel Rothenberg	N/A	N/A	N/A	542,513	10	0.24%
<b>Total</b>	<b>\$ 20,055,313</b>		<b>5.78%</b>	<b>\$ 9,728,769</b>		<b>4.37%</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)
2010	\$ 230,471,466	\$ 228,861,998	99.30%	\$ 1,433,207	\$ 230,295,205	99.92%
2011	238,752,520	237,347,484	99.41%	2,027,636	239,375,120	100.26%
2012	247,532,017	246,717,069	99.67%	1,659,071	248,376,140	100.34%
2013	256,559,763	255,584,775	99.62%	1,957,435	257,542,210	100.38%
2014	275,166,240	274,820,049	99.87%	2,208,250	277,028,299	100.68%
2015	286,813,970	286,945,789	100.05%	2,551,203	289,496,992	100.94%
2016	299,404,279	300,308,851	100.30%	2,437,962	302,746,813	101.12%
2017	313,076,020	312,929,603	99.95%	4,567,567	317,497,170	101.41%
2018	327,216,395	324,044,849	99.03%	2,396,827	326,441,676	99.76%
2019	341,869,514	341,193,965	99.80%	-	341,193,965	99.80%

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

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

**RATIOS OF OUTSTANDING DEBT BY TYPE**

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Per Capita (1)
	General Obligation Bonds	General Obligation Bonds	MWRA/ MCWT Loans			
2010	\$ 187,685,300	\$ 5,900,000	\$ 23,261,750	\$	216,847,050	\$ 2,597
2011	191,994,800	8,275,000	21,449,014		221,718,814	2,639
2012	188,320,433	9,627,000	19,699,017		217,646,450	2,556
2013	189,297,824	15,671,442	17,643,162		222,612,428	2,579
2014	199,866,399	14,265,000	15,726,829		229,858,228	2,663
2015	215,267,032	16,364,817	12,863,980		244,495,829	2,769
2016	265,560,962	12,753,651	15,539,608		293,854,221	3,309
2017	297,129,294	11,363,684	20,434,763		328,927,741	3,694
2018	309,971,105	12,669,055	18,453,577		341,093,737	3,833
2019	304,886,963	18,797,987	17,448,871		341,133,821	3,837

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

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

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**

LAST TEN FISCAL YEARS

Fiscal Year	Net General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (1)	Percentage of Estimated Personal Income (2)
	General Obligation Bonds	Less: Resources Restricted for Debt Principal	Total Net General Bonded Debt		
2010	\$ 187,685,300	\$ (749,640)	\$ 186,935,660	0.83%	3.64%
2011	191,994,800	(683,320)	191,311,480	0.85%	3.70%
2012	188,320,433	(2,946,430)	185,374,003	0.85%	3.54%
2013	189,297,824	(2,896,430)	186,401,394	0.86%	3.51%
2014	199,866,399	(2,835,755)	197,030,644	0.88%	3.71%
2015	215,267,032	(2,992,322)	212,274,710	0.95%	3.76%
2016	265,560,962	(2,803,983)	262,756,979	1.00%	4.59%
2017	297,129,294	(2,442,053)	294,687,241	1.12%	5.25%
2018	309,971,105	(2,339,315)	307,631,790	1.03%	5.23%
2019	304,886,963	(2,234,379)	302,652,584	1.01%	4.99%

(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, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Massachusetts Water Resources Authority.....	\$ 5,452,734,000	4.52%	\$ 246,440,607
City direct debt.....			341,133,821
Total direct and overlapping debt.....			\$ 587,574,428

**Sources:** MWRA

**LEGAL DEBT MARGIN INFORMATION**

LAST FIVE FISCAL YEARS

	2019	2018	2017	2016	2015
Equalized valuation.....	\$ 30,006,442,400	\$ 30,006,442,400	\$ 26,223,773,800	\$ 26,223,773,800	\$ 22,305,253,800
Normal debt limit (5% of equalized valuation).....	1,500,322,120	1,500,322,120	1,311,188,690	1,311,188,690	1,115,262,690
Debt applicable to limit:					
Total bonded debt.....	341,133,821	341,093,737	328,927,741	293,854,221	244,495,829
Less: General obligation bonds exempted by authority of state legislature.....	<u>(21,624,211)</u>	<u>(16,399,757)</u>	<u>(19,474,183)</u>	<u>(14,230,992)</u>	<u>(37,987,881)</u>
Total net debt applicable to limit.....	<u>319,509,610</u>	<u>324,693,980</u>	<u>309,453,558</u>	<u>279,623,229</u>	<u>206,507,948</u>
Legal debt margin.....	<u>\$ 1,180,812,510</u>	<u>\$ 1,175,628,140</u>	<u>\$ 1,001,735,132</u>	<u>\$ 1,031,565,461</u>	<u>\$ 908,754,742</u>
Total net debt applicable to the limit as a percentage of normal debt limit.....	<u>21.3%</u>	<u>21.6%</u>	<u>23.6%</u>	<u>21.3%</u>	<u>18.5%</u>

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

LAST TEN CALENDAR YEARS

Year	Population	Median Age	Per Capita Income	Estimated Personal Income	Median Family Income	Public School Enrollment	Unemployment Rate (%)
2009	83,501	38.7	61,530	5,137,816,530	113,416	11,607	6.5%
2010	84,024	40.5	61,530	5,169,996,720	113,416	11,775	5.0%
2011	85,146	39.9	61,530	5,239,033,380	113,416	12,172	4.1%
2012	86,307	40.2	61,530	5,310,469,710	113,416	12,170	4.1%
2013	86,307	40.2	61,530	5,310,469,710	113,416	12,441	4.1%
2014	88,287	40.1	63,872	5,639,067,264	119,148	12,503	4.1%
2015	88,817	41.9	64,475	5,726,476,075	118,639	12,508	3.3%
2016	89,045	42.3	62,983	5,608,321,235	122,080	12,657	2.8%
2017	88,994	40.5	66,047	5,877,786,718	127,402	12,750	2.7%
2018	88,904	40.5	68,155	6,059,252,120	133,853	12,685	2.3%

**Sources:** Population from City census

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

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

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

**EMPLOYEES BY FUNCTION/PROGRAM**

**LAST FIVE FISCAL YEARS**

<u>Employees as of June 30</u>					
<u>Function/Program</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General government.....	148	141	141	135	136
Public safety.....	411	412	412	403	380
Education.....	1,424	1,413	1,439	1,427	1,455
Public works .....	103	107	96	115	127
Health and human services.....	48	49	47	47	45
Culture and recreation.....	95	98	96	97	81
Water.....	24	23	28	29	28
Sewer.....	24	26	25	25	25
Stormwater.....	6	8	-	-	-
Total.....	<u>2,283</u>	<u>2,277</u>	<u>2,284</u>	<u>2,278</u>	<u>2,277</u>

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

**Source:** City of Newton payroll

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

LAST FIVE FISCAL YEARS

Function/Program	Fiscal Year				
	2019	2018	2017	2016	2015
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	590
Outdoor swimming facilities.....	2	2	2	2	2
Indoor swimming facilities.....	1	1	1	1	1
Public street trees	30,000	30,000	30,000	30,000	30,000
Water					
Water mains (miles).....	300	300	300	300	300
Fire hydrants.....	2,400	2,400	2,400	2,400	2,400
Storage capacity (thousands of gallons).....	26,000,000	26,000,000	26,000,000	26,000,000	26,000,000
Sewer					
Sanitary sewers (miles).....	300	300	300	300	300
Sewer pump stations.....	10	10	10	10	10
Stormwater					
Stormdrains (miles).....	324	324	324	324	324

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