



FINANCIAL AUDIT ADVISORY COMMITTEE

Agenda

Thursday, December 16 at 8:00 AM

The Financial Audit Advisory Committee will hold this meeting as a virtual meeting on Thursday, December 16, 2021 8:00 am. To view this meeting use this link at the above date and time:

<https://us02web.zoom.us/j/83261666118>

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Meeting ID: 832 6166 6118

Agenda Items

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



City of Newton, Massachusetts

Fiscal Year 2021 Exit Conference
December 16, 2021

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Agenda

- CAFR/Financial Statement summary
 - Opinion
 - Financial highlights, including significant footnotes
- Management Letter
- Single Audit update



Opinion

- Opinion
 - Expected to be an Unmodified opinion (consistent with prior years)
 - Best opinion available



Financial Highlights

- Government-Wide Financial Statements (p 18-21)
 - Statement of Net Position - Governmental Activities (p 18-19)
 - Liabilities: \$1.6b
 - Bonds payable: \$309m
 - Net OPEB liability: \$877m
 - \$28m increase from the prior year
 - Net pension liability: \$281m
 - \$15m decrease from the prior year
 - Net Position: (\$649m)
 - Net investment in capital assets: \$310m
 - Restrictions: \$45m
 - Unrestricted: (\$1.0b) - \$20m decrease
 - Statement of Net Position - Business-type Activities (p 18-19)
 - Represent collective balances of enterprise funds, which are discussed individually further in this document



Financial Highlights

- Government-Wide Financial Statements (continued)
 - Statement of Activities - Governmental Activities (p 20-21)
 - Decrease in net position of \$17m - see p 21
 - Total expenses: \$579m (p 20)
 - Education: \$378m, or 65%
 - Total revenues and transfers: \$558m (p 20-21)
 - Program revenues: \$149m (p 20)
 - State Aid/Grants/Gifts for education: \$105m
 - General revenues and transfers: \$413m (p 21)
 - Real estate: \$377m



Financial Highlights

- Governmental Funds Financial Statements
 - General Fund
 - Balance Sheet (p 22)
 - Fund balance: \$84.1m (see p 73 for details below)
 - Restricted: \$2.2m (debt service and capital stabilization)
 - Committed: \$11.2m (FY 22 budget, cont. approp. and capital)
 - Assigned: \$10.1m (encumbrances and capital)
 - Unassigned: \$60.8m
 - Includes \$23.2m of "rainy day" stabilization funds (p 74)
 - Represents 12.0% of total revenues/OFS (p 12)
 - Highest % in the last 6 years
 - 9.9% last year (p 12)
 - See page 12 for historical trends



Financial Highlights

- General Fund
 - Statement of changes in fund balance (p 24)
 - Net change in fund balance: \$11.1m
 - Budget and actual helps summarize results (p 26)
 - Use of prior year carryforwards and reserves: \$26m
 - Budgeted revenue positive variance: \$11m
 - Budgeted expenditures positive variance: \$24m



Financial Highlights

- Proprietary Funds Financial Statements (p 28-30)
 - Sewer Enterprise (p 28)
 - Liabilities: \$26m
 - Bonds payable: \$12m
 - Net OPEB liability: \$9m
 - Net pension liability: \$3m
 - Net position: \$88m
 - Net investment in capital assets: \$69m
 - Unrestricted: \$19m
 - Change in net position: \$5.3m (p 29)
 - Consistent with prior year



Financial Highlights

- Proprietary Funds Financial Statements (p 28-30)
 - Water Enterprise (p 28)
 - Liabilities: \$42m
 - Bonds payable: \$21m
 - Net OPEB liability: \$11m
 - Net pension liability: \$5m
 - Net position: \$58m
 - Net investment in capital assets: \$50m
 - Unrestricted: \$8m
 - Change in net position: \$5.9m (p 29)
 - Increase from prior year results from increase in consumption and rates



Financial Highlights

- Proprietary Funds Financial Statements (p 28-30)
 - Stormwater Enterprise (p 28)
 - Liabilities: \$6m
 - Bonds payable: \$4m
 - Net OPEB liability: \$500k
 - Net pension liability: \$1m
 - Net position: \$7m
 - Net investment in capital assets: \$3.9m
 - Unrestricted: \$3.4m
 - Change in net position: \$2.0m (p 29)
 - Consistent with the prior year



Financial Highlights

- Proprietary Funds Financial Statements (p 28-30)
 - Internal Service (Health/Workers Comp – p 28)
 - Liabilities: \$18m
 - IBNR Health Claims: \$4m
 - Workers Comp: \$11m
 - Net position: \$26m
 - Health: \$18m (p 103)
 - W/C: \$8m (p 103)
 - Change in net position: \$18k – p 29
 - Net position is approx. 4 months of claims (City target is 1.5-2.0 months)



Financial Highlights

- Fiduciary Funds Financial Statements (p 31-32)
 - SEE PAGES 79-80 FOR PENSION AND OPEB BREAKOUTS
 - Pension Trust Fund
 - Statement of Fiduciary Net position (p 79)
 - Net position: \$440m (primarily consisting of cash and investments)
 - Statement of Changes in Fiduciary Net Assets (p 80)
 - Change in net position: \$45m increase; prior year increase of \$53m
 - Net investment income: \$46m increase; prior year increase of \$53m
 - Net pension liability and related (GASB 67/68) discussed further in discussion of footnotes



Financial Highlights

- OPEB Trust Fund
 - Statement of Fiduciary Net position (p 79)
 - Net position: \$23m

 - Statement of Changes in Fiduciary Net Position (p 80)
 - Change in net position: \$8m
 - City contribution: \$29m
 - Actual cash contributions - \$3m
 - GAAP accrual of “pay as you go” - \$26m
 - Investment income: \$5m

 - OPEB liability discussed further in discussion of footnotes



Significant Footnotes

- Note 10 - Long-term Debt (p 58-66)
 - Total outstanding: \$346m
 - Governmental Funds: \$309m (p 60)
 - Water: \$21m (p 62)
 - Sewer: \$12m (p 64)
 - Stormwater: \$4m (p 65)
 - \$4.6m of new debt issued:
 - All for Sewer infrastructure



Significant Footnotes

- Note 12 – OPEB (p 66-71)
 - The following is a summary of OPEB and related balances:
 - Liability: \$898m (p 67)
 - \$869m in the prior year
 - Deferred Outflows: \$99m (p 68)
 - Deferred Inflows - \$41m (p 68)
 - Majority of deferred inflows and outflows relates to changes in assumptions from year to year (discount rate, health care expense trends, etc.)
 - Sensitivity of liability using +1%/-1% discount rate (p 71):
 - -1% (1.16%): \$1.1b
 - +1% (3.16%): \$765m
 - Sensitivity of liability using +1%/-1% health care expense trend (p 71):
 - -1%: \$745m
 - +1%: \$1.1b



Significant Footnotes

- Note 17 – Pension (p 74-78)
 - The following is a summary of the City’s pension and related balances:
 - Liability: \$290m (p 75)
 - \$306m in prior year; decrease primarily due to investment returns
 - Deferred Outflows: \$9m (p 76)
 - Deferred Inflows - \$24m (p 76)
 - Deferred outflows/inflows is primarily difference in expected vs. actual investment returns
 - Sensitivity of City share of liability using +1%/-1% discount rate (p 78):
 - -1% (6.25%): \$370m
 - +1% (8.25%): \$223m



Management Letter

- Does not identify the strengths of the financial systems
- Summary
 - Two (2) of eight (8) prior comments resolved
 - Two (2) of eight (8) prior comments partially resolved
 - Four (4) of eight (8) prior comments – unresolved
 - Two (2) current year comments
 - One (1) informational comment about pending GASB (leases)



Management Letter

- G/L Integration of Police Details - Prior Year Comments – Unresolved
 - Several years ago, a billing and collection system for police details was designed to integrate with scheduling and payroll, but was not integrated with general ledger
 - City to consider cost/benefit of using Munis to fully integrate police details transactions now that payroll has been implemented



Management Letter

- Oak Hill and South High SAF - Prior Year Comments - Unresolved
 - Maximum balance established several years ago
 - New maximum balances expected in FY 22
 - Consider using Munis module
 - Consider using wire transfers for Agency-Checking reimbursements as opposed to checks



Management Letter

- Inspectional Services - Prior Year Comments – Status TBD (currently labeled as unresolved)
 - Policies and procedures are old and in various locations and formats
 - No reconciliations of permit fees per department's software program to permit fees per general ledger
 - Have not received any follow-up response from ISD



Management Letter

- HS Athletic Fees and Gate Receipts - Prior Year Comments – Partially Resolved
 - New online payment management system is now in place
 - As part of continued implementation of the new system, the School Department is planning to develop a process for reconciling participants to fees



Management Letter

- Community Education - Prior Year Comments – Partially Resolved
 - Remaining recommendation is to consider the cost/benefit of reconciling (and/or analytically reviewing) participants to fees for all classes/courses



Management Letter

- Information Technology – Current Year Comment
 - Password complexities not in accordance with best practices
 - Also reported in prior year(s)
 - Formal IT Risk Assessment not performed annually
 - Also reported in prior year(s)
 - Sample of terminated employees remained on active user lists
 - Also reported in prior year(s)
 - Formal policies not subjected to an annual review
 - Also reported in prior year(s)
 - Internal vulnerability assessment and/or external penetration test has not been performed for several years

RECOMMENDATIONS

- Update password standards
- Perform (or have 3rd party perform) annual risk assessment
- Strengthen procedures to periodically review IT system access
- Implement annual review of formal policies for accuracy and completeness
- Leverage an outside firm to conduct an in-depth internal vulnerability assessment and external penetration testing



Management Letter

- Covid-19 Grant – Current Year Comment
 - Lack of clarity of grant end date required the City to reclassify expenses to fully expend the grant
 - Federal portion of grant not communicated to Comptroller’s Office
 - Impacts federal grant reporting and “Single Audit”
 - Timesheets/time logs not all signed to provide evidence of review/authorization
 - Expense reports did not reconcile to general ledger and not filed timely

Recommendations

- Emphasize/strengthen procedures related to period of performance
- Emphasize/strengthen procedures related to identifying and communicating federal grants
- Emphasize/strengthen procedures to document timesheet review/authorization
- Emphasize/strengthen procedures to reconcile expense reports to general ledger
- Emphasize/strengthen procedures to file reports timely



Management Letter

- Lease Accounting and Financial Reporting – Informational Comment
 - No longer distinguishes operating and capital leases
 - Lessees – Liability and Asset
 - Lessors – Receivable and Deferred Inflow
 - Expanded notes

RECOMMENDATIONS

- Prepare for implementation (fiscal year 2022)



Single Audit Update

- Major Programs
 - Child Nutrition Cluster
 - Community Development Block Grant
 - Emergency Solutions Grant
 - CARES Act - Coronavirus Relief Fund
 - ESSER
- Federal OMB has still not issued all addendums to its compliance supplement for audits
- Recommend a future meeting to review the Single Audit report



City of Newton, Massachusetts

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021



City of Newton, Massachusetts

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021



Prepared by the Comptroller's Office

CITY OF NEWTON, MASSACHUSETTS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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COMPTROLLER'S OFFICE



CITY OF NEWTON, MASSACHUSETTS

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

SUSAN DZIKOWSKI
COMPTROLLER

REPORT DATE

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

I am pleased to transmit to you the City of Newton's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. 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).

With federal grant assistance for COVID-19 and conservative spending in Fiscal Year 2021, the strong financial position of the City endures as is illustrated in this document.

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

The independent auditors' unqualified ("clean") opinion on the City's financial statements for the year ended June 30, 2021 is presented as the first component of the financial section of this report. The City's financial statements have been audited by CliftonLarsonAllen, LLP (CLA), a firm of licensed certified public accountants, who have been hired by and report to the Newton City Council. CLA will carry on as Newton's independent auditor for the contract period from fiscal year 2019 through fiscal year 2023.

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

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

History and Profile

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

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

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

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

Organizational Structure

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

Services

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

Reporting Entity

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

Financial Management

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

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

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

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

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

Financial Planning

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

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

The City is now on track to fund its defined benefit pension obligations in full by fiscal year 2030. The Plan's Net Pension Liability decreased from \$308.9 million as of December 31, 2019 to \$293.1 million as of December 31, 2020. The funded ratio, or the ratio of the actuarial value of assets to the actuarial accrued liability increased from 54.94% to 57.37%. For fiscal year 2023 and later years, each year's appropriation increases 9.6%.

The OPEB trust ended fiscal year 2021 with assets of \$22.9 million, \$8.0 million or 53% 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, 2021 OPEB actuarial valuations include significant funding to begin in fiscal year 2031, after the defined benefit plan is scheduled to be actuarially funded. Eight years later, by fiscal year 2039, the City's OPEB obligations will reach full actuarial funding.

The City's Rainy Day Stabilization Fund ended fiscal year 2021 with a fund balance of \$23.2 million, \$1.2 million more than the balance as of the start of the year and 5% of General Fund expenditures for the year.

Accounting System and Budgetary Control

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

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

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

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

An analysis of all legally adopted operating and capital budgets are presented in this report.

The City's books on fiscal year 2021 were closed within 90 days of year end and on October 26, 2021 the Massachusetts Department of Revenue certified the City's July 1, 2021 free cash (General Fund balance available for appropriation) at \$12.9 million. All statutory filings have also been made with the Massachusetts Department of Revenue and the Department of Elementary and Secondary Education.

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

Cash Management

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

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

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

Risk Management

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

In accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the City's June 30, 2021 actuarial valuation used the data, assumptions, and plan of benefits as of June 30, 2019 contained in the January 31, 2020 report. GASB 75 permits a measurement date as early as the end of the fiscal year prior to the reporting date. The City's Net OPEB Liability increased from \$869.6 million as of June 30, 2020 to \$898.5 million as of June 30, 2021, and the Plan's Fiduciary Net Position as a percent of the Total OPEB Liability increased from 1.7% to 2.5%.

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

Audit Committee

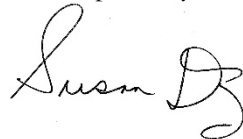
In order to strengthen the City's internal controls and financial reporting, the City Council established a permanent audit committee, consisting of both representatives of the City Council and Newton residents with financial management and audit education and experience. The Committee held a number of meetings with management and the City's independent auditors in fiscal year 2021.

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 and professional commitment of all staff including Stephen Curley, Regina Zegarelli, Denise King, Stela Zaloshnja, Michelle Tan and Olivia Alves. Deputy Comptroller Stephen Curley was chosen by the City Council and its search committee to become Comptroller upon my retirement in January 2022. I am appreciative of the Chair of the Finance Committee, City Councilor Rebecca Walker Grossman, for her able leadership. Thank you to the public accounting firm of CliftonLarsonAllen, LLP for the effectual completion of this year's audit and as always, for asking (and answering) many questions over the course of the year.

Respectfully,

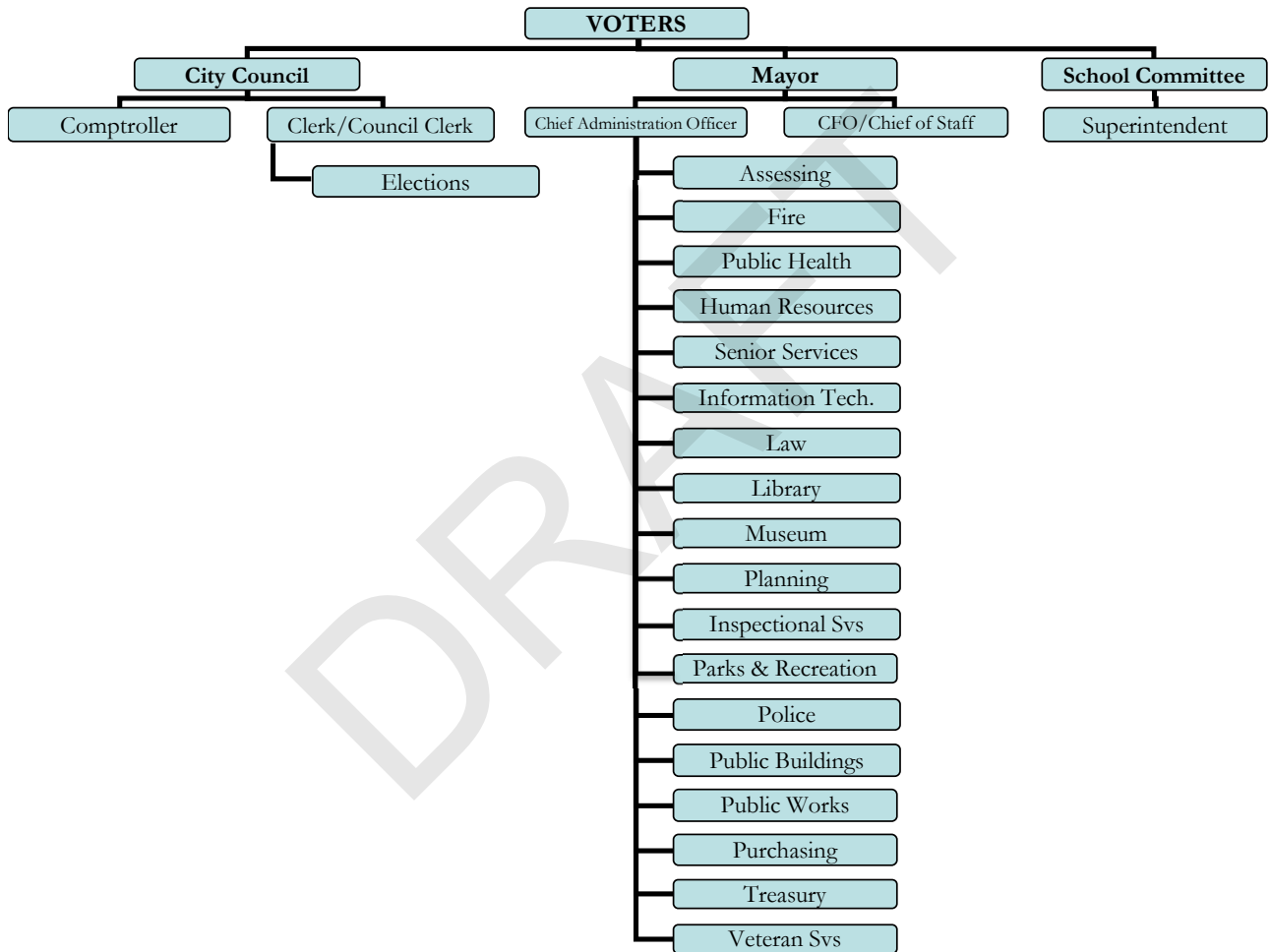
A handwritten signature in black ink, appearing to read "Susan Dzikowski". The signature is fluid and cursive, with a large initial "S" and "D".

Susan Dzikowski
Comptroller, City of Newton

DRAFT

CITY OF NEWTON, MASSACHUSETTS

ORGANIZATIONAL CHART



CITY OF NEWTON, MASSACHUSETTS
ELECTED OFFICIALS AND DEPARTMENT HEADS
JUNE 30, 2021

CITY COUNCIL

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

SCHOOL COMMITTEE

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

EXECUTIVE

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

DEPARTMENT HEADS

Accounting: Susan Dzikowski, Comptroller
Assessing: James Shaughnessy, Director and Chair, Board of Assessors
City Clerk/Clerk of Board: Nadia Khan, Acting City Clerk/Clerk of the Board
Elections: Nadia Khan, Acting 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 A. Griffey (Retired)
Information Technology: Joseph Mulvey, Chief Information Officer
Inspectional Services: John Lojek, Commissioner
Newton History Museum: Lisa Dady, Director
Law: Alissa Guiliani, City Solicitor
Library: Jill Mercurio, Director
Parks & Recreation: Nicole Banks, Commissioner
Planning & Development: Barney Heath, Director
Police: John Carmichael, Police Chief
Public Buildings: Josh Morse, Commissioner
Public Works: James McGonagle, Commissioner
Purchasing: Nicholas Read, Chief Procurement Officer
Senior Service: Jayne Colino, Director
Treasury: Manuel Mendes, Treasurer & Collector
Veteran Services: Seth Bai, Veteran Services Officer

CONTRIBUTORY RETIREMENT BOARD

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

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts, as of and for the year ended June 30, 2021 (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, 2020), 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 50.4%, 50.0%, 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, 2021 (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, 2020) and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Community Preservation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

During the fiscal year ended June 30, 2021, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As a result, certain significant accounting policies were updated as described in Note 1 to the financial statements. Our auditors' opinions were not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Honorable City Council and Mayor
City of Newton, Massachusetts

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE on our consideration of the City of Newton, Massachusetts’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of the City’s internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Newton, Massachusetts’ internal control over financial reporting and compliance.

Boston, MA
REPORT DATE

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Management's Discussion and Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Newton (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City (primary government) for the fiscal year ended June 30, 2021.

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 \$496 million – a decrease of \$3.6 million or 0.7% from June 30, 2020. The negative (\$496) million net position for June 30, 2021 consisted of (\$649.2) in negative net position in governmental activities and a positive \$152.7 million in the City's business type activities.
- Unrestricted governmental net position decreased by \$26.7 million to (\$1.0) billion at June 30, 2021. 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 2021 was \$628.9 million, \$578.9 million (92%) of which was for governmental services, and \$50.0 million (8%) of which was for business type services. The total cost of City services decreased by \$40.6 million or 6.1% from the previous fiscal year.
- A total of \$149.1 million or 25.8% of governmental services were financed from program revenue, leaving 74.2% to be financed from general revenues and inter-fund transfers. Real estate and personal property tax revenue continues to represent the single largest source of general revenue, accounting for 67.0% of 2021 governmental services funding.
- At June 30, 2021, the City's governmental funds reported a combined fund balance of \$132.2 million. The combined governmental funds fund balance decreased by \$2.6 million (1.9%) from the prior year's ending fund balance.
- The City's general fund reported total fund balance of \$84 million at the end of fiscal year 2021, an \$11 million (15.2%) increase from the total fund balance at June 30 of the prior fiscal year. The unassigned portion of the fund balance increased by \$12.3 million to \$60.8 million or 12.0% of total general fund revenues and other financing sources. The unassigned fund balance includes \$23.2 million that the City has set aside as a "Rainy Day Stabilization" fund and \$12.9 million in "Free Cash" that has been certified as being available for appropriation by the Massachusetts Department of Revenue.

Overview of the Financial Statements:

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

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

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

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

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

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

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

The City maintains 20 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*, the *Angier School improvements fund* and the *American Rescue Plan Act (ARPA) 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 "custodial funds", respectively. A brief description of each fund and individual fund data for the private purpose trust funds is 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.

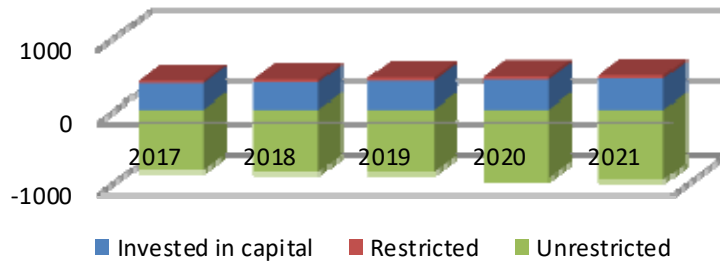
Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's progress in funding its obligation to provide pension and post-employment benefits to its employees. Such information is located 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 \$496 million at June 30, 2021. This represents a decrease of \$3.6 million or 0.7% in the total net position at June 30 of the prior year. Trend information for total net position and its major components over the past five year period is summarized graphically below.

Net Position Trends for Primary Government - Last Five Years



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

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2021	2020	2021	2020	2021	2020
Assets						
Current assets..... \$	254,470,043	\$ 232,942,591	\$ 89,754,114	\$ 83,025,866	\$ 344,224,157	\$ 315,968,457
Noncurrent assets (excluding capital assets).....	5,820,997	5,521,299	258,738	487,811	6,079,735	6,009,110
Capital assets (net).....	609,533,547	605,413,390	134,862,918	125,638,501	744,396,465	731,051,891
Total assets.....	869,824,587	843,877,280	224,875,770	209,152,178	1,094,700,357	1,053,029,458
Deferred Outflows of Resources	105,512,506	127,819,694	2,595,848	3,144,877	108,108,354	130,964,571
Liabilities						
Current liabilities (excluding debt).....	76,135,101	53,000,949	4,119,629	3,506,912	80,254,730	56,507,861
Noncurrent liabilities (excluding debt).....	1,173,066,178	1,158,382,590	30,366,103	30,474,266	1,203,432,281	1,188,856,856
Current debt.....	20,039,895	16,226,395	5,419,722	4,384,442	25,459,617	20,610,837
Noncurrent debt.....	292,435,447	308,666,842	33,182,832	32,584,200	325,618,279	341,251,042
Total liabilities.....	1,561,676,621	1,536,276,776	73,088,286	70,949,820	1,634,764,907	1,607,226,596
Deferred Inflows of Resources	62,824,627	68,732,573	1,686,748	1,787,633	64,511,375	70,520,206
Net Position						
Net investment in capital assets....	309,888,772	299,446,858	122,125,216	117,784,284	432,013,988	417,231,142
Restricted.....	45,150,711	44,698,129	-	-	45,150,711	44,698,129
Unrestricted.....	(1,004,203,638)	(977,457,362)	30,571,368	21,775,318	(973,632,270)	(955,682,044)
Total net position..... \$	(649,164,155)	\$ (633,312,375)	\$ 152,696,584	\$ 139,559,602	\$ (496,467,571)	\$ (493,752,773)

The largest single components of the City's negative total net position are \$290.0 million in unfunded pension benefits (Net Pension Liabilities) and \$898.5 million in unfunded OPEB liabilities (Net OPEB Liabilities). The unfunded pension benefit total represents the difference between benefit obligations and assets that have been accumulated in the Pension Trust Fund. The funding schedule for the City's defined benefit retirement plan anticipates full actuarial funding in the fiscal year ending June 30, 2030. The unfunded OPEB total represents the difference between benefit obligations and assets that have been accumulated in the OPEB Trust Fund.

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

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

An additional portion of the City's net position, \$45.2 million, represents resources that are subject to restrictions placed on how they may be used by parties external to the City. A total of \$23.0 million (50.9%) 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.

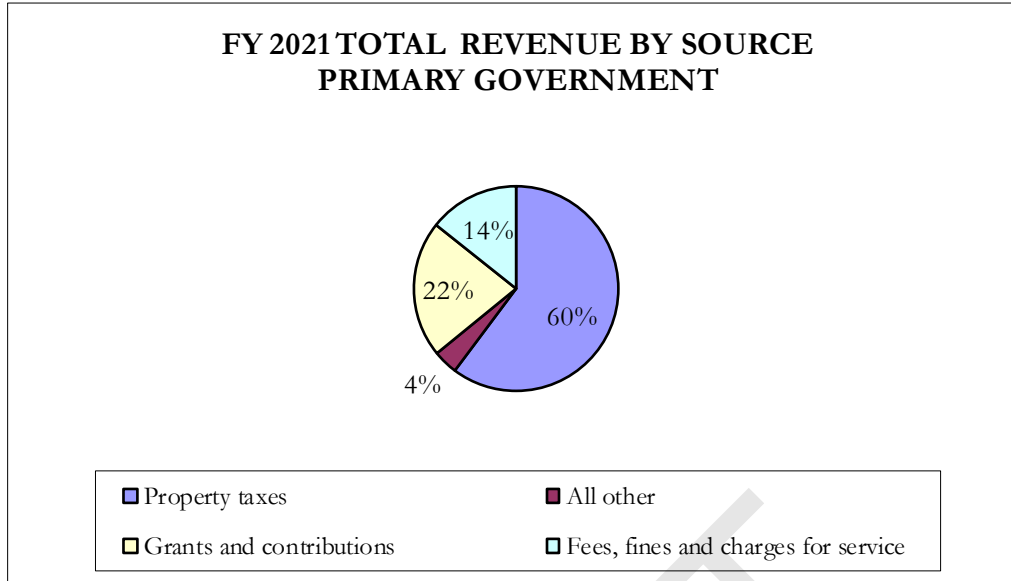
Changes in net position:

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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
<i>Program Revenues:</i>						
Fees, fines and charges for services.....	\$ 22,272,175	\$ 33,454,980	\$ 67,148,742	\$ 60,011,504	\$ 89,420,917	\$ 93,466,484
Operating grants and contributions.....	122,100,314	99,194,694	486,926	471,521	122,587,240	99,666,215
Capital grants and contributions.....	4,751,688	3,727,020	24,265	3,649,886	4,775,953	7,376,906
<i>General Revenues:</i>						
Real estate and personal property taxes.....	376,547,753	359,616,332	-	-	376,547,753	359,616,332
Motor vehicle and other excise taxes.....	13,690,851	14,331,513	-	-	13,690,851	14,331,513
Hotel room occupancy taxes.....	314,597	2,158,604	-	-	314,597	2,158,604
Meals taxes.....	1,352,560	1,838,810	-	-	1,352,560	1,838,810
Cannabis state taxes.....	362,725	269,805	-	-	362,725	269,805
Penalties and interest on taxes.....	2,251,230	1,263,507	-	-	2,251,230	1,263,507
Payments in lieu of taxes.....	-	659,283	-	-	-	659,283
Community preservation surcharges.....	3,676,800	3,527,894	-	-	3,676,800	3,527,894
Grants and contributions not restricted to specific programs.....	7,676,004	7,281,872	-	-	7,676,004	7,281,872
Unrestricted investment income.....	462,472	2,851,265	-	-	462,472	2,851,265
Gain/(loss) on sales/disposals of capital assets.....	(496,476)	-	(236,007)	27,855	(732,483)	27,855
Other.....	2,902,230	2,385,716	-	-	2,902,230	2,385,716
Total revenues.....	557,864,923	532,561,295	67,423,926	64,160,766	625,288,849	596,722,061
Expenses						
General government.....	38,529,670	36,091,937	-	-	38,529,670	36,091,937
Public safety.....	84,057,523	100,638,858	-	-	84,057,523	100,638,858
Education.....	378,440,451	397,128,915	-	-	378,440,451	397,128,915
Public works.....	34,821,166	37,447,196	-	-	34,821,166	37,447,196
Health and human services.....	13,494,717	15,079,778	-	-	13,494,717	15,079,778
Culture and recreation.....	19,932,623	21,451,308	-	-	19,932,623	21,451,308
Debt service - interest.....	9,651,152	9,292,945	-	-	9,651,152	9,292,945
Water.....	-	-	20,629,851	21,402,813	20,629,851	21,402,813
Sewer.....	-	-	27,836,234	29,156,347	27,836,234	29,156,347
Stormwater.....	-	-	1,510,859	1,801,572	1,510,859	1,801,572
Total expenses.....	578,927,302	617,130,937	49,976,944	52,360,732	628,904,246	669,491,669
Change in net position before transfers.....	(21,062,379)	(84,569,642)	17,446,982	11,800,034	(3,615,397)	(72,769,608)
Transfers, net.....	4,310,000	4,097,305	(4,310,000)	(4,097,305)	-	-
Change in net position.....	(16,752,379)	(80,472,337)	13,136,982	7,702,729	(3,615,397)	(72,769,608)
Net position - beginning of year (as restated).....	(632,411,776)	(552,840,038)	139,559,602	131,856,873	(492,852,174)	(420,983,165)
Net position - end of year.....	\$ (649,164,155)	\$ (633,312,375)	\$ 152,696,584	\$ 139,559,602	\$ (496,467,571)	\$ (493,752,773)

Total revenue for the year ended June 30, 2021 amounted to \$625.3 million, an increase of \$28.6 million or 4.6% from the prior year. Real estate tax revenue, the City's largest revenue source, accounted for \$16.9 million or 59.1% of the revenue growth.

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

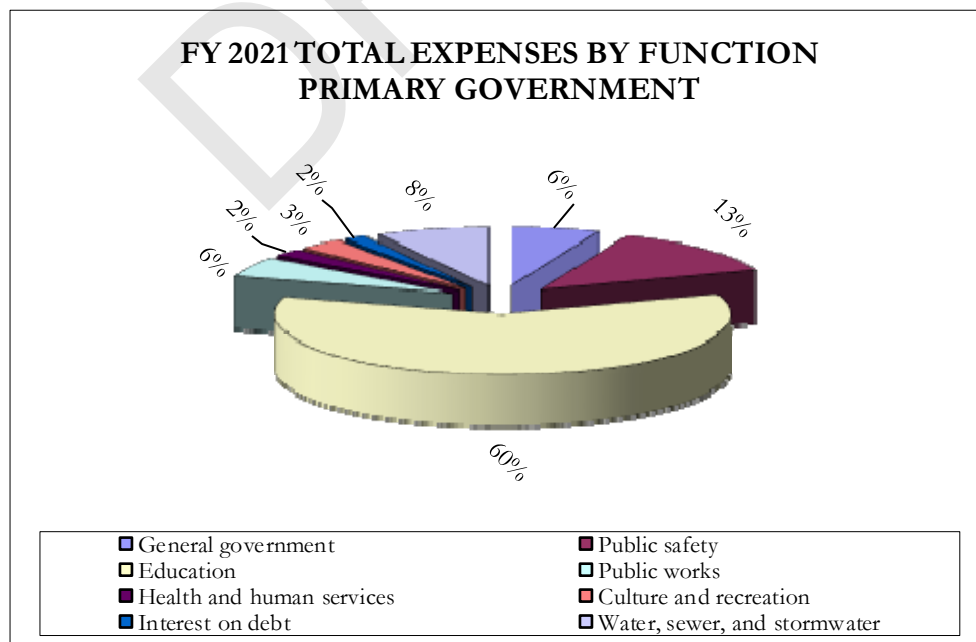


Total expenses decreased by \$40.6 million or 6.1% during the year.

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, 2021, total spending for education purposes was \$378.4 million or 60% of total spending, 65% of governmental activity spending and \$18.7 million or 4.7% less 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, 2021.



Governmental activities – Governmental activities decreased the City’s net position by \$16.8 million or 2.7% during fiscal 2021 primarily due to an increase in the net OPEB liability. A summary of revenues and major functional expenses is included in the tables presented previously. In order to assist the reader in understanding more completely the full cost of the major services provided by the City within each of the broad functional classifications identified above, the Statement of Activities, provides a detailed accounting of all major service expenses, related revenues, and each service’s consumption of general revenues (principally property taxes).

All governmental activity services, except for legislative & executive and inspectional services, relied on subsidies from general revenues to one degree or another during fiscal year 2021. Inspectional service department program revenues exceeded total program expenses by \$5.2 million for the year. In the fiscal year ending June 30, 2020, inspectional services department program revenue exceeded program expenses by \$8.3 million.

Business-type activities – Business-type activities increased the City’s net position by \$13.1 million or 9.4% during fiscal year 2021.

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, 2021, the City’s governmental funds reported a combined fund balance totaling \$132.2 million, a \$2.6 million or 1.9% decrease from the prior year reported financial position.

The General fund is the primary operating fund of the City and at June 30, 2021 reported a total fund balance of \$84 million, \$11.1 million or 15.2% more than the total fund balance for the previous fiscal year. The unassigned portion of fund balance increased from \$48.4 million or approximately 9.9% of total fund revenues and other financing sources at June 30, 2020 to \$60.8 million or 12.0% of fund revenues and other financing sources at June 30, 2021. The City’s Rainy Day (fiscal/economic stabilization) Fund accounts for \$23.2 million or approximately 38.2% 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 2021 and (5) previous fiscal years

	2021	2020	2019	2018	2017	2016
Total fund balance	\$ 84,140,115	\$ 73,025,039	\$ 71,020,024	\$ 66,621,935	\$ 67,050,624	\$ 57,458,697
Less: Fund balance restrictions for:						
Debt service.....	2,127,157	2,234,379	2,234,379	2,339,315	2,442,053	2,803,983
Capital.....	26,732	195,477	195,477	195,477	1,115,477	10,285
Less: Fund balance committed for:						
Subsequent year's expenditures.....	1,609,179	4,107,222	1,904,936	1,602,738	1,600,564	1,598,546
Capital.....	170,580	170,580	370,580	728,835	1,070,580	2,168,821
Continued appropriations.....	9,395,485	9,686,686	12,999,204	12,057,695	12,197,805	5,084,436
Less: Fund balance assigned for:						
Encumbrances.....	9,725,644	8,043,255	5,773,803	5,656,818	2,365,805	1,881,754
Capital.....	332,022	157,462	80,609	10,677	10,678	294,350
Unassigned fund balance.....	60,753,316	48,429,978	47,461,036	44,030,380	46,247,662	43,616,522
Total revenues & other financing sources.....	\$ 507,218,310	\$ 486,750,057	\$ 464,574,323	\$ 444,960,412	\$ 428,920,940	\$ 380,459,215
Total fund balance as % total revenues and ofs.....	16.6%	15.0%	15.3%	15.0%	15.6%	15.1%
Unassigned fund balance as % total revenues and ofs..	12.0%	9.9%	10.2%	9.9%	10.8%	11.5%

Total general fund revenues and other financing sources increased by \$20.5 million or 4.2%, during fiscal year 2021 principally as a result of real estate and personal property tax collections.

Property tax revenue growth of \$20.8 million accounted for 98.9% of all revenue growth for the year. The 5.8% 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 99.9% of the net tax levy for the year.

Over the course of the fiscal year, the City's Board of Assessors granted tax abatements, exemptions; and senior work credits totaling \$1.1 million or 0.3% of the tax levy for the year. A tax refund payable liability of \$2.4 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.....	\$ 378,021,205	74.5%	\$ 20,766,632	5.8%
Motor vehicle excise taxes.....	14,092,497	2.8%	409,767	3.0%
Hotel room occupancy taxes.....	314,597	0.1%	(1,844,007)	-85.4%
Meals taxes.....	1,352,560	0.3%	(486,250)	-26.4%
Cannabis state tax.....	362,725	0.1%	92,920	N/A
Penalties and interest on taxes.....	2,251,230	0.4%	987,723	78.2%
Licenses and permits.....	8,574,838	1.7%	(3,484,437)	-28.9%
Intergovernmental.....	92,192,444	18.2%	8,640,973	10.3%
Charges for services.....	2,900,712	0.6%	(923,010)	-24.1%
Fines and forfeitures.....	238,751	0.0%	(964,558)	-80.2%
Investment income.....	429,917	0.1%	(2,141,616)	-83.3%
Payments in lieu of taxes.....	403,873	0.1%	(308,756)	-43.3%
Special assessments.....	44,411	0.0%	2,325	5.5%
Other.....	680,996	0.1%	240,920	54.7%
Total revenues.....	501,860,756	98.9%	20,988,626	4.4%
Transfers from other funds.....	5,357,554	1.1%	(520,373)	-8.9%
Total revenues and other financing sources.....	\$ 507,218,310	100.0%	\$ 20,468,253	4.2%

Total general fund expenditures and transfers to other funds totaled \$496.1 million, an increase of \$11.4 million or 2.3% from the previous fiscal year.

	Amount	% of Total	Increase/ (Decrease)	% Change
General government.....	\$ 19,029,464	3.8%	\$ (85,845)	-0.4%
Public safety.....	50,865,270	10.3%	(899,572)	-1.7%
Education.....	301,358,338	60.7%	15,053,965	5.3%
Public works.....	30,248,013	6.1%	(3,166,814)	-9.5%
Health and human services.....	5,021,716	1.0%	(238,233)	-4.5%
Culture and recreation.....	12,007,861	2.4%	(511,536)	-4.1%
Retirement benefits.....	42,916,424	8.7%	1,857,615	4.5%
Workers' compensation insurance.....	1,200,000	0.2%	-	0.0%
Property and liability insurance.....	640,480	0.1%	54,247	9.3%
Claims and judgements.....	126,534	0.0%	(344,333)	-73.1%
State assessments and charges.....	6,507,813	1.3%	23,831	0.4%
Debt service				
Principal.....	14,549,667	2.9%	523,000	3.7%
Interest.....	10,567,815	2.1%	135,312	1.3%
Total expenditures.....	495,039,395	99.6%	12,401,637	2.6%
Transfers to other funds.....	1,063,839	0.2%	(1,043,445)	-49.5%
Total expenditures and transfers.....	\$ 496,103,234	99.8%	\$ 11,358,192	2.3%

The \$15.1 million or 5.3% 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, 2021, the City realized \$4.7 million in CPA fund revenue, \$3.7 million (78.7%) of which came from the local property tax surcharge. State matching funds amounted to \$1.0 million. Fund expenditures totaled \$5.3 million for the year.

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

The financial position of the City's sewer fund increased by \$5.3 million to \$87.5 million at June 30, 2021. Unrestricted fund net position increased by \$4.6 million or 32.4% to \$18.8 million at June 30, 2021.

The financial position of the City's water fund also improved during the last fiscal year from \$52.0 million at June 30, 2020 to \$57.9 million at June 30, 2021. Unrestricted fund net position was \$8.3 million.

The City's stormwater management fund ended the year with a net position of \$7.3 million – a increase of \$2.0 million or 37.7% from June 30, 2020. Unrestricted net position amounted to \$3.4 million.

The financial position of the City's Internal Service Funds increased by \$18.5 thousand, or 0.1% during the year ended June 30, 2021. Internal service funds are used to account for the City's self-insured group health insurance; workers compensation; and general liability risk exposures and to fund property insurance premiums for City buildings and contents. Detailed information on the self-insurance funds is presented in the Combining Statements section of this report.

The financial position of the City's workers compensation self-insurance fund increased by \$1.5 million during the year primarily as a result of a \$3.9 million increase in investment income.

The financial position of the group health self-insurance fund decreased by \$1.5 million or 7.7% as a result of a \$5.6 million increase in self-insurance claims during the year. The \$18.0 million year-end net position represents approximately 3 months of average paid claims. The City's target financial position for the fund is 1.5 – 2.0 months of average paid claims.

Fiduciary funds – The net position of the City's contributory retirement system increased by \$45.0 million (11.4%) to \$439.7 million during the system's fiscal year that ended December 31, 2020, as a result of the fact that investment income for the year (net of investment management fees) was \$45.6 million. According to the Commonwealth of Massachusetts Public Employee Retirement Administration Commission's 2020 Annual Report, the Newton Contributory Retirement System's investment portfolio returned 12.0% for the year (compared to a long term return assumption of 7.25% for funding and financial reporting). The plan's thirty-five year average annual return as of 1/1/20 was 8.78%.

The funded status of the defined benefit retirement plan at January 1, 2021 on an actuarial funding basis was 57.4%. 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. 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 \$14.9 million to \$22.9 million during fiscal year 2021, primarily as a result of investment income. All OPEB assets are invested with the Commonwealth of Massachusetts State Employee Benefit Fund (under the management of the Pension Reserve Investment Management Board).

General Fund Budgetary Highlights:

The difference between the original General Fund budget of \$457.3 million (including prior year encumbrances and continuing appropriations) and the final amended budget of \$462.2 million amounts to 1.1% and can be summarized as follows:

Description	Amount
Capital outlay and improvements.....	\$ 2,093,285
Municipal salaries.....	1,700,000
Rainy Day Stabilization.....	1,000,000
All other.....	<u>185,507</u>
 Total supplemental appropriations.....	 \$ <u>4,978,792</u>

All but \$5.3 million (1.1%) of total appropriations were expended, encumbered, or continued into fiscal year 2022 for completion of the appropriated purposes at June 30, 2021. 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, 2021, amounts to \$744.4 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>	
	2021	2020	2021	2020	2021	2020
Land and improvements.....	\$ 46,400,152	\$ 46,400,152	\$ 284,785	\$ 284,785	\$ 46,684,937	\$ 46,684,937
Intangible assets.....	2,238,261	2,238,261	-	-	2,238,261	2,238,261
Buildings and improvements..	418,339,794	425,473,141	1,802,375	1,888,263	420,142,169	427,361,404
Machinery and equipment.....	30,753,002	28,501,605	7,386,898	7,839,005	38,139,900	36,340,610
Infrastructure.....	101,057,489	88,611,647	122,607,939	112,110,926	223,665,428	200,722,573
Construction in progress.....	10,744,849	14,188,584	2,780,921	3,515,522	13,525,770	17,704,106
 Total capital assets.....	 \$ <u>609,533,547</u>	 \$ <u>605,413,390</u>	 \$ <u>134,862,918</u>	 \$ <u>125,638,501</u>	 \$ <u>744,396,465</u>	 \$ <u>731,051,891</u>

Total capital assets, net of accumulated depreciation, increased by \$13.3 million or 1.8%. Major capital asset events during 2021 included the following:

- Business-type activity net capital assets increased by \$9.2 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 \$4.1 million, principally as a result of school building and infrastructure improvements, primarily funded with the issuance of bonds and notes.

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

Debt outstanding – At June 30, 2021, the City had total long term debt outstanding (net of premiums) of \$329.4 million, \$293.7 million for governmental activities and \$35.7 million for business-type activities. At June 30, 2021, the City had \$5.3 million of short-term debt outstanding. All debt is a general obligation of the City, although water, sewer and stormwater debt service payments are made from the resources of the enterprise funds.

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

	<i><u>Governmental Activities</u></i>		<i><u>Business-Type Activities</u></i>		<i><u>Total</u></i>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Education Buildings.....	\$ 230,133,340	\$ 240,288,912	\$ -	\$ -	\$ 230,133,340	\$ 240,288,912
Municipal buildings.....	25,533,100	27,011,750	-	-	25,533,100	27,011,750
Departmental equipment...	5,472,740	6,571,410	-	-	5,472,740	6,571,410
Other.....	32,517,350	34,614,125	-	-	32,517,350	34,614,125
Water system.....	-	-	20,345,400	23,137,945	20,345,400	23,137,945
Sanitary sewer system.....	-	-	11,656,300	8,371,700	11,656,300	8,371,700
Stormwater system.....	-	-	3,722,800	3,972,800	3,722,800	3,972,800
Total bonds and notes.....	<u>\$ 293,656,530</u>	<u>\$ 308,486,197</u>	<u>\$ 35,724,500</u>	<u>\$ 35,482,445</u>	<u>\$ 329,381,030</u>	<u>\$ 343,968,642</u>

During the year just ended, the City added \$4.6 million in new bonds and notes and retired \$19.2 million in existing bonds and notes. General fund interest and principal payments amounted to \$25.1 million or 4.9% of fund revenues and other financing sources.

At June 30, 2021 the City’s authorized and unissued long term debt amounted to \$25.0 million, an increase of \$2.6 million (11.6%) from June 30, 2020.

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

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

Economic Factors and Next Year’s Budget and Rates

- According to the U.S. Census Bureau, the median household income for the City was \$151,068. This compares favorably with the Massachusetts median household income of \$81,215, and the U.S. median household income of \$67,521.
- According to Homefacts.com, the unemployment rate for the City as of June 30, 2021 was 3.7%, which compared favorably with the statewide unemployment rate of 5.4% and the national unemployment rate of 5.9%.
- The City of Newton’s fiscal year 2022 general fund original operating budget amounts to \$462.7 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.

DRAFT

Basic Financial Statements

DRAFT

CITY OF NEWTON
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents.....	\$ 108,247,662	\$ 48,500,252	\$ 156,747,914	\$ 2,144,864
Restricted Cash and Cash Equivalents.....	98,138,796	24,364,852	122,503,648	3
Restricted Investments.....	20,080,726	-	20,080,726	-
Interest and Dividends.....	17,214	-	17,214	423,529
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate and Personal Property Taxes.....	12,154,495	-	12,154,495	-
Tax and utility liens.....	6,655,752	804,827	7,460,579	-
Motor Vehicle and Other Excise Taxes.....	1,350,221	-	1,350,221	-
Community Preservation Surcharges.....	74,403	-	74,403	-
User Charges.....	-	16,040,046	16,040,046	-
Departmental and Other.....	583,868	-	583,868	9,968
Intergovernmental.....	6,386,826	-	6,386,826	-
Special Assessments.....	-	44,137	44,137	-
Loans.....	-	-	-	44,176
Other Assets.....	30,000	-	30,000	-
Working Capital Deposit.....	750,080	-	750,080	-
Total Current Assets.....	254,470,043	89,754,114	344,224,157	2,622,540
Noncurrent Assets:				
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate Tax Deferrals.....	3,331,297	-	3,331,297	-
Departmental and Other.....	2,191,252	-	2,191,252	-
Intergovernmental.....	-	4,003	4,003	-
Special Assessments.....	298,448	254,735	553,183	-
Loans.....	-	-	-	3,260,451
Capital assets:				
Nondepreciable.....	59,383,262	3,065,706	62,448,968	-
Depreciable, net of accumulated depreciation.....	550,150,285	131,797,212	681,947,497	1,638,630
Total Noncurrent Assets.....	615,354,544	135,121,656	750,476,200	4,899,081
Total Assets.....	869,824,587	224,875,770	1,094,700,357	7,521,621
DEFERRED OUTFLOWS OF RESOURCES				
Related to OPEB.....	97,134,695	2,329,798	99,464,493	-
Related to Pension.....	8,377,811	266,050	8,643,861	-
Total Deferred Outflows of Resources.....	105,512,506	2,595,848	108,108,354	-
LIABILITIES				
Current Liabilities:				
Warrants Payable.....	5,406,971	2,308,981	7,715,952	60,000
Accrued Liabilities.....	3,110,328	457,582	3,567,910	-
Accrued Payroll.....	20,880,146	61,283	20,941,429	-
Revenue Refunds Payable.....	2,439,181	-	2,439,181	-
Health Claims Payable.....	3,970,884	-	3,970,884	-
Other Liabilities.....	2,929,038	4,794	2,933,832	-
Accrued Interest.....	3,394,372	260,340	3,654,712	-
Abandoned Property.....	1,124,897	-	1,124,897	-
Unearned Revenue.....	23,208,061	-	23,208,061	-
Liabilities payable from restricted assets.....	637,196	982,912	1,620,108	-
Short-Term Notes Payable.....	3,808,500	1,500,000	5,308,500	-
Bonds Payable.....	16,231,395	3,919,722	20,151,117	-
Landfill Closure and Other Environmental Liabilities.....	73,437	-	73,437	-
Compensated Absences.....	6,409,106	43,737	6,452,843	-
Workers' Compensation Claims.....	2,551,484	-	2,551,484	-
Total Current Liabilities.....	96,174,996	9,539,351	105,714,347	60,000

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

JUNE 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Noncurrent Liabilities:				
Bonds Payable.....	292,435,447	33,182,832	325,618,279	-
Landfill Closure and Other Environmental Liabilities.....	343,196	-	343,196	-
Compensated Absences.....	5,872,936	393,633	6,266,569	-
Net Pension Liability.....	281,105,169	8,926,896	290,032,065	-
Net OPEB Liability.....	877,438,674	21,045,574	898,484,248	-
Workers' Compensation Claims.....	8,306,203	-	8,306,203	-
Total Noncurrent Liabilities.....	1,465,501,625	63,548,935	1,529,050,560	-
Total Liabilities.....	1,561,676,621	73,088,286	1,634,764,907	60,000
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB.....	39,677,023	951,663	40,628,686	-
Related to Pension.....	23,147,604	735,085	23,882,689	-
Total Deferred Inflows of Resources.....	62,824,627	1,686,748	64,511,375	-
NET POSITION				
Net Investment in Capital Assets.....	309,888,772	122,125,216	432,013,988	1,638,630
Restricted for:				
Community preservation activities.....	22,952,544	-	22,952,544	-
Education activities.....	7,440,944	-	7,440,944	-
Receipts reserved.....	1,697,420	-	1,697,420	-
Community development block grant.....	8,355	-	8,355	-
Municipal state grants.....	1,124,427	-	1,124,427	-
Permanent Funds:				
Expendable.....	2,532,882	-	2,532,882	-
Nonexpendable.....	366,932	-	366,932	-
Other Specific Purposes.....	8,856,640	-	8,856,640	-
Unrestricted.....	(1,004,203,638)	30,571,368	(973,632,270)	5,822,991
Total Net Position.....	\$ (649,164,155)	\$ 152,696,584	\$ (496,467,571)	\$ 7,461,621

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government					
Legislative & executive.....	\$ 4,873,727	\$ 376,257	\$ 7,477,378	\$ -	\$ 2,979,908
Financial administration.....	5,325,150	284,101	39,003	-	(5,002,046)
Administrative support.....	7,564,132	253,150	4	-	(7,310,978)
Planning & development.....	12,784,685	1,376,738	6,373,441	-	(5,034,506)
Public building maintenance & operation.....	7,981,976	18,451	536,937	-	(7,426,588)
Public Safety					
Police.....	39,227,990	4,261,646	563,785	-	(34,402,559)
Fire.....	42,488,512	1,053,375	185,847	-	(41,249,290)
Inspectional services.....	2,341,021	7,523,525	-	-	5,182,504
Education.....	378,440,451	4,243,063	105,068,958	284,939	(268,843,491)
Public Works					
Streets & sidewalks.....	15,929,136	824,887	2,440	4,466,749	(10,635,060)
Control of snow & ice.....	5,280,777	-	-	-	(5,280,777)
Sanitation.....	10,981,223	230,367	87,635	-	(10,663,221)
Engineering.....	2,630,030	12,205	-	-	(2,617,825)
Health and Human Services					
Public health & human services.....	11,975,157	167,105	340,115	-	(11,467,937)
Senior services.....	1,257,262	11,208	416,334	-	(829,720)
Veteran services.....	262,298	-	27,426	-	(234,872)
Culture and Recreation					
Libraries.....	7,666,054	15,585	149,474	-	(7,500,995)
Parks & recreation.....	11,872,791	1,620,512	786,565	-	(9,465,714)
Newton History museum.....	393,778	-	1,442	-	(392,336)
Debt Service-Interest.....	9,651,152	-	43,530	-	(9,607,622)
Total Governmental Activities.....	578,927,302	22,272,175	122,100,314	4,751,688	(429,803,125)
Business-Type Activities:					
Water.....	20,629,851	28,456,130	340,875	6,843	8,173,997
Sewer.....	27,836,234	34,443,601	116,752	17,422	6,741,541
Stormwater.....	1,510,859	4,249,011	29,299	-	2,767,451
Total Business-Type Activities.....	49,976,944	67,148,742	486,926	24,265	17,682,989
Total Primary Government.....	\$ 628,904,246	\$ 89,420,917	\$ 122,587,240	\$ 4,775,953	\$ (412,120,136)
Component Units:					
Newton Commonwealth Foundation, Inc.....	\$ 280,230	\$ 662,232	\$ 20,260	\$ -	\$ 402,262
Newton Community Development Authority.....	134,249	17	-	-	(134,232)
Total Component Units.....	\$ 414,479	\$ 662,249	\$ 20,260	\$ -	\$ 268,030

CITY OF NEWTON, MASSACHUSETTS
STATEMENT OF ACTIVITIES (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
CHANGES IN NET POSITION				
Net (Expense) Revenue (From Previous Page).....	\$ (429,803,125)	\$ 17,682,989	\$ (412,120,136)	\$ 268,030
General Revenues:				
Real estate and personal property taxes, levied for general purposes.....	376,547,753	-	376,547,753	-
Real estate and personal property taxes, levied for community preservation purposes.....	3,676,800	-	3,676,800	-
Motor Vehicle and Other Excise Taxes.....	13,690,851	-	13,690,851	-
Hotel Room Occupancy Taxes.....	314,597	-	314,597	-
Meals Taxes.....	1,352,560	-	1,352,560	-
Cannabis State Taxes.....	362,725	-	362,725	-
Penalties and Interest on Taxes.....	2,251,230	-	2,251,230	-
Grants and Contributions not Restricted to Specific Programs.....	7,676,004	-	7,676,004	-
Unrestricted Investment Income.....	462,472	-	462,472	-
Gain (Loss) on Sale of Capital Assets.....	(496,476)	(236,007)	(732,483)	-
Other.....	2,902,230	-	2,902,230	-
Transfers, Net.....	4,310,000	(4,310,000)	-	-
Total General Revenues and Transfers.....	413,050,746	(4,546,007)	408,504,739	-
CHANGE IN NET POSITION	(16,752,379)	13,136,982	(3,615,397)	268,030
Net Position - Beginning of Year (As Restated).....	(632,411,776)	139,559,602	(492,852,174)	7,193,591
NET POSITION - END OF YEAR.....	\$ (649,164,155)	\$ 152,696,584	\$ (496,467,571)	\$ 7,461,621

CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021

ASSETS	General	Community Preservation	Cabot School Improvements	Angier School Improvement	American Rescue Plan Act (ARPA)	Nonmajor Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents.....	\$ 103,987,619	\$ -	\$ -	\$ -	\$ -	\$ 4,260,043	\$ 108,247,662
Receivables, Net of Allowance for Uncollectible Amounts:							
Real Estate and Personal Property Taxes.....	12,154,495	-	-	-	-	-	12,154,495
Real Estate Tax Deferrals.....	3,331,297	-	-	-	-	-	3,331,297
Tax Liens.....	6,655,752	-	-	-	-	-	6,655,752
Motor Vehicle and Other Excise Taxes.....	1,350,221	-	-	-	-	-	1,350,221
Community Preservation Surcharges.....	-	74,403	-	-	-	-	74,403
Departmental and Other.....	2,271,850	-	-	-	-	503,270	2,775,120
Intergovernmental.....	12,284	1,050,463	-	-	-	5,324,079	6,386,826
Special Assessments.....	132,919	-	-	-	-	165,529	298,448
Due from Other Funds.....	4,400,073	-	-	-	-	-	4,400,073
Other Assets.....	-	-	-	-	-	30,000	30,000
Restricted Assets:							
Cash and Cash Equivalents.....	2,153,889	21,861,704	315,342	8,083	23,208,061	26,297,591	73,844,670
Investments.....	-	-	-	-	-	1,772,898	1,772,898
Total Assets.....	\$ 136,450,399	\$ 22,986,570	\$ 315,342	\$ 8,083	\$ 23,208,061	\$ 38,353,410	\$ 221,321,865
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Warrants Payable.....	\$ 2,981,877	\$ 14,425	\$ 183,217	\$ -	\$ -	\$ 2,072,774	\$ 5,252,293
Accrued Liabilities.....	1,992,204	16,247	-	-	-	1,058,677	3,067,128
Accrued Payroll.....	20,426,138	882	-	-	-	445,987	20,873,007
Revenue Refunds Payable.....	2,439,181	-	-	-	-	-	2,439,181
Other Liabilities.....	-	2,472	-	-	-	137,049	139,521
Abandoned Property.....	1,124,897	-	-	-	-	-	1,124,897
Liabilities Due Depositors.....	637,196	-	-	-	-	-	637,196
Due to Other Funds.....	-	-	-	-	-	4,400,073	4,400,073
Unearned Revenue.....	-	-	-	-	23,208,061	-	23,208,061
Short-Term Notes Payable.....	-	-	1,000,000	-	-	2,808,500	3,808,500
Total Liabilities.....	29,601,493	34,026	1,183,217	-	23,208,061	10,923,060	64,949,857
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue.....	22,708,791	1,101,257	-	-	-	347,110	24,157,158
FUND BALANCES							
Nonspendable.....	-	-	-	-	-	366,932	366,932
Restricted.....	2,153,889	21,851,287	-	8,083	-	24,802,658	48,815,917
Committed.....	11,175,244	-	-	-	-	4,260,043	15,435,287
Assigned.....	10,057,666	-	-	-	-	-	10,057,666
Unassigned.....	60,753,316	-	(867,875)	-	-	(2,346,393)	57,539,048
Total Fund Balances.....	84,140,115	21,851,287	(867,875)	8,083	-	27,083,240	132,214,850
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 136,450,399	\$ 22,986,570	\$ 315,342	\$ 8,083	\$ 23,208,061	\$ 38,353,410	\$ 221,321,865

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, 2021

Total Governmental Fund Balances	\$	132,214,850
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		609,533,547
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.....		24,157,158
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.....		(3,394,372)
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.....		(308,666,842)
Landfill Post-Closure.....		(416,633)
Compensated Absences.....		(12,282,042)
Net OPEB Obligation.....		(877,438,674)
Net Pension Liability.....		(281,105,169)
In the statement of net position, deferred outflows of resources are reported for amounts related to pensions.....		8,377,811
In the statement of net position, deferred inflows of resources are reported for amounts related to pensions.....		(23,147,604)
In the statement of net position, deferred outflows of resources are reported for amounts related to OPEB.....		97,134,695
In the statement of net position, deferred inflows of resources are reported for amounts related to OPEB.....		(39,677,023)
Internal service funds are used by management to account for health insurance workers' compensation, building insurance and liability insurance activities. The assets and liabilities of the internal service funds are reported as governmental activities in the statement of net position.....		<u>25,546,143</u>
Net Position of Governmental Activities.....	\$	<u><u>(649,164,155)</u></u>

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General	Community Preservation	Cabot School Improvements	Angier School Improvement	American Rescue Plan Act (ARPA)	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Real Estate and Personal Property Taxes.....	\$ 378,021,205	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 378,021,205
Motor Vehicle and Other Excise Taxes.....	14,092,497	-	-	-	-	-	14,092,497
Hotel/Motel Tax.....	314,597	-	-	-	-	-	314,597
Meals Taxes.....	1,352,560	-	-	-	-	-	1,352,560
Cannabis State Tax.....	362,725	-	-	-	-	-	362,725
Payments in Lieu of Taxes.....	403,873	-	-	-	-	-	403,873
Community Preservation Surcharges.....	-	3,704,447	-	-	-	-	3,704,447
Charges for Services.....	2,900,712	-	-	-	-	11,233,910	14,134,622
Intergovernmental.....	92,192,444	1,009,206	-	-	-	40,441,952	133,643,602
Special Assessments.....	44,411	-	-	-	-	155,738	200,149
Penalties and Interest on Taxes.....	2,251,230	-	-	-	-	-	2,251,230
Licenses and Permits.....	8,574,838	-	-	-	-	757,912	9,332,750
Fines and Forfeitures.....	238,751	-	-	-	-	21,680	260,431
Contributions.....	-	-	-	-	-	782,961	782,961
Investment Income (loss).....	429,917	32,554	-	-	-	358,886	821,357
Other.....	680,996	-	-	-	-	75,418	756,414
Total Revenues.....	501,860,756	4,746,207	-	-	-	53,828,457	560,435,420
EXPENDITURES							
Current:							
General Government							
Legislative & Executive.....	3,291,899	-	-	-	-	230,423	3,522,322
Financial Administration.....	3,396,787	-	-	-	-	159	3,396,946
Administrative Support.....	5,637,060	-	-	-	-	85,156	5,722,216
Planning & Development.....	1,924,461	4,572,266	-	-	-	6,783,310	13,280,037
Public Building Maintenance & Operations.....	4,779,257	-	-	-	-	1,789,390	6,568,647
Public Safety							
Police.....	22,892,891	-	-	-	-	4,332,402	27,225,293
Fire.....	26,077,270	-	-	-	-	2,034,310	28,111,580
Inspectional Services.....	1,895,109	-	-	-	-	6,885	1,901,994
Education.....	301,358,338	-	375,116	-	-	35,121,284	336,854,738
Public Works							
Streets & Sidewalks.....	9,160,907	-	-	-	-	13,268,776	22,429,683
Control of Snow & Ice.....	4,893,111	-	-	-	-	-	4,893,111
Sanitation.....	9,955,815	-	-	-	-	264,943	10,220,758
Vehicle Maintenance.....	2,594,912	-	-	-	-	150,280	2,745,192
Engineering.....	1,987,610	-	-	-	-	79,220	2,066,830
Administration & Support.....	1,655,658	-	-	-	-	-	1,655,658
Health and Human Services							
Health and Human Services.....	4,036,145	-	-	-	-	542,395	4,578,540
Senior Services.....	798,597	-	-	-	-	306,601	1,105,198
Veteran Services.....	186,974	-	-	-	-	-	186,974
Culture and Recreation							
Libraries.....	5,051,705	-	-	-	-	260,946	5,312,651
Parks & Recreation.....	6,655,149	48,851	-	-	-	1,380,222	8,084,222
Newton History Museum.....	301,007	-	-	-	-	125	301,132
Retirement Benefits.....	42,916,424	-	-	-	-	-	42,916,424
Worker's Compensation Insurance.....	1,200,000	-	-	-	-	-	1,200,000
Property and Liability Insurance.....	640,480	-	-	-	-	-	640,480
Claims and Judgments.....	126,534	-	-	-	-	-	126,534
State and County Charges.....	6,507,813	-	-	-	-	-	6,507,813
Debt Service:							
Principal.....	14,549,667	280,000	-	-	-	-	14,829,667
Interest.....	10,567,815	417,699	-	-	-	-	10,985,514
Total Expenditures.....	495,039,395	5,318,816	375,116	-	-	66,636,827	567,370,154
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	6,821,361	(572,609)	(375,116)	-	-	(12,808,370)	(6,934,734)
OTHER FINANCING SOURCES (USES)							
Premium from Issuance of Bonds and Notes.....	-	-	-	-	-	43,530	43,530
Transfers In.....	5,357,554	-	-	-	-	1,063,839	6,421,393
Transfers Out.....	(1,063,839)	-	-	-	-	(1,047,554)	(2,111,393)
Total Other Financing Sources (Uses).....	4,293,715	-	-	-	-	59,815	4,353,530
NET CHANGE IN FUND BALANCES.....	11,115,076	(572,609)	(375,116)	-	-	(12,748,555)	(2,581,204)
Fund Balances - Beginning of Year (As Restated).....	73,025,039	22,423,896	(492,759)	8,083	-	39,831,795	134,796,054
FUND BALANCES - END OF YEAR.....	\$ 84,140,115	\$ 21,851,287	\$ (867,875)	\$ 8,083	\$ -	\$ 27,083,240	\$ 132,214,850

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, 2021

Net Change in Fund Balances - Total Governmental Funds.....	\$	(2,581,204)
<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.....		29,080,206
Depreciation.....		(24,463,573)
<p>In the statement of activities, the loss 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>		
		(496,476)
<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>		
		(2,117,549)
<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>		
Bond Maturities.....		14,829,667
Net Amortization of Bond Premiums.....		1,396,728
<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>		
		26,314
<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.....		24,135
Compensated Absences.....		(2,767,780)
Net OPEB Liability.....		(28,441,917)
Net Pension Liability.....		15,139,855
<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>		
		2,857,175
<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>		
		(88,681)
<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>		
		(7,753,999)
<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>		
		(25,075,682)
<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>		
		13,661,945
<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>		
		18,457
Changes in Net Position of Governmental Activities.....	\$	<u>(16,752,379)</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, 2021

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
REVENUES				
Real estate and personal property taxes.....	\$ 371,405,459	371,081,604	\$ 378,337,152	\$ 7,255,548
Motor vehicle excise taxes.....	12,500,000	12,500,000	13,302,781	802,781
Hotel room occupancy taxes.....	1,000,000	1,000,000	314,597	(685,403)
Meals tax.....	1,000,000	1,000,000	1,352,560	352,560
Cannabis state tax.....	125,000	125,000	362,725	237,725
Penalties and interest on taxes.....	1,190,000	1,190,000	2,251,230	1,061,230
Licenses and permits.....	7,011,325	6,498,847	8,574,838	2,075,991
Intergovernmental.....	31,290,991	32,289,373	32,883,114	593,741
Charges for services.....	3,136,850	3,136,850	2,900,712	(236,138)
Fines and forfeitures.....	895,000	895,000	238,751	(656,249)
Investment income.....	300,000	300,000	288,974	(11,026)
Payments in lieu of taxes.....	375,000	375,000	403,873	28,873
Miscellaneous.....	25,000	25,000	483,241	458,241
Special assessments.....	50,000	50,000	44,411	(5,589)
TOTAL REVENUES.....	430,304,625	430,466,674	441,738,959	11,272,285
EXPENDITURES				
Current:				
General government:				
Legislative & executive.....	3,561,796	3,662,175	3,291,899	370,276
Financial administration.....	6,130,403	6,065,409	3,396,787	2,668,622
Administrative support.....	6,153,974	6,919,802	5,637,059	1,282,743
Planning & development.....	2,077,963	2,087,786	1,924,462	163,324
Public building maintenance & operations.....	5,375,745	5,399,716	4,779,258	620,458
Public safety:				
Police.....	23,191,206	23,691,180	22,892,891	798,289
Fire.....	26,868,789	28,080,011	26,077,270	2,002,741
Inspection services.....	1,780,347	3,016,379	1,895,109	1,121,270
Education.....	242,940,291	243,152,721	242,049,010	1,103,711
Public works:				
Streets & sidewalks.....	15,510,885	13,926,624	9,160,907	4,765,717
Control of snow & ice.....	3,000,000	4,998,576	4,893,111	105,465
Sanitation.....	10,197,961	10,302,022	9,955,815	346,207
Vehicle maintenance.....	2,648,690	3,210,369	2,594,912	615,457
Engineering.....	2,365,287	3,383,015	1,987,610	1,395,405
Administration & support.....	1,764,668	1,794,224	1,655,658	138,566
Health and human services:				
Health & human services.....	4,684,155	4,581,971	4,036,144	545,827
Senior services.....	793,660	799,983	798,598	1,385
Veteran services.....	244,191	241,326	186,973	54,353
Culture and recreation:				
Libraries.....	5,872,412	5,818,321	5,051,705	766,616
Parks & recreation.....	7,156,700	7,553,368	6,655,149	898,219
Newton History museum.....	305,793	310,668	301,006	9,662
Retirement benefits.....	43,365,446	43,365,446	42,916,424	449,022
Workers' compensation insurance.....	1,200,000	1,200,000	1,200,000	-
Property and liability insurance.....	594,682	659,676	640,480	19,196
Claims and judgments.....	100,000	233,991	126,534	107,457
Reserve fund.....	6,736,298	4,043,798	-	4,043,798
State assessments & charges.....	6,370,575	6,532,624	6,507,813	24,811
Debt service:				
Principal.....	14,549,667	14,549,667	14,549,667	-
Interest.....	10,566,934	10,567,834	10,567,814	20
TOTAL EXPENDITURES.....	456,108,518	460,148,682	435,730,065	24,418,617
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(25,803,893)	(29,682,008)	6,008,894	35,690,902
OTHER FINANCING SOURCES (USES)				
Transfers in.....	5,127,600	5,583,600	5,585,153	1,553
Transfers out.....	(1,160,870)	(2,099,498)	(2,099,498)	-
TOTAL OTHER FINANCING SOURCES (USES).....	3,966,730	3,484,102	3,485,655	1,553
NET CHANGE IN FUND BALANCE.....	(21,837,163)	(26,197,906)	9,494,549	35,692,455
FUND BALANCE AT BEGINNING OF YEAR.....	52,048,403	52,048,403	52,048,403	-
FUND BALANCE AT END OF YEAR.....	\$ 30,211,240	\$ 25,850,497	\$ 61,542,952	\$ 35,692,455

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, 2021

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
REVENUES				
Community preservation surcharges.....	\$ 3,658,144	\$ 3,658,144	\$ 3,703,079	\$ 44,935
Intergovernmental	713,784	713,784	1,009,206	295,422
Investment income.....	-	-	32,555	32,555
Miscellaneous.....	425,445	425,445	-	(425,445)
TOTAL REVENUES.....	4,797,373	4,797,373	4,744,840	(52,533)
EXPENDITURES				
Current:				
General government:				
Planning & development.....	18,606,425	19,520,025	4,831,262	14,688,763
Culture and recreation:				
Parks & recreation.....	275,209	321,083	48,851	272,232
Reserve fund.....	4,380,467	858,271	-	858,271
Debt service:				
Principal.....	217,963	280,000	280,000	-
Interest.....	-	417,700	417,700	-
TOTAL EXPENDITURES.....	23,480,064	21,397,079	5,577,813	15,819,266
NET CHANGE IN FUND BALANCE.....	(18,682,691)	(16,599,706)	(832,973)	15,766,733
FUND BALANCE AT BEGINNING OF YEAR.....	22,619,099	22,619,099	22,619,099	-
FUND BALANCE AT END OF YEAR.....	\$ 3,936,408	\$ 6,019,393	\$ 21,786,126	\$ 15,766,733

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF FUND NET POSITION
 JUNE 30, 2021

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Nonmajor Stormwater	Total	
ASSETS					
Current Assets:					
Cash and Cash Equivalents.....	\$ 23,253,927	\$ 21,167,045	\$ 4,079,280	\$ 48,500,252	\$ -
Restricted Cash and Cash Equivalents.....	14,137,406	8,851,655	1,375,791	24,364,852	24,294,126
Restricted Investments.....	-	-	-	-	18,307,828
Interest and Dividends.....	-	-	-	-	17,214
Receivables, Net of Allowance for Uncollectible Amounts:					
User Charges.....	8,588,031	6,504,334	947,681	16,040,046	-
Utility Liens.....	448,268	328,956	27,603	804,827	-
Special Assessments.....	-	44,137	-	44,137	-
Working Capital Deposit.....	-	-	-	-	750,080
Total Current Assets.....	<u>46,427,632</u>	<u>36,896,127</u>	<u>6,430,355</u>	<u>89,754,114</u>	<u>43,369,248</u>
Noncurrent Assets:					
Receivables, Net of Allowance for Uncollectible Amounts:					
Special Assessments.....	21,695	233,040	-	254,735	-
Intergovernmental.....	4,003	-	-	4,003	-
Capital Assets					
Nondepreciable.....	1,362,441	1,703,265	-	3,065,706	-
Depreciable, Net of Accumulated Depreciation.....	64,928,598	60,220,049	6,648,565	131,797,212	-
Total Noncurrent Assets.....	<u>66,316,737</u>	<u>62,156,354</u>	<u>6,648,565</u>	<u>135,121,656</u>	<u>-</u>
Total Assets.....	<u>112,744,369</u>	<u>99,052,481</u>	<u>13,078,920</u>	<u>224,875,770</u>	<u>43,369,248</u>
DEFERRED OUTFLOWS OF RESOURCES					
Related to OPEB.....	1,029,594	1,245,702	54,502	2,329,798	-
Related to Pension.....	99,465	138,050	28,535	266,050	-
Total Deferred Outflows of Resources.....	<u>1,129,059</u>	<u>1,383,752</u>	<u>83,037</u>	<u>2,595,848</u>	<u>-</u>
LIABILITIES					
Current Liabilities:					
Warrants Payable.....	902,152	1,406,628	201	2,308,981	154,678
Accrued Liabilities.....	189,104	222,050	46,428	457,582	43,200
Accrued Payroll.....	22,024	30,032	9,227	61,283	7,139
Other Liabilities.....	2,711	1,922	161	4,794	2,789,517
Liabilities Payable from Restricted Assets.....	-	982,912	-	982,912	-
Accrued Interest.....	18,283	202,481	39,576	260,340	-
Accrued Health Claims Payable.....	-	-	-	-	3,970,884
Workers' Compensation Claims.....	-	-	-	-	2,551,484
Compensated Absences.....	16,229	21,227	6,281	43,737	-
Short-Term Notes Payable.....	-	1,500,000	-	1,500,000	-
Long-Term Bonds and Notes Payable.....	1,264,806	2,370,618	284,298	3,919,722	-
Total Current Liabilities.....	<u>2,415,309</u>	<u>6,737,870</u>	<u>386,172</u>	<u>9,539,351</u>	<u>9,516,902</u>
Noncurrent Liabilities:					
Workers' Compensation Claims.....	-	-	-	-	8,306,203
Compensated Absences.....	146,060	191,043	56,530	393,633	-
Net Pension Liability.....	3,337,403	4,632,057	957,436	8,926,896	-
Net OPEB Obligation.....	9,300,548	11,252,698	492,328	21,045,574	-
Long-Term Bonds and Notes Payable.....	10,461,847	18,863,036	3,857,949	33,182,832	-
Total Noncurrent Liabilities.....	<u>23,245,858</u>	<u>34,938,834</u>	<u>5,364,243</u>	<u>63,548,935</u>	<u>8,306,203</u>
Total Liabilities.....	<u>25,661,167</u>	<u>41,676,704</u>	<u>5,750,415</u>	<u>73,088,286</u>	<u>17,823,105</u>
DEFERRED INFLOWS OF RESOURCES					
Related to OPEB.....	420,563	508,837	22,263	951,663	-
Related to Pension.....	274,818	381,427	78,840	735,085	-
Total Deferred Outflows of Resources.....	<u>695,381</u>	<u>890,264</u>	<u>101,103</u>	<u>1,686,748</u>	<u>-</u>
FUND NET POSITION					
Net Investment in Capital Assets.....	68,701,792	49,541,315	3,882,109	122,125,216	-
Unrestricted.....	18,815,088	8,327,950	3,428,330	30,571,368	25,546,143
Total Net Position.....	<u>\$ 87,516,880</u>	<u>\$ 57,869,265</u>	<u>\$ 7,310,439</u>	<u>\$ 152,696,584</u>	<u>\$ 25,546,143</u>

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, 2021

	Business-Type Activities - Enterprise Funds				Internal Service Funds
	Sewer	Water	Nonmajor Stormwater	Total	
OPERATING REVENUES					
Charges for Services.....	\$ 34,443,601	\$ 28,456,130	\$ 4,249,011	\$ 67,148,742	\$ -
Employer Contributions.....	-	-	-	-	56,700,001
Plan Member Contributions.....	-	-	-	-	13,972,328
Total Operating Revenues.....	34,443,601	28,456,130	4,249,011	67,148,742	70,672,329
OPERATING EXPENSES					
Salaries, Wages and Employee Benefits.....	2,998,110	3,416,177	941,171	7,355,458	-
Other Operating Expense.....	442,304	435,541	146,489	1,024,334	5,364,807
MWRA Assessment.....	21,895,848	13,532,097	-	35,427,945	-
Worker's Compensation.....	250,000	250,000	100,000	600,000	-
Self Insurance Claims.....	-	-	-	-	69,783,399
Depreciation.....	2,002,125	2,241,475	174,269	4,417,869	-
Total Operating Expenses.....	27,588,387	19,875,290	1,361,929	48,825,606	75,148,206
OPERATING INCOME (LOSS).....	6,855,214	8,580,840	2,887,082	18,323,136	(4,475,877)
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental	109,346	269,437	-	378,783	-
Premium from Issuance of Bonds and Notes.....	7,406	71,439	29,299	108,144	-
Investment Income.....	17,422	6,842	-	24,264	4,494,334
Interest Expense.....	(247,847)	(754,561)	(148,930)	(1,151,338)	-
Gain (Loss) on Disposal of Capital Assets.....	(174,012)	(61,995)	-	(236,007)	-
Total Nonoperating Revenues (Expenses), Net.....	(287,685)	(468,838)	(119,631)	(876,154)	4,494,334
INCOME (LOSS) BEFORE TRANSFERS.....	6,567,529	8,112,002	2,767,451	17,446,982	18,457
TRANSFERS					
Transfers In.....	619,071	-	-	619,071	-
Transfers Out.....	(1,925,000)	(2,252,071)	(752,000)	(4,929,071)	-
Total Transfers.....	(1,305,929)	(2,252,071)	(752,000)	(4,310,000)	-
CHANGE IN FUND NET POSITION.....	5,261,600	5,859,931	2,015,451	13,136,982	18,457
Fund Net Position - Beginning of Year.....	82,255,280	52,009,334	5,294,988	139,559,602	25,527,686
FUND NET POSITION - END OF YEAR.....	\$ 87,516,880	\$ 57,869,265	\$ 7,310,439	\$ 152,696,584	\$ 25,546,143

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Nonmajor Stormwater	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users.....	\$ 34,070,872	\$ 27,887,139	\$ 4,062,614	\$ 66,020,625	\$ 13,972,328
Receipts from Interfund Services Provided.....	-	-	-	-	56,700,001
Payments to Vendors/Providers.....	(24,091,130)	(14,460,640)	(650,155)	(39,201,923)	(71,286,459)
Payments to Employees.....	(1,813,134)	(1,688,187)	(703,598)	(4,204,919)	-
Net Cash Provided by Operating Activities.....	<u>8,166,608</u>	<u>11,738,312</u>	<u>2,708,863</u>	<u>22,613,783</u>	<u>(614,130)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In.....	619,071	-	-	619,071	-
Transfers Out.....	(1,925,000)	(2,252,071)	(752,000)	(4,929,071)	-
Net Cash Provided by Noncapital Financing Activities.....	<u>(1,305,929)</u>	<u>(2,252,071)</u>	<u>(752,000)</u>	<u>(4,310,000)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the Issuance of Bonds and Notes.....	4,580,000	1,500,000	-	6,080,000	-
Acquisition and Construction of Capital Assets.....	(8,036,809)	(5,543,458)	(298,026)	(13,878,293)	-
Principal Payments on Bonds and Notes.....	(1,295,400)	(2,792,545)	(250,000)	(4,337,945)	-
Interest Expense.....	(150,975)	(499,339)	(170,436)	(820,750)	-
Net Cash Used by Capital and Related Financing Activities.....	<u>(4,903,184)</u>	<u>(7,335,342)</u>	<u>(718,462)</u>	<u>(12,956,988)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase and sales of Investments, net.....	-	-	-	-	(4,367,072)
Investment Income.....	17,422	6,842	-	24,264	4,488,361
Net Cash Provided by Investing Activities.....	<u>17,422</u>	<u>6,842</u>	<u>-</u>	<u>24,264</u>	<u>121,289</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	1,974,917	2,157,741	1,238,401	5,371,059	(492,841)
Cash and Cash Equivalents - Beginning of Year (Includes \$16,083,363, \$11,550,963, \$1,480,099, and \$24,786,967 Reported as Restricted in the Sewer, Water, and Stormwater Enterprise Funds and Internal Service Funds Respectively).....	35,416,416	27,860,959	4,216,670	67,494,045	24,786,967
CASH AND CASH EQUIVALENTS AT END OF YEAR (Includes \$14,137,406, \$8,851,655, \$1,375,791, and \$24,364,852 Reported as Restricted in the Sewer, Water, and Stormwater Enterprise Funds and Internal Service Funds Respectively).....	<u>\$ 37,391,333</u>	<u>\$ 30,018,700</u>	<u>\$ 5,455,071</u>	<u>\$ 72,865,104</u>	<u>\$ 24,294,126</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating Income (Loss).....	\$ 6,855,214	\$ 8,580,840	\$ 2,887,082	\$ 18,323,136	\$ (4,475,877)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Changes in Assets and Liabilities not Requiring Current Cash Flows:					
Depreciation.....	2,002,125	2,241,475	174,269	4,417,869	-
Net Pension Liability.....	(228,775)	(301,323)	(12,677)	(542,775)	-
Deferred Outflows Related to Pension.....	(33,008)	(46,115)	(10,457)	(89,580)	-
Deferred Inflows Related to Pension.....	89,511	125,077	28,431	243,019	-
Net OPEB Liability.....	188,998	204,514	30,511	424,023	-
Deferred Outflows Related to OPEB.....	281,985	344,649	11,975	638,609	-
Deferred Inflows Related to OPEB.....	(151,878)	(185,275)	(6,751)	(343,904)	-
Effect of Changes in Operating Assets and Liabilities:					
Utility Liens.....	(89,639)	(31,544)	4,623	(116,560)	-
User Charges.....	(438,503)	(617,395)	(191,020)	(1,246,918)	-
Special Assessments.....	8,839	79,948	-	88,787	-
Intergovernmental.....	146,574	-	-	146,574	-
Working Capital Deposit.....	-	-	-	-	(383,254)
Warrants Payable.....	(323,465)	1,083,073	(103,588)	656,020	55,930
Accrued Liabilities.....	15,363	19,152	(51,222)	(16,707)	6,550
Accrued Payroll.....	(15,518)	(680)	(4,337)	(20,535)	(11,930)
Other Liabilities.....	2,711	1,921	161	4,793	629,842
Liabilities payable from restricted assets.....	(165,671)	201,838	-	36,167	-
Accrued Health Claims Payable.....	-	-	-	-	1,013,125
Workers' Compensation Claims.....	-	-	-	-	2,551,484
Compensated Absences.....	21,745	38,157	(48,137)	11,765	-
Total Adjustments.....	<u>1,311,394</u>	<u>3,157,472</u>	<u>(178,219)</u>	<u>4,290,647</u>	<u>3,861,747</u>
Net Cash Provided by Operating Activities.....	<u>\$ 8,166,608</u>	<u>\$ 11,738,312</u>	<u>\$ 2,708,863</u>	<u>\$ 22,613,783</u>	<u>\$ (614,130)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Intergovernmental Debt Subsidies (MCWT).....	\$ 255,920	\$ 269,437	\$ -	\$ 525,357	\$ -

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2021*

ASSETS	Pension and OPEB Trust Funds	Private Purpose Trust Funds	Custodial Funds
Cash and Cash Equivalents.....	\$ 19,667,886	\$ 1,050,343	\$ 2,825,495
Investments:			
Fixed Income	-	4,212,267	-
Equities.....	-	8,891,660	-
External Investment Pool.....	442,476,384	-	-
Receivables, Net of Allowance for Uncollectible Amounts:			
Intergovernmental.....	498,276	-	-
Prepaid Expenses.....	6,385	-	-
Total Assets.....	<u>462,648,931</u>	<u>14,154,270</u>	<u>2,825,495</u>
LIABILITIES			
Warrants Payable.....	99,111	1,727	-
Payroll Withholding.....	-	-	1,062,079
Other Liabilities.....	-	4,000	1,763,416
Total Liabilities.....	<u>99,111</u>	<u>5,727</u>	<u>2,825,495</u>
NET POSITION			
Restricted for Pensions, Other Post Employment Benefits and Other Purposes.....	<u>\$ 462,549,820</u>	<u>\$ 14,148,543</u>	<u>\$ -</u>

* Except for the Pension Trust Fund (December 31, 2020)

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, 2021*

	Pension and OPEB Trust Funds	Private Purpose Trust Funds	Custodial Funds
ADDITIONS			
Contributions:			
Employer.....	\$ 61,400,250	\$ -	\$ -
Plan Members.....	11,415,653	-	-
Private Donations.....	-	118,382	-
Total Contributions.....	<u>72,815,903</u>	<u>118,382</u>	<u>-</u>
Net Investment Income:			
Net Appreciation in Fair Value of Investments.....	43,423,067	-	-
Interest and Dividends.....	8,723,077	2,567,870	-
Total Investment Income.....	52,146,144	2,567,870	-
Less: Investment Expense.....	<u>(1,840,093)</u>	<u>-</u>	<u>-</u>
Net Investment Income.....	<u>50,306,051</u>	<u>2,567,870</u>	<u>-</u>
Payroll Withholdings.....	-	-	182,877,577
Other.....	2,762,030	-	1,034,247
Total Additions.....	<u>125,883,984</u>	<u>2,686,252</u>	<u>183,911,824</u>
DEDUCTIONS			
Administration.....	410,977	390	-
Retirement Benefits and Refunds.....	69,765,620	-	-
Transfers to Other Systems.....	2,762,030	-	-
Scholarships Awarded.....	-	366,620	-
Payroll Withholdings.....	-	-	182,877,577
Other.....	-	-	1,034,247
Total Deductions.....	<u>72,938,627</u>	<u>367,010</u>	<u>183,911,824</u>
CHANGE IN NET POSITION.....	52,945,357	2,319,242	-
Net Position - Beginning of Year.....	<u>409,604,463</u>	<u>11,829,301</u>	<u>-</u>
NET POSITION - END OF YEAR.....	\$ <u>462,549,820</u>	\$ <u>14,148,543</u>	\$ <u>-</u>

* Except for the Pension Trust Fund (for the fiscal year ended December 31, 2020)

See notes to basic financial statements.

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

JUNE 30, 2021

	Component Units		
	Newton Commonwealth Foundation, Inc. (As of 12/31/20)	Newton Community Development Authority	Total
ASSETS			
Current assets:			
Cash and cash equivalents.....	\$ 2,144,864	\$ -	\$ 2,144,864
Restricted cash and cash equivalents.....	-	3	3
Interest and dividends.....	-	423,529	423,529
Receivables, net of allowance for uncollectible:			
Departmental and other.....	9,968	-	9,968
Loans.....	-	44,176	44,176
Total current assets.....	<u>2,154,832</u>	<u>467,708</u>	<u>2,622,540</u>
Noncurrent assets:			
Receivables, net of allowance for uncollectible amounts:			
Loans.....	-	3,260,451	3,260,451
Capital assets:			
Depreciable, net of accumulated depreciation.....	<u>1,638,630</u>	<u>-</u>	<u>1,638,630</u>
Total noncurrent assets.....	<u>1,638,630</u>	<u>3,260,451</u>	<u>4,899,081</u>
Total assets.....	<u>3,793,462</u>	<u>3,728,159</u>	<u>7,521,621</u>
LIABILITIES			
Warrants payable.....	<u>60,000</u>	<u>-</u>	<u>60,000</u>
FUND NET POSITION			
Net investment in capital assets.....	1,638,630	-	1,638,630
Unrestricted.....	<u>2,094,832</u>	<u>3,728,159</u>	<u>5,822,991</u>
Total fund net position.....	<u>\$ 3,733,462</u>	<u>\$ 3,728,159</u>	<u>\$ 7,461,621</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, 2021

	Component Units		
	Newton Commonwealth Foundation, Inc. (As of 12/31/20)	Newton Community Development Authority	Total
OPERATING REVENUES			
Charges for services.....	\$ 662,232	\$ -	\$ 662,232
Other.....	-	17	17
TOTAL OPERATING REVENUES.....	662,232	17	662,249
OPERATING EXPENSES			
Salaries, wages and employee benefits.....	12,337	-	12,337
Other operating expenses.....	61,612	134,249	195,861
Depreciation.....	206,281	-	206,281
TOTAL OPERATING EXPENSES.....	280,230	134,249	414,479
OPERATING INCOME (LOSS).....	382,002	(134,232)	247,770
NONOPERATING REVENUES (EXPENSES)			
Investment/interest income.....	20,260	-	20,260
CHANGE IN FUND NET POSITION.....	402,262	(134,232)	268,030
FUND NET POSITION AT BEGINNING OF YEAR.....	3,331,200	3,862,391	7,193,591
FUND NET POSITION AT END OF YEAR.....	\$ 3,733,462	\$ 3,728,159	\$ 7,461,621

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

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, 2021

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, 2021

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.

American Rescue Plan Act (ARPA) Fund: This fund is a special revenue fund used to account for financial resources related to federal ARPA funds.

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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

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.

Custodial Fund: This fund is used to account for monies held in a custodial capacity. 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 ended June 30, 2021, the City implemented GASB Statement No. 84, *Fiduciary Activities*, GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61* and GASB Statement No. 98, *The Annual Comprehensive Financial Report*. The implementation of GASB Statement No. 84 resulted in certain activities formerly reported within the agency fund to be reported within the *custodial fund* of the fiduciary funds statement of net position and statement of changes in net position. In addition, certain activities formerly reported within the agency fund are reported as governmental activities in the governmentwide statement of net position and statement of activities. Such activities are also reported in *nonmajor governmental funds* in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balance. As a result, the City has restated its 2020 beginning net position and fund balance to reflect the implementation of this statement. The effect of the change in accounting principle is as follows:

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

	Governmental Activities		Non-major Funds
	<hr/>		<hr/>
Net Position as of June 30, 2020 as Previously Reported	\$ (633,312,375)	Fund Balance as of June 30, 2020 as Previously Reported	\$ 38,931,196
Cumulative Effect of Application of GASB 84, Fiduciary Activities	<hr/> 900,599	Cumulative Effect of Application of GASB 84, Fiduciary Activities	<hr/> 900,599
Net Position as of June 30, 2020 as Restated	<hr/> <hr/> \$ (632,411,776)	Fund Balance as of June 30, 2020 as Restated	<hr/> <hr/> \$ 39,831,795

The implementation of GASB Statement No. 98 changed the name of this report to the Annual Comprehensive Financial Report. The implementation of GASB Statement No. 90 had no reporting impact for the City.

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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

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

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

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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

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.

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.
- 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 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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

- Permanent funds – non-expendable represents amounts held in trust for which only investment earnings may be expended.
- Other specific purposes represent restrictions placed on assets by other outside parties.

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

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

Governmental Funds Statements (Fund Balances)

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

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

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

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

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

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

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

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

Long term debt

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

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

Investment Income

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

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

Compensated Absences

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

Pensions

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

Post Retirement Benefits

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

Use of Estimates

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

Total Column

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

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

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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

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 2021 General Fund and Community Preservation Fund budgets authorized \$457,269,388 and \$23,480,064 (including prior year encumbrances and continuing appropriations), respectively, in appropriations and other amounts to be raised. During the fiscal year, the Mayor and City Council authorized supplemental appropriations for the General Fund and Community Preservation Fund totaling \$4,978,792, and (\$2,082,985), respectively, for total budgets of \$462,248,180 and \$21,397,079 respectively.

Total General Fund expenditures and transfers to other funds totaled \$437,829,563, and \$19,121,129 in appropriation balances were carried forward into fiscal year 2022 to support encumbrances and continuing appropriations.

Total Community Preservation Fund expenditures and transfers to other funds were \$5,577,813 and \$14,887,469 in appropriation balances were carried forward into fiscal year 2022 to support encumbrances and continuing appropriations.

B. Deficit Net Position/Fund Balance

At June 30, 2021, the net position of governmental activities and the primary government have a deficit balance of \$649,164,155 and \$496,467,571 respectively. The primary causes of the deficits are the net pension liability and net OPEB liability. At June 30, 2021, these liabilities total \$1,158,543,843 and \$1,188,516,313 for governmental activities and the primary government, respectively.

At June 30, 2021, the following temporary governmental fund deficits exist:

Description	Amount	Funding Source
School Building Improvements.....	\$ 1,262,908	Issuance of Long-Term Debt
Municipal Federal Grant.....	1,083,485	Federal Grants
Cabot School Improvements.....	867,875	Issuance of Long-Term Debt
	\$ 3,214,268	

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

C. Budget to GAAP Reconciliation

Accounting principles followed for purposes of preparing the financial statements on a budgetary basis differ from those used to present financial statements in accordance with GAAP. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund and Community Preservation Fund for the fiscal year ended June 30, 2021 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.....	\$ 441,738,959	\$ 435,730,065	\$ 3,485,655
<u>Reclassifications</u>			
Activity of stabilization fund recorded in the general fund for GAAP purposes	140,943	-	808,060
<u>Adjustments</u>			
Net change in recording 60-day receipts.....	117,633	-	-
Net change in recording tax refunds payable.....	356,135	-	-
To record activity of MTRS on-behalf payments.....	59,309,330	59,309,330	-
Net change in recording other revenues.....	197,756	-	-
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances	\$ 501,860,756	\$ 495,039,395	\$ 4,293,715

	CPA Fund	
	Revenues	Expenditures
Budgetary basis as reported on the statement of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 4,744,840	5,577,813
<u>Adjustment</u>		
Net change in recording 60-day receipts.....	1,367	-
Net change in recording expenditure accruals.....	-	(258,997)
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances	\$ 4,746,207	5,318,816

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

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, 2021, \$51,528,945 of the City's bank balance of \$86,665,859 was uninsured and uncollateralized.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

Investments Summary

The City's investments at June 30, 2021 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
<u>Debt Securities:</u>				
U.S. Treasuries.....	\$ 1,025,510	\$ 30,211	\$ 134,963	\$ 860,336
U.S. Agencies.....	244,850	30,369	214,481	-
Corporate bonds.....	240,132	-	240,132	-
Money market mutual funds.....	759,926	759,926	-	-
Mutual bond funds.....	7,019,254	7,019,254	-	-
External investment pools.....	228,763,946	228,763,946	-	-
Total debt securities.....	238,053,618	\$ 236,603,706	\$ 589,576	\$ 860,336
<u>Other Investments:</u>				
Equity mutual funds.....	8,189,764			
Equity securities.....	12,434,197			
International equities.....	4,030,946			
Total other investments.....	24,654,907			
Total investments.....	\$ 262,708,525			

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, 2021

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, 2021, \$33,944,579 of the City's investments of \$262,708,525 were uninsured, not registered in the name of the City and exposed to custodial credit risk as follows:

<u>Investment Type</u>	<u>Total Amount</u>	<u>Held by Counterparty</u>	<u>Held by Counterparty's Trust or Agent</u>
U.S. Treasuries.....	\$ 1,025,510	\$ -	\$ 1,025,510
U.S. Agencies.....	244,850	-	244,850
Corporate bonds.....	240,132	-	240,132
Money market mutual funds.....	759,926	759,926	-
Mutual bond funds.....	7,019,254	-	7,019,254
Equity mutual funds.....	8,189,764	-	8,189,764
Equity securities.....	12,434,197	-	12,434,197
International equities.....	4,030,946	-	4,030,946
Total.....	\$ 33,944,579	\$ 759,926	\$ 33,184,653

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, 2021, the credit quality ratings of the City's investments in debt securities are as follows:

<u>Investment Type</u>	<u>Total Amount</u>	<u>Quality Ratings *</u>	
		<u>AA+</u>	<u>Unrated</u>
Corporate bonds.....	\$ 240,132	\$ 240,132	\$ -
Money market mutual funds....	759,926	-	759,926
Mutual bond funds.....	7,019,254	-	7,019,254
External investment pools.....	228,763,946	-	228,763,946
Total.....	\$ 236,783,258	\$ 240,132	\$ 236,543,126

* 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, 2021

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, 2021:

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.....	\$ 1,025,510	\$ 1,025,510	\$ -	\$ -
U.S. Agencies.....	244,850	244,850	-	-
Corporate bonds.....	240,132	240,132	-	-
Mutual bond funds.....	7,019,254	7,019,254	-	-
Total Debt Securities.....	<u>8,529,746</u>	<u>8,529,746</u>	<u>-</u>	<u>-</u>
<u>Equity Securities:</u>				
Equity mutual funds.....	8,189,764	8,189,764	-	-
Equity securities.....	12,434,197	12,434,197	-	-
International equities.....	4,030,946	4,030,946	-	-
Total Equity Securities.....	<u>24,654,907</u>	<u>24,654,907</u>	<u>-</u>	<u>-</u>
Total Investments by Fair Value Level	<u>33,184,653</u>	<u>\$ 33,184,653</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Investments measured at the net asset value (NAV)</u>				
PRIT Fund.....	<u>22,402,649</u>			
Total Investments measured at Fair Value ...	<u>\$ 55,587,302</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, 2021

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, 2020, the System is not exposed to custodial credit risk.

Investments Summary

The System's investments at December 31, 2020 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.....	\$ 420,273,750	\$ 420,273,750
Massachusetts Municipal Depository Trust.	18,981,668	18,981,668
Total investments.....	\$ 439,255,418	\$ 439,255,418

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, 2020, 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, 2021

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, 2020, 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, 2021, 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 Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 13,998,553	\$ (1,844,058)	\$ 12,154,495
Real estate tax deferrals.....	3,331,297	-	3,331,297
Tax liens.....	6,655,752	-	6,655,752
Motor vehicle and other excise taxes.....	2,899,872	(1,549,651)	1,350,221
Community preservation surcharges.....	74,403	-	74,403
Special assessments.....	298,448	-	298,448
Departmental and other.....	9,489,398	(6,714,278)	2,775,120
Intergovernmental.....	6,885,102	-	6,885,102
	<u>\$ 43,632,825</u>	<u>\$ (10,107,987)</u>	<u>\$ 33,524,838</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

At June 30, 2021, 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.....	\$ 16,202,067	\$ (162,021)	\$ 16,040,046
Utility liens.....	804,827	-	804,827
Special assessments.....	298,872	-	298,872
Intergovernmental.....	<u>4,003</u>	<u>-</u>	<u>4,003</u>
	<u>\$ 17,309,769</u>	<u>\$ (162,021)</u>	<u>\$ 17,147,748</u>

Note 5 – Capital Assets

Capital asset activity for governmental activities for the fiscal year ended June 30, 2021 was as follows:

	<u>July 1, 2020</u>			<u>June 30, 2021</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land.....	\$ 46,400,152	\$ -	\$ -	\$ 46,400,152
Intangible assets.....	2,238,261	-	-	2,238,261
Construction in progress.....	<u>14,188,584</u>	<u>4,917,606</u>	<u>(8,361,341)</u>	<u>10,744,849</u>
Sub-total	<u>62,826,997</u>	<u>4,917,606</u>	<u>(8,361,341)</u>	<u>59,383,262</u>
Capital assets being depreciated:				
Buildings and improvements.....	633,771,404	7,521,240	-	641,292,644
Equipment and machinery.....	105,649,359	9,501,127	(12,978,130)	102,172,356
Road network.....	<u>129,575,349</u>	<u>15,501,574</u>	<u>-</u>	<u>145,076,923</u>
Sub-total.....	<u>868,996,112</u>	<u>32,523,941</u>	<u>(12,978,130)</u>	<u>888,541,923</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(208,298,263)	(14,654,587)	-	(222,952,850)
Equipment and machinery.....	(77,147,754)	(6,753,254)	12,481,654	(71,419,354)
Road network.....	<u>(40,963,702)</u>	<u>(3,055,732)</u>	<u>-</u>	<u>(44,019,434)</u>
Sub-total.....	<u>(326,409,719)</u>	<u>(24,463,573)</u>	<u>12,481,654</u>	<u>(338,391,638)</u>
Capital assets being depreciated, net.....	<u>542,586,393</u>	<u>8,060,368</u>	<u>(496,476)</u>	<u>550,150,285</u>
Governmental capital assets, net.....	<u>\$ 605,413,390</u>	<u>\$ 12,977,974</u>	<u>\$ (8,857,817)</u>	<u>\$ 609,533,547</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

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

Legislative & executive	\$ 18,402
Administrative support	348,533
Planning & development	237,491
Public building maintenance and operations	412,191
Police	706,245
Fire	1,736,993
Education	14,853,619
Streets and sidewalks	4,009,681
Control of snow and ice	63,197
Solid waste	998
Health & human services	2,822
Senior services	5,404
Libraries	1,059,485
Parks and recreation	972,371
Newton history museum	36,141
Total	\$ <u><u>24,463,573</u></u>

Capital asset activity for individual enterprise funds for the fiscal year ended June 30, 2021 is as follows:

	July 1, 2020			June 30, 2021
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
<u>Water system:</u>				
Capital assets not being depreciated:				
Land.....	\$ 258,540	\$ -	\$ -	\$ 258,540
Construction in progress.....	147,665	1,297,060	-	1,444,725
Sub-total	<u>406,205</u>	<u>1,297,060</u>	<u>-</u>	<u>1,703,265</u>
Capital assets being depreciated:				
Buildings and improvements.....	2,455,492	-	-	2,455,492
Equipment and machinery.....	12,263,545	129,997	(1,212,039)	11,181,503
Water system.....	71,320,032	4,116,401	-	75,436,433
Sub-total.....	<u>86,039,069</u>	<u>4,246,398</u>	<u>(1,212,039)</u>	<u>89,073,428</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(1,434,692)	(45,763)	-	(1,480,455)
Equipment and machinery.....	(7,335,713)	(753,861)	1,150,044	(6,939,530)
Water system.....	(18,991,543)	(1,441,851)	-	(20,433,394)
Sub-total.....	<u>(27,761,948)</u>	<u>(2,241,475)</u>	<u>1,150,044</u>	<u>(28,853,379)</u>
Capital assets being depreciated, net.....	<u>58,277,121</u>	<u>2,004,923</u>	<u>(61,995)</u>	<u>60,220,049</u>
Water system capital assets, net.....	\$ <u><u>58,683,326</u></u>	\$ <u><u>3,301,983</u></u>	\$ <u><u>(61,995)</u></u>	\$ <u><u>61,923,314</u></u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

	July 1, 2020 Balance	Increases	Decreases	June 30, 2021 Balance
Sewer system				
Capital assets not being depreciated:				
Land.....	\$ 26,245	\$ -	\$ -	\$ 26,245
Construction in progress.....	714,311	621,885	-	1,336,196
Sub-total	<u>740,556</u>	<u>621,885</u>	<u>-</u>	<u>1,362,441</u>
Capital assets being depreciated:				
Buildings and improvements.....	1,887,602	-	-	1,887,602
Equipment and machinery.....	5,902,521	804,667	(1,181,116)	5,526,072
Sanitary sewer system.....	82,395,945	6,610,257	-	89,006,202
Sub-total.....	<u>90,186,068</u>	<u>7,414,924</u>	<u>(1,181,116)</u>	<u>96,419,876</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(1,020,139)	(40,125)	-	(1,060,264)
Equipment and machinery.....	(2,991,348)	(396,903)	1,007,104	(2,381,147)
Sanitary sewer system.....	(26,484,770)	(1,565,097)	-	(28,049,867)
Sub-total.....	<u>(30,496,257)</u>	<u>(2,002,125)</u>	<u>1,007,104</u>	<u>(31,491,278)</u>
Capital assets being depreciated, net.....	<u>59,689,811</u>	<u>5,412,799</u>	<u>(174,012)</u>	<u>64,928,598</u>
Sewer system capital assets, net.....	<u>\$ 60,430,367</u>	<u>\$ 6,034,684</u>	<u>\$ (174,012)</u>	<u>\$ 66,291,039</u>
Stormwater system				
Capital assets not being depreciated:				
Construction in progress.....	\$ 2,653,546	\$ -	\$ (2,653,546)	\$ -
Capital assets being depreciated:				
Storm drainage system.....	5,726,750	2,951,572	-	8,678,322
Less: accumulated depreciation				
Storm drainage system.....	(1,855,488)	(174,269)	-	(2,029,757)
Capital assets being depreciated, net.....	<u>3,871,262</u>	<u>2,777,303</u>	<u>-</u>	<u>6,648,565</u>
Stormwater system capital assets, net.....	<u>\$ 6,524,808</u>	<u>\$ 2,777,303</u>	<u>\$ (2,653,546)</u>	<u>\$ 6,648,565</u>

Capital asset activity for the Newton Commonwealth Foundation for the fiscal year ended December 31, 2020 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Golf course:				
Capital assets being depreciated:				
Land improvements.....	\$ 4,049,022	\$ 5,210	\$ -	\$ 4,054,232
Buildings and improvements.....	184,992	-	-	184,992
Equipment and machinery.....	135,273	-	-	135,273
Sub-total.....	<u>4,369,287</u>	<u>5,210</u>	<u>-</u>	<u>4,374,497</u>
Less: accumulated depreciation:				
Land improvements.....	(2,368,265)	(191,179)	-	(2,559,444)
Buildings and improvements.....	(76,176)	(8,723)	-	(84,899)
Equipment and machinery.....	(85,145)	(6,379)	-	(91,524)
Sub-total.....	<u>(2,529,586)</u>	<u>(206,281)</u>	<u>-</u>	<u>(2,735,867)</u>
Golf course, net.....	<u>\$ 1,839,701</u>	<u>\$ (201,071)</u>	<u>\$ -</u>	<u>\$ 1,638,630</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

Note 6 – Net Investment in Capital Assets

Net investment in capital assets at June 30, 2021 is summarized as follows:

Governmental Activities

Capital assets, net of accumulated depreciation.....	\$ 609,533,547
Less: total long-term debt outstanding.....	(308,666,842)
Add: unspent BAN/bond proceeds.....	<u>9,022,067</u>
Net investment in capital assets.....	\$ <u><u>309,888,772</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.....	\$ 61,923,314	\$ 66,291,039	\$ 6,648,565	\$ 134,862,918
Less: total long-term debt outstanding.....	(21,233,654)	(11,726,653)	(4,142,247)	(37,102,554)
Add: unspent BAN/bond proceeds.....	<u>8,851,655</u>	<u>14,137,406</u>	<u>1,375,791</u>	<u>24,364,852</u>
Net investment in capital assets.....	\$ <u><u>49,541,315</u></u>	\$ <u><u>68,701,792</u></u>	\$ <u><u>3,882,109</u></u>	\$ <u><u>122,125,216</u></u>

Note 7 – Inter-fund Receivables, Payables and Transfers

Receivables and payables between funds at June 30, 2021, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	School Federal Grant Fund	\$ 1,623,365
General Fund	Municipal Federal Grant Fund	1,171,938
General Fund	School State Grant Fund	462,713
General Fund	Revolving Funds	430,758
General Fund	Street Improvements Fund	374,284
General Fund	Municipal State Grant Fund	<u>337,015</u>
	Total	\$ <u><u>4,400,073</u></u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

Inter-fund transfer activity for the fiscal year ended June 30, 2021 consisted of the following:

	General Fund	Nonmajor Governmental Funds	Water Enterprise Fund	Sewer Enterprise Fund	Stormwater Enterprise Fund	Total All Funds
Solid waste program receipts reserved - FY 2021 operating budget	\$ 125,000	(125,000)	-	-	-	\$ -
Sale of recycling materials receipts reserved - FY 2021 operating budget	100,000	(100,000)	-	-	-	-
CATV licensing fees receipts reserved - FY 2021 operating budget	350,000	(350,000)	-	-	-	-
NGCF golf day receipts reserved - FY 2021 operating budget	15,000	(15,000)	-	-	-	-
Sewer fund admin overhead support - FY 2021 operating budget	1,925,000	-	-	(1,925,000)	-	-
Water fund admin overhead support - FY 2021 operating budget	1,633,000	-	(1,633,000)	-	-	-
Stormwater fund admin overhead support - FY 2021 operating budget	752,000	-	-	-	(752,000)	-
Water fund indirect cost reimbursement to Sewer fund - FY 2021 operating budget	-	-	(619,071)	619,071	-	-
2020 energy efficiency projects (from capital stabilization)	(23,195)	23,195	-	-	-	-
Washington St pedestrian enhancement design (from Wash St mitigation)	256,000	(256,000)	-	-	-	-
Crafts St stable boiler (from capital stabilization)	(68,746)	68,746	-	-	-	-
Upgrade City Hall/Ed Center audiovisual (from CATV receipts reserved)	200,000	(200,000)	-	-	-	-
Close revolving fund aerodrama program	1,554	(1,554)	-	-	-	-
Newton Public Schools athletic revolving fund subsidy	(936,898)	936,898	-	-	-	-
School lunch bad debt write off (from GF to School lunch fund)	(35,000)	35,000	-	-	-	-
Transfers from other funds	\$ 5,357,554	\$ 1,063,839	\$ -	\$ 619,071	\$ -	\$ 7,040,464
Transfers to other funds	\$ (1,063,839)	\$ (1,047,554)	\$ (2,252,071)	\$ (1,925,000)	\$ (752,000)	\$ (7,040,464)

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, 2021, is as follows:

Notes Payable - Governmental Funds

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at July 1, 2020	Increases	Decreases	Balance at June 30, 2021
BAN	Cabot Elementary School	06/29/21	02/25/22	1.50%	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
BAN	Oak Hill School	06/29/21	02/25/22	1.50%	-	2,808,500	-	2,808,500
					<u>\$ -</u>	<u>\$ 3,808,500</u>	<u>\$ -</u>	<u>\$ 3,808,500</u>

Notes Payable - Enterprise Funds

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at July 1, 2020	Increases	Decreases	Balance at June 30, 2021
BAN	Water Main Improvements	06/29/21	02/25/22	1.50%	\$ -	\$ 1,500,000	\$ -	\$ 1,500,000

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

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, 2021:

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion
Governmental Activities:					
Bonds and notes payable.....	\$ 324,893,237	\$ -	\$ (16,226,395)	\$ 308,666,842	\$ 16,231,395
Landfill closure and other environmental	440,768	-	(24,135)	416,633	73,437
Workers' compensation.....	8,306,203	7,015,337	(4,463,853)	10,857,687	2,551,484
Compensated absences.....	9,514,262	2,782,562	(14,782)	12,282,042	6,409,106
Total.....	\$ 343,154,470	\$ 9,797,899	\$ (20,729,165)	\$ 332,223,204	\$ 25,265,422
Business-type Activities:					
Bonds and notes payable.....	\$ 22,918,977	\$ -	\$ (1,710,143)	\$ 21,208,834	\$ 1,414,122
Direct borrowings.....	14,049,665	4,580,000	(2,735,945)	15,893,720	2,505,600
Compensated absences.....	425,605	59,902	(48,137)	437,370	43,737
Total.....	\$ 37,394,247	\$ 4,639,902	\$ (4,494,225)	\$ 37,539,924	\$ 3,963,459

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, \$10,857,687 of the internal service funds accrued liabilities (workers' compensation claims) is included above.

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

Note 10 - Long-Term Debt

Information on the City's long term debt at June 30, 2021, along with future year debt service requirements, is presented as follows.

Bonds Payable – Governmental Funds

	Date of Issue	Interest Rate (%)	Outstanding June 30, 2020	Issued	Redeemed	Outstanding June 30, 2021
School new construction.....	3/30/2011	2.00%	\$ 7,699,997	\$ -	\$ (366,667)	\$ 7,333,330
School renovations.....	4/14/2011	3.0-4.5%	120,000	-	(120,000)	-
City Hall windows.....	4/14/2011	3.0-4.5%	10,000	-	(10,000)	-
Public works equipment.....	4/14/2011	3.0-4.5%	15,000	-	(15,000)	-
Elementary modular classrooms.....	4/12/2012	2.0 - 3.0%	420,000	-	(60,000)	360,000
Elementary modular classrooms.....	4/12/2012	2.0 - 3.0%	35,000	-	(5,000)	30,000
Elementary sprinkler design.....	4/12/2012	2.0 - 3.0%	35,000	-	(5,000)	30,000
Elementary sprinkler systems.....	4/12/2012	2.0 - 3.0%	670,000	-	(100,000)	570,000
School accessibility upgrades.....	4/12/2012	2.0 - 3.0%	140,000	-	(20,000)	120,000
School electrical system upgrades.....	4/12/2012	2.0 - 3.0%	80,000	-	(15,000)	65,000
School generator replacement.....	4/12/2012	2.0 - 3.0%	140,000	-	(20,000)	120,000
School heating system improvements.....	4/12/2012	2.0 - 3.0%	210,000	-	(30,000)	180,000
Public works equipment.....	4/12/2012	2.0 - 3.0%	70,000	-	(35,000)	35,000
Gath Pool improvements.....	4/12/2012	2.0 - 3.0%	20,000	-	(10,000)	10,000
Braceland Park improvements.....	4/12/2012	2.0 - 3.0%	70,000	-	(10,000)	60,000
Fire engine replacement.....	4/12/2012	2.0 - 3.0%	120,000	-	(60,000)	60,000
School advance refunding	4/12/2013	2.0 - 4.0%	2,375,000	-	(475,000)	1,900,000
School renovations.....	4/12/2013	2.0 -4.0%	5,670,000	-	(245,000)	5,425,000
Public works equipment.....	4/12/2013	2.0 -4.0%	45,000	-	(15,000)	30,000
Gath Pool improvements.....	4/12/2013	2.0 -4.0%	45,000	-	(15,000)	30,000
City Hall improvements.....	4/12/2013	2.0 -4.0%	355,000	-	(35,000)	320,000
Crafts St DPW garage improvements.....	4/12/2013	2.0 -4.0%	60,000	-	(20,000)	40,000
Fire equipment.....	4/12/2013	2.0 -4.0%	520,000	-	(65,000)	455,000
Elementary modular classrooms.....	3/06/2014	2.75% - 5.0%	1,440,000	-	(160,000)	1,280,000
Mason Rice School sprinklers.....	3/06/2014	2.75% - 5.0%	270,000	-	(30,000)	240,000
Carr School renovations.....	3/06/2014	2.75% - 5.0%	10,365,000	-	(270,000)	10,095,000
Angier demolition & construction.....	3/06/2014	2.75% - 5.0%	4,410,000	-	(115,000)	4,295,000
Community Ctr renovations.....	3/06/2014	2.75% - 5.0%	155,000	-	(20,000)	135,000
DPW equipment.....	3/06/2014	2.75% - 5.0%	100,000	-	(25,000)	75,000
Snow melting equipment.....	3/06/2014	2.75% - 5.0%	100,000	-	(25,000)	75,000
Salt shed & garage.....	3/06/2014	2.75% - 5.0%	350,000	-	(25,000)	325,000
School renovation adv refunding.....	1/29/2015	2.0-3.0%	2,908,000	-	(576,000)	2,332,000
DPW equip adv refunding.....	1/29/2015	2.0-3.0%	45,000	-	(45,000)	-
Fire ladder adv refunding.....	1/29/2015	2.0-3.0%	50,000	-	(50,000)	-
School renovation adv refunding.....	1/29/2015	2.0-3.0%	2,488,000	-	(440,000)	2,048,000
Fire station adv refunding.....	1/29/2015	2.0-3.0%	40,000	-	(20,000)	20,000
DPW equip adv refunding.....	1/29/2015	2.0-3.0%	79,000	-	(39,000)	40,000
Fire station adv refunding.....	1/29/2015	2.0-3.0%	90,000	-	(40,000)	50,000
School construction adv refunding.....	1/29/2015	2.0-3.0%	7,475,000	-	(975,000)	6,500,000
Bigelow staircase.....	1/29/2015	2.0-5.0%	225,000	-	(45,000)	180,000
Angier construction.....	1/29/2015	2.0-5.0%	13,530,000	-	(335,000)	13,195,000
Fire station #10 renovations.....	1/29/2015	2.0-5.0%	4,575,000	-	(305,000)	4,270,000
Publ Bldg Energy Conservation.....	1/29/2015	2.0-5.0%	1,950,000	-	(130,000)	1,820,000
DPW equipment	1/29/2015	2.0-5.0%	165,000	-	(35,000)	130,000
North High School adv refunding.....	1/28/2016	3.0 -5.0%	17,164,670	-	(607,040)	16,557,630
Brown Windows adv refunding.....	1/28/2016	3.0 -5.0%	786,320	-	(98,290)	688,030
Fire Pumper adv refunding.....	1/28/2016	3.0 -5.0%	83,130	-	(27,710)	55,420
DPW Equipment adv refunding.....	1/28/2016	3.0 -5.0%	110,880	-	(36,960)	73,920
Zervas Elementary construction.....	1/28/2016	3.0 -5.0%	18,500,000	-	(410,000)	18,090,000

(continued)

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

Bonds Payable – Governmental Funds (Continued)

	Date of Issue	Interest Rate (%)	Outstanding June 30, 2020	Issued	Redeemed	Outstanding June 30, 2021
Angier Elementary construction.....	1/28/2016	3.0 -5.0%	4,585,000	-	(100,000)	4,485,000
Aquinas Acquisition.....	1/28/2016	3.0 -5.0%	16,055,000	-	(355,000)	15,700,000
FA Day Hot Water Heater.....	1/28/2016	3.0 -5.0%	95,000	-	(15,000)	80,000
NNHS Baseball Backstop.....	1/28/2016	3.0 -5.0%	280,000	-	(20,000)	260,000
Fire Station #3 Improvements.....	1/28/2016	3.0 -5.0%	3,380,000	-	(75,000)	3,305,000
Senior Center HVAC.....	1/28/2016	3.0 -5.0%	95,000	-	(15,000)	80,000
City Hall War Memorial Elevator.....	1/28/2016	3.0 -5.0%	980,000	-	(45,000)	935,000
Manet Rd Communications Building.....	1/28/2016	3.0 -5.0%	705,000	-	(15,000)	690,000
Main Library Improvements.....	1/28/2016	3.0 -5.0%	165,000	-	(25,000)	140,000
City Hall Roof Trace Wiring.....	1/28/2016	3.0 -5.0%	60,000	-	(10,000)	50,000
DPW Snowblower.....	1/28/2016	3.0 -5.0%	95,000	-	(15,000)	80,000
Library Automated Circulation Eqmt.....	1/28/2016	3.0 -5.0%	130,000	-	(20,000)	110,000
Fire Pumper.....	1/28/2016	3.0 -5.0%	520,000	-	(35,000)	485,000
Fire SCBA Equipment.....	1/28/2016	3.0 -5.0%	330,000	-	(50,000)	280,000
Fire Bucket Truck.....	1/28/2016	3.0 -5.0%	145,000	-	(20,000)	125,000
NSHS Tennis Courts.....	1/28/2016	3.0 -5.0%	600,000	-	(45,000)	555,000
Traffic Signal Improvements.....	1/28/2016	3.0 -5.0%	520,000	-	(75,000)	445,000
Auburndale Sq Traffic Improvements.....	1/28/2016	3.0 -5.0%	785,000	-	(115,000)	670,000
Eliot St Bridge Replacement.....	1/28/2016	3.0 -5.0%	1,730,000	-	(75,000)	1,655,000
North High School Construction.....	7/28/2016	3.0 -4.0%	59,945,000	-	(2,160,000)	57,785,000
FA Day HVAC.....	7/28/2016	3.0 -4.0%	852,500	-	(95,000)	757,500
Underwood Boiler.....	7/28/2016	3.0 -4.0%	80,000	-	(10,000)	70,000
Brown Windows.....	7/28/2016	3.0 -4.0%	317,500	-	(40,000)	277,500
NSHS Athletic Fields.....	7/28/2016	3.0 -4.0%	810,500	-	(205,000)	605,500
Fire Station #4 Renovations.....	7/28/2016	3.0 -4.0%	611,500	-	(155,000)	456,500
City Hall Boiler.....	7/28/2016	3.0 -4.0%	85,000	-	(10,000)	75,000
Fire Ladder Truck.....	7/28/2016	3.0 -4.0%	190,000	-	(50,000)	140,000
Parks Vehicles.....	7/28/2016	3.0 -4.0%	20,000	-	(5,000)	15,000
DPW Equipment.....	7/28/2016	3.0 -4.0%	153,000	-	(40,000)	113,000
Zervas Elementary Construction.....	1/25/2017	3.0 -4.0%	11,955,000	-	(260,000)	11,695,000
Cabot Land Acquisition.....	1/25/2017	3.0 -5.0%	925,000	-	(20,000)	905,000
Cabot Design.....	1/25/2017	3.0 -4.0%	375,000	-	(10,000)	365,000
Cabot Construction.....	1/25/2017	3.0 -5.0%	5,600,000	-	(120,000)	5,480,000
Fire Station #3 Improvements.....	1/25/2017	3.0 -4.0%	3,125,000	-	(70,000)	3,055,000
Fire Station #3 Improvements.....	1/25/2017	3.0 -5.0%	9,434,600	-	(400,000)	9,034,600
DPW Construction Vehicle.....	1/25/2017	3.0 -4.0%	170,000	-	(20,000)	150,000
Fire Pumper.....	1/25/2017	3.0 -4.0%	440,800	-	(55,000)	385,800
Police Dispatch Consoles.....	1/25/2017	3.0 -5.0%	471,800	-	(60,000)	411,800
2010 School Qualified Bonds.....	12/12/2017	3.0 -5.0%	7,200,350	-	(360,350)	6,840,000
2010 Modular Classrooms.....	12/12/2017	3.0 -5.0%	410,000	-	(82,000)	328,000
2010 Burr School Windows.....	12/12/2017	3.0 -5.0%	262,225	-	(27,225)	235,000
2010 Fire Station 4 Renovations.....	12/12/2017	3.0 -5.0%	44,000	-	(5,000)	39,000
2010 Fire Station 7 Renovations.....	12/12/2017	3.0 -5.0%	1,921,650	-	(193,650)	1,728,000
2010 Energy Conservation.....	12/12/2017	3.0 -5.0%	1,111,125	-	(223,125)	888,000
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%	1,725,700	-	(65,000)	1,660,700
2017 South High Track.....	12/12/2017	3.0 -5.0%	260,000	-	(20,000)	240,000
2017 Cabot School Construction.....	12/12/2017	3.0 -5.0%	18,484,000	-	(348,000)	18,136,000
2017 Fire Station 3/HQ Construction.....	12/12/2017	3.0 -5.0%	1,595,000	-	(90,000)	1,505,000
2017 Traffic Signal Improvements.....	12/12/2017	3.0 -5.0%	1,045,000	-	(85,000)	960,000
2017 Intersection Improvements.....	12/12/2017	3.0 -5.0%	332,300	-	(28,650)	303,650

(continued)

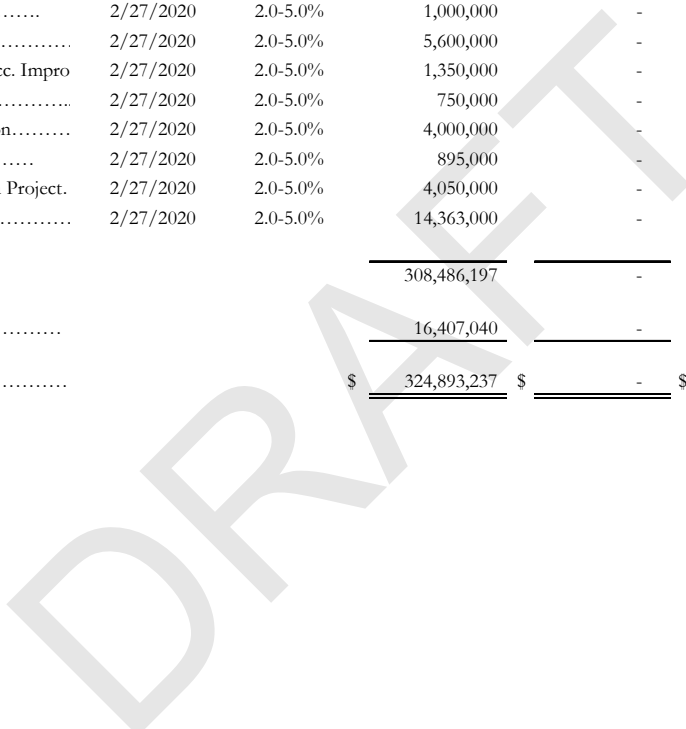
CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

Bonds Payable – Governmental Funds (Continued)

	Date of Issue	Interest Rate (%)	Outstanding June 30, 2020	Issued	Redeemed	Outstanding June 30, 2021
Fire Ladder #2 Replacement.....	2/27/2019	3.0 -5.0%	1,065,000	-	(135,000)	930,000
DPW Gradall Truck.....	2/27/2019	3.0 -5.0%	260,000	-	(20,000)	240,000
Parks Department Bucket Truck.....	2/27/2019	3.0 -5.0%	190,000	-	(25,000)	165,000
McGrath Park Tennis Courts.....	2/27/2019	3.0 -5.0%	195,000	-	(15,000)	180,000
Parks Department Trash Trucks.....	2/27/2019	3.0 -5.0%	175,000	-	(15,000)	160,000
DPW Backhoe.....	2/27/2019	3.0 -5.0%	130,000	-	(15,000)	115,000
Front End Loader.....	2/27/2019	3.0 -5.0%	90,000	-	(10,000)	80,000
Carr School AC Installation.....	2/27/2019	3.0 -5.0%	285,000	-	(25,000)	260,000
Crafts Street Garage Roof.....	2/27/2019	3.0 -5.0%	295,000	-	(20,000)	275,000
Newton Library Interior Improvements.....	2/27/2019	3.0 -5.0%	465,000	-	(35,000)	430,000
Cabot Elementary School.....	2/27/2019	3.0 -5.0%	4,830,000	-	(170,000)	4,660,000
Bigelow Boiler Replacement.....	2/27/2020	2.0-5.0%	1,000,000	-	(70,000)	930,000
West Newton Square Improvements.....	2/27/2020	2.0-5.0%	5,600,000	-	(375,000)	5,225,000
Lincoln-Eliot Window Replace & Acc. Impro	2/27/2020	2.0-5.0%	1,350,000	-	(90,000)	1,260,000
F.A. Day Boiler Replacement.....	2/27/2020	2.0-5.0%	750,000	-	(50,000)	700,000
Early Childhood Program Renovation.....	2/27/2020	2.0-5.0%	4,000,000	-	(75,000)	3,925,000
City Parking Meter Heads & Kiosks.....	2/27/2020	2.0-5.0%	895,000	-	(60,000)	835,000
Walnut St & Austin St Rehabilitation Project.	2/27/2020	2.0-5.0%	4,050,000	-	(270,000)	3,780,000
Webster Woods Land Acquisition.....	2/27/2020	2.0-5.0%	14,363,000	-	(280,000)	14,083,000
			<u>308,486,197</u>	<u>-</u>	<u>(14,829,667)</u>	<u>293,656,530</u>
Unamortized Premiums.....			<u>16,407,040</u>	<u>-</u>	<u>(1,396,728)</u>	<u>15,010,312</u>
Total Governmental Funds.....			<u>\$ 324,893,237</u>	<u>\$ -</u>	<u>\$ (16,226,395)</u>	<u>\$ 308,666,842</u>



CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

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

Fiscal Year Ending	Principal	Interest	Total
2022	\$ 14,834,667	\$ 10,405,377	\$ 25,240,044
2023	14,954,667	9,771,673	24,726,340
2024	15,154,667	9,154,609	24,309,276
2025	15,029,667	8,500,977	23,530,644
2026	14,266,867	7,921,516	22,188,383
2027	13,619,667	7,336,595	20,956,262
2028	13,309,667	6,782,812	20,092,479
2029	12,584,667	6,245,453	18,830,120
2030	12,600,667	5,737,202	18,337,869
2031	12,741,667	5,285,481	18,027,148
2032	12,831,667	4,858,529	17,690,196
2033	13,199,667	4,404,547	17,604,214
2034	13,331,667	3,983,848	17,315,515
2035	13,611,667	3,566,365	17,178,032
2036	12,631,667	3,159,507	15,791,174
2037	12,771,667	2,770,049	15,541,716
2038	12,391,667	2,375,252	14,766,919
2039	10,911,667	2,003,450	12,915,117
2040	6,886,667	1,662,848	8,549,515
2041	6,711,657	1,446,892	8,158,549
2042	6,545,000	1,229,695	7,774,695
2043	6,755,000	1,011,606	7,766,606
2044	6,970,000	788,144	7,758,144
2045	6,245,000	557,219	6,802,219
2046	5,565,000	369,794	5,934,794
2047	3,240,000	191,906	3,431,906
2048	2,075,000	89,663	2,164,663
2049	1,015,000	46,625	1,061,625
2050	870,000	20,663	890,663
Total	\$ 293,656,530	\$ 111,678,298	\$ 405,334,828

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

Bonds Payable – Water Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2020	Issued	Redeemed	Outstanding June 30, 2021
MWRA Water*	2/15/2011	0.00	\$ 193,365	\$ -	\$ (193,365)	\$ -
Water Meters	4/14/2011	3.0-4.5	300,000	-	(300,000)	-
MWRA Water*	5/14/2012	0.00	272,040	-	(136,020)	136,020
MWRA Water*	8/20/2012	0.00	408,060	-	(136,020)	272,040
Water Mains	4/12/2013	2.0-4.0	1,753,980	-	(135,000)	1,618,980
Water Garage	4/12/2013	2.0-4.0	37,500	-	(5,000)	32,500
MWRA Water*	8/15/2013	0.00	545,100	-	(136,020)	409,080
MWRA Water*	11/17/2014	0.00	680,100	-	(136,020)	544,080
MWRA Water*	11/19/2015	0.00	816,120	-	(136,020)	680,100
MWRA Water*	11/19/2016	0.00	952,140	-	(136,020)	816,120
Water Main Improvements	1/25/2017	3.0-4.0	2,485,000	-	(55,000)	2,430,000
MWRA Lead*	5/15/2017	0.00	2,800,000	-	(400,000)	2,400,000
MWRA Water*	5/24/2018	0.00	1,088,160	-	(136,020)	952,140
Water Main	2/15/2019	3.0-5.0	2,245,000	-	(165,000)	2,080,000
Water Main	2/15/2019	3.0-5.0	3,080,000	-	(220,000)	2,860,000
MWRA Water*	12/24/2018	0.00	1,224,180	-	(136,020)	1,088,160
MWRA Water*	12/2/2019	0.00	1,360,200	-	(136,020)	1,224,180
Water Main Improvements	2/27/2020	2.0-5.0	2,897,000	-	(95,000)	2,802,000
Subtotal			\$ 23,137,945	\$ -	\$ (2,792,545)	\$ 20,345,400
Unamortized Premium			959,692	-	(71,438)	888,254
Total Water			\$ <u>24,097,637</u>	\$ <u>-</u>	\$ <u>(2,863,983)</u>	\$ <u>21,233,654</u>

* Notes from direct borrowings

The Massachusetts Water Resources Authority (MWRA) offers water system rehabilitation and sanitary sewer infiltration and inflow reduction financial assistance programs to member communities in order to assist with the on-going maintenance of water and sewer system infrastructure. During the fiscal year ended June 30, 2021, the City was the recipient of \$4,580,000 in MWRA loans.

At June 30, 2021, the City had \$8,521,920 in MWRA water rehabilitation loans outstanding. Interest subsidies on these loans for the year ended June 30, 2021 totaled \$269,437.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

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

Fiscal Year Ending	Bonded Debt		Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 673,980	\$ 457,429	\$ 1,625,200	\$ -	\$ 2,299,180	\$ 457,429
2023	680,000	425,628	1,488,160	-	2,168,160	425,628
2024	690,000	393,629	1,352,140	-	2,042,140	393,629
2025	700,000	361,128	1,216,120	-	1,916,120	361,128
2026	705,000	330,629	1,080,100	-	1,785,100	330,629
2027	715,000	298,829	944,080	-	1,659,080	298,829
2028	717,500	266,579	408,060	-	1,125,560	266,579
2029	730,000	234,154	272,040	-	1,002,040	234,154
2030	735,000	201,104	136,020	-	871,020	201,104
2031	745,000	173,054	-	-	745,000	173,054
2032	755,000	144,604	-	-	755,000	144,604
2033	762,000	119,554	-	-	762,000	119,554
2034	635,000	95,675	-	-	635,000	95,675
2035	260,000	76,400	-	-	260,000	76,400
2036	270,000	70,075	-	-	270,000	70,075
2037	280,000	63,369	-	-	280,000	63,369
2038	285,000	56,269	-	-	285,000	56,269
2039	290,000	49,069	-	-	290,000	49,069
2040	300,000	40,938	-	-	300,000	40,938
2041	115,000	32,500	-	-	115,000	32,500
2042	120,000	27,900	-	-	120,000	27,900
2043	125,000	23,100	-	-	125,000	23,100
2044	130,000	18,725	-	-	130,000	18,725
2045	130,000	14,175	-	-	130,000	14,175
2046	135,000	9,625	-	-	135,000	9,625
2047	140,000	4,900	-	-	140,000	4,900
Total	\$ 11,823,480	\$ 3,989,040	\$ 8,521,920	\$ -	\$ 20,345,400	\$ 3,989,040

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

Bonds Payable – Sewer Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2020	Issued	Redeemed	Outstanding June 30, 2021
MCWT Sewer*	11/10/2000	5.20%	\$ 496,000	\$ -	\$ (496,000)	\$ -
MCWT Sewer*	7/03/2002	-	30,000	-	(10,000)	20,000
Sewer system improvements	4/3/2012	2.0-3.0%	1,355,000	-	(115,000)	1,240,000
Sewer I& I removal	4/12/2013	2.0-4.0%	2,730,000	-	(210,000)	2,520,000
Water Garage	4/12/2013	2.0-4.0%	37,500	-	(5,000)	32,500
MWRA Sewer*	12/15/2014	-	458,500	-	(91,700)	366,800
Sewer vehicle	11/19/2015	-	320,000	-	(25,000)	295,000
MWRA Sewer*	1/20/2016	3.0 -5.0%	550,200	-	(91,700)	458,500
Sewer system improvements	12/12/2017	3.0 -5.0%	219,000	-	(22,000)	197,000
MWRA Sewer*	11/29/2018	-	1,030,500	-	(114,500)	916,000
MWRA Sewer*	8/19/2019	-	1,145,000	-	(114,500)	1,030,500
MWRA Sewer*	12/17/2020	-	-	4,580,000	-	4,580,000
Subtotal			\$ 8,371,700	\$ 4,580,000	\$ (1,295,400)	\$ 11,656,300
Unamortized Premium			77,759	-	(7,406)	70,353
Total Sewer			\$ 8,449,459	\$ 4,580,000	\$ (1,302,806)	\$ 11,726,653

* Notes from direct borrowings

The MWRA’s sanitary sewer infiltration/inflow reduction financial assistance program provides financial assistance for eligible projects in the form of a combination of grants and five-year interest-free loans. At June 30, 2021, the City had \$7,351,800 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, 2021, the City had \$20,000 in loans outstanding under this project. Interest and principal subsidies on these loans for the year ended June 30, 2021 were \$109,346 and \$146,574, respectively.

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

Ending	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 377,000	\$ 137,151	\$ 880,400	\$ -	\$ 1,257,400	\$ 137,151
2023	377,000	123,325	880,400	-	1,257,400	123,325
2024	377,000	110,326	870,400	-	1,247,400	110,326
2025	377,000	96,498	870,400	-	1,247,400	96,498
2026	382,000	86,687	778,700	-	1,160,700	86,687
2027	382,000	74,762	687,000	-	1,069,000	74,762
2028	374,500	62,837	687,000	-	1,061,500	62,837
2029	377,000	50,837	687,000	-	1,064,000	50,837
2030	376,000	38,687	572,500	-	948,500	38,687
2031	355,000	27,162	458,000	-	813,000	27,162
2032	320,000	16,162	-	-	320,000	16,162
2033	210,000	6,562	-	-	210,000	6,562
Total	\$ 4,284,500	\$ 830,996	\$ 7,371,800	\$ -	\$ 11,656,300	\$ 830,996

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

Bonds Payable – Stormwater Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2020	Issued	Redeemed	Outstanding June 30, 2021
Dedham St Drainage.....	1/20/2016	3.0 -5.0%	\$ 625,000	\$ -	\$ (25,000)	\$ 600,000
DPW Streetsweeper.....	1/25/2017	3.0 -5.0%	147,800	-	(20,000)	127,800
2017 Laundry Brook Drainage.....	12/12/2017	3.0 -5.0%	2,070,000	-	(115,000)	1,955,000
Forest Grove Pump Station.....	2/27/2019	3.0 -5.0%	310,000	-	(25,000)	285,000
Elgin Pelican Street Sweeper.....	2/27/2019	3.0 -5.0%	75,000	-	(10,000)	65,000
Hammond Brook Culvert Replacement.....	2/27/2019	3.0 -5.0%	280,000	-	(20,000)	260,000
Crafts Street Garage Interior Support System	2/27/2019	3.0 -5.0%	465,000	-	(35,000)	430,000
Subtotal.....			<u>3,972,800</u>	<u>-</u>	<u>(250,000)</u>	<u>3,722,800</u>
Unamortized Premium.....			448,746	-	(29,299)	419,447
Total Stormwater.....			\$ <u>4,421,546</u>	\$ <u>-</u>	\$ <u>(279,299)</u>	\$ <u>4,142,247</u>

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

Fiscal Year Ending	Principal	Interest	Total
2022	\$ 255,000	\$ 159,037	\$ 414,037
2023	255,000	146,487	401,487
2024	255,000	134,237	389,237
2025	260,000	121,687	381,687
2026	262,800	109,237	372,037
2027	255,000	96,325	351,325
2028	235,000	83,825	318,825
2029	235,000	72,075	307,075
2030	225,000	60,325	285,325
2031	230,000	50,750	280,750
2032	230,000	41,550	271,550
2033	230,000	33,050	263,050
2034	235,000	25,000	260,000
2035	165,000	16,800	181,800
2036	165,000	10,700	175,700
2037	115,000	5,175	120,175
2037	<u>115,000</u>	<u>1,725</u>	<u>116,725</u>
Total	\$ <u>3,722,800</u>	\$ <u>1,167,985</u>	\$ <u>4,890,785</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, 2021

Authorized and Unissued Debt

At June 30, 2021 the City had a total of \$25,042,752 in authorized (by the City Council) and unissued debt, which is summarized as follows:

	Authorized and Unissued Debt			End of Year
	Beginning of Year	Increases	Decreases	
School improvements.....	\$ 4,574,625	\$ -	(284,939)	\$ 4,289,686
Water main rehabilitation - MWRA....	1,360,200	-	-	1,360,200
Water main improvement.....	7,000,000	-	-	7,000,000
Sewer System.....	1,145,000	4,580,000	(5,725,000)	-
Newton Early Childhood Program.....	8,334,366	-	-	8,334,366
Countryside Feasibility Study.....	-	1,250,000	-	1,250,000
Oak Hill Addition.....	-	2,808,500	-	2,808,500
Total.....	\$ 22,414,191	\$ 8,638,500	\$ (6,009,939)	\$ 25,042,752

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 \$416,633 at June 30, 2021 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, 2021

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

Inactive plan members and beneficiaries currently receiving benefit payments.....	3,110
Active plan members.....	<u>2,296</u>
Total.....	<u>5,406</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, 2021, employer contributions totaled \$28,884,619. 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, 2021 were as follows:

Total OPEB liability.....	\$	921,373,100
Fiduciary Net Position.....		<u>(22,888,852)</u>
Net OPEB Liability.....	\$	<u>898,484,248</u>
Fiduciary net position as a percentage of the total OPEB liability		2.48%

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, 2021, the City reported a liability of \$898,484,248 for its net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was also determined by an actuarial valuation as of June 30, 2019 rolled forward to the measurement date.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

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

	Amounts (in thousands)		
	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at June 30, 2020.....	\$ 884,546	14,928	869,618
Changes for the year:			
Service Cost.....	34,944	-	34,944
Interest of Liability and Service Cost	20,039	-	20,039
Changes of assumptions.....	7,509	-	7,509
Employer Contributions.....	-	28,885	(28,885)
Net Investment Income.....	-	4,741	(4,741)
Benefit Payments.....	<u>(25,665)</u>	<u>(25,665)</u>	<u>-</u>
Balance at June 30, 2021.....	<u>\$ 921,373</u>	<u>22,889</u>	<u>898,484</u>

For the year ended June 30, 2021, the City recognized \$69,459,002 of OPEB expense associated with the Plan. At June 30, 2021, the City reported deferred outflows of resources related to OPEB of \$99,464,493 and deferred inflows of resources related to OPEB of \$40,628,686 from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience.....	\$ 37,160,805	\$ 828,576
Changes of assumptions.....	62,303,688	37,431,257
Net difference between projected and actual earnings on Plan investments.....	<u>-</u>	<u>2,368,853</u>
	<u>\$ 99,464,493</u>	<u>\$ 40,628,686</u>

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

<u>Year Ended June 30:</u>	<u>Amount</u>
2022	\$ 15,721,463
2023	15,740,367
2024	26,580,526
2025	793,451

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

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

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

Valuation date:	June 30, 2019
Inflation rate:	2.75%
Actuarial cost method:	Entry Age Normal
Amortization method:	Level percentage of payroll
Remaining amortization period:	27 years from July 1, 2020
Salary increases:	7.00% decreasing to an ultimate level of 3.5% based on service-related increases for Group 1 (excluding Teachers) 8.00% decreasing to an ultimate level of 4.00% based on service-related increases for group 4 7.5% decreasing to an ultimate level of 4.00% based on service-related increases for Teachers
Interest discount rate:	2.16%
Investment rate of return:	7.25%
Healthcare/Medical cost trend rates:	Non-Medicare: 7.5% decreasing by 0.25% for 12 years to an ultimate level of 4.5% Medicare Supplement: 6.5% decreasing by 0.25% for 8 years to an ultimate level of 4.5% Medicare Advantage: 4.5% Administrative expenses: 3.0%
Contributions:	Non-Medicare: 7.5% decreasing by 0.25% for 12 years to an ultimate level of 4.50% per year Medicare Supplement: 6.5% decreasing by 0.25% for 8 years to an ultimate level of 4.5% per year. Medicare Advantage: 4.5%
Mortality:	Pre-Retirement (Non-Teachers): RP-2014 Blue Collar Employee Mortality Table projected generationally using scale MP-2017 Healthy Retiree (Non-Teachers): RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally using Scale MP-2017

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

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

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

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

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

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

For the fiscal year ended June 30, 2021, the money-weighted rate of return on the Trust Fund’s investments, net of investment expense, was 29.02%. 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.....	22.0%	6.28%
International Equity - Developed Markets.	12.0%	7.00%
International Equity - Emerging Markets..	5.0%	8.82%
Core Fixed Income.....	15.0%	0.38%
High-Yield Fixed Income.....	8.0%	2.97%
Real Estate.....	10.0%	3.50%
Commodities.....	4.0%	3.45%
Hedge Funds.....	10.0%	2.35%
Private Equity.....	14.0%	10.11%
	100.0%	

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2021 was 2.16%; compared to a discount rate of 2.21% to measure the total OPEB liability as of June 30, 2020. The discount rate is equal to the yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher reported on the Bond Buyer’s 20 bond index. Based on the current assets in the OPEB Trust, there are insufficient assets to cover projected benefit payments. Accordingly, the Bond Buyer’s 20 bond index rates were applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the Plan and City calculated using the current discount rate of 2.16 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate 1 percentage point lower (1.16 percent) or 1 percentage point higher (3.16 percent) than the current rate:

	<u>1% Decrease</u> <u>(1.16%)</u>	<u>Discount Rate</u> <u>(2.16%)</u>	<u>1% Increase</u> <u>(3.16%)</u>
Net OPEB Liability.....	\$ 1,070,776,835	\$ 898,484,248	\$ 764,504,414

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

	<u>1% Decrease</u>	<u>Current Trend</u> <u>Rate</u>	<u>1% Increase</u>
Net OPEB Liability.....	\$ 744,793,108	\$ 898,484,248	\$ 1,103,019,987

Note 13 – Risk Financing

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

At June 30, 2021, the City's health claims liability totaled \$3,970,884 and is based on approximately one month claims paid average. Changes in the reported liability since July 1, 2019 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 2020.....	\$ 3,931,247	59,372,040	(60,345,528)	\$ 2,957,759
Fiscal year 2021.....	2,957,759	62,308,689	(61,295,564)	3,970,884

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 \$10,857,687 at June 30, 2021, of which \$2,551,484 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, 2022. The liability includes an estimate of the IBNR claims.

The June 30, 2021 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 2018 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, 2019 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 2020.....	\$ 9,340,585	(250,793)	(783,589)	\$ 8,306,203
Fiscal year 2021.....	8,306,203	7,015,337	(4,463,853)	10,857,687

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

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>American Rescue Plan</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:							
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 366,932	\$ 366,932
Restricted:							
Debt service.....	2,127,157	-	-	-	-	-	2,127,157
Capital.....	26,732	-	-	-	-	-	26,732
Community preservation.....	-	6,554,128	-	-	-	-	6,554,128
CPA- community housing.....	-	12,538,946	-	-	-	-	12,538,946
CPA- historic resources.....	-	1,102,343	-	-	-	-	1,102,343
CPA- community recreation.....	-	1,655,870	-	-	-	-	1,655,870
School construction.....	-	-	-	8,083	-	-	8,083
School lunch.....	-	-	-	-	-	183,889	183,889
Revolving.....	-	-	-	-	-	7,956,369	7,956,369
Receipts reserved.....	-	-	-	-	-	1,697,420	1,697,420
Community Development Block Grant....	-	-	-	-	-	8,355	8,355
Municipal state grant.....	-	-	-	-	-	1,124,427	1,124,427
School state grant.....	-	-	-	-	-	3,587,788	3,587,788
School federal grant.....	-	-	-	-	-	161,372	161,372
Gift.....	-	-	-	-	-	884,503	884,503
Public building improvements.....	-	-	-	-	-	4,021,612	4,021,612
Street improvements.....	-	-	-	-	-	2,195,887	2,195,887
Municipal equipment replacement.....	-	-	-	-	-	277,587	277,587
Municipal permanent funds.....	-	-	-	-	-	186,112	186,112
Library Common permanent funds.....	-	-	-	-	-	2,346,770	2,346,770
Sub-total -	<u>2,153,889</u>	<u>21,851,287</u>	<u>-</u>	<u>8,083</u>	<u>-</u>	<u>24,802,658</u>	<u>48,815,917</u>
Committed:							
Subsequent year's expenditures.....	1,609,179	-	-	-	-	-	1,609,179
Capital.....	170,580	-	-	-	-	-	170,580
Continuing appropriations.....	9,395,485	-	-	-	-	-	9,395,485
Receipts reserved.....	-	-	-	-	-	4,260,043	4,260,043
Sub-total -	<u>11,175,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,260,043</u>	<u>15,435,287</u>
Assigned:							
Encumbrances.....	9,725,644	-	-	-	-	-	9,725,644
Capital.....	332,022	-	-	-	-	-	332,022
Sub-total -	<u>10,057,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,057,666</u>
Unassigned.....	<u>60,753,316</u>	<u>-</u>	<u>(867,875)</u>	<u>-</u>	<u>-</u>	<u>(2,346,393)</u>	<u>57,539,048</u>
Total.....	<u>\$ 84,140,115</u>	<u>\$ 21,851,287</u>	<u>\$ (867,875)</u>	<u>\$ 8,083</u>	<u>\$ -</u>	<u>\$ 27,083,240</u>	<u>\$ 132,214,850</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

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, 2021 total \$529,334 and \$23,162,667 respectively, and are reported in the general fund as restricted (\$26,732), committed (\$170,580), assigned (\$332,022) and unassigned (\$23,162,667).

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, 2020, the System's membership consisted of the following:

Active members.....	1,605
Inactive - entitled to or receiving benefits.....	34
Inactive - not entitled to or not receiving benefits.....	531
Retirees and beneficiaries currently receiving benefits.....	<u>1,332</u>
Total members.....	<u><u>3,502</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, 2021

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, 2020, active member contributions totaled \$11,415,653 and employer contributions totaled \$32,515,631. Contributions to the System from the City were \$32,170,109.

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, 2020, were as follows:

Total pension liability	\$ 732,808,114
Plan fiduciary net position	<u>(439,660,968)</u>
Net pension liability	<u>\$ 293,147,146</u>
Plan fiduciary net position as a percentage of the total pension liability	60.00%

At June 30, 2021, the City reported a liability of \$290,032,065 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021, rolled back to the measurement date. The City’s proportion of the net pension liability is the proportionate share of employer contributions to the System for the year ended December 31, 2020, actuarially determined. At December 31, 2020, the City’s proportion was 98.937366 percent; compared to a proportion of 98.977308 percent at December 31, 2019.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

For the year ended June 30, 2021, the City recognized pension expense of \$21,537,743 associated with the System. At June 30, 2021, the City reported deferred outflows of resources related to pensions of \$8,643,861, and deferred inflows of resources of \$23,882,689 from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience.....	\$ 7,185,278	\$ 887,392
Changes of assumptions.....	1,448,135	-
Net difference between projected and actual earnings on System investments.....	-	22,856,090
Changes in proportion and differences between employer contributions and proportionate share of contributions.....	10,448	139,207
	<u>\$ 8,643,861</u>	<u>\$ 23,882,689</u>

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

<u>Year Ended June 30:</u>	<u>Amount</u>
2022	\$ (5,614,276)
2023	(711,456)
2024	(7,059,384)
2025	(1,853,712)

Actuarial Assumptions – The total pension liability in the January 1, 2021 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:	9 years (closed)
Asset valuation method:	Sum of actuarial value at beginning of year, contributions and investment earnings based on actuarial interest assumption less benefit payments plus 25% of the market value at the end of the year in excess of that sum, plus additional adjustment toward market value as necessary so that final actuarial value is within 20% of market value
Investment rate of return:	7.25%, net of pension plan investment expense, including inflation
Inflation rate:	2.75% per year
Salary increases:	Ranging from 3.50% to 8.00% based upon years of service
Cost of living adjustment:	3.0% on the first \$12,000 in benefits

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

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, 2020, the annual money-weighted rate of return on System investments, net of investment expense, was 11.60%. 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	22.00%	6.28%
International Equity - Developed Markets	12.00%	7.00%
International Equity - Emerging Markets	5.00%	8.82%
Core Fixed Income	15.00%	0.38%
High-Yield Fixed Income	8.00%	2.97%
Real Estate	10.00%	3.50%
Commodities	4.00%	3.45%
Hedge Funds	10.00%	2.35%
Private Equity	14.00%	10.11%
	100.00%	

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
	<u> </u>	<u> </u>	<u> </u>
System's net pension liability	\$ 373,490,526	\$ 293,147,146	\$ 225,443,813

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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
	<u> </u>	<u> </u>	<u> </u>
City's proportionate share of the net pension liability	\$ 369,521,689	\$ 290,032,065	\$ 223,048,170

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

Note 18 – Fiduciary Fund Financial Statements

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

	Pension Trust Fund (As of 12/31/20)	OPEB Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Cash Equivalents.....	\$ 19,181,683	\$ 486,203	\$ 19,667,886
Investments:			
External Investment Pool.....	420,073,735	22,402,649	442,476,384
Receivables, Net of Allowance for Uncollectible Amounts:			
Intergovernmental.....	498,276	-	498,276
Prepaid Expenses.....	<u>6,385</u>	<u>-</u>	<u>6,385</u>
 Total Assets.....	<u>439,760,079</u>	<u>22,888,852</u>	<u>462,648,931</u>
LIABILITIES			
Warrants Payable.....	<u>99,111</u>	<u>-</u>	<u>99,111</u>
NET POSITION			
Restricted for Pensions and Other Post Employment Benefits \$	<u>439,660,968</u>	<u>22,888,852</u>	<u>\$ 462,549,820</u>

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CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

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 12/31/20)</u>	OPEB Trust Fund	<u>Total</u>
ADDITIONS			
Contributions:			
Employer.....	\$ 32,515,631	\$ 28,884,619	\$ 61,400,250
Plan Members.....	<u>11,415,653</u>	<u>-</u>	<u>11,415,653</u>
Total Contributions.....	<u>43,931,284</u>	<u>28,884,619</u>	<u>72,815,903</u>
Net Investment Income:			
Net Appreciation in Fair Value of Investments.....	38,681,938	4,741,129	43,423,067
Interest and Dividends.....	<u>8,723,077</u>	<u>-</u>	<u>8,723,077</u>
Total Investment Income.....	47,405,015	4,741,129	52,146,144
Less: Investment Expense.....	<u>(1,840,093)</u>	<u>-</u>	<u>(1,840,093)</u>
Net Investment Income.....	<u>45,564,922</u>	<u>4,741,129</u>	<u>50,306,051</u>
Other.....	<u>2,762,030</u>	<u>-</u>	<u>2,762,030</u>
Total Additions.....	<u>92,258,236</u>	<u>33,625,748</u>	<u>125,883,984</u>
DEDUCTIONS			
Administration.....	410,977	-	410,977
Retirement Benefits and Refunds.....	44,100,796	25,664,824	69,765,620
Transfers to Other Systems.....	<u>2,762,030</u>	<u>-</u>	<u>2,762,030</u>
Total Deductions.....	<u>47,273,803</u>	<u>25,664,824</u>	<u>72,938,627</u>
CHANGE IN NET POSITION.....	44,984,433	7,960,924	52,945,357
Net Position - Beginning of Year.....	<u>394,676,535</u>	<u>14,927,928</u>	<u>409,604,463</u>
NET POSITION - END OF YEAR.....	<u>\$ 439,660,968</u>	<u>\$ 22,888,852</u>	<u>\$ 462,549,820</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

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, 2021. The Commonwealth's net pension liability associated with the City was \$480,181,789.

The MTRS' net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2020.

For the year ended June 30, 2021, the City recognized pension expense of \$59,309,330 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, 2020 measurement date was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2020. This valuation used the following assumptions:

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2021

Investment rate of return:	7.15%
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 Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct) Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct) Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2018 (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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Global Equity	39.00%	4.80%
Core Fixed Income	15.00%	0.70%
Private Equity	13.00%	8.20%
Portfolio Completion Strategies	11.00%	3.20%
Real Estate	10.00%	3.50%
Value Added Fixed Income	8.00%	4.20%
Timber/Natural Resources	4.00%	4.10%
Totals	<u>100.00%</u>	

Discount rate - The discount rate used to measure the MTRS’ total pension liability was 7.15%. 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, 2021

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, 2021, totaled \$19,121,129 and \$14,887,469, respectively.

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, 2021 cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the City at June 30, 2021.

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Required Supplementary Information

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2021

PENSION PLAN SCHEDULES

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

	2020	2019	2018	2017	2016	2015	2014
<u>Total pension liability</u>							
Service cost	\$ 15,121,201	\$ 14,914,124	\$ 14,270,532	\$ 14,020,532	\$ 12,238,508	\$ 11,948,894	\$ 10,445,973
Interest	50,505,012	48,859,873	47,371,930	46,282,670	44,357,326	43,307,330	41,588,936
Differences between expected and actual experience	7,695,347	1,843,627	(445,198)	(3,594,215)	6,942,661	(3,992,229)	2,350,371
Changes of assumptions	37,295	-	-	7,169,261	-	-	25,943,483
Benefit payments, including refunds of member contributions	<u>(44,100,796)</u>	<u>(42,165,467)</u>	<u>(40,469,534)</u>	<u>(40,367,473)</u>	<u>(37,883,262)</u>	<u>(36,652,624)</u>	<u>(35,872,446)</u>
Net change in total pension liability	29,258,059	23,452,157	20,727,730	23,510,775	25,655,233	14,611,371	44,456,317
Total pension liability - beginning	<u>703,550,055</u>	<u>680,097,898</u>	<u>659,370,168</u>	<u>635,859,393</u>	<u>610,204,160</u>	<u>595,592,789</u>	<u>551,136,472</u>
Total pension liability - ending (a)	<u>\$ 732,808,114</u>	<u>\$ 703,550,055</u>	<u>\$ 680,097,898</u>	<u>\$ 659,370,168</u>	<u>\$ 635,859,393</u>	<u>\$ 610,204,160</u>	<u>\$ 595,592,789</u>
<u>Plan fiduciary net position</u>							
Contributions - employer	\$ 32,515,631	\$ 31,793,327	\$ 28,628,399	\$ 25,829,131	\$ 23,566,725	\$ 21,670,552	\$ 19,972,859
Contributions - member	11,415,653	10,671,799	10,065,686	9,457,254	9,282,992	8,842,379	8,661,238
Net investment income	45,564,922	52,933,716	(7,235,473)	50,390,107	20,972,368	2,146,925	20,748,803
Benefit payments, including refunds of member contributions	(44,100,796)	(42,165,467)	(40,469,536)	(40,367,473)	(37,883,262)	(36,652,624)	(35,872,446)
Administrative expense	(410,977)	(399,933)	(325,392)	-	-	-	-
Other	-	(2)	-	-	-	-	-
Net change in plan fiduciary net position	44,984,433	52,833,440	(9,336,316)	45,309,019	15,938,823	(3,992,768)	13,510,454
Plan fiduciary net position - beginning	<u>394,676,535</u>	<u>341,843,095</u>	<u>351,179,411</u>	<u>305,870,392</u>	<u>289,931,569</u>	<u>293,924,337</u>	<u>280,413,883</u>
Plan fiduciary net position - ending (b)	<u>\$ 439,660,968</u>	<u>\$ 394,676,535</u>	<u>\$ 341,843,095</u>	<u>\$ 351,179,411</u>	<u>\$ 305,870,392</u>	<u>\$ 289,931,569</u>	<u>\$ 293,924,337</u>
Net pension liability - ending (a) - (b)	<u>\$ 293,147,146</u>	<u>\$ 308,873,520</u>	<u>\$ 338,254,803</u>	<u>\$ 308,190,757</u>	<u>\$ 329,989,001</u>	<u>\$ 320,272,591</u>	<u>\$ 301,668,452</u>
Plan fiduciary net position as a percentage of the total pension liabil	60.00%	56.10%	50.26%	53.26%	48.10%	47.51%	49.35%
Covered payroll	\$ 107,216,124	\$ 102,912,637	\$ 100,614,192	\$ 96,567,809	\$ 94,881,278	\$ 92,136,867	\$ 86,807,549
Net pension liability as a percentage of covered payroll	273.42%	300.13%	336.19%	319.14%	347.79%	347.61%	347.51%

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

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2021

PENSION PLAN SCHEDULES (CONTINUED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 32,515,631	31,026,365	28,628,399	25,829,131	23,566,725
Contributions in relation to the actuarially determined contribution	<u>32,515,631</u>	<u>31,793,327</u>	<u>28,628,399</u>	<u>25,829,131</u>	<u>23,566,725</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>(766,962)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 107,216,124	102,912,637	100,614,192	96,567,809	94,881,278
Contributions as a percentage of covered payroll	30.33%	30.89%	28.45%	26.75%	24.84%

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 21,670,552	19,972,859	18,363,516	16,343,094	16,252,351
Contributions in relation to the actuarially determined contribution	<u>21,670,552</u>	<u>19,972,859</u>	<u>18,363,516</u>	<u>16,343,094</u>	<u>16,252,351</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 92,136,867	86,807,549	86,807,549	82,970,000	80,337,000
Contributions as a percentage of covered payroll	23.52%	23.01%	21.15%	19.70%	20.23%

SCHEDULE OF INVESTMENT RETURNS (SYSTEM) (A)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	11.6%	15.56%	-2.07%	16.13%	6.77%	0.74%	7.51%

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

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2021

PENSION PLAN SCHEDULES (CONTINUED)

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

	2021*	2020*	2019*	2018*	2017*	2016*	2015*
City's proportion of the net pension liability	98.937366%	98.977308%	98.979073%	99.008917%	98.993848%	99.000556%	99.026264%
City's proportionate share of the net pension liability	290,032,065	305,714,695	334,801,480	305,136,331	326,668,811	317,071,646	298,730,998
City's covered payroll	105,251,144	101,261,817	98,995,159	95,190,276	93,926,628	90,939,864	85,643,310
City's proportionate share of net pension liability as percentage of covered payroll	275.56%	301.91%	338.20%	320.55%	347.79%	348.66%	348.81%
Plan fiduciary net position as a percentage of the total pension liability	60.00%	56.10%	50.26%	53.26%	48.10%	47.51%	49.35%

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

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

	2021*	2020*	2019*	2018*	2017*	2016*	2015*
Actuarially Required Contribution	\$ 32,170,109	\$ 30,709,061	\$ 28,336,124	\$ 25,573,143	\$ 23,329,608	\$ 21,453,967	\$ 19,778,376
Contributions in Relation to the Actuarially Required Contribution	32,170,109	31,476,023	28,336,124	25,573,143	23,329,608	21,453,967	19,778,376
Contribution Deficiency (Excess)	\$ -	\$ (766,962)	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 105,251,144	\$ 101,261,817	\$ 98,995,159	\$ 93,926,628	\$ 90,939,864	\$ 85,643,310	\$ 85,643,310
Contributions as a Percentage of Covered Payroll	30.57%	31.08%	28.62%	27.23%	25.65%	25.05%	23.09%

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

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

	2021*	2020*	2019*	2018*	2017*	2016*	2015*
City's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's proportionate share of the net pension liability associated with the City	480,181,789	422,172,622	395,023,946	383,939,326	375,785,250	337,530,133	260,194,376
Total	\$ 480,181,789	\$ 422,172,622	\$ 395,023,946	\$ 383,939,326	\$ 375,785,250	\$ 337,530,133	\$ 260,194,376
City's covered payroll	127,456,450	121,845,437	\$ 116,999,122	\$ 113,921,033	\$ 110,555,252	\$ 104,421,833	\$ 100,361,397
City's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	50.67%	53.95%	54.84%	52.73%	52.73%	55.38%	61.64%

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

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

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2021

PENSION PLAN SCHEDULES (CONTINUED)

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

	<u>2021*</u>	<u>2020*</u>	<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	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 127,456,450	\$ 121,845,437	\$ 116,999,122	\$ 113,921,033	\$ 110,555,252	104,421,833	100,361,397
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2021

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Total OPEB liability</u>					
Service cost	\$ 34,943,621	\$ 27,510,636	\$ 23,978,991	\$ 25,272,995	\$ 30,190,353
Interest	20,038,679	25,052,440	25,376,516	23,594,722	20,240,435
Differences between expected and actual experience	-	61,934,673	(1,415,423)	-	-
Changes of assumptions	7,509,389	93,826,961	28,081,870	(28,013,342)	(76,049,934)
Plan Amendments	-	-	4,486,261	-	-
Benefit payments	<u>(25,664,824)</u>	<u>(24,103,703)</u>	<u>(23,631,538)</u>	<u>(22,211,248)</u>	<u>(19,017,966)</u>
Net change in total OPEB liability	36,826,865	184,221,007	56,876,677	(1,356,873)	(44,637,112)
Total OPEB liability - beginning	<u>884,546,235</u>	<u>700,325,228</u>	<u>643,448,551</u>	<u>644,805,424</u>	<u>689,442,536</u>
Total OPEB liability - ending (a)	\$ <u>921,373,100</u>	\$ <u>884,546,235</u>	\$ <u>700,325,228</u>	\$ <u>643,448,551</u>	\$ <u>644,805,424</u>
<u>Plan fiduciary net position</u>					
Contributions - employer	\$ 28,884,619	\$ 26,979,660	\$ 26,148,831	\$ 24,328,980	\$ 20,872,070
Net investment income	4,741,129	235,100	598,414	604,735	554,860
Benefit payments	<u>(25,664,824)</u>	<u>(24,103,703)</u>	<u>(23,631,539)</u>	<u>(22,211,248)</u>	<u>(19,017,966)</u>
Net change in plan fiduciary net position	7,960,924	3,111,057	3,115,706	2,722,467	2,408,964
Plan fiduciary net position - beginning	<u>14,927,928</u>	<u>11,816,871</u>	<u>8,701,165</u>	<u>5,978,698</u>	<u>3,569,734</u>
Plan fiduciary net position - ending (b)	\$ <u>22,888,852</u>	\$ <u>14,927,928</u>	\$ <u>11,816,871</u>	\$ <u>8,701,165</u>	\$ <u>5,978,698</u>
Net OPEB liability - ending (a) - (b)	\$ <u>898,484,248</u>	\$ <u>869,618,307</u>	\$ <u>688,508,357</u>	\$ <u>634,747,386</u>	\$ <u>638,826,726</u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.48%	1.69%	1.69%	1.35%	0.93%
Covered payroll	\$ 309,003,427	\$ 286,194,338	\$ 265,068,902	\$ 245,502,840	\$ 227,381,047
Net OPEB liability as a percentage of covered payroll	290.77%	303.86%	259.75%	258.55%	280.95%

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

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2021

OTHER POSTEMPLOYMENT BENEFITS SCHEDULES (CONTINUED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS (PLAN) (A)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Required Contribution	\$ 37,545,986	\$ 35,930,738	\$ 35,614,447	\$ 33,900,292	\$ 55,094,130
Contributions in Relation to the Actuarially Required Contribution	28,884,619	26,979,660	26,148,831	24,328,980	20,872,070
Contribution Deficiency (Excess)	<u>\$ 8,661,367</u>	<u>\$ 8,951,078</u>	<u>\$ 9,465,616</u>	<u>\$ 9,571,312</u>	<u>\$ 34,222,060</u>
City's Covered Payroll	\$ 309,003,427	\$ 286,194,338	\$ 265,068,902	\$ 227,381,047	\$ 227,381,047
Contributions as a Percentage of Covered Payroll	9.35%	9.43%	9.86%	10.70%	9.18%

SCHEDULE OF INVESTMENT RETURNS (PLAN) (A)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	29.02%	1.79%	6.14%	9.00%	15.93%

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

CITY OF NEWTON, MASSACHUSETTS

Notes to Required Supplementary Information

Fiscal Year Ended June 30, 2021

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 (2011-2020):	Entry Age Normal
Amortization method (2011-2012):	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 (2015-2020)	Payment increases 9.60% per year
Remaining amortization period (2011):	26 years
Remaining amortization period (2012):	24 years
Remaining amortization period (2013):	15 years
Remaining amortization period (2014):	14 years
Remaining amortization period (2015-2016):	13 years
Remaining amortization period (2017):	12 years
Remaining amortization period (2018):	11 years
Remaining amortization period (2019):	10 years
Remaining amortization period (2020):	9 years
Asset valuation method (2011-2020):	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 (2011-2012):	3.0%
Inflation (2013):	2.0 – 2.5%
Inflation (2014-2017):	2.5%
Inflation (2018-2020):	2.75%
Salary increases (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 (2017-2020):	3.5 – 8.0%
Investment rate of return (2011-2012):	7.75%
Investment rate of return (2013-2015):	7.35%
Investment rate of return (2016):	7.50%
Investment rate of return (2017-2020):	7.25%

CITY OF NEWTON, MASSACHUSETTS

Notes to Required Supplementary Information

Fiscal Year Ended June 30, 2021

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 (2017-2021):	Entry Age Normal
Amortization method (2017-2019):	Level dollar
Amortization method (2020-2021):	Level percentage of payroll
Remaining amortization period (2017-2019):	30 years
Remaining amortization period (2020):	28 years
Remaining amortization period (2021):	27 years
Interest discount rate (2017-2018):	2.06%
Interest discount rate (2019):	3.50%
Interest discount rate (2020):	2.21%
Interest discount rate (2021):	2.16%
Healthcare/Medical cost trend rate (2017-2018):	8.39% in 2016 graded down to 6.08% in 2021 and thereafter.
Healthcare/Medical cost trend rate (2019):	7.00% decreasing by 0.25% for 10 years to an ultimate level of 4.50%
Healthcare/Medical cost trend rate (2020-2021):	7.50% decreasing by 0.25% for 12 years to an ultimate level of 4.50%

**Combining and Individual Fund
Statements and Schedules**

Nonmajor Governmental Funds

Special Revenue Funds

School Lunch Fund:

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

Revolving Fund

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

Receipts Reserved Fund

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

Community Development Block Grant Fund

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

Municipal Federal Grant Fund

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

Municipal State Grant Fund

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

School State Grant Fund

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

School Federal Grant Fund

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

Gift Fund

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

Capital Projects Funds

Public Building Improvements Fund

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

School Building Improvements Fund

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

Street Improvements Fund

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

Municipal Equipment Replacement Fund

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

Permanent Funds

Municipal Fund

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

Library Common Fund

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

CITY OF NEWTON, MASSACHUSETTS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2021

Special Revenue Funds

ASSETS	School Lunch	Revolving	Receipts Reserved	Community Development Block Grant	Municipal Federal Grant
Cash and cash equivalents.....	\$ -	\$ -	\$ 4,260,043	\$ -	\$ -
Restricted cash and cash equivalents.....	437,349	8,465,938	1,697,530	21,876	170,567
Restricted investments.....	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:					
Special assessments.....	-	165,529	-	-	-
Departmental and other.....	-	503,270	-	-	-
Intergovernmental.....	346,228	-	-	-	195,909
Other assets.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 783,577	\$ 9,134,737	\$ 5,957,573	\$ 21,876	\$ 366,476
LIABILITIES					
Warrants payable.....	\$ 8,127	\$ 123,679	\$ 110	\$ -	\$ -
Accrued liabilities.....	463,413	24,046	-	9,224	98,555
Accrued payroll.....	-	252,775	-	4,297	-
Other liabilities.....	128,148	-	-	-	8,901
Due to other funds.....	-	430,758	-	-	1,171,938
Short-term notes payable.....	-	-	-	-	-
TOTAL LIABILITIES.....	599,688	831,258	110	13,521	1,279,394
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	-	347,110	-	-	-
FUND BALANCES					
Nonspendable.....	-	-	-	-	-
Restricted.....	183,889	7,956,369	1,697,420	8,355	170,567
Committed.....	-	-	4,260,043	-	-
Unassigned.....	-	-	-	-	(1,083,485)
TOTAL FUND BALANCES.....	183,889	7,956,369	5,957,463	8,355	(912,918)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 783,577	\$ 9,134,737	\$ 5,957,573	\$ 21,876	\$ 366,476

Special Revenue Funds

Municipal State Grant	School State Grant	School Federal Grant	Gift	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ 4,260,043
1,060,833	3,690,144	54,248	903,545	16,502,030
-	-	-	-	-
-	-	-	-	165,529
-	-	-	-	503,270
473,745	741,250	2,239,462	-	3,996,594
-	-	-	-	-
<u>\$ 1,534,578</u>	<u>\$ 4,431,394</u>	<u>\$ 2,293,710</u>	<u>\$ 903,545</u>	<u>\$ 25,427,466</u>
\$ 57,205	\$ 281,921	\$ 379,717	\$ 12,790	\$ 863,549
-	-	55,799	5,697	656,734
15,931	98,972	73,457	555	445,987
-	-	-	-	137,049
337,015	462,713	1,623,365	-	4,025,789
-	-	-	-	-
<u>410,151</u>	<u>843,606</u>	<u>2,132,338</u>	<u>19,042</u>	<u>6,129,108</u>
-	-	-	-	347,110
-	-	-	-	-
1,124,427	3,587,788	161,372	884,503	15,774,690
-	-	-	-	4,260,043
-	-	-	-	(1,083,485)
<u>1,124,427</u>	<u>3,587,788</u>	<u>161,372</u>	<u>884,503</u>	<u>18,951,248</u>
<u>\$ 1,534,578</u>	<u>\$ 4,431,394</u>	<u>\$ 2,293,710</u>	<u>\$ 903,545</u>	<u>\$ 25,427,466</u>

CITY OF NEWTON, MASSACHUSETTS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2021

Capital Projects Funds

ASSETS	Public Building Improvements	School Building Improvements	Street Improvements	Municipal Equipment Replacement	Sub-total
Cash and cash equivalents.....	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents.....	4,032,813	1,912,444	2,463,160	290,228	8,698,645
Restricted investments.....	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:					
Special assessments.....	-	-	-	-	-
Departmental and other.....	-	-	-	-	-
Intergovernmental.....	-	-	1,327,485	-	1,327,485
Other assets.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 4,032,813	\$ 1,912,444	\$ 3,790,645	\$ 290,228	\$ 10,026,130
LIABILITIES					
Warrants payable.....	\$ 9,138	\$ 366,852	\$ 820,594	\$ 12,641	\$ 1,209,225
Accrued liabilities.....	2,063	-	399,880	-	401,943
Accrued payroll.....	-	-	-	-	-
Other liabilities.....	-	-	-	-	-
Due to other funds.....	-	-	374,284	-	374,284
Short-term notes payable.....	-	2,808,500	-	-	2,808,500
TOTAL LIABILITIES.....	11,201	3,175,352	1,594,758	12,641	4,793,952
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	-	-	-	-	-
FUND BALANCES:					
Nonspendable.....	-	-	-	-	-
Restricted.....	4,021,612	-	2,195,887	277,587	6,495,086
Committed.....	-	-	-	-	-
Unassigned.....	-	(1,262,908)	-	-	(1,262,908)
TOTAL FUND BALANCES.....	4,021,612	(1,262,908)	2,195,887	277,587	5,232,178
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 4,032,813	\$ 1,912,444	\$ 3,790,645	\$ 290,228	\$ 10,026,130

Permanent Funds

Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 4,260,043
523,044	573,872	1,096,916	26,297,591
-	1,772,898	1,772,898	1,772,898
-	-	-	165,529
-	-	-	503,270
-	-	-	5,324,079
<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
<u>\$ 553,044</u>	<u>\$ 2,346,770</u>	<u>\$ 2,899,814</u>	<u>\$ 38,353,410</u>
\$ -	\$ -	\$ -	\$ 2,072,774
-	-	-	1,058,677
-	-	-	445,987
-	-	-	137,049
-	-	-	4,400,073
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,808,500</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>10,923,060</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>347,110</u>
366,932	-	366,932	366,932
186,112	2,346,770	2,532,882	24,802,658
-	-	-	4,260,043
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,346,393)</u>
<u>553,044</u>	<u>2,346,770</u>	<u>2,899,814</u>	<u>27,083,240</u>
<u>\$ 553,044</u>	<u>\$ 2,346,770</u>	<u>\$ 2,899,814</u>	<u>\$ 38,353,410</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Special Revenue Funds

	School Lunch	Revolving	Receipts Reserved	Community Development Block Grant	Municipal Federal Grant
REVENUES					
Licenses and permits.....	\$ -	\$ 69,979	\$ 687,933	\$ -	\$ -
Intergovernmental	1,188,446	41,498	49,321	3,395,288	9,969,325
Charges for services.....	111,127	10,184,608	714,192	-	-
Fines and forfeitures.....	-	3,680	18,000	-	-
Investment income	337	14,368	44	-	-
Contributions and donations.....	-	159,303	(109,600)	-	-
Miscellaneous.....	-	20,857	54,561	-	-
Special assessments.....	-	155,738	-	-	-
TOTAL REVENUES.....	1,299,910	10,650,031	1,414,451	3,395,288	9,969,325
EXPENDITURES					
Current:					
General government:					
Legislative & executive.....	-	1,613	-	-	153,590
Financial administration.....	-	-	-	-	159
Administrative support.....	-	-	-	-	85,120
Planning & development.....	-	200,530	-	3,408,295	2,351,554
Public building maintenance & operations.....	-	18,701	-	-	998,525
Public safety:					
Police.....	-	3,797,760	-	-	118,772
Fire.....	-	524,135	-	-	612,357
Inspectional services.....	-	6,885	-	-	-
Education.....	1,188,694	4,504,997	-	-	6,799,341
Public works:					
Streets & sidewalks.....	-	87,168	-	-	114,843
Sanitation.....	-	175,370	-	-	-
Vehicle maintenance.....	-	-	-	-	-
Engineering.....	-	79,220	-	-	-
Health and human services:					
Health & human services.....	-	-	-	-	8,359
Senior services.....	-	37,884	-	-	-
Culture and recreation:					
Libraries.....	-	-	-	-	-
Parks & recreation.....	-	1,026,161	-	-	1,050
Newton History museum.....	-	125	-	-	-
TOTAL EXPENDITURES.....	1,188,694	10,460,549	-	3,408,295	11,243,670
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	111,216	189,482	1,414,451	(13,007)	(1,274,345)
OTHER FINANCING SOURCES (USES)					
Transfers in.....	35,000	936,898	-	-	-
Premium from issuance of bonds and notes.....	-	-	43,530	-	-
Transfers out.....	-	(1,554)	(1,046,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	35,000	935,344	(1,002,470)	-	-
NET CHANGE IN FUND BALANCES.....	146,216	1,124,826	411,981	(13,007)	(1,274,345)
FUND BALANCES AT BEGINNING OF YEAR.....	37,673	6,831,543	5,545,482	21,362	361,427
FUND BALANCES AT END OF YEAR.....	\$ 183,889	\$ 7,956,369	\$ 5,957,463	\$ 8,355	\$ (912,918)

Special Revenue Funds

Municipal State Grant	School State Grant	School Federal Grant	Gift	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ 757,912
2,423,192	8,824,967	9,798,229	-	35,690,266
-	-	-	101,023	11,110,950
-	-	-	-	21,680
22	-	-	166	14,937
-	-	-	350,466	400,169
-	-	-	-	75,418
-	-	-	-	155,738
<u>2,423,214</u>	<u>8,824,967</u>	<u>9,798,229</u>	<u>451,655</u>	<u>48,227,070</u>
36,779	-	-	38,441	230,423
-	-	-	-	159
36	-	-	-	85,156
731,643	-	-	6,826	6,698,848
100,000	-	-	-	1,117,226
415,870	-	-	-	4,332,402
105,162	-	-	-	1,241,654
-	-	-	-	6,885
-	10,035,110	9,657,114	228,734	32,413,990
-	-	-	-	202,011
89,155	-	-	418	264,943
-	-	-	-	-
-	-	-	-	79,220
524,427	-	-	9,609	542,395
268,717	-	-	-	306,601
-	-	-	-	-
104,145	-	-	248,866	1,380,222
-	-	-	-	125
<u>2,375,934</u>	<u>10,035,110</u>	<u>9,657,114</u>	<u>532,894</u>	<u>48,902,260</u>
<u>47,280</u>	<u>(1,210,143)</u>	<u>141,115</u>	<u>(81,239)</u>	<u>(675,190)</u>
-	-	-	-	971,898
-	-	-	-	43,530
-	-	-	-	(1,047,554)
-	-	-	-	(32,126)
47,280	(1,210,143)	141,115	(81,239)	(707,316)
<u>1,077,147</u>	<u>4,797,931</u>	<u>20,257</u>	<u>965,742</u>	<u>19,658,564</u>
<u>\$ 1,124,427</u>	<u>\$ 3,587,788</u>	<u>\$ 161,372</u>	<u>\$ 884,503</u>	<u>\$ 18,951,248</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, 2021

Capital Projects Funds

	Public Building Improvements	School Building Improvements	Street Improvements	Municipal Equipment Replacement	Sub-total
REVENUES					
Licenses and permits.....	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	284,940	4,466,746	-	4,751,686
Charges for services.....	-	-	-	-	-
Fines and forfeitures.....	-	-	-	-	-
Investment income (loss).....	-	-	-	-	-
Contributions and donations.....	-	-	-	-	-
Miscellaneous.....	-	-	-	-	-
Special assessments.....	-	-	-	-	-
TOTAL REVENUES.....	-	284,940	4,466,746	-	4,751,686
EXPENDITURES					
Current:					
General government:					
Legislative & executive.....	-	-	-	-	-
Financial administration.....	-	-	-	-	-
Administrative support.....	-	-	-	-	-
Planning & development.....	-	-	84,462	-	84,462
Public building maintenance & operations.....	215,539	456,625	-	-	672,164
Public safety:					
Police.....	-	-	-	-	-
Fire.....	-	-	-	792,656	792,656
Inspectional services.....	-	-	-	-	-
Education.....	33,685	2,673,609	-	-	2,707,294
Public works:					
Streets & sidewalks.....	-	-	11,063,956	2,002,809	13,066,765
Sanitation.....	-	-	-	-	-
Vehicle maintenance.....	-	-	-	150,280	150,280
Engineering.....	-	-	-	-	-
Health and human services:					
Health & human services.....	-	-	-	-	-
Senior services.....	-	-	-	-	-
Culture and recreation:					
Libraries.....	-	-	-	-	-
Parks & recreation.....	-	-	-	-	-
Newton History museum.....	-	-	-	-	-
TOTAL EXPENDITURES.....	249,224	3,130,234	11,148,418	2,945,745	17,473,621
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(249,224)	(2,845,294)	(6,681,672)	(2,945,745)	(12,721,935)
OTHER FINANCING SOURCES (USES)					
Transfers in.....	91,941	-	-	-	91,941
Premium from issuance of bonds and notes.....	-	-	-	-	-
Transfers out.....	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	91,941	-	-	-	91,941
NET CHANGE IN FUND BALANCES.....	(157,283)	(2,845,294)	(6,681,672)	(2,945,745)	(12,629,994)
FUND BALANCES AT BEGINNING OF YEAR.....	4,178,895	1,582,386	8,877,559	3,223,332	17,862,172
FUND BALANCES AT END OF YEAR.....	\$ 4,021,612	\$ (1,262,908)	\$ 2,195,887	\$ 277,587	\$ 5,232,178

Permanent Funds

Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 757,912
-	-	-	40,441,952
122,960	-	122,960	11,233,910
-	-	-	21,680
55	343,894	343,949	358,886
-	382,792	382,792	782,961
-	-	-	75,418
-	-	-	155,738
<u>123,015</u>	<u>726,686</u>	<u>849,701</u>	<u>53,828,457</u>
-	-	-	230,423
-	-	-	159
-	-	-	85,156
-	-	-	6,783,310
-	-	-	1,789,390
-	-	-	4,332,402
-	-	-	2,034,310
-	-	-	6,885
-	-	-	35,121,284
-	-	-	13,268,776
-	-	-	264,943
-	-	-	150,280
-	-	-	79,220
-	-	-	542,395
-	-	-	306,601
-	260,946	260,946	260,946
-	-	-	1,380,222
-	-	-	125
<u>-</u>	<u>260,946</u>	<u>260,946</u>	<u>66,636,827</u>
<u>123,015</u>	<u>465,740</u>	<u>588,755</u>	<u>(12,808,370)</u>
-	-	-	1,063,839
-	-	-	43,530
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,047,554)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>59,815</u>
123,015	465,740	588,755	(12,748,555)
<u>430,029</u>	<u>1,881,030</u>	<u>2,311,059</u>	<u>39,831,795</u>
<u>\$ 553,044</u>	<u>\$ 2,346,770</u>	<u>\$ 2,899,814</u>	<u>\$ 27,083,240</u>

(Concluded)

Internal Service Funds

Health Insurance Fund

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

Workers' Compensation Insurance Fund

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

Liability Insurance Fund

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

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

JUNE 30, 2021

ASSETS	Health Insurance	Workers' Compensation Insurance	Liability Insurance	Total
Current assets:				
Restricted cash and cash equivalents.....	\$ 24,128,038	\$ 161,455	\$ 4,633	\$ 24,294,126
Restricted investments.....	-	18,307,828	-	18,307,828
Interest and dividends.....	-	17,214	-	17,214
Working capital deposit.....	750,080	-	-	750,080
Total current assets.....	<u>24,878,118</u>	<u>18,486,497</u>	<u>4,633</u>	<u>43,369,248</u>
LIABILITIES				
Current liabilities:				
Warrants payable.....	81,772	72,906	-	154,678
Accrued liabilities.....	-	43,200	-	43,200
Accrued payroll.....	-	7,139	-	7,139
Other liabilities.....	2,789,517	-	-	2,789,517
Accrued health claims payable.....	3,970,884	-	-	3,970,884
Workers' compensation claims.....	-	2,551,484	-	2,551,484
Total current liabilities.....	<u>6,842,173</u>	<u>2,674,729</u>	<u>-</u>	<u>9,516,902</u>
Noncurrent liabilities:				
Workers' compensation claims.....	-	8,306,203	-	8,306,203
Total liabilities.....	<u>6,842,173</u>	<u>10,980,932</u>	<u>-</u>	<u>17,823,105</u>
FUND NET POSITION				
Unrestricted.....	<u>18,035,945</u>	<u>7,505,565</u>	<u>4,633</u>	<u>25,546,143</u>
Total net position.....	<u>\$ 18,035,945</u>	<u>\$ 7,505,565</u>	<u>\$ 4,633</u>	<u>\$ 25,546,143</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Health Insurance	Workers' Compensation Insurance	Liability Insurance	Total
OPERATING REVENUES				
Employer contributions.....	\$ 54,900,001	\$ 1,800,000	\$ -	\$ 56,700,001
Plan member contributions.....	13,972,328	-	-	13,972,328
TOTAL OPERATING REVENUES.....	<u>68,872,329</u>	<u>1,800,000</u>	<u>-</u>	<u>70,672,329</u>
OPERATING EXPENSES				
Change in incurred but not reported liability.....	-	21,410	-	21,410
Self insurance claims.....	65,298,136	4,463,853	-	69,761,989
Administrative expenses.....	5,192,452	172,355	-	5,364,807
TOTAL OPERATING EXPENSES.....	<u>70,490,588</u>	<u>4,657,618</u>	<u>-</u>	<u>75,148,206</u>
OPERATING INCOME (LOSS).....	<u>(1,618,259)</u>	<u>(2,857,618)</u>	<u>-</u>	<u>(4,475,877)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income.....	92,784	4,401,543	7	4,494,334
CHANGE IN FUND NET POSITION.....	(1,525,475)	1,543,925	7	18,457
FUND NET POSITION AT BEGINNING OF YEAR.....	<u>19,561,420</u>	<u>5,961,640</u>	<u>4,626</u>	<u>25,527,686</u>
FUND NET POSITION AT END OF YEAR.....	<u>\$ 18,035,945</u>	<u>\$ 7,505,565</u>	<u>\$ 4,633</u>	<u>\$ 25,546,143</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Health Insurance	Workers' Compensation Insurance	Liability Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users.....	\$ 13,972,328	\$ -	\$ -	\$ 13,972,328
Receipts from interfund services provided.....	54,900,001	1,800,000	-	56,700,001
Payments to vendors/providers.....	(69,199,188)	(2,087,271)	-	(71,286,459)
NET CASH FROM OPERATING ACTIVITIES.....	(326,859)	(287,271)	-	(614,130)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase and sales of investments, net.....	-	(4,367,072)	-	(4,367,072)
Investment income.....	92,784	4,395,570	7	4,488,361
NET CASH FROM INVESTING ACTIVITIES.....	92,784	28,498	7	121,289
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(234,075)	(258,773)	7	(492,841)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (restricted).....	24,362,113	420,228	4,626	24,786,967
CASH AND CASH EQUIVALENTS AT END OF YEAR (restricted).....	\$ 24,128,038	\$ 161,455	\$ 4,633	\$ 24,294,126
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss).....	\$ (1,618,259)	\$ (2,857,618)	\$ -	\$ (4,475,877)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Changes in assets and liabilities:				
Working capital deposit.....	(383,254)	-	-	(383,254)
Warrants payable.....	31,687	24,243	-	55,930
Accrued payroll.....	-	(11,930)	-	(11,930)
Other liabilities.....	629,842	-	-	629,842
Accrued liabilities.....	-	6,550	-	6,550
Accrued health claims payable.....	1,013,125	-	-	1,013,125
Workers' compensation.....	-	2,551,484	-	2,551,484
Total adjustments.....	1,291,400	2,570,347	-	3,861,747
NET CASH FROM OPERATING ACTIVITIES.....	\$ (326,859)	\$ (287,271)	\$ -	\$ (614,130)

Private Purpose Trust Funds

Chaffin Education Fund

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

Scovell Education Fund

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

Cousens Welfare Fund

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

Newton North High School Scholarship Fund

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

Kendrick Welfare Fund

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

Read Charity Fund

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

Spear Infirmary Fund

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

Mabel Riley Senior Fund

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

Elderly Tax Relief Fund

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

Marjorie Moerschner Fund

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

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

JUNE 30, 2021

	Chaffin Education	Scovell Education	Cousens Welfare	Newton North High School Scholarship
ASSETS				
Cash and cash equivalents.....	\$ 205,862	\$ 13,193	\$ 25,686	\$ 587,512
Investments:				
Fixed Income.....	1,817,830	810,221	1,105,153	479,063
Equities.....	5,489,607	1,071,259	1,689,309	641,485
Total assets.....	<u>7,513,299</u>	<u>1,894,673</u>	<u>2,820,148</u>	<u>1,708,060</u>
LIABILITIES				
Warrants payable.....	-	-	727	1,000
Other liabilities.....	-	-	-	4,000
Total liabilities.....	<u>-</u>	<u>-</u>	<u>727</u>	<u>5,000</u>
NET POSITION				
Assets held in trust for other purposes.....	<u>\$ 7,513,299</u>	<u>\$ 1,894,673</u>	<u>\$ 2,819,421</u>	<u>\$ 1,703,060</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>
\$	3,318	\$ 46,099	\$ 4,977	\$ 40,599	\$ 19,917	\$ 103,180	\$ 1,050,343
	-	-	-	-	-	-	4,212,267
	-	-	-	-	-	-	8,891,660
	<u>3,318</u>	<u>46,099</u>	<u>4,977</u>	<u>40,599</u>	<u>19,917</u>	<u>103,180</u>	<u>14,154,270</u>
	-	-	-	-	-	-	1,727
	-	-	-	-	-	-	4,000
	-	-	-	-	-	-	5,727
\$	<u><u>3,318</u></u>	<u><u>46,099</u></u>	<u><u>4,977</u></u>	<u><u>40,599</u></u>	<u><u>19,917</u></u>	<u><u>103,180</u></u>	<u><u>14,148,543</u></u>

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**CITY OF NEWTON, MASSACHUSETTS
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Chaffin Education</u>	<u>Scovell Education</u>	<u>Cousens Welfare</u>	<u>Newton North High School Scholarship</u>
ADDITIONS				
Contributions:				
Private donations.....	\$ -	\$ -	\$ -	\$ 115,474
Net investment income:				
Interest.....	1,501,465	374,338	466,542	225,216
TOTAL ADDITIONS.....	<u>1,501,465</u>	<u>374,338</u>	<u>466,542</u>	<u>340,690</u>
DEDUCTIONS				
Administration expense.....	-	-	390	-
Educational scholarships & awards.....	155,500	20,000	86,125	104,995
TOTAL DEDUCTIONS.....	<u>155,500</u>	<u>20,000</u>	<u>86,515</u>	<u>104,995</u>
CHANGE IN NET POSITION.....	1,345,965	354,338	380,027	235,695
NET POSITION AT BEGINNING OF YEAR.....	<u>6,167,334</u>	<u>1,540,335</u>	<u>2,439,394</u>	<u>1,467,365</u>
NET POSITION AT END OF YEAR.....	<u>\$ 7,513,299</u>	<u>\$ 1,894,673</u>	<u>\$ 2,819,421</u>	<u>\$ 1,703,060</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>
\$ -	\$ -	\$ -	\$ -	\$ 2,908	\$ -	\$ 118,382
5	66	7	57	27	147	2,567,870
5	66	7	57	2,935	147	2,686,252
-	-	-	-	-	-	390
-	-	-	-	-	-	366,620
-	-	-	-	-	-	367,010
5	66	7	57	2,935	147	2,319,242
3,313	46,033	4,970	40,542	16,982	103,033	11,829,301
<u>\$ 3,318</u>	<u>\$ 46,099</u>	<u>\$ 4,977</u>	<u>\$ 40,599</u>	<u>\$ 19,917</u>	<u>\$ 103,180</u>	<u>\$ 14,148,543</u>

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General Fund

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Encumbrances/ Continued Appropriations	FY 2021 Original Budget	FY 2021 Budget Revisions
City Clerk/Clerk of the Board			
Personal Services	\$ -	\$ 1,581,240	\$ -
Expenses	32,163	155,915	-
Capital Outlay	10,068	5,000	-
Fringe Benefits	-	334,818	10,404
Total City Clerk/Clerk of the Board	<u>42,231</u>	<u>2,076,973</u>	<u>10,404</u>
Executive			
Personal Services	-	890,074	(10,025)
Expenses	118,338	261,100	-
Fringe Benefits	-	137,980	-
Total Mayor's Office	<u>118,338</u>	<u>1,289,154</u>	<u>(10,025)</u>
Comptroller's Office/Property Insurance/Audit			
Personal Services	-	571,665	-
Expenses	121,877	737,457	-
Fringe Benefits	-	85,966	-
Total Comptroller's Office/Property Insurance	<u>121,877</u>	<u>1,395,088</u>	<u>-</u>
Purchasing/General Services			
Personal Services	-	389,434	-
Expenses	498	61,750	-
Fringe Benefits	-	83,675	-
Total Purchasing/General Services	<u>498</u>	<u>534,859</u>	<u>-</u>
Assessing Department			
Personal Services	-	1,032,988	-
Expenses	4,000	63,500	-
Fringe Benefits	-	145,156	-
Total Assessing Department	<u>4,000</u>	<u>1,241,644</u>	<u>-</u>
Treasury & Collection Department			
Personal Services	-	719,123	-
Expenses	46,635	409,400	-
Fringe Benefits	-	151,454	-
Total Treasury & Collection Department	<u>46,635</u>	<u>1,279,977</u>	<u>-</u>
City Solicitor/Judgments & Settlements			
Personal Services	-	1,446,222	-
Expenses	213,561	273,051	-
Fringe Benefits	-	174,798	27,089
Total City Solicitor's Office/Settlements	<u>213,561</u>	<u>1,894,071</u>	<u>27,089</u>

<u>FY 2021 Budget As Amended</u>	<u>Total Revised FY 2021 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 1,581,240	\$ 1,581,240	\$ 1,446,483	\$ -	\$ 134,757
155,915	188,078	151,716	6,511	29,851
5,000	15,068	-	5,000	10,068
345,222	345,222	345,222	-	-
<u>2,087,377</u>	<u>2,129,608</u>	<u>1,943,421</u>	<u>11,511</u>	<u>174,676</u>
880,049	880,049	871,148	-	8,901
261,100	379,438	256,676	120,418	2,344
137,980	137,980	117,984	-	19,996
<u>1,279,129</u>	<u>1,397,467</u>	<u>1,245,808</u>	<u>120,418</u>	<u>31,241</u>
571,665	571,665	547,982	-	23,683
737,457	859,334	727,829	131,065	440
85,966	85,966	76,978	-	8,988
<u>1,395,088</u>	<u>1,516,965</u>	<u>1,352,789</u>	<u>131,065</u>	<u>33,111</u>
389,434	389,434	387,209	-	2,225
61,750	62,248	35,087	2,095	25,066
83,675	83,675	83,031	-	644
<u>534,859</u>	<u>535,357</u>	<u>505,327</u>	<u>2,095</u>	<u>27,935</u>
1,032,988	1,032,988	1,012,188	-	20,800
63,500	67,500	39,726	4,000	23,774
145,156	145,156	136,237	-	8,919
<u>1,241,644</u>	<u>1,245,644</u>	<u>1,188,151</u>	<u>4,000</u>	<u>53,493</u>
719,123	719,123	679,976	-	39,147
409,400	456,035	261,380	38,192	156,463
151,454	151,454	146,567	-	4,887
<u>1,279,977</u>	<u>1,326,612</u>	<u>1,087,923</u>	<u>38,192</u>	<u>200,497</u>
1,446,222	1,446,222	1,379,995	-	66,227
273,051	486,612	237,892	195,647	53,073
201,887	201,887	199,934	-	1,953
<u>1,921,160</u>	<u>2,134,721</u>	<u>1,817,821</u>	<u>195,647</u>	<u>121,253</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, 2021

	Encumbrances/ Continued Appropriations	FY 2021 Original Budget	FY 2021 Budget Revisions
Human Resources Department			
Personal Services	-	562,145	-
Expenses	30,069	221,050	-
Fringe Benefits	-	233,434	-
Total Human Resources Department	<u>30,069</u>	<u>1,016,629</u>	<u>-</u>
Information Technology Department			
Personal Services	-	1,101,586	125
Expenses	43,730	660,303	-
Capital Outlay	16,537	106,000	172,400
Fringe Benefits	-	226,585	205
Total Information Technology Department	<u>60,267</u>	<u>2,094,474</u>	<u>172,730</u>
Financial Information Systems			
Personal Services	-	275,439	-
Expenses	57,290	22,860	-
Fringe Benefits	-	69,201	-
Total Financial Information Systems	<u>57,290</u>	<u>367,500</u>	<u>-</u>
Planning & Development Department			
Personal Services	-	1,593,060	-
Expenses	32,002	151,800	-
Capital Outlay	72,906	25,000	-
Fringe Benefits	-	165,115	9,823
Total Planning & Development Department	<u>104,908</u>	<u>1,934,975</u>	<u>9,823</u>
Public Building Department			
Personal Services	-	2,622,555	-
Expenses	83,988	1,625,495	-
Capital Outlay	2,415	150,000	-
Fringe Benefits	-	463,804	23,971
Total Public Building Department	<u>86,403</u>	<u>4,861,854</u>	<u>23,971</u>
GENERAL GOVERNMENT TOTAL			
	<u>886,077</u>	<u>19,987,198</u>	<u>233,992</u>
Police Department			
Personal Services	-	18,671,850	200,000
Expenses	29,780	931,920	-
Capital Outlay	267,011	34,000	-
Fringe Benefits	-	3,114,010	(26)
Total Police Department	<u>296,791</u>	<u>22,751,780</u>	<u>199,974</u>

<u>FY 2021 Budget As Amended</u>	<u>Total Revised FY 2021 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
562,145	562,145	500,733	-	61,412
221,050	251,119	251,003	-	116
233,434	233,434	174,254	-	59,180
<u>1,016,629</u>	<u>1,046,698</u>	<u>925,990</u>	<u>-</u>	<u>120,708</u>
1,101,711	1,101,711	1,100,192	-	1,519
660,303	704,033	597,647	97,444	8,942
278,400	294,937	94,940	198,314	1,683
226,790	226,790	216,897	-	9,893
<u>2,267,204</u>	<u>2,327,471</u>	<u>2,009,676</u>	<u>295,758</u>	<u>22,037</u>
275,439	275,439	271,547	-	3,892
22,860	80,150	37,320	38,405	4,425
69,201	69,201	61,510	-	7,691
<u>367,500</u>	<u>424,790</u>	<u>370,377</u>	<u>38,405</u>	<u>16,008</u>
1,593,060	1,593,060	1,584,873	-	8,187
151,800	183,802	114,147	69,655	-
25,000	97,906	66,405	31,501	-
174,938	174,938	159,036	-	15,902
<u>1,944,798</u>	<u>2,049,706</u>	<u>1,924,461</u>	<u>101,156</u>	<u>24,089</u>
2,622,555	2,622,555	2,533,781	-	88,774
1,625,495	1,709,483	1,589,527	22,356	97,600
150,000	152,415	48,990	18,000	85,425
487,775	487,775	487,775	-	-
<u>4,885,825</u>	<u>4,972,228</u>	<u>4,660,073</u>	<u>40,356</u>	<u>271,799</u>
<u>20,221,190</u>	<u>21,107,267</u>	<u>19,031,817</u>	<u>978,603</u>	<u>1,096,847</u>
18,871,850	18,871,850	18,839,341	-	32,509
931,920	961,700	849,636	110,671	1,393
34,000	301,011	275,982	2,059	22,970
3,113,984	3,113,984	2,927,932	-	186,052
<u>22,951,754</u>	<u>23,248,545</u>	<u>22,892,891</u>	<u>112,730</u>	<u>242,924</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, 2021

	Encumbrances/ Continued Appropriations	FY 2021 Original Budget	FY 2021 Budget Revisions
Fire Department			
Personal Services	-	20,946,218	1,200,000
Expenses	5,529	1,106,900	-
Capital Outlay	155,201	90,000	-
Fringe Benefits	-	3,341,513	11,222
Total Fire Department	<u>160,730</u>	<u>25,484,631</u>	<u>1,211,222</u>
Inspectional Services Department			
Personal Services	-	1,436,704	89,337
Expenses	-	50,225	3,360
Fringe Benefits	-	247,887	6,050
Total Inspectional Services Department	<u>-</u>	<u>1,734,816</u>	<u>98,747</u>
PUBLIC SAFETY TOTAL	<u>457,521</u>	<u>49,971,227</u>	<u>1,509,943</u>
NEWTON PUBLIC SCHOOLS	<u>1,310,220</u>	<u>241,584,473</u>	<u>188,972</u>
Public Works Department			
Personal Services	-	9,505,404	-
Expenses	1,890,105	16,892,172	1,492,500
Capital Outlay	215,110	200,001	-
Fringe Benefits	-	1,927,427	(21,161)
Total Public Works Department	<u>2,105,215</u>	<u>28,525,004</u>	<u>1,471,339</u>
PUBLIC WORKS TOTAL	<u>2,105,215</u>	<u>28,525,004</u>	<u>1,471,339</u>

<u>FY 2021 Budget As Amended</u>	<u>Total Revised FY 2021 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
22,146,218	22,146,218	21,889,954	-	256,264
1,106,900	1,112,429	1,022,623	89,803	3
90,000	245,201	58,589	186,612	-
3,352,735	3,352,735	3,311,649	-	41,086
<u>26,695,853</u>	<u>26,856,583</u>	<u>26,282,815</u>	<u>276,415</u>	<u>297,353</u>
1,526,041	1,526,041	1,434,298	-	91,743
53,585	53,585	27,076	358	26,151
253,937	253,937	231,842	-	22,095
<u>1,833,563</u>	<u>1,833,563</u>	<u>1,693,216</u>	<u>358</u>	<u>139,989</u>
<u>51,481,170</u>	<u>51,938,691</u>	<u>50,868,922</u>	<u>389,503</u>	<u>680,266</u>
<u>241,773,445</u>	<u>243,083,665</u>	<u>242,025,545</u>	<u>1,057,884</u>	<u>236</u>
9,505,404	9,505,404	8,325,577	-	1,179,827
18,384,672	20,274,777	17,590,599	2,684,178	-
200,001	415,111	263,544	151,567	-
1,906,266	1,906,266	1,648,068	-	258,198
<u>29,996,343</u>	<u>32,101,558</u>	<u>27,827,788</u>	<u>2,835,745</u>	<u>1,438,025</u>
<u>29,996,343</u>	<u>32,101,558</u>	<u>27,827,788</u>	<u>2,835,745</u>	<u>1,438,025</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, 2021

	Encumbrances/ Continued Appropriations	FY 2021 Original Budget	FY 2021 Budget Revisions
Health & Human Services Department			
Personal Services	-	3,438,148	(89,337)
Expenses	7,750	563,988	(3,360)
Fringe Benefits	-	662,325	(9,487)
Total Public Health Department	<u>7,750</u>	<u>4,664,461</u>	<u>(102,184)</u>
Senior Services Department			
Personal Services	-	286,169	5,000
Expenses	-	429,700	-
Fringe Benefits	-	77,791	1,323
Total Human Services Department	<u>-</u>	<u>793,660</u>	<u>6,323</u>
Veteran Services Department			
Personal Services	-	80,329	-
Expenses	36,785	120,150	-
Fringe Benefits	-	4,029	(2,865)
Total Veteran Services Department	<u>36,785</u>	<u>204,508</u>	<u>(2,865)</u>
HEALTH & HUMAN SERVICES TOTAL			
	<u>44,535</u>	<u>5,662,629</u>	<u>(98,726)</u>
Newton Public Library			
Personal Services	-	3,944,710	-
Expenses	-	1,165,922	-
Fringe Benefits	-	761,780	(54,091)
Total Newton Public Library	<u>-</u>	<u>5,872,412</u>	<u>(54,091)</u>
Parks & Recreation Department			
Personal Services	-	3,299,998	50,000
Expenses	187,944	2,523,316	350,000
Capital Outlay	211,675	-	-
Fringe Benefits	-	702,497	(3,332)
Total Parks & Recreation Department	<u>399,619</u>	<u>6,525,811</u>	<u>396,668</u>
Newton History Museum			
Personal Services	-	242,012	4,000
Expenses	669	26,619	-
Fringe Benefits	-	31,671	875
Total Newton History Museum	<u>669</u>	<u>300,302</u>	<u>4,875</u>
CULTURE & RECREATION TOTAL			
	<u>400,288</u>	<u>12,698,525</u>	<u>347,452</u>

<u>FY 2021 Budget As Amended</u>	<u>Total Revised FY 2021 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
3,348,811	3,348,811	3,067,226	-	281,585
560,628	568,378	407,485	29,931	130,962
652,838	652,838	560,414	-	92,424
<u>4,562,277</u>	<u>4,570,027</u>	<u>4,035,125</u>	<u>29,931</u>	<u>504,971</u>
291,169	291,169	289,871	-	1,298
429,700	429,700	429,612	-	88
79,114	79,114	79,114	-	-
<u>799,983</u>	<u>799,983</u>	<u>798,597</u>	<u>-</u>	<u>1,386</u>
80,329	80,329	80,325	-	4
120,150	156,935	105,490	25,953	25,492
1,164	1,164	1,159	-	5
<u>201,643</u>	<u>238,428</u>	<u>186,974</u>	<u>25,953</u>	<u>25,501</u>
<u>5,563,903</u>	<u>5,608,438</u>	<u>5,020,696</u>	<u>55,884</u>	<u>531,858</u>
3,944,710	3,944,710	3,285,906	-	658,804
1,165,922	1,165,922	1,130,868	7,760	27,294
707,689	707,689	634,931	-	72,758
<u>5,818,321</u>	<u>5,818,321</u>	<u>5,051,705</u>	<u>7,760</u>	<u>758,856</u>
3,349,998	3,349,998	3,296,418	-	53,580
2,873,316	3,061,260	2,565,414	294,952	200,894
-	211,675	150,160	61,515	-
699,165	699,165	640,931	-	58,234
<u>6,922,479</u>	<u>7,322,098</u>	<u>6,652,923</u>	<u>356,467</u>	<u>312,708</u>
246,012	246,012	246,012	-	-
26,619	27,288	22,523	-	4,765
32,546	32,546	32,472	-	74
<u>305,177</u>	<u>305,846</u>	<u>301,007</u>	<u>-</u>	<u>4,839</u>
<u>13,045,977</u>	<u>13,446,265</u>	<u>12,005,635</u>	<u>364,227</u>	<u>1,076,403</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, 2021

	Encumbrances/ Continued Appropriations	FY 2021 Original Budget	FY 2021 Budget Revisions
DEBT SERVICE (PRINCIPAL & INTEREST)			
Debt Service	-	25,116,601	900
Total Debt & Interest	-	25,116,601	900
RETIREMENT			
Fringe Benefits	3,101	43,362,345	-
Total Retirement	3,101	43,362,345	-
APPROPRIATED RESERVES			
Wage & Salary Reserve	2,043,798	2,000,000	-
Reserve Fund (Budget Reserve)	-	400,000	(400,000)
Reserve Fund (Snow & Ice)	792,500	1,500,000	(2,292,500)
Total Budgetary Reserves	2,836,298	3,900,000	(2,692,500)
STATE & COUNTY ASSESSMENTS	-	6,370,575	162,049
SPECIAL APPROPRIATIONS	9,686,686	-	2,916,743
TOTAL EXPENDITURES	17,729,941	437,178,577	4,040,164
TRANSFERS TO OTHER FUNDS:			
Workers Comp Self Insurance Fund - Muni	-	800,000	-
Workers Comp Self Insurance Fund - School	-	400,000	-
Rainy Day Stabilization Fund	-	-	1,000,000
School Athletic Revolving Fund - School	-	1,125,870	(188,972)
School Lunch Fund	-	35,000	-
Trash Compactors- Rumford Ave	-	-	127,600
Total Transfers to Other Funds	-	2,360,870	938,628
TOTAL EXPENDITURES AND TRANSFERS	\$ 17,729,941	\$ 439,539,447	\$ 4,978,792

<u>FY 2021 Budget As Amended</u>	<u>Total Revised FY 2021 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
25,117,501	25,117,501	25,117,481	-	20
25,117,501	25,117,501	25,117,481	-	20
43,362,345	43,365,446	42,916,424	-	449,022
43,362,345	43,365,446	42,916,424	-	449,022
2,000,000	4,043,798	-	4,043,798	-
-	-	-	-	-
(792,500)	-	-	-	-
1,207,500	4,043,798	-	4,043,798	-
6,532,624	6,532,624	6,507,813	-	24,811
2,916,743	12,603,429	3,207,944	9,395,485	-
441,218,741	458,948,682	434,530,065	19,121,129	5,297,488
800,000	800,000	800,000	-	-
400,000	400,000	400,000	-	-
1,000,000	1,000,000	1,000,000	-	-
936,898	936,898	936,898	-	-
35,000	35,000	35,000	-	-
127,600	127,600	127,600	-	-
3,299,498	3,299,498	3,299,498	-	-
444,518,239	462,248,180	437,829,563	19,121,129	5,297,488

(Concluded)

Community Preservation Fund

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

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Encumbrances/ Continued Appropriations	Current Year Appropriations	Original Budget	Budget Revisions
Administration & operations:				
Planning	\$ 155	\$ 198,943	\$ 199,098	\$ -
Transfers to various reserves	-	1,657,174	1,657,174	6,297,607
Total - Administration & operations	<u>155</u>	<u>1,856,117</u>	<u>1,856,272</u>	<u>6,297,607</u>
CPA appropriation reserve	-	2,941,256	2,941,256	(2,082,985)
Open space:				
Open space reserve	-	479,737	479,737	(479,737)
300 Hammond Pond Parkway/Webster Woods	112	-	112	-
Kessler Woods land acquisition - Planning (Wabasso)	7,500	-	7,500	-
Webster Woods Legal Services	655,786	-	655,786	-
Webster Woods- Newton Conservators	15,000	-	15,000	-
Webster Woods Land Acquisition	-	217,963	217,963	479,737
Kessler Woods- Newton Conservators	15,000	-	15,000	-
Total - Open space projects	<u>693,398</u>	<u>697,700</u>	<u>1,391,098</u>	<u>-</u>
Historic resources:				
Historic preservation reserve	-	479,737	479,737	(479,737)
Historical burial grounds restoration	2,048	-	2,048	-
Historical burial grounds restoration Phase Iia	2,349	-	2,349	-
Nathan Allen House Preservation/Rehabilitation	130,000	-	130,000	-
East Parish Burial Ground Restoration	71,711	-	71,711	-
Whipple-Beal Fence Project (Newton Cemetery)	6,000	-	6,000	-
Durant-Kenrick Restoration	-	-	-	16,884
Jackson Homestead Fence	-	-	-	28,990
Grace Church Tower Restoration	-	557,382	557,382	433,863
Total - Historic preservation	<u>212,108</u>	<u>1,037,119</u>	<u>1,249,227</u>	<u>-</u>
Community housing:				
Community housing reserve	-	479,737	479,737	(479,737)
Newton Homebuyer Assistance Program II	53,246	-	53,246	(53,246)
Newton Homebuyer Assistance Program III	449,680	-	449,680	(449,680)
CAN-DO Housing Portfolio Acquisition (NHA)	1,105,000	-	1,105,000	-
COVID-19 Emergency Housing Assistance	2,000,000	798,163	2,798,163	401,837
Newton Homebuyer Assistance Program - IV	259,797	-	259,797	(259,797)
Crescent Street Design - Housing	4,412	-	4,412	-
Auburn St. Housing	97,000	-	97,000	-
Haywood House Jackson Rd	3,000,000	-	3,000,000	77,900
Scanton Ave/Golda Meir Expansion	3,250,000	1,244,857	4,494,857	-
Newton Homebuyer's Preservation	-	-	-	762,723
Coleman House Senior Housing	-	4,214,622	4,214,622	-
West Newton Armory Affordable Housing	-	21,270	21,270	-
Total - community housing	<u>10,219,135</u>	<u>6,758,649</u>	<u>16,977,784</u>	<u>-</u>
Community recreation:				
20 Rogers Street Land Acquisition	22,500	-	22,500	-
Pigeon Hill Trail	50,000	-	50,000	-
Waban Hill Reservoir Land Acquisition	31,967	-	31,967	-
Crescent Street Design - playground	167,134	-	167,134	-
Commonwealth Ave Carriageway	-	390,000	390,000	-
Gath Pool Feasibility Study	-	60,000	60,000	-
Total - community recreation	<u>271,601</u>	<u>450,000</u>	<u>721,601</u>	<u>-</u>
TOTAL CPA FUND	<u>\$ 11,396,397</u>	<u>\$ 12,083,667</u>	<u>\$ 23,480,064</u>	<u>\$ (2,082,985)</u>

Final Budget	Expended	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ 199,098	\$ 125,573	\$ -	\$ 73,525
7,954,781	7,954,781	-	-
8,153,879	8,080,354	-	73,525
858,271	-	-	858,271
-	-	-	-
112	-	112	-
7,500	7,500	-	-
655,786	42,183	613,603	-
15,000	-	15,000	-
697,700	697,699	-	1
15,000	-	15,000	-
1,391,098	747,382	643,715	1
-	-	-	-
2,048	-	2,048	-
2,349	-	2,349	-
130,000	130,000	-	-
71,711	-	71,711	-
6,000	-	6,000	-
16,884	16,884	-	-
28,990	-	28,990	-
991,245	-	991,245	-
1,249,227	146,884	1,102,343	-
-	-	-	-
-	-	-	-
-	-	-	-
1,105,000	1,105,000	-	-
3,200,000	2,714,368	485,632	-
-	-	-	-
4,412	-	4,412	-
97,000	97,000	-	-
3,077,900	500,000	2,577,900	-
4,494,857	-	4,494,857	-
762,723	1,200	761,523	-
4,214,622	-	4,214,622	-
21,270	21,270	-	-
16,977,784	4,438,838	12,538,946	-
22,500	22,500	-	-
50,000	3,738	46,262	-
31,967	31,967	-	-
167,134	-	167,134	-
390,000	60,931	329,069	-
60,000	-	60,000	-
721,601	119,136	602,465	-
\$ 29,351,860	\$ 13,532,594	\$ 14,887,469	\$ 931,797

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, 2021

	Continued Appropriations	FY 2021 Appropriations	Transfers
School Building Improvement Fund:			
Carr Elementary Evaluation/Design - 2012	\$ 1,674	\$ -	\$ -
Carr Elementary Renovations - 2013	17,977	-	-
Lincoln Eliot HVAC System	118,021	-	-
150 Jackson St Feas Study	329,273	-	-
Horace Mann Elevator	34,550	-	-
Bigelow Boiler Repl-2019	149,863	-	-
Lincoln -Eliot Window Repl Access-2020	138,356	-	-
FA Day Boilers- 2020	783,776	-	-
Horace Mann Improvements	144,022	-	-
Oak Hill Addition- 2021	-	2,808,500	-
Total School Building Improvement Fund	<u>1,717,512</u>	<u>2,808,500</u>	<u>-</u>
Angier School Improvement Fund			
Angier Elementary School Construction - 2014	<u>8,083</u>	<u>-</u>	<u>-</u>
Zervas School Improvement Fund			
Zervas Elementary Renovation - 2014	<u>1,821,461</u>	<u>-</u>	<u>-</u>
Cabot School Improvement Fund			
Cabot Construction 1/2017	2,226,513	-	-
23 Parkview Ave Land Taking - 2016	10,228	-	-
Total Cabot School Improvement Fund	<u>2,236,741</u>	<u>-</u>	<u>-</u>
Countryside School Improvement Fund			
Countryside Feasibility Study-2021	<u>-</u>	<u>1,250,000</u>	<u>-</u>
Municipal Building Improvement Fund			
Fire Station #3/HQ - 2015	90,074	-	-
Fire Station#3/HQ - 2016	54,221	-	-
City Hall Window Replacement/Repairs - 2011	85,594	-	-
Senior Center HVAC improvements - 2015	14,630	-	-
Energy Conservation Improvements - 2016	12,403	-	-
City Hall Roof Heat Trace Wiring - 2016	58,926	-	-
Crafts Street Garage Roof-2019	30,551	-	-
Senior Ctr Construction- Feas 2019	46,500	-	-
NEWCAL- Feas, Design, Site 2019	273,878	-	-
Police HQ- Boiler Repl 2020	4,136	-	-
Newton Early Childhood Prog 2020	11,912,140	-	-
687 Washington St Site Remediation 2020	77,208	-	-
2020 Energy Efficiency Projects	-	-	23,195
Crafts St Stable Boiler	-	-	68,746
Total Municipal Building Improvement Fund	<u>12,660,261</u>	<u>-</u>	<u>91,941</u>

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
\$ -	\$ 1,674	\$ -
-	5,427	12,550
12,640	-	105,381
2,548	189,382	137,343
-	-	34,550
-	-	149,863
138,356	-	-
457,359	-	326,417
109,014	-	35,008
2,410,316	261,292	136,892
<u>3,130,233</u>	<u>457,775</u>	<u>938,004</u>
-	-	8,083
-	215,402	1,606,059
626,029	21,530	1,578,954
-	-	10,228
<u>626,029</u>	<u>21,530</u>	<u>1,589,182</u>
-	-	1,250,000
-	-	90,074
2,904	-	51,317
-	85,594	-
-	-	14,630
-	-	12,403
-	7,500	51,426
-	-	30,551
3,538	-	42,962
143,618	1,060	129,200
-	-	4,136
279	514,163	11,397,698
18,554	-	58,654
11,585	-	11,610
68,746	-	-
<u>249,224</u>	<u>608,317</u>	<u>11,894,661</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, 2021

	Continued Appropriations	FY 2021 Appropriations	Transfers
CH 90 Highway Improvement Fund:			
Unallocated	229,155	2,052,626	-
Approved projects	3,892,309	2,939,616	-
Total CH 90 Highway Improvement Fund	4,121,464	4,992,242	-
Massworks Road Improvement Fund:			
2016 Grant Award	396,500	-	-
Municipal Equipment Replacement Fund:			
Sewer Cleaner Equipment - 2016	40,410	-	-
Police Dispatch Console Replacement - 2017	45,000	-	-
Fire SCBA Replacement - 2016	7,727	-	-
Fire Ladder Replacement - 2018	142,585	-	(139,254)
Parks Two trash trucks - 2018	2,520	-	-
Backhoe truck - 2018	12,669	-	-
Fire Engine #2 repl (#254-19)	791,437	-	-
2 Ford F550 Trucks- 2020	150,280	-	-
3 6-Wheel All Season Trucks- 2020	739,059	-	-
Modular Trailer at Rumford Ave-2020	109,050	-	-
Two trash Compactors- Rumford Ave-2020	88,000	-	-
Parking Meters and Kiosks- 2020	1,494,595	-	-
Fire Truck-Used Ladder Truck 2021	-	-	139,254
Total Municipal Equipment Replacement Fund	3,623,332	-	-
Street Improvement Fund			
Ded/Nah/Brk Intersection Improvement	94,274	-	-
Dedham/Nahanton/Brk Intersection Improv	44,897	-	-
West Newton Sq Improv	4,402,000	-	-
Comm Ave Greening Improvements	88,993	-	-
Walnut/Austin St Rehab	4,114,787	-	-
Total Street Improvement Fund	8,744,951	-	-
Water System Improvement Fund:			
MWRA - Water System - Accumulated Interest Income	358,462	6,844	-
MWRA - Water System Improvements - Loan of 2016	121,113	-	-
MWRA - Water System Improvements - Loan of 2017	150,599	-	-
MWRA - Water System Improvements - Loan of 2018	1,360,200	-	-
2017 MWRA Lead Replacement	762,175	-	-
MWRA - Water System Improvements - Loan of 2019	1,360,200	-	-
MWRA - Water System Improvements - Loan of 2020	1,326,673	-	-
Water Meter Replacement - 2009	42,298	-	-
Water Main Cleaning & Relining - 2014	40,566	-	-
Water Main Improvements - 2015	21,940	-	-
Water Main Improvements - 2017/18	1,211,528	-	-
Water Main Improvements - 2018/19	1,155,826	-	-
Waban Hill Reservoir Improvements - 2001/2003	250,467	-	-
Water Main Improvements- 2020	3,200,000	-	-
Water Main Improvements-2021	7,000,000	-	-
Waban Hill Reservoir Rehab-Engineering	-	900,000	-
Total Water System Improvement Fund	18,362,047	906,844	-

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
-	-	2,281,781
4,330,353	2,463,444	38,128
<u>4,330,353</u>	<u>2,463,444</u>	<u>2,319,909</u>
<u>184,757</u>	<u>175,243</u>	<u>36,500</u>
-	-	40,410
-	-	45,000
270	-	7,457
3,331	-	-
-	-	2,520
-	12,669	-
649,802	-	141,635
150,280	-	-
739,059	-	-
37,051	-	71,999
87,197	-	803
1,139,501	188,142	166,952
139,254	-	-
<u>2,945,745</u>	<u>200,811</u>	<u>476,776</u>
-	-	94,274
-	19,043	25,854
3,470,796	361,503	569,701
84,463	-	4,530
3,126,412	332,278	656,097
<u>6,681,671</u>	<u>712,824</u>	<u>1,350,456</u>
-	-	365,306
56,001	15,588	49,524
-	150,599	-
-	1,360,200	-
408,872	-	353,303
-	1,360,200	-
855,527	471,146	-
-	33,798	8,500
39,015	1,551	-
(178,132)	200,072	-
790,487	421,041	-
1,060,354	30,268	65,204
-	-	250,467
458,612	1,197,897	1,543,491
-	5,860,503	1,139,497
-	-	900,000
<u>3,490,736</u>	<u>11,102,863</u>	<u>4,675,292</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, 2021

	Continued Appropriations	FY 2021 Appropriations	Transfers
Sanitary Sewer Improvement Fund:			
MWRA - Sewer I&I - Accumulated Interest Income	399,727	17,421	-
2011 Sewer Improvements	4,741	-	-
Phase I Underground Infrastructure Impv Plan - 2012	4,167	-	-
Project Area III/IV/V - 2015	45,328	-	-
Sewer I&I - 2016	298,948	-	-
Sewer I&I- 2018	1,128,723	-	-
Sewer I&I- 2019	1,089,483	-	-
Staniford St Sewer Extension- 2019	67,177	-	-
Rumford Ave Transfer Station-2019	1,299	-	-
Vactor Combination Cleaner Truck-2020	496,000	-	-
2021 Design Pump Station	-	447,000	-
MWRA - Infiltration/Inflow - 2014 (Project Area II)	626	-	-
MWRA - Infiltration/Inflow - 2015 (Project Area II - V)	38,785	-	-
MWRA Infiltration/Inflow - 2016 (Projects III & IV)	427,915	-	-
MWRA Infiltration/Inflow - 2017 Proj	594,779	-	-
MWRA Infiltration/Inflow - 2018 (Proj 6)	1,516,024	-	-
MWRA Sewer Improvements Grant 2019	4,548,475	-	-
MWRA Sewer Improvements Grant 2020	4,580,000	-	-
MWRA Infiltration/Inflow - 2021 (Proj 9)	-	4,580,000	-
Total Sanitary Sewer Improvement Fund	<u>15,242,197</u>	<u>5,044,421</u>	<u>-</u>
Storm Drainage Improvement Fund			
Dedham Street Storm Drainage Improvements	12,677	-	-
Laundry Brook Culvert Construction	171,135	-	-
Forest Grove Pump Station	147,482	-	-
Franklin Storm Water Project	43,532	-	-
Hammond Brook Culvert Repl- 2018	31,497	-	-
Crafts Street Wash Bay -2019	498,635	-	-
S. Meadow Brook Drain Basin- 2019	5,534	-	-
Vacuum Street Sweeper- 2020	19,240	-	-
City Hall Pond & Culverts Dredging-2020	500,000	-	-
Total Storm Drainage Improvement Fund	<u>1,429,732</u>	<u>-</u>	<u>-</u>
Capital Stabilization Fund:			
Designated for Fire Station Renovations	16,395	-	-
Designated for Energy Conservation Projects	157,461	197,756	(23,195)
Designated for 2013 Override Capital Projects	154,185	-	-
Designated for Ordinary Capital Appropriations	195,478	-	(168,746)
Total Capital Stabilization Fund	<u>523,519</u>	<u>197,756</u>	<u>(191,941)</u>
Total Capital Projects Funds	<u>\$ 70,887,800</u>	<u>\$ 13,949,763</u>	<u>\$ (100,000)</u>

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
-	-	417,148
4,741	-	-
4,167	-	-
2,910	42,418	-
165,327	133,621	-
430,273	690,835	7,615
792,704	296,779	-
21,319	45,858	-
-	1,299	-
494,270	-	1,730
-	447,000	-
-	-	626
38,785	-	-
101,819	311,681	14,415
556,733	38,046	-
1,445,379	70,645	-
2,817,600	1,720,518	10,357
-	-	4,580,000
-	-	4,580,000
<u>6,876,027</u>	<u>3,798,700</u>	<u>9,611,891</u>
-	12,677	-
27,686	13,192	130,257
-	-	147,482
-	-	43,532
26,257	5,240	-
-	-	498,635
-	-	5,534
-	-	19,240
-	-	500,000
<u>53,943</u>	<u>31,109</u>	<u>1,344,680</u>
-	-	16,395
-	-	332,022
-	-	154,185
-	-	26,732
<u>-</u>	<u>-</u>	<u>529,334</u>
<u>\$ 28,568,718</u>	<u>\$ 19,788,018</u>	<u>\$ 36,380,827</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, 2021

	Continued <u>Appropriations</u>	FY 2021 <u>Original Budget</u>	FY 2021 <u>Budget Revisions</u>
Sewer Maintenance & Operation			
Personal Services	\$ -	\$ 2,304,010	\$ (75,000)
Expenses	720,493	1,153,069	-
Capital Outlay	766,979	102,500	-
Fringe Benefits	-	429,662	75,000
Total	<u>1,487,472</u>	<u>3,989,241</u>	<u>-</u>
MWRA Sewer Assessment			
Intergovernmental	<u>-</u>	<u>21,895,848</u>	<u>-</u>
Legal settlements	<u>98,831</u>	<u>-</u>	<u>-</u>
Debt Maturities & Interest	<u>-</u>	<u>1,345,909</u>	<u>114,500</u>
Retirement	<u>-</u>	<u>580,697</u>	<u>-</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>250,000</u>	<u>-</u>
Transfer - Sewer Capital Project Fund	<u>-</u>	<u>-</u>	<u>447,000</u>
Transfer - General Fund	<u>-</u>	<u>1,925,000</u>	<u>-</u>
Total Sewer Enterprise Fund	\$ <u>1,586,303</u>	\$ <u>29,986,695</u>	\$ <u>561,500</u>

FY 2021 Budget As Amended	Total Revised FY 2021 Budget	Expended	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ 2,229,010	\$ 2,229,010	\$ 1,819,361	\$ -	\$ 409,649
1,153,069	1,873,562	1,292,418	511,453	69,691
102,500	869,479	430,718	353,454	85,307
504,662	504,662	418,772	-	85,890
<u>3,989,241</u>	<u>5,476,713</u>	<u>3,961,269</u>	<u>864,907</u>	<u>650,537</u>
21,895,848	21,895,848	21,895,848	-	-
-	98,831	-	98,831	-
<u>1,460,409</u>	<u>1,460,409</u>	<u>1,299,802</u>	<u>-</u>	<u>160,607</u>
<u>580,697</u>	<u>580,697</u>	<u>563,774</u>	<u>-</u>	<u>16,923</u>
<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
<u>447,000</u>	<u>447,000</u>	<u>447,000</u>	<u>-</u>	<u>-</u>
<u>1,925,000</u>	<u>1,925,000</u>	<u>1,925,000</u>	<u>-</u>	<u>-</u>
\$ <u><u>30,548,195</u></u>	\$ <u><u>32,134,498</u></u>	\$ <u><u>30,342,693</u></u>	\$ <u><u>963,738</u></u>	\$ <u><u>828,067</u></u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Continued <u>Appropriations</u>	FY 2021 <u>Original Budget</u>	FY 2021 <u>Budget Revisions</u>
Water Maintenance & Operation			
Personal Services	\$ -	\$ 1,871,000	\$ -
Expenses	2,309,041	1,156,930	(100,000)
Capital Outlay	1,268,212	56,500	
Fringe Benefits	-	379,694	100,000
Total	<u>3,577,253</u>	<u>3,464,124</u>	<u>-</u>
Debt Maturities & Interest	<u>-</u>	<u>3,291,884</u>	<u>-</u>
Retirement	<u>-</u>	<u>842,616</u>	<u>-</u>
MWRA/DEP Assessments & Charges	<u>-</u>	<u>13,567,097</u>	<u>-</u>
Legal Settlements	<u>-</u>		<u>70,000</u>
Transfer - Sewer Fund	<u>-</u>	<u>619,071</u>	<u>-</u>
Transfer - General Fund	<u>-</u>	<u>1,633,000</u>	<u>-</u>
Transfer - Water Capital Project Fund	<u>-</u>	<u>-</u>	<u>900,000</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>250,000</u>	<u>-</u>
Total Water Enterprise Fund	<u>\$ 3,577,253</u>	<u>\$ 23,667,792</u>	<u>\$ 970,000</u>

<u>FY 2021 Budget As Amended</u>	<u>Total Revised FY 2021 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 1,871,000	\$ 1,871,000	\$ 1,726,186	\$ -	\$ 144,814
1,056,930	3,365,971	1,276,341	2,004,544	85,086
56,500	1,324,712	209,724	1,072,204	42,784
479,694	479,694	434,633		45,061
<u>3,464,124</u>	<u>7,041,377</u>	<u>3,646,884</u>	<u>3,076,748</u>	<u>317,745</u>
<u>3,291,884</u>	<u>3,291,884</u>	<u>3,291,884</u>	<u>-</u>	<u>-</u>
<u>842,616</u>	<u>842,616</u>	<u>824,072</u>	<u>-</u>	<u>18,544</u>
<u>13,567,097</u>	<u>13,567,097</u>	<u>13,562,152</u>	<u>-</u>	<u>4,945</u>
<u>70,000</u>	<u>70,000</u>	<u>70,000</u>		<u>-</u>
<u>619,071</u>	<u>619,071</u>	<u>619,071</u>	<u>-</u>	<u>-</u>
<u>1,633,000</u>	<u>1,633,000</u>	<u>1,633,000</u>	<u>-</u>	<u>-</u>
<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	<u>-</u>	<u>-</u>
<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
<u>\$ 24,637,792</u>	<u>\$ 28,215,045</u>	<u>\$ 24,797,063</u>	<u>\$ 3,076,748</u>	<u>\$ 341,234</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Continued <u>Appropriations</u>	FY 2021 <u>Original Budget</u>	FY 2021 <u>Budget Revisions</u>
Stormwater Maintenance & Operation			
Personal Services	\$ -	\$ 816,180	\$ -
Expenses	680,094	722,537	-
Capital Outlay	267,445	-	-
Fringe Benefits	-	99,152	-
Total	<u>947,539</u>	<u>1,637,869</u>	<u>-</u>
Retirement	<u>-</u>	<u>101,763</u>	<u>4,435</u>
Debt Maturities and Interest	<u>-</u>	<u>421,337</u>	<u>-</u>
Budget Reserve	<u>-</u>	<u>782,031</u>	<u>-</u>
Transfer - General Fund	<u>-</u>	<u>752,000</u>	<u>-</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>100,000</u>	<u>-</u>
Total Stormwater Enterprise Fund	\$ <u>947,539</u>	\$ <u>3,795,000</u>	\$ <u>4,435</u>

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<u>FY 2021 Budget As Amended</u>	<u>Total Revised FY 2021 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 816,180	\$ 816,180	\$ 663,526	\$ -	\$ 152,654
722,537	1,402,631	451,517	949,745	1,369
-	267,445	44,961	222,484	-
99,152	99,152	72,649	-	26,503
<u>1,637,869</u>	<u>2,585,408</u>	<u>1,232,653</u>	<u>1,172,229</u>	<u>180,526</u>
<u>106,198</u>	<u>106,198</u>	<u>106,198</u>	<u>-</u>	<u>-</u>
<u>421,337</u>	<u>421,337</u>	<u>420,437</u>	<u>-</u>	<u>900</u>
<u>782,031</u>	<u>782,031</u>	<u>-</u>	<u>-</u>	<u>782,031</u>
<u>752,000</u>	<u>752,000</u>	<u>752,000</u>	<u>-</u>	<u>-</u>
<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
<u>\$ 3,799,435</u>	<u>\$ 4,746,974</u>	<u>\$ 2,611,288</u>	<u>\$ 1,172,229</u>	<u>\$ 963,457</u>

STATISTICAL SECTION

This part of the City of Newton's annual comprehensive 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 annual comprehensive financial reports for the relevant year.

NET POSITION BY COMPONENT
(ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities				
Net investment in capital assets.....	\$ 227,091,798	\$ 238,374,247	\$ 248,739,230	\$ 258,490,143
Restricted.....	27,700,568	27,981,384	29,816,361	32,723,876
Unrestricted.....	<u>(93,548,399)</u>	<u>(122,355,108)</u>	<u>(138,654,442)</u>	<u>(436,919,140)</u>
Total governmental activities net position.....	<u>\$ 161,243,967</u>	<u>\$ 144,000,523</u>	<u>\$ 139,901,149</u>	<u>\$ (145,705,121)</u>
Business-Type Activities				
Net investment in capital assets.....	\$ 55,890,406	\$ 56,271,350	\$ 66,943,719	\$ 83,521,987
Unrestricted.....	<u>21,130,465</u>	<u>26,098,363</u>	<u>23,050,090</u>	<u>12,101,552</u>
Total business-type activities net position.....	<u>\$ 77,020,871</u>	<u>\$ 82,369,713</u>	<u>\$ 89,993,809</u>	<u>\$ 95,623,539</u>
Primary Government				
Net investment in capital assets.....	\$ 269,287,104	\$ 294,645,597	\$ 315,682,949	\$ 342,012,130
Restricted.....	41,395,668	27,981,384	29,816,361	32,723,876
Unrestricted.....	<u>(72,417,934)</u>	<u>(96,256,745)</u>	<u>(115,604,352)</u>	<u>(424,817,588)</u>
Total primary government net position.....	<u>\$ 238,264,838</u>	<u>\$ 226,370,236</u>	<u>\$ 229,894,958</u>	<u>\$ (50,081,582)</u>

2016	2017	2018	2019	2020	2021
\$ 260,763,492	\$ 271,665,564	\$ 278,142,332	\$ 289,288,369	\$ 299,446,858	\$ 309,888,772
34,250,976	33,507,464	39,481,750	43,753,181	44,698,129	45,150,711
<u>(455,531,782)</u>	<u>(853,427,299)</u>	<u>(880,169,294)</u>	<u>(885,881,588)</u>	<u>(977,457,362)</u>	<u>(1,004,203,638)</u>
<u>\$ (160,517,314)</u>	<u>\$ (548,254,271)</u>	<u>\$ (562,545,212)</u>	<u>\$ (552,840,038)</u>	<u>\$ (633,312,375)</u>	<u>\$ (649,164,155)</u>
\$ 89,426,102	\$ 94,552,211	\$ 101,217,609	\$ 111,179,650	\$ 117,784,284	\$ 122,125,216
<u>20,314,782</u>	<u>17,913,166</u>	<u>18,708,882</u>	<u>20,677,223</u>	<u>21,775,318</u>	<u>30,571,368</u>
<u>\$ 109,740,884</u>	<u>\$ 112,465,377</u>	<u>\$ 119,926,491</u>	<u>\$ 131,856,873</u>	<u>\$ 139,559,602</u>	<u>\$ 152,696,584</u>
\$ 350,189,594	\$ 366,217,775	\$ 379,359,941	\$ 400,468,019	\$ 417,231,142	\$ 432,013,988
34,250,976	33,507,464	39,481,750	43,753,181	44,698,129	45,150,711
<u>(435,217,000)</u>	<u>(835,514,133)</u>	<u>(861,460,412)</u>	<u>(865,204,365)</u>	<u>(955,682,044)</u>	<u>(973,632,270)</u>
<u>\$ (50,776,430)</u>	<u>\$ (435,788,894)</u>	<u>\$ (442,618,721)</u>	<u>\$ (420,983,165)</u>	<u>\$ (493,752,773)</u>	<u>\$ (496,467,571)</u>

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

LAST TEN FISCAL YEARS

	2012	2013	2014	2015
Expenses				
General government.....	\$ 21,992,988	\$ 22,997,802	\$ 22,716,559	\$ 26,440,640
Public safety.....	56,061,495	56,962,698	61,290,201	68,685,178
Education.....	252,922,994	264,655,220	272,447,586	273,738,170
Public works.....	24,221,365	28,194,390	29,223,056	33,419,187
Health and human services.....	10,684,932	11,323,484	11,328,446	11,625,318
Culture and recreation.....	16,216,945	16,177,118	15,164,811	17,759,803
Debt service - interest.....	7,559,469	7,989,634	7,714,546	9,906,400
Total expenses.....	<u>389,660,188</u>	<u>408,300,346</u>	<u>419,885,205</u>	<u>441,574,696</u>
Program Revenues				
Charges for services.....	25,732,684	28,970,340	28,321,486	28,572,429
Operating grants and contributions.....	65,780,261	69,319,711	74,285,730	64,031,611
Capital grants and contributions.....	2,519,356	5,975,327	5,053,677	3,703,180
Total program revenues.....	<u>94,032,301</u>	<u>104,265,378</u>	<u>107,660,893</u>	<u>96,307,220</u>
Net (expense)/revenue.....	<u>(295,627,887)</u>	<u>(304,034,968)</u>	<u>(312,224,312)</u>	<u>(345,267,476)</u>
General Revenues and Other Changes in Net Position				
Real estate and personal property taxes.....	249,340,011	258,590,398	278,426,655	289,075,613
Motor vehicle and other excise taxes.....	10,514,832	11,404,708	11,953,727	12,670,852
Hotel/motel taxes.....	1,814,792	2,051,414	2,218,759	2,330,724
Meal taxes.....	1,403,261	1,407,803	1,557,737	1,786,617
Cannabis state taxes.....	-	-	-	-
Penalties and interest on taxes.....	1,146,496	1,011,590	1,160,092	1,509,583
Payments in lieu of taxes.....	529,294	524,906	557,065	476,899
Community preservation surcharges.....	2,431,863	2,501,875	2,697,187	2,818,748
Grants and contributions not restricted to specific programs.....	5,263,525	6,276,114	5,716,482	5,968,282
Unrestricted investment income.....	278,106	202,473	230,699	265,809
Gain (Loss) on sale of capital assets.....	-	-	-	-
Other.....	2,169,238	1,492,956	1,622,541	2,304,964
Transfers, net.....	<u>1,429,518</u>	<u>1,640,260</u>	<u>1,983,994</u>	<u>2,088,882</u>
Total general revenues and other changes in net position.....	<u>276,320,936</u>	<u>287,104,497</u>	<u>308,124,938</u>	<u>321,296,973</u>
Change in net position.....	<u>\$ (19,306,951)</u>	<u>\$ (16,930,471)</u>	<u>\$ (4,099,374)</u>	<u>\$ (23,970,503)</u>

	2016	2017	2018	2019	2020	2021
\$	28,489,575	\$ 30,363,602	\$ 30,081,504	\$ 31,005,249	\$ 36,091,937	\$ 38,529,670
	74,526,967	77,684,860	78,526,981	80,638,692	100,638,858	84,057,523
	287,559,898	309,135,770	315,908,244	318,140,994	397,128,915	378,440,451
	29,698,488	32,690,317	37,206,974	34,337,618	37,447,196	34,821,166
	12,319,296	12,650,838	12,812,793	12,881,214	15,079,778	13,494,717
	20,385,376	20,368,611	21,312,457	20,216,213	21,451,308	19,932,623
	10,945,881	10,725,817	14,416,456	12,394,788	9,292,945	9,651,152
	<u>463,925,481</u>	<u>493,619,815</u>	<u>510,265,409</u>	<u>509,614,768</u>	<u>617,130,937</u>	<u>578,927,302</u>
	32,651,120	32,016,871	34,118,209	35,745,286	33,454,980	22,272,175
	67,774,244	83,577,037	87,258,085	86,589,421	99,194,694	122,100,314
	<u>4,232,242</u>	<u>2,616,320</u>	<u>4,264,589</u>	<u>11,176,779</u>	<u>3,727,020</u>	<u>4,751,688</u>
	<u>104,657,606</u>	<u>118,210,228</u>	<u>125,640,883</u>	<u>133,511,486</u>	<u>136,376,694</u>	<u>149,124,177</u>
	<u>(359,267,875)</u>	<u>(375,409,587)</u>	<u>(384,624,526)</u>	<u>(376,103,282)</u>	<u>(480,754,243)</u>	<u>(429,803,125)</u>
	309,686,267	321,041,250	331,364,668	346,757,156	359,616,332	376,547,753
	13,061,883	13,392,891	13,649,251	13,857,190	14,331,513	13,690,851
	2,444,007	2,263,279	2,440,667	2,411,164	2,158,604	314,597
	1,880,428	1,938,182	1,902,662	2,026,232	1,838,810	1,352,560
	-	-	-	-	269,805	362,725
	1,282,596	1,409,030	2,198,862	1,456,045	1,263,507	2,251,230
	461,586	443,150	1,229,355	620,405	659,283	-
	2,945,936	3,085,259	3,254,161	3,385,398	3,527,894	3,676,800
	6,309,128	6,160,868	6,321,899	6,710,460	7,281,872	7,676,004
	483,866	909,764	1,986,190	3,856,837	2,851,265	462,472
	-	119,489	92,435	-	-	(496,476)
	3,305,255	1,966,066	2,157,648	898,387	2,385,716	2,902,230
	<u>2,594,730</u>	<u>3,099,125</u>	<u>3,735,787</u>	<u>3,829,182</u>	<u>4,097,305</u>	<u>4,310,000</u>
	<u>344,455,682</u>	<u>355,828,353</u>	<u>370,333,585</u>	<u>385,808,456</u>	<u>400,281,906</u>	<u>413,050,746</u>
\$	<u>(14,812,193)</u>	<u>(19,581,234)</u>	<u>(14,290,941)</u>	<u>9,705,174</u>	<u>(80,472,337)</u>	<u>(16,752,379)</u>

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

LAST TEN FISCAL YEARS

	2012	2013	2014	2015
Expenses				
Sewer.....	\$ 24,953,457	\$ 25,359,689	\$ 25,557,836	\$ 26,254,561
Water.....	15,185,784	15,896,034	16,702,263	17,503,699
Stormwater.....	-	-	-	1,118,476
Total expenses.....	<u>40,139,241</u>	<u>41,255,723</u>	<u>42,260,099</u>	<u>44,876,736</u>
Program Revenues				
Charges for services.....	48,273,768	47,175,932	51,347,815	54,741,671
Operating grants and contributions.....	646,975	1,059,085	514,894	506,547
Capital grants and contributions.....	489,333	9,808	5,480	3,797,829
Total program revenues.....	<u>49,410,076</u>	<u>48,244,825</u>	<u>51,868,189</u>	<u>59,046,047</u>
Net (expense)/revenue.....	<u>9,270,835</u>	<u>6,989,102</u>	<u>9,608,090</u>	<u>14,169,311</u>
General Revenues and Transfers				
Gain (loss) on sale of capital asset.....	-	-	-	-
Transfers, net.....	<u>(1,429,518)</u>	<u>(1,640,260)</u>	<u>(1,983,994)</u>	<u>(2,088,882)</u>
Change in net position.....	\$ <u>7,841,317</u>	\$ <u>5,348,842</u>	\$ <u>7,624,096</u>	\$ <u>12,080,429</u>

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$	24,958,975	\$ 26,159,136	\$ 26,252,621	\$ 28,066,143	\$ 29,156,347	\$ 27,836,234
	19,439,528	20,212,470	20,424,302	19,845,729	21,402,813	20,629,851
	<u>1,295,988</u>	<u>925,695</u>	<u>2,785,074</u>	<u>1,630,752</u>	<u>1,801,572</u>	<u>1,510,859</u>
	<u>45,694,491</u>	<u>47,297,301</u>	<u>49,461,997</u>	<u>49,542,624</u>	<u>52,360,732</u>	<u>49,976,944</u>
	59,064,372	61,488,035	59,362,817	60,059,988	60,011,504	67,148,742
	545,793	464,271	348,089	1,182,080	471,521	486,926
	<u>2,796,401</u>	<u>91,567</u>	<u>947,992</u>	<u>4,118,366</u>	<u>3,649,886</u>	<u>24,265</u>
	<u>62,406,566</u>	<u>62,043,873</u>	<u>60,658,898</u>	<u>65,360,434</u>	<u>64,132,911</u>	<u>67,659,933</u>
	<u>16,712,075</u>	<u>14,746,572</u>	<u>11,196,901</u>	<u>15,817,810</u>	<u>11,772,179</u>	<u>17,682,989</u>
	-	(55,259)	-	(58,246)	27,855	(236,007)
	<u>(2,594,730)</u>	<u>(3,099,125)</u>	<u>(3,735,787)</u>	<u>(3,829,182)</u>	<u>(4,097,305)</u>	<u>(4,310,000)</u>
\$	<u><u>14,117,345</u></u>	<u><u>11,592,188</u></u>	<u><u>7,461,114</u></u>	<u><u>11,930,382</u></u>	<u><u>7,702,729</u></u>	<u><u>13,136,982</u></u>

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

LAST TEN FISCAL YEARS

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total expenses.....	\$ 429,799,429	\$ 449,556,069	\$ 462,145,304	\$ 486,451,432
Total program revenues.....	<u>143,442,377</u>	<u>152,510,203</u>	<u>159,529,082</u>	<u>155,353,267</u>
Net (expense)/revenue.....	(286,357,052)	(297,045,866)	(302,616,222)	(331,098,165)
Total general revenues, transfers and other changes in net position.....	<u>274,891,418</u>	<u>285,464,237</u>	<u>306,140,944</u>	<u>319,208,091</u>
Change in net position.....	<u><u>\$ (11,465,634)</u></u>	<u><u>\$ (11,581,629)</u></u>	<u><u>\$ 3,524,722</u></u>	<u><u>\$ (11,890,074)</u></u>

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<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 509,619,972	\$ 540,917,116	\$ 559,727,406	\$ 559,157,392	\$ 669,491,669	\$ 628,904,246
<u>167,064,172</u>	<u>180,254,101</u>	<u>186,299,781</u>	<u>198,871,920</u>	<u>200,509,605</u>	<u>216,784,110</u>
(342,555,800)	(360,663,015)	(373,427,625)	(360,285,472)	(468,982,064)	(412,120,136)
<u>341,860,952</u>	<u>352,673,969</u>	<u>366,597,798</u>	<u>381,921,028</u>	<u>396,212,456</u>	<u>408,504,739</u>
<u><u>\$ (694,848)</u></u>	<u><u>\$ (7,989,046)</u></u>	<u><u>\$ (6,829,827)</u></u>	<u><u>\$ 21,635,556</u></u>	<u><u>\$ (72,769,608)</u></u>	<u><u>\$ (3,615,397)</u></u>

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GOVERNMENTAL FUNDS
 FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund				
Restricted.....	\$ 938,274	\$ 3,164,616	\$ 2,849,507	\$ 3,006,074
Committed.....	9,816,666	5,348,800	4,889,216	5,308,421
Assigned.....	2,583,061	3,110,521	2,677,990	2,451,384
Unassigned.....	<u>14,886,340</u>	<u>21,091,447</u>	<u>26,259,064</u>	<u>27,757,785</u>
Total general fund.....	<u>\$ 28,224,341</u>	<u>\$ 32,715,384</u>	<u>\$ 36,675,777</u>	<u>\$ 38,523,664</u>
All Other Governmental Funds				
Nonspendable.....	\$ 446,818	\$ 447,206	\$ 397,250	\$ 397,170
Restricted.....	28,617,216	26,869,665	30,289,935	38,421,915
Committed.....	1,745,209	1,718,332	1,736,249	1,281,577
Unassigned.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds.....	<u>\$ 30,809,243</u>	<u>\$ 29,035,203</u>	<u>\$ 32,423,434</u>	<u>\$ 40,100,662</u>

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	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$	2,814,268	\$ 3,557,530	\$ 2,534,792	\$ 2,429,856	\$ 2,429,856	\$ 2,153,889
	8,851,803	14,868,949	14,389,268	15,274,720	13,964,488	11,175,244
	2,176,104	2,376,483	5,667,495	5,854,412	8,200,717	10,057,666
	<u>43,616,522</u>	<u>46,247,662</u>	<u>44,030,380</u>	<u>47,461,036</u>	<u>48,429,978</u>	<u>60,753,316</u>
\$	<u><u>57,458,697</u></u>	<u><u>67,050,624</u></u>	<u><u>66,621,935</u></u>	<u><u>71,020,024</u></u>	<u><u>73,025,039</u></u>	<u><u>84,140,115</u></u>
\$	397,049	\$ 396,932	\$ 397,064	\$ 399,125	\$ 366,932	\$ 366,932
	50,313,321	39,994,517	54,303,913	44,186,541	57,123,913	46,662,028
	1,554,522	1,679,111	3,440,236	4,211,733	3,872,330	4,260,043
	<u>-</u>	<u>-</u>	<u>(482,998)</u>	<u>-</u>	<u>(492,759)</u>	<u>(3,214,268)</u>
\$	<u><u>52,264,892</u></u>	<u><u>42,070,560</u></u>	<u><u>57,658,215</u></u>	<u><u>48,797,399</u></u>	<u><u>60,870,416</u></u>	<u><u>48,074,735</u></u>

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

LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017
REVENUES						
Real estate and personal property taxes.....	\$ 248,503,570	\$ 257,225,856	\$ 277,636,527	\$ 288,700,477	\$ 308,965,868	\$ 319,976,273
Motor vehicle and other excise taxes.....	10,567,479	11,351,368	12,057,191	12,486,356	13,122,277	13,486,831
Hotel/motel tax.....	1,814,792	2,051,414	2,218,759	2,330,724	2,444,007	2,263,279
Meals tax.....	1,403,261	1,407,803	1,557,737	1,786,617	1,880,428	1,938,182
Cannabis State Tax.....	-	-	-	-	-	-
Payments in lieu of taxes.....	479,617	521,643	475,741	465,822	476,083	415,835
Community preservation surcharges.....	2,427,905	2,508,969	2,689,198	2,814,155	2,946,847	3,074,706
Charges for services.....	17,340,467	17,702,424	19,090,133	19,628,195	20,126,506	20,403,479
Intergovernmental.....	73,036,706	81,971,057	83,629,746	53,128,480	60,527,637	91,204,897
Special assessments.....	350,639	224,503	189,547	190,603	169,588	193,238
Penalties and interest on taxes.....	1,146,496	1,011,591	1,160,091	1,508,259	1,282,596	1,409,030
Licenses and permits.....	6,081,388	9,291,263	7,538,284	7,621,990	10,483,024	10,084,619
Fines and forfeitures.....	2,017,085	2,029,860	1,889,935	1,808,854	2,046,389	1,762,093
Contributions.....	1,299,748	833,888	1,112,823	1,016,439	1,446,969	1,336,660
Investment income.....	271,250	257,726	328,015	270,552	490,874	1,036,413
Miscellaneous/other.....	1,222,231	593,712	737,709	1,606,532	1,127,899	837,319
	<u>367,962,634</u>	<u>388,983,077</u>	<u>412,311,436</u>	<u>395,364,055</u>	<u>427,536,992</u>	<u>469,422,854</u>
EXPENDITURES						
Current:						
General government.....	21,216,365	18,961,966	22,784,656	27,381,322	30,839,020	38,944,088
Public safety.....	39,687,309	40,232,455	42,177,396	43,368,473	46,354,662	51,881,011
Education.....	196,486,485	210,372,992	230,391,740	236,571,691	273,044,983	300,304,073
Public works.....	21,918,256	28,939,827	31,082,397	33,411,422	29,034,856	33,766,661
Health and human services.....	4,123,498	4,358,995	4,656,637	4,545,590	4,924,260	5,172,086
Culture and recreation.....	13,839,046	13,634,682	12,443,344	13,867,205	16,256,351	18,098,831
Retirement benefits.....	56,055,483	57,813,067	60,134,090	29,199,509	31,235,486	33,521,494
Insurance.....	1,559,274	1,722,006	1,778,619	2,000,027	1,618,006	1,931,586
Claims and judgments.....	58,504	128,950	171,221	232,282	244,752	157,075
State and county charges.....	5,503,956	5,722,550	5,783,939	5,875,034	6,113,282	6,143,354
Debt service:						
Principal.....	9,408,367	9,596,167	10,367,425	9,824,367	10,747,967	12,247,667
Interest.....	7,574,440	7,568,326	7,411,724	8,009,057	8,177,639	8,325,141
	<u>377,430,983</u>	<u>399,051,983</u>	<u>429,183,188</u>	<u>414,285,979</u>	<u>458,591,264</u>	<u>510,493,067</u>
EXCESS (DEFICIENCY) OF REVENUES						
OVER EXPENDITURES.....	(9,468,349)	(10,068,906)	(16,871,752)	(18,921,924)	(31,054,272)	(41,070,213)
OTHER FINANCING SOURCES (USES)						
Transfers in.....	8,413,437	7,732,178	10,802,542	9,399,205	10,001,522	9,103,803
Proceeds of bonds and notes.....	5,734,000	10,812,558	20,936,000	25,505,000	55,340,000	35,528,500
Premium from issuance of bonds and notes.....	131,379	590,740	749,963	1,197,352	3,955,263	1,479,298
Proceeds of refunding bonds.....	-	-	-	19,635,000	19,610,000	65,775,000
Premium from issuance of refunding bonds.....	-	-	-	1,759,523	2,430,245	5,535,226
Sale of capital assets.....	67,610	55,325	27,419	13,300	129,179	115,194
Transfers out.....	(6,585,196)	(6,091,919)	(8,295,548)	(7,264,297)	(7,272,429)	(6,004,678)
Payments to refunding bond escrow agent.....	-	-	-	(21,798,044)	(22,040,245)	(71,064,535)
	<u>7,761,230</u>	<u>13,098,882</u>	<u>24,220,376</u>	<u>28,447,039</u>	<u>62,153,535</u>	<u>40,467,808</u>
NET CHANGE IN FUND BALANCES.....	<u>\$ (1,707,119)</u>	<u>\$ 3,029,976</u>	<u>\$ 7,348,624</u>	<u>\$ 9,525,115</u>	<u>\$ 31,099,263</u>	<u>\$ (602,405)</u>
DEBT SERVICE EXPENDITURES AS A PERCENTAGE						
OF NONCAPITAL EXPENDITURES.....	4.5%	4.3%	4.1%	4.3%	4.1%	4.0%

	2018	2019	2020	2021
\$	331,697,183	\$ 345,311,921	\$ 357,254,573	\$ 378,021,205
	13,482,711	13,734,610	13,682,730	14,092,497
	2,440,667	2,411,164	2,158,604	314,597
	1,902,662	2,026,232	1,838,810	1,352,560
	-	-	269,805	362,725
	1,304,593	618,720	712,629	403,873
	3,255,316	3,372,765	3,490,319	3,704,447
	21,772,655	22,531,156	18,844,265	14,134,622
	95,618,448	102,923,784	109,212,374	133,643,602
	255,536	196,479	303,789	200,149
	2,198,862	1,456,045	1,263,507	2,251,230
	11,226,292	13,165,275	14,154,952	9,332,750
	1,703,654	1,573,549	1,235,061	260,431
	1,395,073	947,105	1,247,572	782,961
	2,102,896	3,970,778	2,969,762	821,357
	904,088	613,662	534,397	756,414
	<u>491,260,636</u>	<u>514,853,245</u>	<u>529,173,149</u>	<u>560,435,420</u>
	30,635,662	26,456,370	43,389,873	32,490,168
	52,080,273	55,766,763	57,552,339	57,238,867
	295,108,157	318,471,378	318,228,515	336,854,738
	38,029,703	36,456,127	38,953,081	44,011,232
	5,335,432	5,525,265	6,020,763	5,870,712
	18,719,503	17,824,959	16,047,376	13,698,005
	35,651,800	39,410,176	41,058,809	42,916,424
	1,706,172	1,717,261	1,786,233	1,840,480
	116,369	368,203	470,867	126,534
	6,050,954	6,351,888	6,483,982	6,507,813
	12,840,967	13,162,267	14,026,667	14,829,667
	9,814,380	10,919,960	10,432,503	10,985,514
	<u>506,089,372</u>	<u>532,430,617</u>	<u>554,451,008</u>	<u>567,370,154</u>
	<u>(14,828,736)</u>	<u>(17,577,372)</u>	<u>(25,277,859)</u>	<u>(6,934,734)</u>
	7,259,431	9,126,677	9,685,211	6,421,393
	24,542,000	8,480,000	32,008,000	-
	1,880,482	805,463	3,250,586	43,530
	11,859,000	-	-	-
	1,673,284	-	-	-
	92,435	-	-	-
	(3,523,644)	(5,297,495)	(5,587,906)	(2,111,393)
	<u>(13,795,286)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>29,987,702</u>	<u>13,114,645</u>	<u>39,355,891</u>	<u>4,353,530</u>
\$	<u>15,158,966</u>	\$ <u>(4,462,727)</u>	\$ <u>14,078,032</u>	\$ <u>(2,581,204)</u>

4.5%

5.0%

4.8%

4.9%

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				
2012	18,276,909,150	1,851,072,350	336,017,900	20,463,999,400	12.10	21,744,090,700	94.11%
2013	18,445,998,977	1,847,689,523	351,617,700	20,645,306,200	12.43	21,744,090,700	94.95%
2014	18,687,096,235	1,906,786,065	368,307,500	20,962,189,800	13.13	22,305,253,800	93.98%
2015	19,995,837,989	2,270,794,311	398,472,900	22,665,105,200	12.65	22,305,253,800	101.61%
2016	21,618,642,652	2,285,453,048	417,722,300	24,321,818,000	12.31	26,223,773,800	92.75%
2017	23,453,469,746	2,287,653,254	401,743,300	26,142,866,300	11.98	26,223,773,800	99.69%
2018	25,270,096,630	2,400,479,370	434,148,500	28,104,724,500	11.64	30,006,442,400	93.66%
2019	27,369,325,232	2,596,372,968	459,149,400	30,424,847,600	11.24	30,006,442,400	101.39%
2020	28,565,605,020	2,499,190,780	472,007,200	31,536,803,000	11.30	33,734,313,300	93.49%
2021	28,953,587,172	2,756,282,428	483,291,200	32,193,160,800	11.53	33,734,313,300	95.43%

Source: City of Newton Annual Tax Recap Sheet

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

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DIRECT PROPERTY TAX RATES (1) (2)

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Residential Real Property</u>	<u>Commercial and Industrial Real Property</u>	<u>Personal Property</u>	<u>Total Direct (3)</u>
2012	11.17	21.32	21.32	12.10
2013	11.49	21.93	21.93	12.43
2014	12.12	23.18	23.18	13.13
2015	11.61	22.38	22.38	12.65
2016	11.38	21.94	21.94	12.31
2017	11.12	21.27	21.27	11.98
2018	10.82	20.62	20.62	11.64
2019	10.45	19.94	19.94	11.24
2020	10.44	19.92	19.92	11.30
2021	10.76	20.12	20.12	11.53

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	2021			2011		
	Tax Levy	Rank	Percentage of Total Tax Levy	Tax Levy	Rank	Percentage of Total Tax Levy
Hines Global REIT	\$ 3,421,949	1	0.91%	\$ N/A	N/A	N/A
NStar Electric	3,352,984	2	0.89%	1,518,619	2	0.66%
Chestnut Hill Shopping Center LLC	2,873,122	3	0.76%	N/A	N/A	N/A
Mall at Chestnut Hill LLC	2,554,514	4	0.68%	N/A	N/A	N/A
CHS Commercial Owner LLC	2,348,340	5	0.62%	N/A	N/A	N/A
National Grid/Boston Gas	2,259,675	6	0.60%	N/A	N/A	N/A
Chsp Newton LLC	1,856,985	7	0.49%	850,298	8	0.37%
Ag-Jcm Wells Ave Prop Owner LLC	1,505,099	8	0.40%	N/A	N/A	N/A
Atrium Wellness Center II LLC	1,476,037	9	0.39%	N/A	N/A	N/A
Avalon Upper Falls LLC	1,013,025	10	0.27%	547,584	10	0.24%
Riverside Project, LLC	N/A	N/A	N/A	2,243,425	1	0.97%
Mayflower Atrium, LLC	N/A	N/A	N/A	1,455,377	3	0.63%
Daniel Rothenberg	N/A	N/A	N/A	1,388,802	4	0.60%
Verizon, New England Inc.	N/A	N/A	N/A	1,150,893	5	0.50%
Julian Cohen & Daniel Rothenberg Trust	N/A	N/A	N/A	1,087,724	6	0.47%
NS Wells Acquisition LLC	N/A	N/A	N/A	873,277	7	0.38%
Thomas White Trust	N/A	N/A	N/A	807,092	9	0.35%
Total	\$ 22,661,730		6.01%	\$ 11,923,091		5.17%

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)
2012	247,532,017	246,717,069	99.67%	1,659,455	248,376,524	100.34%
2013	256,559,763	255,584,775	99.62%	1,972,560	257,557,335	100.39%
2014	275,166,240	274,820,049	99.87%	2,208,430	277,028,479	100.68%
2015	286,813,970	286,945,789	100.05%	2,524,699	289,470,488	100.93%
2016	299,404,279	300,308,851	100.30%	2,409,997	302,718,848	101.11%
2017	313,076,020	312,929,603	99.95%	4,668,038	317,597,641	101.44%
2018	327,216,395	324,044,849	99.03%	2,915,576	326,960,425	99.92%
2019	341,869,514	341,193,965	99.80%	3,631,611	344,825,576	100.86%
2020	356,245,085	352,098,630	98.84%	5,150,826	357,249,456	100.28%
2021	371,081,604	370,944,604	99.96%	-	370,944,604	99.96%

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		
2012	188,320,433	9,627,000	19,699,017	217,646,450	2,556
2013	189,297,824	15,671,442	17,643,162	222,612,428	2,579
2014	199,866,399	14,265,000	15,726,829	229,858,228	2,663
2015	215,267,032	16,364,817	12,863,980	244,495,829	2,769
2016	265,560,962	12,753,651	15,539,608	293,854,221	3,309
2017	297,129,294	11,363,684	20,434,763	328,927,741	3,694
2018	309,971,105	12,669,055	18,453,577	341,093,737	3,833
2019	304,886,963	18,797,987	17,448,871	341,133,821	3,837
2020	324,893,237	18,682,996	18,285,646	361,861,879	4,093
2021	308,666,842	21,208,834	15,893,720	345,769,396	3,911

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

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

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

<u>Net General Bonded Debt Outstanding</u>					
Fiscal Year	General Obligation Bonds	Less: Resources Restricted for Debt Principal	Total Net General Bonded Debt	Percentage of Actual Taxable Value of Property (1)	Percentage of Estimated Personal Income (2)
2012	188,320,433	(2,946,430)	185,374,003	0.85%	3.54%
2013	189,297,824	(2,896,430)	186,401,394	0.86%	3.51%
2014	199,866,399	(2,835,755)	197,030,644	0.88%	3.71%
2015	215,267,032	(2,992,322)	212,274,710	0.95%	3.76%
2016	265,560,962	(2,803,983)	262,756,979	1.00%	4.59%
2017	297,129,294	(2,442,053)	294,687,241	1.12%	5.25%
2018	309,971,105	(2,339,315)	307,631,790	1.03%	5.23%
2019	304,886,963	(2,234,379)	302,652,584	1.01%	4.99%
2020	324,893,237	(2,234,379)	322,658,858	0.96%	5.22%
2021	308,666,842	(2,127,157)	306,539,685	0.91%	4.74%

(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, 2021

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Massachusetts Water Resources Authority.....	\$ 5,113,910,000	4.45%	\$ 227,372,888
City direct debt.....			345,769,396
Total direct and overlapping debt.....			\$ 573,142,284

Sources: MWRA

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LEGAL DEBT MARGIN INFORMATION

LAST FIVE FISCAL YEARS

	2021	2020	2019	2018	2017
Equalized valuation.....	\$ 33,734,313,300	\$ 33,734,313,300	\$ 30,006,442,400	\$ 30,006,442,400	\$ 26,223,773,800
Normal debt limit (5% of equalized valuation).....	1,686,715,665	1,686,715,665	1,500,322,120	1,500,322,120	1,311,188,690
Debt applicable to limit:					
Total bonded debt.....	345,769,396	361,861,879	341,133,821	341,093,737	328,927,741
Less: General obligation bonds exempted by authority of state legislature.....	<u>(20,312,900)</u>	<u>(23,100,445)</u>	<u>(21,624,211)</u>	<u>(16,399,757)</u>	<u>(19,474,183)</u>
Total net debt applicable to limit.....	<u>325,456,496</u>	<u>338,761,434</u>	<u>319,509,610</u>	<u>324,693,980</u>	<u>309,453,558</u>
Legal debt margin.....	<u>\$ 1,361,259,169</u>	<u>\$ 1,347,954,231</u>	<u>\$ 1,180,812,510</u>	<u>\$ 1,175,628,140</u>	<u>\$ 1,001,735,132</u>
Total net debt applicable to the limit as a percentage of normal debt limit.....	<u>19.3%</u>	<u>20.1%</u>	<u>21.3%</u>	<u>21.6%</u>	<u>23.6%</u>

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DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS

Year	Population	Median Age	Per Capita Income	Estimated Personal Income	Median Family Income	Public School Enrollment	Unemployment Rate (%)
2011	85,146	39.9	61,530	5,239,033,380	113,416	12,172	4.3%
2012	86,307	40.2	61,530	5,310,469,710	113,416	12,170	4.3%
2013	86,307	40.2	61,530	5,310,469,710	113,416	12,441	4.2%
2014	88,287	40.1	63,872	5,639,067,264	119,148	12,503	3.4%
2015	88,817	41.9	64,475	5,726,476,075	118,639	12,508	3.1%
2016	89,045	42.3	62,983	5,608,321,235	122,080	12,657	2.5%
2017	88,994	40.5	66,047	5,877,786,718	127,402	12,750	2.4%
2018	88,904	40.5	68,155	6,059,252,120	133,853	12,685	1.8%
2019	88,414	40.5	69,859	6,176,513,626	139,696	12,611	1.5%
2020	88,414	40.5	73,101	6,463,151,814	151,068	11,910	5.5%

Sources: Population from City census

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

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

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

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EMPLOYEES BY FUNCTION/PROGRAM

LAST FIVE FISCAL YEARS

Employees as of June 30					
Function/Program	2021	2020	2019	2018	2017
General government.....	146	149	148	141	141
Public safety.....	389	389	411	412	412
Education.....	1,424	1,424	1,424	1,413	1,439
Public works.....	92	111	103	107	96
Health and human services.....	53	50	48	49	47
Culture and recreation.....	92	92	95	98	96
Water.....	21	21	24	23	28
Sewer.....	25	26	24	26	25
Stormwater.....	8	8	6	8	-
Total.....	2,250	2,270	2,283	2,277	2,284

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

Source: City of Newton payroll

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CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST FIVE FISCAL YEARS

Function/Program	Fiscal Year				
	2021	2020	2019	2018	2017
Public safety					
Police					
Stations.....	1	1	1	1	1
Vehicles.....	69	69	69	69	69
Fire					
Stations.....	6	6	6	6	6
Firefighting Vehicles.....	9	9	9	9	9
Education					
Public school buildings.....	22	22	22	22	22
Public works					
Streets (miles).....	310	310	310	310	310
Streetlights.....	8,595	8,595	8,595	8,595	8,595
Traffic signals.....	98	98	98	98	98
Parking meters.....	1,671	1,671	1,671	1,671	1,671
Culture and recreation					
Public libraries					
Main library.....	1	1	1	1	1
Park & playground Acreage.....	595	595	595	595	595
Outdoor swimming facilities.....	2	2	2	2	2
Indoor swimming facilities.....	1	1	1	1	1
Public street trees	30,000	30,000	30,000	30,000	30,000
Water					
Water mains (miles).....	300	300	300	300	300
Fire hydrants.....	2,400	2,400	2,400	2,400	2,400
Storage capacity (thousands of gallons).....	26,000,000	26,000,000	26,000,000	26,000,000	26,000,000
Sewer					
Sanitary sewers (miles).....	300	300	300	300	300
Sewer pump stations.....	10	10	10	10	10
Stormwater					
Stormdrains (miles).....	324	324	324	324	324

Sources: Various departments of the City of Newton

CITY OF NEWTON, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2021

DRAFT

To Management
City of Newton, Massachusetts

In planning and performing our audit of the financial statements of the City of Newton, Massachusetts (City) as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

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

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

Boston, Massachusetts
REPORT DATE

CITY OF NEWTON, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2021

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Prior Year Comments – Unresolved

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General Ledger Integration of Police Details

Comment

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

During fiscal year 2021, the police details billing and collection system was not integrated with the general ledger due to the recent conversion of payroll to the Munis accounting system.

Recommendation

We recommend the City perform a cost/benefit analysis of developing procedures to fully integrate the processing of police detail transactions within the Munis system.

Management's Response

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Oak Hill Middle School and South High School Student Activity Funds

Comment

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

- For each school that maintains student activity funds, a student activity fund Checking account must be authorized by the School Committee and a maximum balance established. We identified that maximum Checking account balances were approved several years ago. While not required, the School Department should consider periodically revisiting and reapproving maximum account balances.
 - Per inquiries of the School Department, new maximum balances are expected to be presented to the School Committee in fiscal year 2022.
- The City converted to the Munis accounting program effective July 1, 2019. Munis has a student activity fund module for student activity fund accounting and reporting. Consideration should be given to utilizing the Munis student activity fund module for all Schools with student activity funds.
- The student activity Agency account reimburses the student activity Checking account during the year for disbursements incurred. We identified that the reimbursements are processed through issuing checks. While that is an acceptable method, utilizing bank wire transfers to reimburse the Checking account should be considered as a potentially more efficient process, eliminating the need to process, issue, mail and deposit checks.

Recommendation

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

Management's Response

Inspectional Services Department

Comment

In prior years, we evaluated the systems of internal control surrounding the Inspectional Services Department (the department) and identified various areas for improvement that remain for the City's consideration:

- The department maintains formal policies and procedures. However, we identified that some of the policies and procedures are several years old and have not been reviewed for potential updates. In addition, the department's policies and procedures are in various formats and locations, as opposed to being documented in one electronic file.
- The department utilizes a software program to record permits issued. Reconciliations of permit fees recorded in the department's software to permit fees recorded in the City's general ledger are not performed. Such reconciliations would provide additional assurance over permit fees.

Recommendation

We recommend:

- The department review and update all formal policies and procedures and document them in one electronic file that can be easily accessed by all employees
- The department (or someone independent of the department) perform periodic reconciliations of permit fees recorded in the department's software to permit fees recorded in the City's general ledger. Such reconciliations should be signed and dated by the preparer and reviewer and maintained on file.

Management's Response

Prior Year Comments – Partially Resolved

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High School Athletic Fees and Gate Receipts

Comment

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

- Formal Reconciliations of Participants to Fees – The School Department recently began using a new online payment management system. As part of the continued implementation of this system, the School Department intends to implement formal reconciliations of participants to fees.

Recommendation

We recommend the School Department implement formal reconciliations of participants to fees.

Management's Response

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Community Education

Comment

Our prior year Management Letter identified various areas for improvement related to the Community Education program (the program). Several of the areas for improvement have been resolved. The following area for improvement remains for the City's consideration:

- For activities in which participants are charged set fees, there is the ability to reconcile (or analytically review) the number of participants to fees collected, which enhances internal controls related to program revenues. Formal reconciliations (or analytical reviews) of class enrollments to fees collected are not being performed for all classes/courses.

Recommendation

We recommend the program analyze the cost/benefit of periodically performing and documenting formal reconciliations (or analytical reviews) of class enrollments to fees collected for all classes/courses.

Management's Response

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Current Year Comments

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Information Technology

Comment

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

The following are the areas for improvement we identified:

- The following password complexity settings do not comply with best practice:
 - Minimum password length is 7 characters (which also does not comply with the City's own policy of 8 characters)
 - Password history is 5 passwords remembered

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

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

- A formal IT Risk Assessment has not been performed since 2018. This presents the risk that vulnerabilities are not identified and remediated in a timely manner resulting in possible unauthorized or malicious activity performed on the organization's servers.

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

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

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

- Formal policies that have been established are currently not subject to annual review. Policies should be reviewed on an annual basis to ensure the information is still accurate and complete.
 - Some policies were last updated in 2004 (telecommunications) and 2010 (data security)
 - Other policies are not dated
 - The mobile device security policy is still labeled as being in draft form

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

- An internal vulnerability assessment and/or external penetration test has not been performed since 2018. This presents the risk that vulnerabilities are not identified and remediated in a timely manner resulting in possible unauthorized or malicious activity performed on the organization's servers.

Recommendation

We recommend the City implement the following recommendations:

- Update password requirements for standard network and application users to meet the following:
 - Minimum Password Length: 8-14 characters
 - Password History: 12-24 passwords remembered

Two alternate options are:

- Implement the use of passphrases (greater than 20 characters). If passphrases are implemented, complexity may be relaxed.
 - Implement multi-factor authentication organization-wide for remote work, as this is currently only set up for those working within IT.
- Perform an asset-based risk assessment modeled after an established framework, or contract a third party vendor to provide such services to adequately assess the risk environment, identify gaps in controls and identify level of compliance with required regulations.

The risk assessment should include:

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

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

- Perform periodic reviews over access to IT systems, applications and data to ensure no terminated employees have access
- Review formal policies on an annual basis to ensure the information is still accurate and complete
- Leverage an outside firm to conduct an in-depth internal vulnerability assessment and external penetration testing

Management's Response

Covid-19 Grant

Comment

We performed various audit procedures on a Covid-19 grant received by the Health and Human Services Department (the department) and identified the following:

- There were several contracts/contract amendments associated with this grant. The last contract amendment executed with the Massachusetts Department of Public Health (MDPH) identified a contract end date of June 30, 2021.

Since part of the grant was funded by the Coronavirus Aid, Relief, and Economic Security Act (CARES) and the CARES end date was extended to December 31, 2021, the department believed they had until December 31, 2021 to expend the grant funds. However, this was not the case. MDPH had established June 30, 2021 as the cut-off date for expenses. Since MDPH was administering the grant and contracts were being executed with MDPH, their determination of the contract end date superseded the CARES Act end date.

As a result, as of June 30, 2021, the grant (which totaled \$349,457) had an unexpended balance of approximately \$174,000. In order to fully expend the grant and avoid having to return funds to MDPH, the City had to reclassify various fiscal year 2021 expenses and charge them to the grant.

With all grants, it is important to be clear on the “period of performance” (start dates and end dates) in order to incur and charge expenses during the proper period. This reduces the risks of unallowable expenses and enhances the ability to fully utilize grant awards and avoid returning surplus funds.

- As mentioned above, part of the grant was funded by the CARES Act (federal funding). The other part of the grant was funded by the State. The department did not communicate to the Comptroller’s Office that a portion of the grant was federally funded. As a result, account line items/codes could not be established in the Munis accounting system to segregate the federal portion of the grant. The use of specific account line items/codes to segregate federal grants allows the City to identify all of their federal grants for reporting purposes, which also impacts the “Single Audit” portion of the City’s annual independent audit.
- For various payroll expenses charged to the grant, some of the related timesheets/time logs were not signed by employees or the department head. Signed timesheets (or other forms of documentation, such as email approvals, etc.) provides evidence that time and effort charged to the grant was reviewed and authorized.
- Expense reports that were filed for the grant did not reconcile to the general ledger and were filed after the deadline dates

Recommendation

While this comment pertains to a grant administered by the Health and Human Services Department, the recommendations below apply to all City departments that receive grants:

- Emphasize/strengthen procedures to determine, monitor and adhere to the period of performance (start dates and end dates) for all grants
- Emphasize/strengthen procedures to determine if grant awards (and/or portions of grant awards) are federally funded. All federally funded grants must be communicated to the Comptroller’s Office.
- Emphasize/strengthen procedures to document the review and authorization of timesheets/time logs

- Emphasize/strengthen procedures to reconcile all grant expense reports to the general ledger
- Emphasize/strengthen procedures to file all grant reports by their deadline dates

Management's Response

DRAFT

Informational Comments

DRAFT

Lease Accounting and Financial Reporting

Comment

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

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

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

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

Recommendation

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

Management's Response