

OFFICIAL STATEMENT DATED JANUARY 25, 2022

Rating: See "Rating" herein.
Moody's Investors Service, Inc.: Aaa

New Issue

In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be included in computing the alternative minimum taxable income of individuals. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "Tax Exemption" herein. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

**CITY OF NEWTON, MASSACHUSETTS
\$16,645,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2022 BONDS**

DATED
Date of Delivery

DUE
February 1
(as shown below)

The Bonds are issuable only in fully registered form, registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. See "THE BONDS - Book-Entry Transfer System" herein.

Principal of the Bonds will be paid on February 1 of the years in which the Bonds mature. Interest on the Bonds will be payable semiannually on February 1 and August 1, commencing August 1, 2022, until maturity or redemption prior to maturity. Principal and semiannual interest on the Bonds will be paid by U. S. Bank National Association, Boston, Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds are subject to redemption prior to their stated maturity dates, as described herein.

An opinion of Bond Counsel will be delivered with the Bonds to the effect that the Bonds are valid general obligations of the City of Newton, Massachusetts, and that the principal of and interest on the Bonds are payable from taxes that may be levied upon all taxable property in the City, without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws, with respect to that portion of the principal and interest payments the City has voted to exempt from the limit imposed by Chapter 59, section 21C of the General Laws, and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to that portion of the principal and interest payments that the City has not voted to exempt from the limit.

MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS

Due February 1	Principal Amount	Interest Rate	Yield	CUSIP 653064	Due February 1	Principal Amount	Interest Rate	Yield	CUSIP 653064
2023	\$ 585,000	5.00 %	0.45 %	DW2	2033	\$ 535,000	3.00 %	1.67 %*	EG6
2024	580,000	5.00	0.69	DX0	2034	535,000	2.00	2.02	EH4
2025	580,000	5.00	0.83	DY8	2035	535,000	2.00	2.05	EJ0
2026	580,000	3.00	0.94	DZ5	2036	535,000	2.00	2.10	EK7
2027	585,000	3.00	1.05	EA9	2037	540,000	2.00	2.15	EL5
2028	585,000	5.00	1.16	EB7	2038	545,000	2.125	2.21	EM3
2029	590,000	5.00	1.25	EC5	2043	550,000	2.375	2.45	ES0
2030	585,000	5.00	1.31	ED3	2044	550,000	2.50	2.50	ET8
2031	585,000	5.00	1.38	EE1	2045	550,000	2.50	2.55	EU5
2032	590,000	4.00	1.49 *	EF8	2046	550,000	2.50	2.55	EV3

\$2,160,000 Interest Rate 2.25% Term Bond Maturing February 1, 2042 Yield 2.33% CUSIP #: 653064 ER2
\$1,110,000 Interest Rate 2.50% Term Bond Maturing February 1, 2048 Yield 2.60% CUSIP #: 653064 EX9
\$2,105,000 Interest Rate 2.625 Term Bond Maturing February 1, 2052 Yield 2.65% CUSIP #: 653064 FB6

The Bonds are offered subject to the final approving opinion of Locke Lord LLP, Boston, Massachusetts, Bond Counsel, as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale. Hilltop Securities Inc., Boston, Massachusetts has acted as Financial Advisor to the City with respect to the Bonds. The Bonds in definitive form will be delivered to the Successful Bidder at DTC, or its custodial agent, on or about February 10, 2022 for settlement in federal funds.

RAYMOND JAMES & ASSOCIATES, INC.

*Priced at the stated yield to the February 1, 2031 optional redemption date at a redemption price of 100%.

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The Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the bonds described herein shall, under any circumstances, create any implication that there has been no material change in the affairs of the City of Newton, since the date hereof.

SUMMARY STATEMENT

The information set forth below is qualified in its entirety by the information and financial statements appearing elsewhere in the Official Statement.

Date of Sale: Tuesday, January 25, 2022, 10:30 A.M. (Eastern Time).

Location of Sale: Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.

Issuer: City of Newton, Massachusetts.

Issue: \$16,645,000 General Obligation Municipal Purpose Loan of 2022 Bonds, see "THE BONDS - Book-Entry Transfer System" herein.

Official Statement Dated: January 25, 2022.

Dated Date of the Bonds: Date of delivery.

Principal Due: Serially February 1, 2023 through February 1, 2038 and February 1, 2043 through February 1, 2046 and three Term Bonds maturing February 1, 2042, February 1, 2048 and February 1, 2052, as detailed herein.

Interest Payable: Semi-annually February 1 and August 1, commencing August 1, 2022.

Redemption: The Bonds are subject to redemption prior to their stated maturity dates, as described herein.

Purpose and Authority: Bond proceeds will finance various municipal projects as authorized by the City under provisions of the Massachusetts General Laws as detailed herein.

Security of the Bonds: The Bonds are valid general obligations of the City of Newton, and, to the extent not paid from other sources, the Bonds are payable from taxes that may be levied upon all the property within the territorial limits of the City, without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws, with respect to that portion of the principal and interest payments the City has voted to exempt from the limit imposed by Chapter 59, section 21C of the General Laws, and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to that portion of the principal and interest payments that the City has not voted to exempt from the limit.

Credit Rating: Moody's Investors Service, Inc. has assigned a rating of Aaa to the Bonds.

Bond Insurance: The City has not contracted for the issuance of any policy of municipal bond insurance or any other credit enhancement facility.

Basis of Award: Lowest True Interest Cost (TIC), as of the dated date. **BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$105,000.**

Tax Exemption: Refer to "THE BONDS - Tax Exemption" herein and Appendix B, "Proposed Form of Legal Opinion".

Continuing Disclosure: Refer to "THE BONDS - Continuing Disclosure" herein and Appendix C, "Proposed Form of Continuing Disclosure Certificate".

Bank Qualification: The Bonds are not designated by the City as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Paying Agent: U.S. Bank National Association, Boston, Massachusetts.

Bond Counsel: Locke Lord LLP, Boston, Massachusetts.

Financial Advisor: Hilltop Securities Inc., Boston, Massachusetts.

Delivery and Payment: It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company, or to its custodial agent, on or about February 10, 2022 against payment in federal funds.

Issuer Official: Questions concerning the Official Statement should be addressed to: Mr. M. Ronald Mendes, Treasurer/Collector, City of Newton, Massachusetts Telephone (617) 796-1338 or Cinder McNerney, Regional Managing Director, Hilltop Securities Inc., Boston, Massachusetts Telephone (617) 619-4408.

NOTICE OF SALE
CITY OF NEWTON, MASSACHUSETTS
\$17,315,000* GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2022 BONDS

The City of Newton, Massachusetts (the "City") will receive sealed and electronic (as described herein) proposals until 10:30 A.M., Eastern Time, Tuesday, January 25, 2022, for the purchase of the following described \$17,315,000* General Obligation Municipal Purpose Loan of 2022 Bonds of the City (the "Bonds"):

\$17,315,000* General Obligation Municipal Purpose Loan of 2022 Bonds payable February 1 of the years and in the amounts as follows:

Due February 1	Principal Amount*	Due February 1	Principal Amount*
2023	\$ 630,000	2038	** \$ 550,000
2024	630,000	2039	** 545,000
2025	635,000	2040	** 550,000
2026	640,000	2041	** 550,000
2027	640,000	2042	** 550,000
2028	635,000	2043	** 555,000
2029	635,000	2044	** 555,000
2030	640,000	2045	** 555,000
2031	640,000	2046	** 555,000
2032	** 645,000	2047	** 560,000
2033	** 540,000	2048	** 565,000
2034	** 545,000	2049	** 565,000
2035	** 545,000	2050	** 565,000
2036	** 545,000	2051	** 570,000
2037	** 550,000	2052	** 430,000

*Preliminary, subject to change.

**Callable Maturities. May be combined into one, two or three Term Bonds.

The Bonds will be dated as of their delivery date. Principal of the Bonds will be payable February 1 of the years in which the Bonds mature. Interest will be payable on February 1 and August 1 of each year until maturity or redemption prior to maturity, commencing August 1, 2022.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. Ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, will be evidenced by a book-entry system with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. The Successful Bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Interest and principal on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners will be the responsibility of such participants and other nominees of Beneficial Owners. The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The original Bonds to be immobilized at DTC and their legality will be approved by Locke Lord LLP, Boston, Massachusetts, whose opinion will be furnished to the Successful Bidder without charge.

Principal of and semi-annual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the bondowner, such payments will be made directly to DTC. The disbursement of such payments to DTC participants is the responsibility of DTC, and the disbursement of such payments to the Beneficial Owners is the responsibility of the DTC participants and indirect participants, as more fully described herein.

The Bonds are subject to redemption prior to their stated maturity dates, as described herein.

Bonds maturing on or prior to February 1, 2031 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on and after February 1, 2032 shall be subject to redemption prior to maturity, at the option of the City, on or after February 1, 2031, either in whole or in part at any time, and if in part, by lot within a maturity, **at the par amount of the Bonds to be redeemed** plus accrued interest to the redemption date.

For Bonds maturing on February 1, 2032 and thereafter, bidders may specify that all of the principal amount of such Bonds in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise a maturity of term bonds scheduled to mature in the latest of the combined years, and shall be subject to mandatory redemption prior to maturity at par as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule. Bidders may specify no more than three maturities of term bonds.

Bidding Parameters

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity, (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent, or (c) any coupon rate in excess of 5.0%. No bid of less than par plus a premium of at least \$105,000 will be considered.

The current Bond structure does not reflect any premium. Any premium above the \$105,000 amount required, will be used to reduce the par amount of the Bonds. The City reserves the right to decrease the aggregate principal amount of the Bonds by the amount of net premium to be received by the City, after the determination of the winning bid, and to restructure the amortization of each purpose of the Bonds on an equal principal or level debt service basis, to mirror the current structure. It is anticipated that said premium will be allocated to each fund and in the case of the General Fund, applied to reduce/eliminate the shorter purposes. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE ANNUAL PRINCIPAL AMOUNTS WITHIN THESE LIMITS. The dollar amount bid for the Bonds by the Successful Bidder will be adjusted, if applicable, to reflect changes in the dollar amount of the amortization schedule. Any price that is adjusted will reflect changes in the dollar amount of the underwriter's discount and original issue premium, but will not change the per bond underwriter's discount (net of insurance premium, if any) provided in such bid. Nor will it change the interest rate specified for each maturity. Any such adjustments will be communicated to the successful bidder by 4 p.m. Eastern Time on the day of the sale.

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the City. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of February 10, 2022, discounts semiannually all future payments on account of principal and interest to the price bid, not including interest accrued to date of delivery, which accrued interest shall be paid by the Successful Bidder. In the event there is more than one proposal specifying the lowest such rate, the Bonds will be awarded to the bidder whose proposal is selected by the City Treasurer by lot among all such proposals.

Bids must be submitted electronically via Parity in accordance with this Notice of Sale. To the extent any instructions or directions set forth in Parity conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about Parity, potential bidders may contact the Financial Advisor to the City or iDeal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102.

The award of the Bonds to the Successful Bidder will not be effective until the bid has been approved by the Treasurer and the Mayor of the City.

The right is reserved to reject any or all proposals and to reject any proposal not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the City. It shall be a condition to the obligation of the Successful Bidder to accept delivery of and pay for the Bonds that, contemporaneously with or before accepting the Bonds and paying therefor, it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord LLP, Boston, Massachusetts, substantially in the form presented in Appendix B to the Preliminary Official Statement dated January 18, 2022; (b) a certificate in form satisfactory to said firm, dated as of the date of delivery of the Bonds and receipt of payment therefor, to the effect that there is no litigation pending or, to the knowledge of the signer or signers thereof, threatened affecting the validity of the Bonds or the power of the City to levy and collect taxes to pay them, (c) a certificate of the City Treasurer to the effect that, to the best of his knowledge and belief, both the Preliminary Official Statement as of its date and as of the date of

sale and the Final Official Statement as of its date and as of the date of delivery of the Bonds do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form presented in Appendix C to the Preliminary Official Statement.

The City has not contracted for the issuance of any policy of bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. Should the bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the Successful Bidder, except for the fee paid to Moody's Investors Services for a rating on the Bonds. Any such fee paid to Moody's Investors Services would be borne by the City.

Establishment of Issue Price

The Successful Bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City on the Closing Date an "issue price" or similar certificate, substantially in the applicable form set forth in Exhibit 1 to this Notice of Sale, setting forth the reasonably expected initial offering prices to the public or the sales price of the Bonds together with the supporting pricing wires or equivalent communications, or, if applicable, the amount bid, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Successful Bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by Hilltop Securities, Inc. (the "Financial Advisor") and any notice or report to be provided to the City may be provided to the Financial Advisor.

Competitive Sale Requirements. If the competitive sale requirements ("competitive sale requirements") set forth in Treasury Regulation § 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) have been satisfied, the City will furnish to the Successful Bidder on the Closing Date a certificate of the Financial Advisor, which will certify each of the following conditions to be true:

1. the City has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
2. all bidders had an equal opportunity to bid;
3. the City received bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the City awarded the sale of the Bonds to the bidder who submitted a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Unless a bidder notifies the City prior to submitting its bid by contacting the Financial Advisor at 617-619-4400 and affirming in writing via email (cinder.mcnerney@hilltopsecurities.com), or in its bid submitted via Parity, that it will NOT be an "underwriter" (as defined below) of the Bonds, by submitting its bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds. Unless the bidder has notified the City that it will not be an "underwriter" (as defined below) of the Bonds, in submitting a bid, each bidder is deemed to acknowledge that it is an "underwriter" that intends to reoffer the Bonds to the public.

In the event that the competitive sale requirements are not satisfied, the City shall so advise the Successful Bidder. In this event the Successful Bidder may use either Option A, Option B, or Option C set forth herein.

Failure to Meet the Competitive Sale Requirements – Option A – The Successful Bidder Intends to Reoffer the Bonds to the Public and the 10% Test is Used. If the competitive sale requirements are not satisfied and the Successful Bidder intends to reoffer the Bonds to the public, the Successful Bidder may, at its option, use the first price at which 10% of a maturity of the Bonds (the "10% Test") is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis, of the Bonds. The Successful Bidder shall advise the Financial Advisor if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The City will not require bidders to comply with the "hold-the-offering-price rule" set forth in the applicable Treasury Regulations and therefore does not intend to use the initial offering price to the public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity, if the competitive sale requirements are not met and this option is chosen.

If the competitive sale requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds or all of the Bonds are sold to the public, the Successful Bidder agrees to promptly report to the Financial Advisor the prices at which the unsold Bonds of each maturity have been sold to the public, which reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% Test has been satisfied for each maturity of the Bonds or until all the Bonds of a maturity have been sold. The Successful Bidder shall be obligated to report each sale of Bonds to the Financial Advisor until notified in writing by the City or the Financial Advisor that it no longer needs to do so. If the Successful Bidder uses Option A, the Successful Bidder shall provide to the City on or before the Closing Date the certificate substantially in the form attached to this Notice of Sale as Exhibit 1 – Option A.

By submitting a bid and if the competitive sale requirements are not met, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Successful Bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the Successful Bidder and as set forth in the related pricing wires and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Successful Bidder or such underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public if and for so long as directed by the Successful Bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. “public” means any person other than an underwriter or a related party,
2. “underwriter” means (A) any person, including the Successful Bidder, that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public), and
3. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to Meet the Competitive Sale Requirements – Option B – The Successful Bidder Intends to Reoffer the Bonds to the Public and Agrees to Hold the Price of Maturities of Bonds for Which the 10% Test in Option A is Not Met as of the Sale Date. The Successful Bidder may, at its option, notify the Financial Advisor in writing, which may be by email (the “Hold the Price Notice”), not later than 4:00 p.m. Eastern Time on the Sale Date, that it has not sold 10% of the maturities of the Bonds listed in the Hold the Price Notice (the “Unsold Maturities”) and that the Successful Bidder will not offer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the Successful Bidder has sold at least 10% of the applicable Unsold Maturity to the public at a price that is no higher than the initial offering price to the public. If the Successful Bidder delivers a Hold the Price Notice to the Financial Advisor, the Successful Bidder must provide to the City on or before the Closing Date, in addition to the certification described in Exhibit 1, the certificate substantially in the form attached to this Notice of Sale as Exhibit 1 – Option B with evidence that each underwriter of the Bonds, including underwriters in an underwriting syndicate or selling group, has agreed in writing to hold the price of the Unsold Maturities in the manner described in the preceding sentence.

Failure to Meet the Competitive Sale Requirements and/or the Successful Bidder Does Not Intend to Reoffer the Bonds to the Public – Option C. If the Successful Bidder has purchased the Bonds for its own account and will not distribute or resell the Bonds to the public, then, whether or not the competitive sale requirements were met, the reoffering price certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

It is anticipated that CUSIP identification numbers will be printed on the Bonds. The City assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

The Bonds will not be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 as amended.

In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement.

Additional information concerning the City and the Bonds is contained in the Preliminary Official Statement dated January 18, 2022 to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes and is not a part of this Notice of Sale. The Preliminary Official Statement has been deemed final by the City except for the omission of the reoffering prices, interest rates, and other terms of the Bonds depending on such matters, and the identity of the underwriters, but is subject to change without notice to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts, 02114 telephone (617-619-4400). Within 7 business days following the award of the Bonds and receipt of necessary information from the Successful Bidder(s), 5 copies of the Final Official Statement will be made available to the Successful Bidder. Upon request, additional copies will be provided at the expense of the requester.

The Bonds in definitive form will be delivered to The Depository Trust Company or the offices of its custodial agent on or about February 10, 2022 for settlement in federal funds.

CITY OF NEWTON, MASSACHUSETTS
/s/ M. Ronald Mendes, Treasurer/Collector

January 18, 2022

[Issue Price Certificate for Use If the Competitive Sale Requirements Are Met]

City of Newton, Massachusetts
\$17,315,000* General Obligation Municipal Purpose Loan of 2022 Bonds dated February 10, 2022

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____ (the "Successful Bidder"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") of the City of Newton, Massachusetts (the "Issuer").

1. Reasonably Expected Initial Offering Prices.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Successful Bidder are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Successful Bidder in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Successful Bidder to purchase the Bonds.

- (b) The Successful Bidder was not given the opportunity to review other bids prior to submitting its bid.
(c) The bid submitted by the Successful Bidder constituted a firm offer to purchase the Bonds.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is January 25, 2022.

(d) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt. The Successful Bidder hereby acknowledges receipt of the Bonds and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the Successful Bidder, before or simultaneously with the Bonds, which certificates, opinions, and other documents are satisfactory to the Successful Bidder.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidder's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____, 2022

[NAME OF SUCCESSFUL BIDDER]

By: _____
Name:
Title:

*Preliminary, subject to change.

SCHEDULE A
EXPECTED OFFERING PRICES
(To be Attached)

SCHEDULE B
COPY OF SUCCESSFUL BIDDER'S BID
(To Be Attached)

[Issue Price Certificate for Use If the Competitive Sale Requirements Are Not Met and the 10% Test to Apply]

City of Newton, Massachusetts

\$17,315,000* General Obligation Municipal Purpose Loan of 2022 Bonds dated February 10, 2022

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____, (the “[Successful Bidder][Representative]”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the City of Newton, Massachusetts (the “Issuer”).

1. Sale of the Bonds. As of the date of this certificate, [except as set forth in the following paragraph,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% Test has not been met or all of the Bonds have not been sold for one or more Maturities of Bonds as of the Closing Date.]

For each Maturity of the Bonds as to which no price is listed in Schedule A, as set forth in the Notice of Sale for the Bonds, until at least 10% of each such Maturity of the Bonds is sold to the Public (the “10% Test”) or all of the Bonds are sold to the Public, the [Successful Bidder][Representative] agrees to promptly report to the Issuer’s financial advisor, Hilltop Securities Inc. (the “Municipal Advisor”) the prices at which the unsold Bonds of each Maturity have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% Test has been satisfied for each Maturity of the Bonds or until all the Bonds of a Maturity have been sold. The [Successful Bidder][Representative] shall continue to report each sale of Bonds to the Municipal Advisor until notified by email or in writing by the Issuer or the Municipal Advisor that it no longer needs to do so.

2. Defined Terms.

(a) Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) Underwriter means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt. The [Successful Bidder][Representative] hereby acknowledges receipt of the Bonds and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the Bonds, which certificates, opinions, and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder][Representative]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____, 2022

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____

Name:

Title:

*Preliminary, subject to change.

SALE PRICES
[(To Be Attached)]

SCHEDULE A

[Issue Price Certificate for Use If the Competitive Sale Requirements Are Not Met and the Hold the Price Rule Is Used]

**City of Newton, Massachusetts
\$17,315,000* General Obligation Municipal Purpose Loan of 2022 Bonds dated February 10, 2022**

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____ (the “[Successful Bidder][Representative]”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS]]hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the City of Newton, Massachusetts (the “Issuer”).

1. Sale of the Bonds. As of the date of this certificate, [except as set forth in the following paragraph,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% Test has not been met as of the Sale Date.]

For each Maturity of the Bonds as to which no price is listed in Schedule A (the “Unsold Maturities”), as set forth in the Notice of Sale for the Bonds, the [Successful Bidder][Representative] and any other Underwriter did not [and will not] reoffer the Unsold Maturities to any person at a price that is higher than the initial offering price to the Public until the earlier of (i) _____, 2022 or (ii) the date on which the [Successful Bidder][Representative] or any other Underwriter sold at least 10% of each Unsold Maturity at a price that is no higher than the initial offering price to the Public.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt. The [Successful Bidder][Representative] hereby acknowledges receipt of the Bonds and further acknowledges receipt of all certificates, opinions and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the delivery of the Bonds, which certificates, opinions and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder’s][Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____, 2022

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____
Name:
Title:

*Preliminary, subject to change.

**[SCHEDULE A
SALE PRICES
(To be Attached)]**

OFFICIAL STATEMENT

CITY OF NEWTON, MASSACHUSETTS

\$16,645,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2022 BONDS

This Preliminary Official Statement is provided for the purpose of presenting certain information relating to the City of Newton, Massachusetts (the "City"), in connection with the sale of \$16,645,000 aggregate principal amount of its General Obligation Municipal Purpose Loan of 2022 Bonds (the "Bonds"). The information contained herein has been furnished by the City, except information attributed to another source.

THE BONDS

Description of the Bonds

The Bonds will be dated as of their delivery date and will bear interest payable semiannually on February 1 and August 1 of each year until maturity or redemption prior to maturity, commencing August 1, 2022. The Bonds shall mature on February 1 of the years and in the principal amounts as set forth on the cover page of this Official Statement.

The Bonds are issuable only in fully registered form, registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or Registered Owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "Book-Entry Transfer System" herein.)

Principal of and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursements of such payments to the DTC participants are the responsibility of DTC and disbursements of such payments to the Beneficial Owners are the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

The Bonds are subject to redemption prior to their stated maturity dates, as described herein.

Redemption Provisions

Optional Redemption

Bonds maturing on or prior to February 1, 2031 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on and after February 1, 2032 shall be subject to redemption prior to maturity, at the option of the City, on or after February 1, 2031, either in whole or in part at any time, and if in part, by lot within a maturity, **at the par amount of the Bonds to be redeemed**, plus accrued interest to the redemption date.

Mandatory Redemption

The Bond maturing February 1, 2042, February 1, 2048 and February 1, 2052 (the "Term Bonds") is subject to mandatory redemption or maturity on each of the dates and in each of the principal amounts as set forth below (the particular portion of each Term Bond to be redeemed or to mature on the final maturity date to be delivered by lot), at a redemption price of par, plus accrued interest, if any, to the redemption date.

\$2,160,000 Term Bond Maturing February 1, 2042

<u>February 1</u>	<u>Principal Amount</u>
2039	\$ 540,000
2040	540,000
2041	540,000
2042 *	540,000

*Final maturity.

\$1,110,000 Term Bond Maturing February 1, 2048

<u>February 1</u>	<u>Principal Amount</u>
2047	\$ 550,000
2048 *	560,000

\$2,105,000 Term Bond Maturing February 1, 2052

<u>February 1</u>	<u>Principal Amount</u>
2049	\$ 560,000
2050	560,000
2051	560,000
2052 *	425,000

*Final maturity.

Notice of Redemption

Notice of any redemption of Bonds, prior to their dates of maturity, specifying the Bonds (or the portions thereof) to be redeemed shall be mailed or sent in such other manner acceptable to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the Direct Participants of the redemption or failure on the part of DTC's Participants, Indirect Participants or of a nominee of a Beneficial Owner having received notice from a DTC Participant or otherwise to notify the Beneficial Owners shall not affect the validity of the redemption.

Record Date

The record date for each payment of interest on the Bonds (the "Record Date") is the fifteenth day of the month preceding the interest payment date. If such date is not a business day, the Record Date shall be the next succeeding business day. With respect to overdue interest, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondowners at least ten (10) days before the special record date.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's Participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of AA+ by S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited by DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the securities deposited by DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in Beneficial Ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with DTC; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with DTC unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the securities deposited with DTC at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Authorization of the Bonds and Use of Proceeds

The following sets forth the principal amounts, purposes, bond anticipation notes outstanding, total amounts authorized, dates of authorization, statutory references and loan order numbers for the current offering of Bonds:

<u>This Issue</u>	<u>Purpose</u>	<u>Bond Anticipation Notes Outstanding</u>	<u>Original Bond Authorization</u>	<u>Date of Authorization</u>	<u>M.G.L. Chapter 44, Section</u>	<u>Order Number</u>
\$ 2,078,316	Cabot Elementary School (1)	\$ 1,000,000	\$ 46,590,000	11/28/2016	Ch. 70B	358-16
8,330,600	Early Childhood Program Renovation	-	12,334,366	12/6/2019	Ch. 44, s. 7(1)	417-19
2,890,000	Water Main Improvements	1,500,000	7,000,000	4/9/2020	Ch. 44, s. 8(5)	198-20
2,808,500	Oak Hill School	2,808,500	2,808,500	8/18/2020	Ch. 44, s. 7(1)	335-20
537,584	Swap Loader Truck	-	725,000	8/20/2021	Ch. 44, s. 7(1)	283-21
<u>\$ 16,645,000</u>		<u>\$ 5,308,500</u>				(2)

(1) Exempt from the limitations of Proposition 2 ½ on March 12, 2013.

(2) This issue will retire a like amount of Bond Anticipation Notes maturing on February 25, 2022.

Principal Payments by Purpose

<u>Maturity Year</u>	<u>General</u>	<u>Exempt</u>	<u>Water</u>	<u>TOTAL</u>
2023	\$ 441,684	\$ 43,316	\$ 100,000	\$ 585,000
2024	435,000	45,000	100,000	580,000
2025	435,000	45,000	100,000	580,000
2026	435,000	45,000	100,000	580,000
2027	435,000	50,000	100,000	585,000
2028	435,000	50,000	100,000	585,000
2029	435,000	55,000	100,000	590,000
2030	430,000	55,000	100,000	585,000
2031	430,000	60,000	95,000	585,000
2032	430,000	65,000	95,000	590,000
2033	375,000	65,000	95,000	535,000
2034	375,000	65,000	95,000	535,000
2035	375,000	65,000	95,000	535,000
2036	375,000	65,000	95,000	535,000
2037	375,000	70,000	95,000	540,000
2038	375,000	75,000	95,000	545,000
2039	370,000	75,000	95,000	540,000
2040	370,000	75,000	95,000	540,000
2041	370,000	75,000	95,000	540,000
2042	370,000	75,000	95,000	540,000
2043	370,000	85,000	95,000	550,000
2044	370,000	85,000	95,000	550,000
2045	370,000	85,000	95,000	550,000
2046	370,000	85,000	95,000	550,000
2047	370,000	85,000	95,000	550,000
2048	370,000	95,000	95,000	560,000
2049	370,000	95,000	95,000	560,000
2050	370,000	95,000	95,000	560,000
2051	370,000	95,000	95,000	560,000
2052	275,000	55,000	95,000	425,000
Totals	<u>\$ 11,676,684</u>	<u>\$ 2,078,316</u>	<u>\$ 2,890,000</u>	<u>\$ 16,645,000</u>

Tax Exemption

In the opinion of Locke Lord LLP, Bond Counsel to the City (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is of the further opinion that interest on the Bonds will not be included in computing the alternative minimum taxable income of Bondholders who are individuals. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the Bonds. The Bonds will not be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The City has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is either the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Bonds is sold to the public, as applicable. The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the reasonably expected initial offering price or, if applicable, the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds (“Premium Bonds”), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder’s basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the

Bondholder's other items of income, deduction, or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Massachusetts legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers. Additionally, Bondholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of Bondholders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Security and Remedies

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described below (see "TYPES OF OBLIGATIONS - Serial Bonds and Notes" under "INDEBTEDNESS") and setoffs of state distributions as described below (see "Use of State Distributions to Pay Debt Service" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for [and] all amounts necessary to satisfy final judgments." Specific provision is also made for including in the next tax levy payment of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See "Tax Limitations" under "PROPERTY TAXATION" below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

No Lien. Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy or any other moneys to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See "Debt Limits" under "INDEBTEDNESS" below.) Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

Court Proceedings. Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See "Tax Limitations" under "PROPERTY TAXATION" below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds. Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, and community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions. State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on "qualified bonds" (See "*Serial Bonds and Notes*" under "INDEBTEDNESS-TYPES OF OBLIGATIONS" below) and any other sums due and payable by the city or town to the Commonwealth or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority ("MBTA") or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority ("MWRA") if the city or town is within the territory served by the Authority, for any debt service due on obligations issued to the Massachusetts School Building Authority ("MSBA"), or for charges necessary to meet obligations under the Commonwealth's Clean Water or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the Massachusetts legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under federal bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, however, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

Rating

Moody's Investors Service, Inc. has assigned a rating of Aaa to the Bonds. Said rating only reflects the rating agency's views and is subject to revision or withdrawal, which could affect the price and marketability of the Bonds.

Opinion of Bond Counsel

The unqualified approving opinion as to the validity of the Bonds will be rendered by Locke Lord LLP, Boston, Massachusetts, Bond Counsel. The opinion will be dated the date of original delivery of the Notes and will speak only as of such date.

Except as to matters expressly set forth in their opinion, the scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statement made in this Official Statement, and they make no representation that they have independently verified the same other than matters expressly set forth as their opinion.

Financial Advisory Services of Hilltop Securities Inc.

Hilltop Securities Inc., Boston, Massachusetts serves as financial advisor to the City of Newton, Massachusetts.

Continuing Disclosure

In order to assist the initial purchaser in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (as amended, the "Rule"), the City will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the City by not later than 270 days after the end of each fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain significant events. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix C. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds.

In the past five years, the City believes that it has complied, in all material respects, with its previous undertakings to provide annual reports and notices of significant events in accordance with the Rule. Further, the City has implemented procedures to assist in complying with its continuing disclosure obligations, including the additional significant events added to SEC Rule 15c2-12 that became effective on February 27, 2019.

CITY OF NEWTON, MASSACHUSETTS

General

The City of Newton, Massachusetts (the “City”) is located in eastern Massachusetts in Middlesex County approximately 7 miles from downtown Boston, bordered by the West Roxbury section of Boston on the southeast, Needham on the southwest, Wellesley and Weston on the west, Waltham and Watertown on the north, and by Brookline and the Allston-Brighton section of Boston on the east. The City has a population of 85,146 according to the 2010 Federal Census and occupies a land area of 18.33 square miles. Settled in 1639, Newton was incorporated as a city in 1873. Government is by an elected mayor and a twenty-four member City Council. The principal executive officers of the City are as follows:

PRINCIPAL EXECUTIVE OFFICERS

<u>Title</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Current Term Expires</u>
Mayor	Ruthanne Fuller	Elected	January 1, 2026
Chief Operating Officer	Jonathan Yeo	Appointed by Mayor	Indefinite
Chief Financial Officer	Maureen Lemieux	Appointed by Mayor	Indefinite
Treasurer/Collector	M. Ronald Mendes	Appointed by Mayor and confirmed by City Council	Indefinite
Comptroller	Stephen Curley	Appointed by City Council	January 1, 2024
Clerk	Carol Moore	Appointed by City Council	January 1, 2024
City Solicitor	Alissa O. Giuliani	Appointed by Mayor	Indefinite

Corona Virus (COVID-19) Disclosure

COVID-19 is a respiratory disease caused by a novel coronavirus that has not previously been seen in humans. On March 10, 2020, the Governor of The Commonwealth of Massachusetts declared a state of emergency to support the Commonwealth’s response to the outbreak of the virus. On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. On March 13, 2020, the President declared a national emergency due to the outbreak, which has enabled disaster funds to be made available to states to fight the pandemic. The Governor has removed the remaining COVID-19 restrictions and the state of emergency in The Commonwealth expired on June 15, 2021.

In response to the COVID-19 pandemic, federal and state legislation was signed into law that provides various forms of financial assistance and other relief to state and local governments. For example, the U.S. Congress enacted the CARES Act which includes various forms of financial relief. The City has received \$7,838,462 from the CARES Act to date.

Another action at the federal level was the American Rescue Plan Act of 2021 (“ARPA”). Among other provisions, ARPA provides \$350 billion to state and local governments to mitigate the fiscal disruptions created by the pandemic. Such funds may be used to replace revenues lost or reduced as a result of the pandemic and fund COVID-related costs, among other purposes. The City expects to receive approximately \$63,589,505 million in direct ARPA funds.

The financial impact to the City’s revenues when the pandemic began in the fourth quarter of Fiscal Year 2020 (April, May and June 2020) due to the economic shutdown was swift and significant. The Administration’s response was equally so, pivoting quickly in the redevelopment of the City’s FY2021 Budget.

Utilizing a multi-pronged approach, the administration analyzed cash flow, slowed or stopped spending except on necessary expenditures, fine-tuned all revenue assumptions, and was conservative in the development of the FY21 budget. All line items including vacancies, fixed costs, discretionary expenditures, and major capital equipment investments were reviewed judiciously. Department budgets were adjusted based on strategic decisions, prioritizing key services, including spending categories addressing the pandemic, and working closely with the leaders of the Newton Public Schools to ensure the City was able to continue its deep commitment to teaching and learning.

The conservative financial management of the City proved to be appropriate. Based on the Interim Final Rule of the American Rescue Plan Act, the City’s counterfactual calculations of revenue losses due to the pandemic currently approximate \$40 million. Within the past 20 months, the administration has not furloughed or laid-off a single permanent, full-time employee, has continued many of its infrastructure initiatives, has maintained a Rainy Day Fund that remains at 5% of the Operating Budget, has maintained an end date of 2030 for full funding of the pension system, and ended FY2021 with \$12.9 million of certified Free Cash as of June 30, 2021. The administration was again conservative in the development of the Fiscal Year 2022 Budget and has worked diligently to manage revenues and expenditures.

The City will receive approximately \$63 million dollars from the American Rescue Plan Act of 2021. The Mayor has set out several goals for the investment of these one-time ARPA funds. First, help those most impacted by the pandemic. This includes people with limited resources who may need help with housing and food insecurity, job skills and financial literacy, or childcare, and/or access to health resources. Second, help with the recovery and rebuilding of village centers and commercial corridors, and businesses and non-profits, and improve city streets, sidewalks and village centers. And third, support the operations and improve the building infrastructure of the Newton Public Schools in the face of increased needs of students, faculty and staff.

Municipal Services

The City provides general governmental services for the territory within its boundaries, including police and fire protection, collection, disposal, and recycling of solid waste, public education, street maintenance, parks and recreational facilities and public library facilities. Complete sewer and water services are provided by the City via connections to the Massachusetts Water Resources Authority. These services are funded completely from user revenues.

Transportation services include commuter bus, commuter rail, and trolley service to Boston which is provided by the Massachusetts Bay Transportation Authority. Riverside Station, which is the terminus for the MBTA rapid transit Green Line as well as a stop for the MBTA, Greyhound, and Peter Pan bus lines, are located in Newton.

Education

The City’s public school facilities include 15 elementary schools, 4 middle schools and 2 senior high schools. The following table sets forth the trend in public school enrollments for the current and past four school years and a projection for the next year.

PUBLIC SCHOOL ENROLLMENTS AS OF – OCTOBER 1,

	Actual				
	2017	2018	2019	2020	2021
Grades K-5	5,827	5,787	5,626	5,055	5,041
Grades 6-8	2,868	2,851	2,903	2,906	2,826
Grades 9-12	4,057	4,047	4,082	3,949	3,943
Totals	<u>12,752</u>	<u>12,685</u>	<u>12,611</u>	<u>11,910</u>	<u>11,810</u>

The City is also the site of Boston College, a private (Roman Catholic) educational institution which is situated on a 200 acre campus in the City's Chestnut Hill section. With an enrollment of approximately 9,000 undergraduate and 4,600 graduate students, Boston College consists of 10 schools, colleges and institutes, including Boston College Law School. In addition, the City is home to Lasell College, Mt. Ida College (recently acquired by the University of Massachusetts), and 17 private/parochial schools serving students in grades K-12.

Climate Change

Addressing climate change is a priority for the City. The City has incorporated sustainable design principles into all new school and municipal building, completed street projects, generated 4.4 million kilowatt hours (kwh) of electricity last fiscal year through our landfill, rooftop, and parking lot solar arrays, and replaced any remaining passenger vehicles in the municipal fleet with electric cars, and has recently approved its first Climate Action Plan, a five-year plan that sets a carbon-neutral goal for 2050.

History

Newton was permanently settled in 1639 and incorporated as a city in 1873. As soon as farming became established and roads were laid out, mills to grind corn and saw lumber were constructed. Newton's industrial development had its start at Newton Upper and Lower Falls. Iron works were established in 1703 and one of the first paper mills in the country was erected in 1791 at the Lower Falls. In Newton's early days, farming was a principal occupation and friendly Native Americans helped introduce settlers to such new crops as potatoes, corn, squash, pumpkins, and beans. Some of the settlers built looms or forges or engaged in fishing. Newton Upper Falls and Newton Lower Falls became busy industrial centers in the 19th century, with two year-round hotels, many stores, and on the Needham side of the Charles River, a cotton mill with three thousand spindles. At present, there are very few of these old industries extant. Newton has always been a center of prosperity and though it is one of the largest cities in Massachusetts, it has maintained its suburban character. Its seven hills and many villages provide many of the finest residential neighborhoods in the Boston area.

Industry and Commerce

Newton has a diversified economic base with 50,495 people employed in 4,193 establishments in the City with an estimated annual payroll of approximately \$4.265 billion. Businesses are generally small and service-oriented, with professional, business, education and health services accounting for over 60 percent of all jobs.

Newton has numerous industrial, research and development and office areas: the Wells Avenue Industrial Park (108 acres), the Needham Street Corridor (118 acres) and, in addition, 86 acres of manufacturing land in other areas throughout the City. There are approximately 2,000 commercial establishments located within the City's village commercial centers.

The following table lists the major categories of employment with payrolls in the City.

Industry	Calendar Year Average				
	2016	2017	2018	2019	2020
Construction	2,013	1,892	1,898	2,000	1,941
Manufacturing	886	844	900	808	731
Trade, Transportation and Utilities	6,822	6,839	6,387	6,650	5,648
Information	2,003	2,001	2,088	2,238	2,092
Financial Activities	2,990	3,243	3,356	3,860	3,910
Professional and Business Services	10,902	10,391	10,408	10,680	9,928
Education and Health Services	21,449	21,691	21,870	21,500	20,400
Leisure and Hospitality	4,960	5,369	5,531	5,378	3,634
Other Services	2,418	2,596	2,598	2,625	2,211
Total Employment	54,443	54,866	55,036	56,541	50,495
Number of Establishments	4,034	4,021	4,080	4,068	4,193
Average Weekly Wages	\$ 1,309	\$ 1,392	\$ 1,363	\$ 1,478	\$ 1,611
Total Wages	\$ 3,753,865,607	\$ 4,020,629,646	\$ 3,948,593,580	\$ 4,345,955,516	\$ 4,265,088,761

SOURCE: Massachusetts Department of Employment and Training. Data based upon place of employment, not place of residence. Due to the reclassification the U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

The following table sets forth the City's largest employers, excluding the City itself.

Newton's Largest Employers* 2022

Employers with 1000+ Employees

Newton Wellesley Hospital
Boston College

Employers with 500-999 Employees

Wegmans
Jewish Community Center of Greater Boston

Employers with 250-499 Employees

Marriott-Boston Newton
Ascensus
HC Stark
Harmon Law Offices
Rockport Group
TechTarget Inc.
Cheesecake Factory
Dell EMC
Visiting Angels Living Assistance

*Source: Labor Market Information Department of Unemployment Assistance Executive Office of Labor and Workforce Development.

The following table compares retail trade data of the City with that of the Commonwealth as a whole.

RETAIL SALES

	<u>Newton</u>	<u>Massachusetts</u>
Establishments:		
2007	378	25,469
2002	382	25,761
1997	390	26,209
1992	607	38,490
1987	609	38,905
Sales(000):		
2007	\$1,153,570	\$88,082,966
2002	1,150,231	73,903,837
1997	978,074	58,578,048
1992	970,792	47,663,248
1987	808,653	44,818,481
Per Capita Sales:		
2007	\$11,521	\$13,657
2002	13,721	11,640
1997	11,843	5,663
1992	11,755	7,922
1987	9,670	7,731

SOURCE: 2007, 2002, 1997, 1992, 1987 U.S. Census of Retail Trade, and the applicable Federal Census.

The Mall at Chestnut Hill, The Street, and Chestnut Hill Square are three significant retail centers on Route 9/Boylston Street in Chestnut Hill.

Labor Force, Employment and Unemployment Rate

According to the Massachusetts Department of Employment and Training data in October 2021, the City had a total labor force of 47,539 of which 45,709 were employed and 1,830 or 3.8% were unemployed as compared to 5.1% for the Commonwealth for the same period.

The table below sets forth recent trend in the City's average labor force, employment and unemployment rates for the following calendar years and also the unemployment rates for the Commonwealth and the United States.

UNEMPLOYMENT RATES

Year	City of Newton			%	Massachusetts Unemployment Rate	%	United States		%
	Labor Force	Employment	Unemployment Rate				Unemployment Rate	Unemployment Rate	
2020	45,771	43,070	5.9		8.9		8.1		
2019	49,039	48,024	2.1		2.9		3.7		
2018	49,135	47,930	2.5		3.3		3.9		
2017	47,458	46,127	2.8		3.7		4.4		
2016	46,346	45,021	2.9		3.9		4.9		

SOURCE: Mass. Department of Employment and Training, Federal Reserve Bank of Boston and U.S. Bureau of Labor Statistics. Data based upon place of residence, not place of employment. Monthly data are unadjusted.

Building Permits

The table below sets forth the number of building permits issued and the estimated dollar value of new construction and alterations for the following fiscal years. The estimated dollar values are builders' estimates and are generally considered to be conservative. Permits are filed and estimated valuations are shown for both private construction and City projects.

BUILDING PERMITS

Fiscal Year	New Construction				Additions/Alterations		Total No.
	Residential		Non-Residential		No.	Value	
	No.	Value	No.	Value			
2022 (1)	43	\$ 36,726,445	0	\$ -	1,940	\$ 187,477,117	1,983
2021	109	72,628,250	3	50,067,423	4,053	224,981,236	4,165
2020	102	73,994,034	1	92,850,000	3,325	263,836,785	3,428
2019	96	63,820,399	5	81,875,725	3,824	275,427,113	3,925
2018	94	55,975,346	4	31,885,000	2,964	219,879,141	3,062
2017	119	68,765,817	2	4,354,800	3,744	285,119,856	3,865

SOURCE: City of Newton Building Department.

(1) As of November 30, 2021.

Transportation and Utilities

Newton's proximity to Boston makes the resources of this regional center and seaport readily available. The City is less than 10 miles from Boston's Logan International Airport, with its intercity and international air carrier service. Commuter bus and train service to Boston is provided by the Massachusetts Bay Transportation Authority. The principal highways serving Newton are State Route 30 (Commonwealth Avenue — a portion of which is a part of the course for the Boston Marathon), cross-state Route 9, and Interstate Route 90—the Massachusetts Turnpike—with 3 interchanges available to the City. Water is supplied to the City by the Massachusetts Water Resources Authority. Gas and electric service is provided by private utilities.

Development

The continued development and redevelopment of commercial and industrial parcels within the City has been fostered by the City's commitment to enhancing the quality of life for its residents and businesses. The City has played an active role by investing approximately \$8 million annually in road and infrastructure improvements. Furthermore, the City's Community Development Block Grant Program has spent nearly \$3 million in the past decade on street, sidewalk and other infrastructure improvements in the City's commercial centers.

The following tables list the major construction projects which are either completed, under construction, or pending as of the date indicated.

Major Office/Commercial/Residential Construction (Approved, permitted or under construction – January 2021)

Location	Type	Description
131-181 Needham St.	Mixed Use	Conversion of office space to 164,000 square feet of retail/service/restaurant; constructed
28 Austin St.	Mixed Use	5,000 sf retail; 68 rental units above; constructed
157 Herrick Rd.	Assisted Living	75 unit memory care facility; constructed
283 Melrose St.	Mixed Use	Restoration of theatre and 16 ownership units; approved
253-255 Newtonville Ave.	Commercial	113,000 sf. ft. self-storage facility; under construction
241 Washington St.	Mixed Use	40,000 sq. ft. retail, 140 rental units; constructed
1-55 Boylston Street	Commercial	13,100 square feet of additions; constructed
200-230 Boylston Street	Mixed Use	100 residential unit building; approved
386-394 Watertown Street	Mixed Use	Mixed Use building with nine residential units and 2,714 square feet of commercial space; approved
143 Rumford Avenue	Commercial	107,397 square foot self-storage facility; constructed
1521 Beacon St.	Residential	8 rental units; constructed
431 Washington Street	Assisted Living	85 unit elderly housing with services facility; under construction
300 Boylston	Commercial	Mixed use commercial facility with 280,000 square feet of office, medical office, retail, laboratory, and restaurant uses; constructed
200 Estate Drive	Residential	88 rental units; constructed
400 Langley Road	Residential	20 rental units; constructed
320 Needham Street	Educational	For-profit school for up to 65 students; constructed
Northland	Mixed Use	Mixed use development with up to 800 residential units, 180,000 square feet of office space and 115,000 square feet of retail space; approved
Los Angeles @ California Street	Residential	20 unit multifamily; under construction
15-21 Lexington Street	Residential	24 unit multifamily; approved
20 Kinmonth Road	Residential	24 unit multifamily; under construction
180-186 Adams Street	Residential	6 units; under construction
24-26 Elliot Street	Commercial	recreational marijuana; under construction
Riverside	Mixed Use	Transit Oriented Development of over 1 million square feet with office, retail, hotel, and housing on a 12-acre parcel at Riverside MBTA station; approved
180 Wells Avenue	Commercial	60,000 square foot addition to office building; approved
15 Riverdale Avenue	Residential	204 rental units; approved
Dunstan East	Mixed Use	234 rental units with ground floor commercial space; under appeal
1114 Beacon Street	Residential	27 ownership units; under review
1149-1151 Walnut Street	Mixed Use	26 rental units with ground floor commercial space; under review
1158 Beacon Street	Commercial	Recreational marijuana; under review
232 Boylston Street	Commercial	Marijuana Establishment; under review

INSTITUTIONAL DEVELOPMENT

(Approved, permitted or under construction – January 2021)

Location	Description
1615 Beacon St - Suzuki School	Preschool for up to 40 children and music school; constructed
Jewish Community Center	4,000 square foot addition to fitness center; constructed
Fessenden School	2,700 square foot Arts Center addition; constructed

Chestnut Hill Square Development

The City entered into an Infrastructure Development Assistance Agreement (IDAA) (the "Agreement") with The Commonwealth of Massachusetts and the developers of the Chestnut Hill Square commercial development along State Route 9, in the southeast section of the City. Under the terms of the Agreement the Commonwealth issued debt to

reimburse the developers for \$10 million in public infrastructure improvements that were necessary to accommodate the Chestnut Hill Square development. All funding for the 30 years of debt service associated with the infrastructure improvement reimbursement is expected to be derived from incremental state sales and income tax revenue generated from the commercial development project, however, in the event of a short-fall, the City is responsible for reimbursing the Commonwealth for the difference between the annual debt service on the project debt and the actual incremental state sales and income tax revenues generated from the project. According to Article 4(a) of the Agreement, "Local Infrastructure Development Assistance shall constitute a general obligation of the City to which its full faith and credit shall be pledged." In order to minimize the City's financial exposure for such an event, the IDAA authorizes the City to levy and collect an Infrastructure Assessment against development real estate for any shortfall and further requires that the developer fund a Municipal Liquidity Reserve equal to two years of annual debt service requirements (\$1,163,000), to be held by the City in a restricted cash account in the City's Agency Fund. The developer and any successors or assigns are obligated to replenish the Municipal Liquidity Reserve if any draw occurs. Prior to finalization of the agreement, the Massachusetts Commissioner of Revenue certified that projected net new state sales and income taxes generated from the project will range from \$655.9 million in 2015 to \$1.4 billion in 2044. Maximum annual debt service over the 30 year term of the project debt is \$581,500.

Income Levels and Population

The following table compares federal census data for the City, the Commonwealth and the United States.

	<u>Newton</u>	<u>Massachusetts</u>	<u>United States</u>
Median Age:			
2015	40.5	39.3	37.6
2014	42.3	39.4	37.7
2013	40.1	39.3	37.4
2012	40.2	39.3	37.3
2011	39.9	39.1	37.2
Median Family Income:			
2015	\$ 161,101	\$ 87,085	\$ 66,611
2014	154,199	87,951	65,910
2013	155,931	83,867	63,784
2012	151,101	82,684	63,105
2011	144,017	82,009	62,735
Per Capita Income:			
2015	\$64,917	\$36,895	\$28,930
2014	62,983	37,288	28,889
2013	64,004	35,518	27,884
2012	61,241	34,860	27,385
2011	60,083	34,420	27,158

SOURCE: Federal Bureau of the Census.

On the basis of the 2010 Federal Census, the City has a population density of 4,645 persons per square mile.

POPULATION TRENDS

<u>Year</u>	<u>Newton</u>	<u>% Change</u>	<u>Middlesex County</u>	<u>% Change</u>	<u>Commonwealth</u>	<u>% Change</u>
2015	87,675	(0.7) %	1,556,116	(0.9) %	6,705,586	(0.6) %
2010	85,146	1.6	1,503,085	2.6	6,547,629	3.1
2000	83,829	1.5	1,465,396	4.8	6,349,097	5.5
1990	82,585	(1.2)	1,398,468	2.3	6,016,426	4.9
1980	83,622	(8.4)	1,367,034	(2.2)	5,737,037	0.8

SOURCE: Federal Census 2010, 2000, 1990, and 1980. American Community Survey Demographic and Housing Estimates, 2015, 3-Year estimates.

PROPERTY TAXATION

Tax Levy Computation

The principal tax of Massachusetts cities and towns is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see “*Tax Limitations*” below.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the “free cash” as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months’ collections and receipts on account of earlier years’ taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see “*Abatements and Overlay*” below) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see “*Taxation to Meet Deficits*” below).

The table below illustrates the manner in which the tax levy was determined for each of the following fiscal years.

TAX LEVY COMPUTATION

	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Total Appropriations (1)	\$ 466,090,734	\$ 487,385,591	\$ 508,629,372	\$ 507,885,324	\$ 535,274,945
Additions:					
State and County Assessments	6,246,499	6,260,776	6,558,015	6,465,929	6,621,950
Overlay for Current Year	4,656,077	5,067,051	5,215,704	5,639,215	4,747,973
Other Amounts to be Raised	119,778	146,760	132,505	127,082	155,574
Total Additions	<u>11,022,354</u>	<u>11,474,587</u>	<u>11,906,224</u>	<u>12,232,226</u>	<u>11,525,497</u>
Gross Amount to be Raised	<u>477,113,088</u>	<u>498,860,178</u>	<u>520,535,596</u>	<u>520,117,550</u>	<u>546,800,442</u>
Deductions:					
Local Estimated Receipts	97,743,586	99,163,285	102,217,894	84,254,104	96,639,829
Community Preservation revenues (2)	3,606,701	3,931,438	7,807,349	7,171,068	11,453,546
State Aid (3):					
Current Year	29,111,469	30,548,581	31,446,557	31,746,353	32,248,436
Available Funds (4):					
Free Cash	8,686,000	11,146,025	9,967,471	10,858,327	5,837,285
Other Available Funds	6,092,860	7,134,284	7,635,536	9,366,879	8,325,651
Total Other Revenue	<u>145,240,616</u>	<u>151,923,613</u>	<u>159,074,807</u>	<u>143,396,731</u>	<u>154,504,747</u>
Net Amount to be Raised (Tax Levy)	<u>\$331,872,472</u>	<u>\$346,936,565</u>	<u>\$361,460,789</u>	<u>\$376,720,819</u>	<u>\$392,295,695</u>

- (1) Includes additional appropriations from taxation voted subsequent to adoption of the annual budget but prior to setting of the tax rate.
- (2) Includes appropriations of fund balance to fund continuing appropriations of prior years. See “Community Preservation Fund Major Revenues” herein.
- (3) Estimated by various state agencies and required by law to use in setting of the tax rate. Actual state aid payments may vary upward or downward from said estimates, and the State may withhold payments pending receipt of State and County assessments. See “CITY FINANCES—Revenues—State Aid”. Transfers from other available funds, including “Free Cash” (see “CITY FINANCES”) generally made as an offset to a particular appropriation item.
- (4) Includes overlay surplus reserve fund for each year and transfers from the water and sewer accounts to cover indirect costs incurred in the general fund.

Assessed Valuations and Tax Levies

Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 percent of its share of the total taxable valuation; the effective rate for open space must be at least 75 percent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every five years.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

Professional revaluations of all property in the City to full and fair value in compliance with Massachusetts law was most recently completed for use in fiscal year 2019. (See "Property Tax Limitation").

The following table sets forth the trend in the City's assessed valuations, tax rates, tax levies by property types.

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Rate Per \$1,000 Valuation		
				Residential Property	Commercial, Industrial, Personal Property	Gross Levy
2022	\$ 33,870,199,500	\$ 484,176,000	\$ 34,354,375,500	\$ 10.52	\$ 19.95	\$ 392,295,695
2021	31,709,869,600	483,291,200	32,193,160,800	10.76	20.12	376,720,819
2020	31,268,089,400	472,007,200	31,740,096,600	10.44	19.92	361,460,789
2019 (1)	29,965,698,200	459,149,400	30,424,847,600	10.45	19.94	346,936,565
2018	27,670,576,000	434,148,500	28,104,724,500	10.82	20.62	331,872,472

(1) Revaluation year.

Classification by Property

The following is a breakdown of the City's fiscal 2022, 2021 and 2020 real estate valuation by type of property.

Property Type	2022		2021		2020	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$31,078,907,345	90.5 %	\$28,953,587,172	89.9 %	\$28,565,605,020	90.0 %
Commercial	2,591,419,555	7.5	2,544,595,728	7.9	2,499,190,780	7.9
Industrial	199,872,600	0.6	211,686,700	0.7	203,293,600	0.6
Personal	484,176,000	1.4	483,291,200	1.5	472,007,200	1.5
Total Assessed Value	<u>\$34,354,375,500</u>	<u>100.0 %</u>	<u>\$32,193,160,800</u>	<u>100.0 %</u>	<u>\$31,740,096,600</u>	<u>100.0 %</u>

Largest Taxpayers

The following is a list of the ten largest taxpayers in the City based upon assessed valuations for fiscal 2022. All of the taxpayers listed below are current in their tax payments, with the exception of NStar Electric (see footnote below).

Name	Nature of Business	FY 2022 Tax Levy	% of Total Levy
Are-Ma Region No 76 LLC	Office Building	\$ 3,510,819	0.89 %
Nstar Electric/Eversource (1)	Utility Company	3,402,488	0.87
Chestnut Hill Shopping Center LLC	Shopping Center - The Street	2,776,523	0.71
Boston Gas/National Grid	Utility Company	2,584,538	0.66
Mall At Chestnut Hill LLC	Chestnut Hill Mall	2,400,508	0.61
CHS Commercial Owner LLC	Chestnut Hill Square	2,336,127	0.60
CHSP Newton LLC	Marriot Hotel	1,776,753	0.45
Atrium Wellness Center li LLC	Atrium Lifetime Center	1,500,222	0.38
Ag-Jcm Wells Ave Prop Owner LLC	Office Building	1,482,235	0.38
Avalon Upper Falls LLC	Apartment Building	992,603	0.25
		<u>\$22,762,817</u>	<u>5.80 %</u>

(1) As of June 30, 2021, past due is \$10,919,379 for 2013 through June 2021 due to pending litigation pertaining to a dispute over valuation.

State Equalized Valuation

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality as of January 1 of even numbered years. This is known as the "equalized value".

The following table sets forth the trend in State equalized valuations of the City. The City of Newton has the third highest equalized valuation in Massachusetts, after the cities of Boston and Cambridge.

Year	State Equalized Valuation	% Increase
2020	\$34,257,156,100	14.17 %
2018	30,006,442,400	14.37
2016	26,237,044,400	17.63
2014	22,305,253,800	2.52
2012	21,757,017,900	(3.39)

SOURCE: State Department of Revenue.

Abatements and Overlay

A city or town is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The table below sets forth the amount of the overlay reserve for the following fiscal years and actual abatements granted through June 30, 2021 against each levy.

Fiscal Year	Net Tax Levy(1)	Overlay Reserve		Abatements Granted Through June 30, 2021
		Dollar Amount	As a % of Net Levy	
2021	\$ 371,081,604	\$ 5,639,215	1.52 %	(2)
2020	356,245,085	5,215,704	1.46	(2)
2019	341,869,514	5,067,051	1.48	(2)
2018	327,216,395	4,656,077	1.42	(2)
2017	313,076,020	4,930,028	1.57	(2)

(1) Tax levy prior to addition of overlay reserve.

(2) Effective November 2, 2016, the Municipal Modernization Act created a single overlay reserve to cover the costs of potential abatements or exemptions granted by the assessors or ordered by the Appellate Tax Board for any fiscal year.

Tax Collections

The taxes for each fiscal year are due in quarterly installments on August 1, November 1, February 1, and May 1. Interest accrues on delinquent taxes currently at the rate of 14 percent per annum retroactive to the due date. Real property (land and buildings) is subject to a lien for the taxes assessed upon it (subject to any paramount federal lien and subject to bankruptcy and insolvency laws). If the property has not been transferred, an unenforced lien expires on the third November 15 after the first year. If the property has not been transferred by the third November 15, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below.

The table below compares the City's net tax collections with its net (gross tax levy less overlay reserve for abatements) tax levies for the following fiscal years.

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net Tax Levy	Collections During Fiscal Year Payable(1)(2)		Collections as of June 30, 2021	
				Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2021	\$376,720,819	\$5,639,215	\$371,081,604	\$370,944,603	99.96 %	\$370,944,603	99.96 %
2020	361,460,789	5,215,704	356,245,085	352,098,630	98.84	355,289,196	99.73
2019	346,936,565	5,067,051	341,869,514	341,193,965	99.80	344,825,577	100.86
2018	331,872,472	4,656,077	327,216,395	325,412,774	99.45	326,960,425	99.92
2017	318,006,048	4,930,028	313,076,020	312,929,603	99.95	317,597,641	101.44

(1) Net after deduction of overlay reserve for abatements.

(2) Actual dollar collections, net of refunds. Does not include abatements, proceeds of tax titles or tax possessions attributable to each levy or other non-cash credits.

Tax Titles and Possessions

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for nonpayment of taxes thereon. In either case the property owner can redeem the property by paying the unpaid taxes, with interest (at a rate of 16%) and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments) it can be foreclosed by petition to the Land Court.

Upon such foreclosure, a tax title purchased or taken by the municipality becomes a “tax possession” and may be held and disposed of like any land held for municipal purposes. Uncollectible real property taxes are ordinarily not written off until they become municipal tax titles (either by purchase at the public sale or by taking), at which time the tax is written off in full by reserving the amount of tax and charging surplus.

The table below sets forth the balances of tax titles and possessions at the end of the following fiscal years.

<u>Fiscal Year</u>	<u>Total Tax Titles and Possessions</u>
2021	\$6,873,054
2020	5,843,307
2019	6,134,769
2018	7,056,255
2017	7,621,928

Taxation to Meet Deficits

As noted elsewhere (see “*Abatements and Overlay*” above) overlay deficits, i.e. tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e. those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as “free cash” deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

Tax Limitations

Chapter 59, Section 21C of the General Laws, also known as Proposition 2 ½, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year’s valuation.

This “growth” limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the “growth” limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit “to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year”.

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town’s apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality’s sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year’s assessments and (b) “any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option”. Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district’s governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

The City has been in full compliance with Proposition 2½ since fiscal 1982 following the completion of a professional revaluation of all real and personal property in the City to full value. The following table sets forth the City’s tax levy for the current and each of the last four fiscal years, the primary levy limits based upon 2.5% of estimated full value and the maximum levy limits as determined by the State Department of Revenue.

Tax Levies and Levy Limits (1)

	For Fiscal Year				
	2022	2021	2020	2019	2018
Primary Levy Limit (2)	\$ 858,859,388	\$ 804,829,020	\$ 793,502,415	\$ 760,621,190	\$ 702,618,113
Prior Fiscal Year Levy Limit	373,675,762	358,155,776	343,951,137	329,940,249	316,455,830
Amended Prior Fiscal Year Growth	-	101,023	-	-	-
2.5% Levy Growth	9,341,894	8,956,420	8,598,778	8,248,506	7,911,396
New Growth (3)	6,163,891	6,462,543	5,605,861	5,762,382	5,573,023
Overrides	-	-	-	-	-
Growth Levy Limit	389,181,547	373,675,762	358,155,776	343,951,137	329,940,249
Debt Exclusions	3,129,345	3,139,766	3,336,395	3,000,495	1,960,280
Capital Expenditure Exclusions	-	-	-	-	-
Other Adjustments	-	-	-	-	-
Tax Levy Limit	392,310,892	376,815,528	361,492,171	346,951,632	331,900,529
Tax Levy	392,295,695	376,720,819	361,460,789	346,936,565	331,872,472
Unused Levy Capacity (4)	15,197	94,709	31,382	15,067	28,057
Unused Primary Levy Capacity (5)	\$ 466,548,496	\$ 428,013,492	\$ 432,010,244	\$ 413,669,558	\$ 370,717,584

(1) Source: Massachusetts Department of Revenue.

(2) 2.5% of assessed valuation.

(3) Allowed increase for new valuations (or required reduction) - certified by the Department of Revenue.

(4) Tax Levy Limit less Tax Levy.

(5) Primary Levy Limit less Growth Levy Limit.

In March 2013 the voters approved two debt exclusions and a general override of Proposition 2½ to cover five capital projects at an estimated cost of \$132 million. The override is funding three elementary school renovations, two new fire stations, street repairs, and funding for additional teachers and aides, and police officers.

Community Preservation Act

The Massachusetts Community Preservation Act (the “CPA”) permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy and to receive state matching funds for the acquisition, creation, preservation, rehabilitation and restoration of open space, historic resources and affordable housing. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see “Tax Limitations” under “PROPERTY TAXATION” herein). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge and dedication of revenue. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on real property taxes and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The City has accepted the Act and set the rate at 1% of the total property tax due for the parcel. The City implemented the program in fiscal 2002 and will utilize revenues to pay for a variety of qualifying projects.

Community Preservation Fund Major Revenues

<u>Year</u>	<u>Property Tax</u>	<u>State Contribution</u>	<u>All Other</u>	<u>Total</u>
2021	\$ 3,703,079	\$ 1,009,206	\$ 32,555	\$ 4,744,840
2020	3,489,330	808,754	279,733	4,577,817
2019	3,365,737	614,786	399,904	4,380,427
2018	3,255,603	531,924	232,106	4,019,633
2017	3,074,195	608,243	129,226	3,811,664

As of June 30, 2021, the CPA Fund had a balance of \$21,827,678.

CITY FINANCES

Budget and Appropriation Process

In a city, within 170 days after the annual organization of the city government (which is ordinarily in early January), the mayor or city manager is required to submit a budget of proposed expenditures for the fiscal year beginning on the next July 1. The city council may make appropriations for the recommended purposes and may reduce or reject any item. Without a recommendation of the mayor or manager, the council may not make any appropriation for a purpose not included in the proposed budget, except by a two-thirds vote in the case of a failure of the mayor or manager to recommend an appropriation for such a purpose within 7 days after a request from the council. The council may not increase any item without the recommendation of the mayor (except as provided by legislation, subject to local acceptance, under which the school budget or regional school district assessment can be increased upon recommendation of the school committee or regional district school committee and by two-thirds vote of the council, provided that such increase does not cause the total annual budget to exceed the property tax limitations). If the council fails to act on any item of the proposed budget within 45 days, that item takes effect.

City department heads are generally required to submit their budget requests to the mayor or city manager between November 1 and December 1. This does not apply to the school department, which must submit its requests in time for the mayor or manager to include them in his submission to the council.

If the mayor or manager does not make a timely budget submission, provision is made for preparation of a budget by the council. Provision is also made for supplementary appropriations upon recommendation of the mayor or manager.

The annual appropriations of a town are ordinarily made at the annual meeting which takes place in February, March, April, May or June. Appropriations may also be voted at special meetings. Every town must have an appropriation, advisory or finance committee. The committee (or the board of selectmen if authorized by by-law) is required to submit a budget of proposed expenditures at the annual town meeting.

Under certain circumstances and subject to certain limits and requirements, the city council of a city, upon the recommendation of the mayor, may transfer amounts appropriated for the use of one department (except for a municipal light department or a school department) to another appropriation for the same department or for the use of any other department. In a town, town meeting may at any time vote to transfer any amount previously appropriated to any other authorized use by law, and, under certain circumstances and subject to certain limits and requirements, the selectmen of a town, with the concurrence of the finance committee, may transfer amounts appropriated for the use of any department to any other appropriation for the same department or to any other department.

Water and sewer department expenditures are generally included in the budgets adopted by city councils and town meetings but electric and gas department funds may be appropriated by the municipal light boards. Under certain legislation any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts.

The school budget is limited to the total amount appropriated by the city council or town meeting, but the school committee retains full power to allocate the funds appropriated. State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. (See footnotes to "Tax Levy Computation" above and "State Aid" below.)

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See "PROPERTY TAXATION" above.)

The following table lists the City's budgets for fiscal 2019 through 2023. The budgets include General Fund, Water and Sewer Utility Funds, and Community Preservation.

BUDGET COMPARISON (1)

	FY 2018 Budget	FY 2019 Budget	FY 2020 Budget	FY 2021 Budget	FY 2022 Budget
General Government	\$ 19,630,107	\$ 20,741,635	\$ 20,170,363	\$ 19,578,962	\$22,034,071
Public Safety	46,330,874	45,137,214	47,083,547	49,971,226	51,334,038
Education	219,774,631	226,067,185	234,839,234	241,584,473	251,622,930
Public Works	23,375,328	23,890,388	28,048,096	28,525,004	30,193,788
Water & Sewer	52,018,600	51,086,256	53,491,242	45,977,493	49,414,601
Health & Human Services	4,886,293	5,186,205	5,473,411	5,662,629	6,101,331
Culture & Recreation	12,625,290	12,496,334	13,187,516	12,698,525	13,544,617
Debt Service-General	22,918,195	24,088,174	24,488,102	25,116,601	24,571,953
Debt Service-Water & Sewer	5,139,781	5,607,393	-	5,059,129	4,701,968
Debt Service - CPA	-	-	-	697,700	693,103
Interest on Tax Refunds	-	-	-	-	-
Pension & Employee Ben.	37,029,743	39,175,944	41,817,879	43,262,345	48,152,428
State & County Asses.	6,206,582	6,235,332	6,466,476	6,370,575	6,567,883
Capital Outlay from CPA	8,912,376 (	3,556,968 (2)	4,107,858 (2)	4,099,673 (2)	4,095,667 (2)
Capital Outlay & Other	17,347,181 (	7,051,900 (3)	7,666,179 (3)	4,510,000 (3)	6,161,500 (3)
Capital Outlay & Other - Water & Sewer	1,248,140 (	1,650,000 (4)	2,500,000 (4)	782,031 (4)	750,576 (4)
Subtotal	<u>\$ 477,443,121</u>	<u>\$ 471,970,928</u>	<u>\$ 489,339,903</u>	<u>\$ 493,896,366</u>	<u>\$ 519,940,454</u>
Transfer to Other Funds	4,230,199 (	5,470,651 (5)	7,180,383 (5)	7,889,941 (5)	8,089,684 (5)
Total	<u>\$ 481,673,320</u>	<u>\$ 477,441,579</u>	<u>\$ 496,520,286</u>	<u>\$ 501,786,307</u>	<u>\$ 528,030,138</u>

(1) Includes annual appropriations for General Fund, Storm Water Management Fund, Water Fund, Sewer Fund and Community Preservation Fund.

(2) CPA Fund Capital Outlay & Other:

	2018	2019	2020	2021	2022
Appropriated reserves	\$ 2,327,605	\$ 3,396,924	\$ 3,902,783	\$ 3,900,730	\$ 3,914,757
Capital outlay & improvements	6,584,771	160,044	205,075	198,943	180,910
Total	<u>\$ 8,912,376</u>	<u>\$ 3,556,968</u>	<u>\$ 4,107,858</u>	<u>\$ 4,099,673</u>	<u>\$ 4,095,667</u>

(3) General Fund Capital Outlay and Other:

	2018	2019	2020	2021	2022
Municipal wage reserve	\$ 1,211,119	\$ 2,000,000	\$ 2,726,679	\$ 2,000,000	\$ 2,636,500
Budget reserve	500,000	500,000	500,000	400,000	500,000
Snow & ice reserve	3,000,000	2,750,000	3,000,000	1,500,000	1,500,000
ABT Interest Reserve	-	-	-	-	-
Staffing Project Reserve	50,000	-	-	-	-
Capital Outlay & Improvements	12,586,062	1,801,900	1,439,500	610,000	1,525,000
Total	<u>\$ 17,347,181</u>	<u>\$ 7,051,900</u>	<u>\$ 7,666,179</u>	<u>\$ 4,510,000</u>	<u>\$ 6,161,500</u>

(4) Water & Sewer Capital Outlay & Other:

	2018	2019	2020	2021	2022
Operating reserve	\$ 1,248,140	\$ 1,650,000	\$ 2,500,000	\$ 782,031	\$ 750,576
Capital reserve	-	-	-	-	-
Total	<u>\$ 1,248,140</u>	<u>\$ 1,650,000</u>	<u>\$ 2,500,000</u>	<u>\$ 782,031</u>	<u>\$ 750,576</u>

(5) Transfer to Other Funds:

	2018	2019	2020	2021	2022
Workers compensation self insurance	\$ 1,300,000	\$ 1,700,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000
School athletic revolving subsidy	1,005,359	1,093,078	1,093,078	1,125,870	1,150,000
School food services fund subsidy	-	-	40,000	35,000	35,000
"Rainy day" stabilization fund	150,000	150,000	150,000	-	-
Capital stabilization fund contribution	-	-	-	-	-
School building improvement fund	-	-	-	-	-
Water & sewer capital improvement funds	1,774,840	2,527,573	4,097,305	4,929,071	5,104,684
All other	-	-	-	-	-
Total	<u>\$ 4,230,199</u>	<u>\$ 5,470,651</u>	<u>\$ 7,180,383</u>	<u>\$ 7,889,941</u>	<u>\$ 8,089,684</u>

Revenues

All of the amounts below were extracted from the audited financial statements of the City, except for the MWRA assessments.

Property Taxes: Property taxes are the major source of revenue for the City. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "PROPERTY TAXATION--Property Tax Limitation" above. The trend in the (net) property tax levy is shown in the table below.

<u>Fiscal Year</u>	<u>Property Tax Levy</u>
2022	\$ 392,295,695
2021	376,720,819
2020	356,245,085
2019	341,869,514
2018	327,216,395

State Aid: The City's state aid entitlement is based upon a number of different formulas, and while said formulas might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid but actual payments may vary from the estimate.

The table below shows the trend in the City's General Fund state aid, inclusive of school building assistance reimbursements.

<u>Fiscal Year</u>	<u>State Aid</u>
2021	\$ 31,446,056
2020	31,240,442
2019	30,320,869
2018	28,950,138
2017	27,053,120

Motor Vehicle Excise: An excise is imposed on the registration of motor vehicles (subject to exemptions) at a rate of \$25 per \$1,000 of valuation. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made for non-renewal of registration and operating license by the registrar of motor vehicles. The trend in motor vehicle excise tax receipts is shown in the table below.

<u>Fiscal Year</u>	<u>Motor Vehicle Excise Tax Receipts</u>
2021	\$ 13,302,781
2020	13,010,647
2019	13,713,327
2018	13,541,814
2017	13,756,305

Water and Sewer: Since fiscal 1989, the City's water and sewer operations have been accounted in special revenue funds. The City's policy is to set water and sewer rates to recover fully all costs of operations, including overhead and debt service.

The latest adjustment in water and sewer rates became effective for sewer consumed beginning in fiscal 2021. Water rates are currently \$7.12 per hundred cubic feet (hcf) for the first 10 hcf, \$8.23 per hcf for 11-25 hcf; \$9.46 per hcf for 26-60 hcf; and \$11.80 per hcf for all consumption in excess of 60 hcf. The outdoor meter rate is \$13.00 per hcf for all such water that is used. Sewer rates are based on water consumption. Sewer rates are currently \$10.98; per hcf for the first 10 hcf, \$12.85 per hcf for 11-25 hcf; \$13.80 per hcf for 26-60 hcf; and \$15.87 per hcf for all consumption in excess of 60 hcf.

Massachusetts Water Resources Authority (MWRA) charges for water supply and collection and treatment of sewage amount to \$35.4 million for the current fiscal year – 59.3% of the combined total operating budget of the City's water and sewer utilities.

For the fiscal year ended June 30, 2021, sewer fund revenues and transfers from other funds were \$34,543,371; expenditures and transfers to other funds were \$30,342,693, and the fund ended the year with a fund balance of \$23,013,137, \$22,049,399 of which was available for appropriation.

For the fiscal year ended June 30, 2021, water fund revenues were \$27,887,131; expenditures and transfers to other funds were \$24,797,064, and the fund ended the year with a fund balance of \$18,320,562, \$15,243,814 of which was available for appropriation.

Room Occupancy Tax: In 1985 the State legislature made available a room occupancy excise tax as an additional source of revenue for municipalities (G.L. Chapter 64G, s.3A), effective July 1, 1986. Under this tax, local governments may tax the provision of hotel, motel and lodging house rooms at a rate not to exceed four percent (4%) of the cost of renting such rooms. The tax is paid by the operator of the hotel, motel or lodging house to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located in quarterly distributions. Effective October 1, 2009, the City levies the full 6% room occupancy tax as permitted under the law. The trend in room occupancy tax receipts is shown below.

<u>Fiscal Year</u>	<u>Room Occupancy Tax Receipts</u>
2021	\$ 314,597
2020	2,158,604
2019	2,411,164
2018	2,440,667
2017	2,263,279

Local Meals Excise Tax: Effective January 1, 2010, the City enacted a local meals excise tax on sales of restaurant meals. The tax is a three-fourths percent tax on the gross receipts of a vendor from the sale of restaurant meals. The vendor pays the tax to the State Commissioner of Revenue, which in turn, pays the tax to the municipality in which the meal was sold. The trend in local meals excise tax receipts is shown below.

<u>Fiscal Year</u>	<u>Local Meals Excise Tax Receipts</u>
2021	\$ 1,352,560
2020	1,838,810
2019	2,026,232
2018	1,902,562
2017	1,938,182

Capital Planning and Budget Forecasts

As part of its budget planning process, the City prepares a capital budget and six-year capital plan. Copies of these documents are available on the City's website and/or from the City's Chief Financial Officer.

Investment of City Funds

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, §55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust (“MMDT”), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer’s office. According to the State Treasurer the Trust’s investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with §54 of Chapter 44, which permits a broader range of investments than §55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by §54 and 55 do not apply to city and town retirement systems.

Breakdown of such investments may be obtained from the City Treasurer.

Pension funds are under the jurisdiction of the Newton Contributory Retirement System. Investments and the retirement system are discussed in Appendix A.

Annual Audits

Audits are performed annually by CliftonLarsonAllen, LLP and incorporated into the City’s Comprehensive Annual Financial Reports. See Appendix A for the City’s fiscal 2020 Comprehensive Annual Financial Report (“CAFR”) and audit. Copies of previous fiscal year’s audits are available upon request from the City.

The attached report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Basis of Accounting

See Appendix A.

Financial Statements

Set forth on the following pages are Governmental Fund Balance Sheets for fiscal 2021 (draft), 2020, 2019, and 2018, and Statements of Revenues, Expenditures and Changes in Fund Balances for fiscal years 2020 through 2016, and a draft for fiscal year 2021. All the financial statements are extracted from audited financial statements, with the exception of fiscal 2021 which is in draft form and therefore subject to revision and change.

Comprehensive Annual Financial Report (CAFR)

The City has prepared a CAFR for the fiscal year ending June 30, 2020. This report is attached hereto as Appendix A.

CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2021 (1)

	General	Community Preservation	Cabot School Improvements	Angier School Improvement	American Rescue Plan Act (ARPA)	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 103,987,619	\$ -	\$ -	\$ -	\$ -	\$ 4,260,043	\$ 108,247,662
Receivables, net of Allowance for Uncollectibles							
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 AND FUND BALANCES	\$ 136,450,399	\$ 22,986,570	\$ 315,342	\$ 8,083	\$ 23,208,061	\$ 38,353,410	\$ 221,321,865

(1) Extracted from the draft audited financial statements of the City, subject to change revision and change.

**CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2020 (1)**

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

(1) Extracted from the audited financial statements of the City.

**CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2019 (1)**

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

(1) Extracted from the audited financial statements of the City.

**CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2018 (1)**

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

(1) Extracted from the audited financial statements of the City.

**CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For Fiscal Year Ended June 30, 2021 (1)**

	General	Community Preservation	Cabot School Improvements	Angier School Improvement	American Recus 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 and 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
Administrative & Support	1,655,658	-	-	-	-	-	1,655,658
Health and Human Services:							
Health & 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
Workers' 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 AND TRANSFERS 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
Transfer In	5,357,554	-	-	-	-	1,063,839	6,421,393
Transfer 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 at Beginning of Year	73,025,039	22,423,896	(492,759)	8,083	-	39,831,795	134,796,054
Fund Balances at End of Year	\$ 84,140,115	\$ 21,851,287	\$ (867,875)	\$ 8,083	\$ -	\$ 27,083,240	\$ 132,214,850

(1) Extracted from the draft audited financial statements of the City, subject to revision and change.

**CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For Fiscal Year Ended June 30, 2020 (1)**

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

(1) Extracted from the audited financial statements of the City.

**CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For Fiscal Year Ended June 30, 2019 (1)**

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

(1) Extracted from the audited financial statements of the City.

**CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For Fiscal Year Ended June 30, 2018 (1)**

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

(1) Extracted from the audited financial statements of the City.

**CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For Fiscal Year Ended June 30, 2017 (1)**

	General	Community Preservation	High School Improvements	Angier School Improvement	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Real Estate and Personal Property Taxes	\$ 319,976,273	\$ -	\$ -	\$ -	\$ -	\$ 319,976,273
Motor Vehicle and Other Excise Taxes	13,486,831	-	-	-	-	13,486,831
Hotel/Motel Tax	2,263,279	-	-	-	-	2,263,279
Meals Taxes	1,938,182	-	-	-	-	1,938,182
Payments in Lieu of Taxes	415,835	-	-	-	-	415,835
Community Preservation Surcharges	-	3,081,837	-	-	-	3,081,837
Charges for Services	2,651,737	-	-	-	17,751,742	20,403,479
Intergovernmental	67,408,538	608,243	-	499,095	22,689,021	91,204,897
Special Assessments	56,906	-	-	-	136,332	193,238
Penalties and Interest on Taxes	1,409,030	-	-	-	-	1,409,030
Licenses and Permits	9,336,783	-	-	-	747,836	10,084,619
Fines and Forfeitures	1,668,567	-	-	-	93,526	1,762,093
Contributions	-	-	-	-	1,336,660	1,336,660
Investment Income (loss)	787,668	122,095	-	-	126,650	1,036,413
Other	604,506	-	-	-	225,682	830,188
TOTAL REVENUES	\$ 422,004,135	\$ 3,812,175	\$ -	\$ 499,095	\$ 43,107,449	\$ 469,422,854
EXPENDITURES:						
Current:						
General Government:						
Legislative & Executive	\$ 2,820,989	\$ -	\$ -	\$ -	\$ 26,225	\$ 2,847,214
Financial Administration	4,007,961	-	-	-	3,960	4,011,921
Administrative Support	4,597,389	-	-	-	-	4,597,389
Planning & Development	1,555,356	1,810,268	-	-	4,191,495	7,557,119
Public Building Maintenance & Operations	5,050,051	73,172	-	-	14,807,222	19,930,445
Public Safety:						
Police	21,393,487	-	-	-	4,487,242	25,880,729
Fire	21,963,128	-	-	-	2,587,952	24,551,080
Inspectional Services	1,437,353	-	-	-	11,849	1,449,202
Education	248,382,376	-	-	598,750	51,322,947	300,304,073
Public Works:						
Streets and Sidewalks	8,397,323	-	-	-	7,085,905	15,483,228
Control of Snow & Ice	5,486,851	-	-	-	-	5,486,851
Sanitation	7,920,032	-	-	-	4,864	7,924,896
Vehicle Maintenance	2,171,427	-	-	-	1,872	2,173,299
Engineering	1,338,526	-	-	-	70,455	1,408,981
Administrative & Support	1,289,406	-	-	-	-	1,289,406
Health and Human Services:						
Health & Human Services	3,473,664	-	-	-	244,269	3,717,933
Senior Services	639,665	-	-	-	430,105	1,069,770
Veteran Services	377,004	-	-	-	7,379	384,383
Culture and Recreation:						
Libraries	5,521,389	-	-	-	465,169	5,986,558
Parks & Recreation	6,788,206	1,568,936	-	-	3,483,252	11,840,394
Newton History Museum	260,332	11,508	-	-	39	271,879
Retirement Benefits	33,521,494	-	-	-	-	33,521,494
Workers' Compensation Insurance	1,450,000	-	-	-	-	1,450,000
Property and Liability Insurance	481,586	-	-	-	-	481,586
Claims and Judgments	157,075	-	-	-	-	157,075
State and County Charges	6,143,354	-	-	-	-	6,143,354
Debt Service						
Principal	11,992,667	255,000	-	-	-	12,247,667
Interest	8,320,360	4,781	-	-	-	8,325,141
TOTAL EXPENDITURES	\$ 416,938,451	\$ 3,723,665	\$ -	\$ 598,750	\$ 89,232,201	\$ 510,493,067
EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS OVER EXPENDITURES	5,065,684	88,510	-	(99,655)	(46,124,752)	(41,070,213)
Other Financing Sources (Uses)						
Proceeds of Bonds and Notes	-	-	-	-	35,528,500	35,528,500
Premium from Issuance of Bonds and Notes	-	-	-	-	1,479,298	1,479,298
Proceeds of Refunding Bonds	-	-	62,035,000	-	3,740,000	65,775,000
Premium from Issuance of Refunding Bonds	245,691	-	4,988,560	-	300,975	5,535,226
Sale of Capital Assets	63,760	-	-	-	51,434	115,194
Transfer In	6,607,354	-	-	261,366	2,235,083	9,103,803
Transfer Out	(2,390,562)	-	-	-	(3,614,116)	(6,004,678)
Payments to Refunding Bonds Escrow	-	-	(67,023,560)	-	(4,040,975)	(71,064,535)
TOTAL OTHER FINANCING SOURCES (USES)	4,526,243	-	-	261,366	35,680,199	40,467,808
Net Change in Fund Balances	9,591,927	88,510	-	161,711	(10,444,553)	(602,405)
Fund Balances at Beginning of Year	57,458,697	15,349,754	-	895,175	36,019,963	109,723,589
Fund Balances at End of Year	\$ 67,050,624	\$ 15,438,264	\$ -	\$ 1,056,886	\$ 25,575,410	\$ 109,121,184

(1) Extracted from the audited financial statements of the City.

**CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For Fiscal Year Ended June 30, 2016 (1)**

	General	Community Preservation	High School Improvements	Angier School Improvement	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Real Estate and Personal Property Taxes	\$ 308,965,868	\$ -	\$ -	\$ -	\$ -	\$ 308,965,868
Motor Vehicle Excise Taxes	13,122,277	-	-	-	-	13,122,277
Hotel/Motel Tax	2,444,007	-	-	-	-	2,444,007
Meals Taxes	1,880,428	-	-	-	-	1,880,428
Payments in Lieu of Taxes	476,083	-	-	-	-	476,083
Community Preservation Surcharges	-	2,946,847	-	-	-	2,946,847
Charges for Services	1,586,701	-	-	-	18,539,805	20,126,506
Intergovernmental	27,820,174	839,889	-	6,764,771	25,102,803	60,527,637
Special Assessments	45,694	-	-	-	123,894	169,588
Penalties and Interest on Taxes	1,282,596	-	-	-	-	1,282,596
Licenses and Permits	9,242,905	-	-	-	1,240,119	10,483,024
Fines and Forfeitures	1,800,214	-	-	-	246,175	2,046,389
Contributions	-	-	-	-	1,446,969	1,446,969
Investment Income (loss)	437,596	51,836	-	-	1,442	490,874
Other	824,032	92,256	-	-	211,611	1,127,899
TOTAL REVENUES	\$ 369,928,575	\$3,930,828	\$ -	\$ 6,764,771	\$ 46,912,818	\$ 427,536,992
EXPENDITURES:						
Current:						
General Government:						
Legislative & Executive	\$ 2,710,237	\$ -	\$ -	\$ -	\$ 19,835	\$ 2,730,072
Financial Administration	3,861,704	-	-	-	-	3,861,704
Administrative Support	4,569,763	-	-	-	-	4,569,763
Planning & Development	1,487,646	837,881	-	-	4,789,626	7,115,153
Public Building Maintenance & Operations	4,886,784	961,706	-	-	6,713,838	12,562,328
Public Safety:						
Police	20,564,833	-	-	-	4,106,200	24,671,033
Fire	19,500,428	-	-	-	830,571	20,330,999
Inspectional Services	1,346,324	-	-	-	6,306	1,352,630
Education	202,704,374	-	-	20,548,338	49,792,271	273,044,983
Public Works:						
Streets and Sidewalks	7,039,749	-	-	-	6,011,696	13,051,445
Control of Snow & Ice	3,662,221	-	-	-	-	3,662,221
Sanitation	7,795,295	-	-	-	-	7,795,295
Vehicle Maintenance	2,191,024	-	-	-	2,390	2,193,414
Engineering	1,059,824	-	-	-	125,420	1,185,244
Administrative & Support	1,147,237	-	-	-	-	1,147,237
Health and Human Services:						
Health & Human Services	3,252,722	-	-	-	239,721	3,492,443
Senior Services	609,103	-	-	-	369,354	978,457
Veteran Services	448,432	-	-	-	4,928	453,360
Culture and Recreation:						
Libraries	5,399,875	-	-	-	572,917	5,972,792
Parks & Recreation	6,127,565	275,463	-	-	3,519,381	9,922,409
Newton History Museum	244,573	114,413	-	-	2,164	361,150
Retirement Benefits	31,235,486	-	-	-	-	31,235,486
Workers' Compensation Insurance	1,150,000	-	-	-	-	1,150,000
Property and Liability Insurance	468,006	-	-	-	-	468,006
Claims and Judgments	244,752	-	-	-	-	244,752
State and County Charges	6,113,282	-	-	-	-	6,113,282
Debt Service:						
Principal	10,492,967	255,000	-	-	-	10,747,967
Interest	8,163,295	14,344	-	-	-	8,177,639
TOTAL EXPENDITURES	\$ 358,477,501	\$ 2,458,807	\$ -	\$ 20,548,338	\$ 77,106,618	\$ 458,591,264
EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS OVER EXPENDITURES						
	11,451,074	1,472,021	-	(13,783,567)	(30,193,800)	(31,054,272)
Other Financing Sources (Uses)						
Proceeds of Bonds and Notes	-	-	-	4,955,000	50,385,000	55,340,000
Premium from Issuance of Bonds and Notes	3,955,263	-	-	-	-	3,955,263
Proceeds of Refunding Bonds	-	-	18,301,050	-	1,308,950	19,610,000
Premium from Issuance of Refunding Bonds	-	-	2,260,128	-	170,117	2,430,245
Sale of Capital Assets	85,000	-	-	-	44,179	129,179
Transfer In	6,490,377	-	-	351,159	3,159,986	10,001,522
Transfer Out	(3,046,681)	-	-	-	(4,225,748)	(7,272,429)
Payments to Refunding Bonds Escrow	-	-	(20,561,178)	-	(1,479,067)	(22,040,245)
TOTAL OTHER FINANCING SOURCES (USES)	7,483,959	-	-	5,306,159	49,363,417	62,153,535
Net Change in Fund Balances	18,935,033	1,472,021	-	(8,477,408)	19,169,617	31,099,263
Fund Balances at Beginning of Year	38,523,664	13,877,733	-	9,372,583	16,850,346	78,624,326
Fund Balances at End of Year	\$ 57,458,697	\$ 15,349,754	\$ -	\$ 895,175	\$ 36,019,963	\$ 109,723,589

(1) Extracted from the audited financial statements of the City.

Free Cash (Uniform System of Accounting)

Under the Massachusetts Uniform System of Accounting an amount known as "free cash" is certified as of the beginning of each fiscal year by the Massachusetts Department of Revenue, Bureau of Accounts. This unrestricted fund balance (known as "free cash") is generated when actual revenue collections exceed budget estimates and/or unexpended appropriation balances lapse at year end to the general treasury.

A redetermination of free cash by the city comptroller for the purpose of determining available funds for appropriations is allowed (but not required) on the last day of the month preceding the month in which the tax rate is determined but no later than July 31. This is done by adding collections of prior years' taxes and receipts from tax title redemptions and sale of tax possessions to the amount certified and deducting appropriations made from free cash between the date of certification and July 31.

<u>Year</u>	<u>Free Cash (July 1)</u>
2021 (1)	\$12,931,618
2020 (2)	7,381,282
2019 (3)	11,706,532
2018	11,909,715
2017	11,153,092

(1) As of June 30, 2021, \$5,860,743 of free cash has been appropriated, and \$1,530,539 in unobligated free cash has been closed to fund balance.

(2) As of June 30, 2020, \$10,846,575 of free cash has been appropriated, and \$859,957 in unobligated free cash has been closed to fund balance.

(3) As of June 30, 2019, \$9,955,765 of free cash has been appropriated, and \$1,953,950 in unobligated free cash has been closed to fund balance.

Capital Stabilization Funds

In 1993 the City established a special capital projects fund. The table below shows the trend in balances in the fund.

<u>Fiscal Year</u>	<u>Balance</u>
2021	\$529,334
2020	523,519
2019	646,666
2018	934,990
2017	1,796,736

Rainy Day Stabilization Fund

The City also maintains a "Rainy Day" Stabilization Fund. The table below shows the trend in balances in the fund.

<u>Fiscal Year</u>	<u>Balance</u>
2021	\$23,162,667
2020	22,021,724
2019	21,407,131
2018	20,500,040
2017	19,673,938

INDEBTEDNESS

Authorization Procedure and Limitations

Serial bonds and notes are authorized by vote of two-thirds of all the members of the city council (subject to the mayor's veto where the mayor has a veto power) or a two-thirds vote of the town meeting. Provision is made in some cities and towns for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Refunding bonds and notes are authorized by the city council or the selectmen. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary debt in anticipation of the revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the treasurer with the approval of the selectmen, mayor or city manager as the case may be.

Bonds and notes including refunding bonds are generally authorized on behalf of the City by vote of two-thirds of all the members of the City Council with the approval of the Mayor. Provision is made for a referendum on the filing of a petition bearing the requisite number of signatures. Borrowings for certain purposes require state administrative approval. When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary debt in anticipation of the revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the Treasurer with the approval of the Mayor and the Controller of Accounts.

The general debt limit of the City consists of normal debt limit and a double debt limit. The normal debt limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The City can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the double debt limit) with the approval of the State Municipal Finance Oversight Board.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes; emergency loans; loans exempted by special laws; certain school bonds, sewer bonds, bonds for water, gas, electric and telecommunication systems, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits bonds for housing, urban renewal and economic development (subject to various debt limits). Revenue bonds are not subject to these debt limits. The General Debt Limit applies at the time the debt is authorized. The special debt limits apply at the time the debt is incurred.

Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue ("DOR"). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as “qualified bonds” with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as “tax credit bonds” to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed ten years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue. The City has not issued any revenue anticipation notes during the last five fiscal years and does not anticipate issuing any during the current fiscal year.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. Generally, they must mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities, for projects financed under the Commonwealth’s Clean Water or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition, cities and towns having electric departments may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy.

**CITY OF NEWTON
DIRECT DEBT SUMMARY (1)
As of June 30, 2021, Including Subsequent Issues**

General Obligation Bonds:

Outstanding:		
School (2)	\$ 229,495,810	
General (3)	51,100,520	
Water (4)	11,824,500	
Sewer (5)	6,984,500	
MWRA (6)	19,316,600	
MCWT (7)	20,000	
CPA (8)	<u>14,083,000</u>	
Total Long-Term Debt		\$ 332,824,930

This Issue of Bonds to be Dated February 10, 2022 16,645,000

Temporary Loans:

Outstanding Bond Anticipation Notes (9)	5,308,500
To be retired with Bond Proceeds	<u>(5,308,500)</u>

Total Short-Term Debt Outstanding After This Issue -

Total Direct Debt \$ 332,824,930

- (1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability.
(2) \$54,729,330 is outside the City's debt limit and \$47,226,000 is exempt from the limits of Prop 2 ½.
(3) \$600,000 is outside the City's debt limit.
(4) \$11,792,000 is outside the City's debt limit. Debt service for this purpose is fully supported from water rates.
(5) \$285,000 is outside the City's debt limit
(6) \$12,995,300 is outside the City's debt limit. Debt service for this purpose is fully supported from water and sewer rates.
(7) Does not reflect subsidy from Massachusetts Clean Water Trust. Subject to the City's debt limit. Debt service for this purpose is fully supported from water and sewer rates.
(8) Subject to the City's debt limit.
(9) Payable February 25, 2022.

Debt Ratios

The table below sets forth the percentage of debt to assessed valuation and per capita debt at the end of the following fiscal years. The table considers the principal amount of general obligation bonds of the City only. The table does not deduct anticipated state grant payments applicable to the principal amount of outstanding or debt that may be supported in whole, or part, by non-tax revenues. (See "Direct Debt Summary".)

Fiscal Year End	General Obligation Bonds Outstanding	Population (2010 Federal Census)	Equalized Valuation (1)	Per Capita Debt	Debt as a % of Equalized Valuation
2021	\$ 332,824,930	85,145	\$ 34,257,156,100	\$ 3,909	0.97 %
2020	343,968,643	85,145	30,006,442,400	4,040	1.15
2019	325,475,535	85,145	30,006,442,400	3,823	1.08
2018	325,802,508	85,145	26,237,044,400	3,826	1.24
2017	317,764,860	85,145	26,237,044,400	3,732	1.21

- (1) The 2020 state equalized valuation is used for fiscal year 2021; the 2016 state equalized valuation is used for fiscal years 2017 and 2018.

Principal Payments by Purpose

The following table sets forth the principal payments as of June 30, 2021 by purpose on outstanding general obligation bonds of the City. As indicated in the table, of the total \$332,824,930 bonds outstanding, \$93,286,895 or approximately 28% of the total outstanding are to be retired by the end of fiscal 2026 and \$171,403,880 or approximately 51.5% of the total outstanding are to be retired by the end of fiscal 2031.

**CITY OF NEWTON
GENERAL OBLIGATION BONDS
Principal Payments by Purpose (1)
As of June 30, 2021, Including Subsequent Issues**

Fiscal Year	School (2)	General (3)	Water (4)	Sewer (5)	MWRA (6)	MCWT (7)	CPA (8)	Total
2022	\$ 10,309,057	\$ 4,325,610	\$ 675,000	\$ 557,000	\$ 2,494,580	\$ 10,000	\$ 275,000	\$ 18,646,247
2023	10,552,707	4,186,960	680,000	557,000	2,702,950	10,000	290,000	18,979,617
2024	10,822,877	4,101,790	690,000	557,000	2,566,930	-	305,000	19,043,597
2025	10,913,377	3,876,290	700,000	557,000	2,430,910	-	320,000	18,797,577
2026	10,340,377	3,679,290	705,000	557,000	2,203,190	-	335,000	17,819,857
2027	10,060,377	3,294,290	715,000	547,000	1,975,470	-	355,000	16,947,137
2028	9,870,377	3,139,290	717,500	539,500	1,439,450	-	370,000	16,076,117
2029	9,428,667	2,841,000	730,000	537,000	1,303,430	-	390,000	15,230,097
2030	9,424,667	2,841,000	735,000	526,000	1,052,910	-	410,000	14,989,577
2031	9,701,667	2,695,000	745,000	505,000	802,390	-	425,000	14,874,057
2032	9,861,666	2,570,000	755,000	505,000	344,390	-	445,000	14,481,056
2033	10,166,666	2,615,000	762,000	395,000	-	-	463,000	14,401,666
2034	10,421,666	2,485,000	635,000	185,000	-	-	475,000	14,201,666
2035	10,706,666	2,465,000	260,000	115,000	-	-	490,000	14,036,666
2036	10,811,666	1,370,000	270,000	115,000	-	-	500,000	13,066,666
2037	11,126,666	1,135,000	280,000	115,000	-	-	510,000	13,166,666
2038	11,461,666	410,000	285,000	115,000	-	-	520,000	12,791,666
2039	10,046,666	335,000	290,000	-	-	-	530,000	11,201,666
2040	6,011,666	335,000	300,000	-	-	-	540,000	7,186,666
2041	5,821,666	340,000	115,000	-	-	-	550,000	6,826,666
2042	5,630,000	350,000	120,000	-	-	-	565,000	6,665,000
2043	5,815,000	365,000	125,000	-	-	-	575,000	6,880,000
2044	6,005,000	375,000	130,000	-	-	-	590,000	7,100,000
2045	5,250,000	390,000	130,000	-	-	-	605,000	6,375,000
2046	4,545,000	400,000	135,000	-	-	-	620,000	5,700,000
2047	2,425,000	180,000	140,000	-	-	-	635,000	3,380,000
2048	1,425,000	-	-	-	-	-	650,000	2,075,000
2049	350,000	-	-	-	-	-	665,000	1,015,000
2050	190,000	-	-	-	-	-	680,000	870,000
Total	\$ 229,495,810	\$ 51,100,520	\$ 11,824,500	\$ 6,984,500	\$ 19,316,600	\$ 20,000	\$ 14,083,000	\$ 332,824,930

- (1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability.
- (2) \$54,729,330 is outside the City's debt limit and \$47,226,000 is exempt from the limits of Prop 2 ½.
- (3) \$600,000 is outside the City's debt limit.
- (4) \$11,792,000 is outside the City's debt limit. Debt service for this purpose is fully supported from water rates.
- (5) \$285,000 is outside the City's debt limit
- (6) \$12,995,300 is outside the City's debt limit. Debt service for this purpose is fully supported from water and sewer rates.
- (7) Does not reflect subsidy from Massachusetts Clean Water Trust. Subject to the City's debt limit. Debt service for this purpose is fully supported from water and sewer rates.
- (8) Subject to the City's debt limit.

Debt Service Requirements

The following table sets forth the required principal and interest payments on outstanding general obligation bonds of the City as of June 30, 2021, including subsequent issues.

CITY OF NEWTON – GENERAL OBLIGATION BONDS Debt Service Requirements As of June 30, 2021, Including Subsequent Issues

Fiscal Year	Outstanding		MCWT Subsidy	Net Debt Service
	Principal	Interest		
2022	\$ 18,646,247	\$ 11,159,742	\$ (2,610)	\$ 29,803,379
2023	18,979,617	10,467,383	(2,323)	29,444,678
2024	19,043,597	9,792,800	-	28,836,397
2025	18,797,577	9,080,292	-	27,877,869
2026	17,819,857	8,448,071	-	26,267,928
2027	16,947,137	7,806,513	-	24,753,650
2028	16,076,117	7,196,054	-	23,272,171
2029	15,230,097	6,598,521	-	21,828,618
2030	14,989,577	6,037,319	-	21,026,896
2031	14,874,057	5,536,448	-	20,410,505
2032	14,481,056	5,060,846	-	19,541,902
2033	14,401,666	4,563,713	-	18,965,379
2034	14,201,666	4,104,523	-	18,306,189
2035	14,036,666	3,659,565	-	17,696,231
2036	13,066,666	3,240,281	-	16,306,947
2037	13,166,666	2,838,592	-	16,005,258
2038	12,791,666	2,437,246	-	15,228,912
2039	11,201,666	2,052,519	-	13,254,185
2040	7,186,666	1,703,785	-	8,890,451
2041	6,826,666	1,479,393	-	8,306,059
2042	6,665,000	1,257,594	-	7,922,594
2043	6,880,000	1,034,706	-	7,914,706
2044	7,100,000	806,869	-	7,906,869
2045	6,375,000	571,394	-	6,946,394
2046	5,700,000	379,419	-	6,079,419
2047	3,380,000	196,806	-	3,576,806
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
	<u>\$ 332,824,930</u>	<u>\$ 117,667,342</u>	<u>\$ (4,933)</u>	<u>\$ 450,487,339</u>

Authorized Unissued Debt and Prospective Financing

Following this issue, the City will have approximately \$26.164 million outstanding in authorized but unissued debt for various municipal capital purposes. The City's prospective financing includes school construction projects for which the City expects state grant assistance of approximately 40%, the local share of which will be funded in part by an override of the tax levy.

Overlapping Debt

The City is a member of the Massachusetts Water Resources Authority and the Massachusetts Bay Transportation Authority. The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue, of the Massachusetts Water Resources Authority and the Massachusetts Bay Transportation Authority and the City's gross share of such debt and the fiscal 2022 dollar assessment for each.

Overlapping Entity	Outstanding Debt as of 6/30/21	Newton's Estimated Share(1)	Fiscal 2022 Dollar Assessment(2)
Massachusetts Water Resources Authority (3)			
Water	\$ 1,960,227,000	4.945 %	\$ 8,012,870
Sewer	3,153,683,000	4.136	13,640,477
Massachusetts Bay Transportation Authority (4)	5,349,356,000	3.351	6,007,263

(1) Estimated share based on debt service only.

(2) Estimated dollar assessment based upon total net operating expenses, inclusive (where applicable) of debt service.

(3) SOURCE: The Massachusetts Water Resources Authority (the "MWRA") provides wholesale drinking water services in whole or in part to 48 cities, towns and special purpose entities and provides wastewater collection and treatment services to 43 cities, towns and special purpose entities. Under its enabling legislation, as amended, the aggregate principal amount of all bonds issued by the MWRA for its corporate purposes may not exceed \$6.1 billion outstanding at any time. Its obligations are secured by revenues of the MWRA. The MWRA assesses member cities, towns and special purpose entities, which continue to provide direct retail water and sewer services to users. The cities, towns and other entities collect fees from the users to pay all or part of the assessments; some municipalities levy property taxes to pay part of the amounts assessed upon them.

(4) Source: The Massachusetts Bay Transportation Authority (the "MBTA") was created in 1964 to finance and operate mass transportation facilities within the greater Boston metropolitan area. Under its enabling act, the MBTA is authorized to issue bonds for capital purposes, other than refunding bonds, and for certain specified purposes to an outstanding amount, which does not exceed the aggregate principal amount of \$3,556,300,000. In addition, pursuant to certain of the Commonwealth's transportation bond bills, the MBTA is authorized to issue additional bonds for particular capital projects. The MBTA also is authorized to issue bonds for the purpose of refunding bonds. Under the MBTA's enabling act debt service, as well as other operating expenses of the MBTA, are to be financed by a dedicated revenue stream consisting of the amounts assessed on the cities and towns of the MBTA and a dedicated portion of the statewide sales tax. The amount assessed to each city and town is based on its weighted percentage of the total population as provided in the enabling act. The aggregate amount of such assessments is generally not permitted to increase by more than 2.5 percent per year. (See "Tax Limitations" under "PROPERTY TAX" above.)

Contractual Obligations

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interests, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

The City has a limited number of contractual obligations (all of which are subject to annual appropriation by the City Council). The City's main contractual obligation is with Wheelabrator Millbury for disposal of solid waste. This is a 20 year contract which expires June 30, 2028. The City expended a total of \$1,304,186 in fiscal year 2021 for this contract. The City also has a contractual obligation with Waste Management Inc. which expires on June 30, 2025. The City expended a total of \$67,541,909 in fiscal year 2021 for this contract.

The City of Newton entered into four solar PPAs (Purchase Power Agreements) for solar projects at fifteen locations between FY 2010 and FY 2020 where projects came on-line by or before FY 2020 and monthly payments are being made to solar project developers.

These are as follows:

1. Phase 1 Solar consists of four projects originally through Ameresco but now owned by PelleVerde Capital. The term of this PPA is through 4/14/2034. In FY 2020 payments of \$89,316 were made to PelleVerde. The City received \$158,974 in Net Metering Credits from Eversource for a net gain of \$69,658.
2. Phase 2 Solar consists of seven projects through Ameresco. The term of this PPA is through 1/25/2037. In FY 2020 payments of \$217,036 were made to Ameresco. The City received \$343,345 in Net Metering Credits from Eversource for a net gain of \$126,309.
3. Phase 2 Solar, Rumford Landfill is a separate PPA with Ameresco for a landfill solar farm on the City's former landfill. The term of this PPA is through 7/13/2037. In FY 2020 payments of \$343,725 were made to Ameresco. The City received \$727,677 in Net Metering Credits from Eversource for a gain of \$383,952.
4. Phase 3 Solar. The City entered into a contract with Ameresco for three additional sites one of which came on-line in June 2020. The term of this PPA is through July 15, 2040. The total invoice for June 2020 was \$1,578. The other two sites came on in July 2020.

Additionally, the City leases 34 vehicles from Enterprise. The City's contract does not expire, it sets terms for leases that the city may enter into and terminate at its discretion. All leases are for 5-year terms, and the oldest leases are less than two years old.

RETIREMENT PLAN

Teachers, certain administrative personnel and other professional employees of the City's school department participate individually in a contributory retirement plan administered by the Massachusetts Teachers' Retirement Board. The City does not contribute to this plan. Of the City's 1,917 full-time employees in the school department, 1,347.16 FTE's participate in the State Retirement System. Substantially all of the other City employees participate in the City of Newton Retirement system (the System). The City began funding the System in 1984 on an actuarial basis, as required by generally accepted accounting principles. This funding includes the amortization of prior service cost over a 40-year period. The active City employees contribute at rates ranging from 5% to 10% (depending on their date of employment) of their regular compensation, as defined. The City also contributes the amount necessary to fund the System's administrative expenses.

Certain retired employees of the City were exempted from membership in the System. The City pays retirement benefits to these employees from the general appropriation funds of the City. These employees are not included in the actuarial valuation provided by the actuary, and there is no available estimate of their related actuarial liability.

Massachusetts Contributory Retirement System benefits are uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching age 55 with 10 years of service. Normal retirement for most employees occurs at age 65. (For certain hazardous duty and public safety positions, normal retirement is at age 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest that they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension.

The amount shown below as the pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the System on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the System.

The total unfunded pension benefit obligation applicable to the City's employees was \$312,412,115 at January 1, 2021, computed as follows:

Actuarial accrued liability	\$732,808,115
Actuarial value of assets available for pension benefits	<u>420,396,000</u>
Unfunded actuarial accrued liability	<u>\$312,412,115</u>

Effective July 1, 2007, the City transferred all system assets, except those in real estate limited partnerships, to the Commonwealth of Massachusetts Pension Reserve Investment Trust Core Fund.

The City has a policy of updating the actuarial valuation of plan assets and liabilities annually. The following table depicts the progress towards fully funding the System by 2030. The statutory deadline for actuarial funding is currently 2040.

The schedule below shows the amortizations of the City's unfunded pension liability.

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Unfunded Liability	(4) Actuarially Determined Contribution (ADC): (2) + (3)	(5) Total Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(6) Percent Increase in ADC Over Prior Year
2022	\$5,048,341	\$32,221,026	\$37,269,367	\$323,538,910	--
2023	5,211,460	35,635,766	40,847,226	312,639,405	9.60%
2024	5,379,769	39,388,790	44,768,559	297,308,676	9.60%
2025	5,553,432	43,512,909	49,066,341	276,864,759	9.60%
2026	5,732,619	48,044,091	53,776,710	250,541,265	9.60%
2027	5,917,502	53,021,772	58,939,274	217,477,888	9.60%
2028	6,108,259	58,489,185	64,597,444	176,709,900	9.60%
2029	6,305,077	64,493,722	70,798,799	127,156,535	9.60%
2030	6,508,144	68,003,628	74,511,772	67,608,138	5.24%
2031	6,717,659	0	6,717,659	0	-90.98%

Notes:

Fiscal 2022 Actuarially Determined Contribution set equal to budgeted amount.

Actuarially Determined Contributions are assumed to be paid on August 1.

Item (2) reflects 2.75% growth in payroll, as well as a 0.15% adjustment to total normal cost to reflect the effects of mortality improvements due to the generational mortality assumption.

Projected normal cost does not reflect the future impact of pension reform for future hires.

Projected unfunded actuarial accrued liability does not reflect the recognition of deferred investment gains.

Source: January 1, 2021 Actuarial Valuation of the Newton Contributory Retirement System prepared by Segal Consulting.

The comparative statement of revenues, expenses and change in fund balance for the Newton Contributory Retirement System is shown below.

**CITY OF NEWTON, MASSACHUSETTS
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
BALANCE (1) CONTRIBUTORY RETIREMENT SYSTEM AS OF DECEMBER 31,**

	Year				
	2016	2017	2018	2019	2020
REVENUES:					
Retirement Contributions:					
Employer	\$ 23,868,109	\$ 26,147,974	\$ 28,628,398	\$ 31,793,326	\$ 32,515,631
Employee	9,282,992	9,457,254	10,065,686	10,280,894	11,032,393
Commonwealth	481,002	428,103	387,452	366,269	309,843
Interest/Dividends	8,329,264	8,969,843	9,605,518	9,849,752	8,706,146
Unrealized Gain	6,234,294	28,587,219	(30,872,181)	27,267,525	22,826,392
Less Investment Expense	7,964,755	14,468,982	15,672,787	17,641,454	15,855,546
Transfers	1,585,226	1,510,496	2,540,214	2,457,188	2,237,103
TOTAL REVENUES	57,745,642	89,569,871	36,027,874	99,656,408	93,483,054
EXPENSES:					
Retirement Benefits	37,311,184	38,588,556	40,064,024	41,343,643	43,485,521
Refunds, Transfers, Disbursements	2,638,307	3,686,518	3,183,170	3,254,375	2,762,030
Other	1,537,084	1,670,861	1,791,604	1,825,016	1,840,093
Administrative	320,246	314,916	325,391	399,934	410,977
TOTAL EXPENDITURES	41,806,821	44,260,851	45,364,189	46,822,968	48,498,621
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	15,938,821	45,309,021	(9,336,315)	52,833,440	44,984,433
BEGINNING FUND BALANCE	289,931,569	305,870,390	351,179,411	341,843,096	394,676,536
ENDING FUND BALANCE	\$ 305,870,390	\$ 351,179,411	\$ 341,843,096	\$ 394,676,536	\$ 439,660,969

(1) From the Comptroller, City of Newton. Represents statutory filing with the Commonwealth of Massachusetts Public Employee Retirement Administration Commission. Does not include adjustment in fair market valuation of certain real estate limited partnership investments for which year-end fair market value adjustments are not reported until March 31st for the years prior to 2012.

See Appendix A for additional information on the retirement system.

Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities and towns is generally provided on a pay-as-you-go basis. The Governmental Accounting Standards Board ("GASB") Statement Nos. 43 and 45, require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These new accounting standards do not require pre-funding the payment of these costs as the liability for such costs accrues, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if the cost of such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The pay-as-you-go cost to the City for such benefits in recent years has been as follows:

Fiscal Year		Benefit Costs
2022	(budgeted)	\$26,868,166
2021		25,664,823
2020		24,103,703
2019		23,631,538
2018		22,211,248
2017		19,240,061

The City's most recent disclosure of Net OPEB liability as of June 30, 2021 has been prepared by Newton's actuarial firm in order to comply with GASB Statement No. 75 and No. 74. GASB permits a measurement date as early as the end of the fiscal year prior to the reporting date; the June 30, 2021 report uses a measurement date of June 30, 2021 and is based upon the results of the actuarial valuation dated June 30, 2019. The City's Net OPEB Liability as of June 30, 2021 is \$898.5 million, \$28.9 million more than June 30, 2020. The discount rate used to determine the Net OPEB Liability as of June 30, 2021 and June 30, 2020 were 2.16% and 2.21%, respectively.

The City established a formal OPEB trust pursuant to Massachusetts municipal finance law. The trend in contributions to the OPEB Trust is set forth in the table below. As of June 30, 2021, the balance in the fund was \$22,888,853.

Fiscal Year		OPEB Trust Annual Contributions
2022	(budgeted)	\$3,579,150
2021		3,229,303
2020		2,956,591
2019		2,551,920
2018		2,059,146
2017		2,408,964

A complete copy of all annual actuarial valuations of plan liabilities is currently posted on the Comptroller's page of the City web site, www.newtonma.gov.

EMPLOYEE RELATIONS

For the period ending December 31, 2021 the City employed approximately 4,030 full time employees of whom 3,013 were employed by the Newton Public Schools, 250 by the police department, 194 by the fire department, 157 by the Public Works Department (including water and sewer utilities) and the balance in various other departments of the City. City employees, other than those with managerial and confidential responsibilities are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment. Approximately 2,742 full time employees are represented by seventeen unions, ten of which are municipal and seven of which are school.

Listed below are the expiration date of each bargaining unit:

<u>Bargaining Unit</u>	<u>Contract Expiration Date (1)</u>
Newton Police Superior Officers	June 30, 2018
Newton Police Association	June 30, 2021
AFSCME 2913 Parking Control/Traffic	June 30, 2018
Teamsters Local 25	June 30, 2024
IAFF, Local 863 Firefighters	June 30, 2023
AFSCME 3092 City Hall Associates	June 30, 2024
AFSCME 3092B Inspectors	June 30, 2024
AFSCME 1703 Engineers	June 30, 2019
AFSCME 2443 Foremen	June 30, 2019
Municipal School Nurses Association	June 30, 2023
Newton Teachers Association (5 units)	August 31, 2023
Newton Educational Secretarial Assoc.	August 31, 2023
Newton School Custodians	June 30, 2023

(1) Expired contracts are currently in negotiations.

LITIGATION

At present there are numerous cases pending in various courts and administrative agencies throughout the Commonwealth where the City is a defendant. In the opinion of the City, there is no litigation either pending or threatened, which is likely to result either individually or in the aggregate in a final judgment against the City which would materially affect its financial position.

CITY OF NEWTON, MASSACHUSETTS
/s/ M. Ronald Mendes, Treasurer/Collector

January 25, 2022

City of Newton, Massachusetts

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020



City of Newton, Massachusetts

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020



Prepared by the Comptroller's Office

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

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CITY OF NEWTON, MASSACHUSETTS
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INTRODUCTORY SECTION



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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

January 28, 2021

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

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

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

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

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

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

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

History and Profile

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

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

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

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

Organizational Structure

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

Services

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

Reporting Entity

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

Financial Management

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

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

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

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

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

Financial Planning

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

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

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

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

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

Accounting System and Budgetary Control

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

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

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

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

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

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

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

Cash Management

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

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

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

Risk Management

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

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

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

Audit Committee

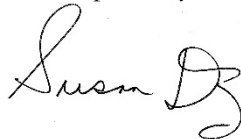
In order to strengthen the City's internal controls and financial reporting, the City Council established a permanent audit committee, consisting of both representatives of the City Council and Newton residents with financial management and audit education and experience. The Committee held a number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

Awards and Acknowledgments

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

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

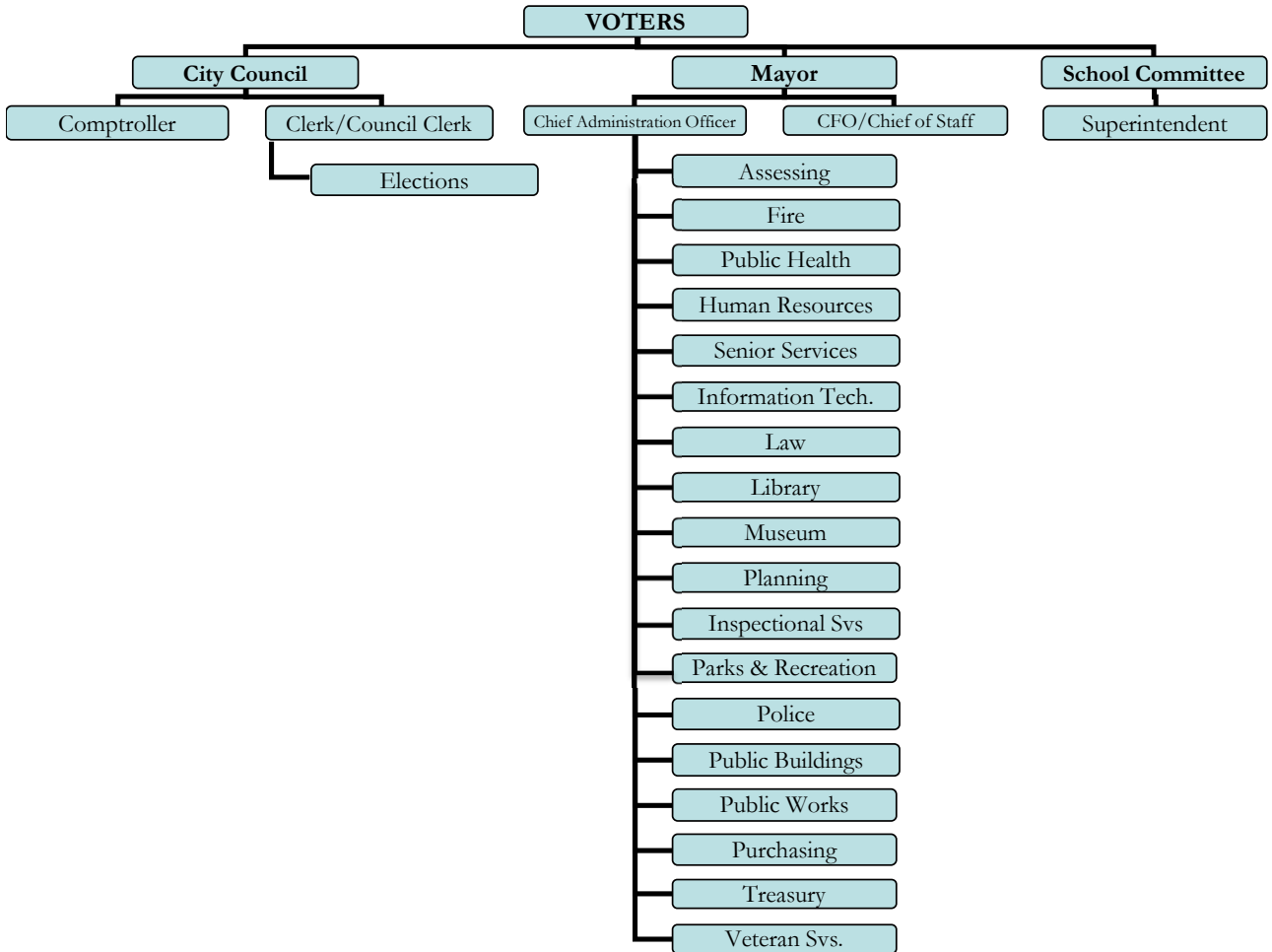
Respectfully,

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

Susan Dzikowski
Comptroller, City of Newton

CITY OF NEWTON, MASSACHUSETTS

ORGANIZATIONAL CHART



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

CITY COUNCIL

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

SCHOOL COMMITTEE

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

EXECUTIVE

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

DEPARTMENT HEADS

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

CONTRIBUTORY RETIREMENT BOARD

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

FINANCIAL SECTION



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Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

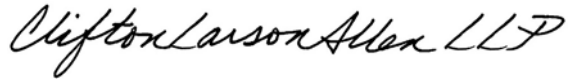
The combining and individual fund financial statements and schedules and additional information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected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

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

Honorable City Council and Mayor
City of Newton, Massachusetts

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2021 on our consideration of the City of Newton, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of the City's internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Newton, Massachusetts' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

Boston, Massachusetts
January 28, 2021



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Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights:

- Total liabilities and deferred inflows of City resources exceeded total assets and deferred outflows of resources as of the close of the most recent fiscal year by \$494 million – a decrease of \$72.8 million or 17.3% from June 30, 2019. The negative (\$494) million net position for June 30, 2020 consisted of (\$633.3) in negative net position in governmental activities and a positive \$139.6 million in the City's business type activities.
- Unrestricted governmental net position decreased by \$91.6 million to (\$977.5) million at June 30, 2020. The decline in unrestricted governmental activities net position resulted primarily from the net changes in the net pension and net OPEB liabilities and related deferred outflows and inflows.
- The total cost of all City services (primary government) for fiscal year 2020 was \$669.5 million, \$617.1 million (92%) of which was for governmental services, and \$52.4 million (8%) of which was for business type services. The total cost of City services increased by \$110.4 million or 19.7% from the previous fiscal year.
- A total of \$136.4 million or 22.1% of governmental services were financed from program revenue, leaving 77.9% to be financed from general revenues and inter-fund transfers. Real estate and personal property tax revenue continues to represent the single largest source of general revenue, accounting for 67.5% of 2020 governmental services funding.
- At June 30, 2020, the City's governmental funds reported a combined fund balance of \$133.9 million. The combined governmental funds fund balance increased by \$14.1 million (11.8%) from the prior year's ending fund balance.
- The City's general fund reported total fund balance of \$73 million at the end of fiscal year 2020, a \$2 million (2.8%) increase from the total fund balance at June 30 of the prior fiscal year. The unassigned portion of the fund balance increased by \$0.9 million to \$48.4 million or 9.9% of total general fund revenues and other financing sources. The unassigned fund balance includes \$22.0 million that the City has set aside as a "Rainy Day Stabilization" fund and \$7.4 million in "Free Cash" that has been certified as being available for appropriation by the Massachusetts Department of Revenue.

Overview of the Financial Statements:

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

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

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

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

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

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

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

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

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

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

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

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

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

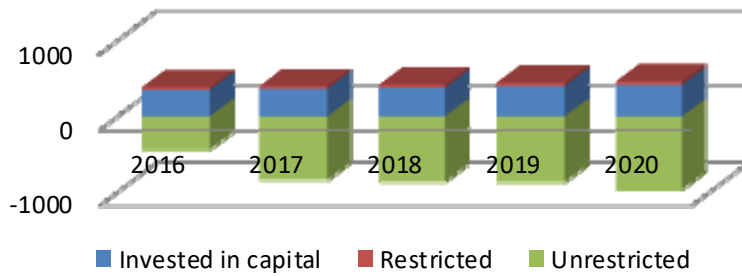
Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's progress in funding its obligation to provide pension and post-employment benefits to its employees. Such information is located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

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

Government-wide Financial Analysis:

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

Net Position Trends for Primary Government - Last Five Years



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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019
Assets						
Current assets.....	\$ 232,942,591	\$ 205,055,606	\$ 83,025,866	\$ 86,565,161	\$ 315,968,457	\$ 291,620,767
Noncurrent assets (excluding capital assets).....	5,521,299	5,947,867	487,811	197,809	6,009,110	6,145,676
Capital assets (net).....	605,413,390	584,478,711	125,638,501	120,689,275	731,051,891	705,167,986
Total assets.....	843,877,280	795,482,184	209,152,178	207,452,245	1,053,029,458	1,002,934,429
Deferred Outflows of Resources	127,819,694	43,308,808	3,144,877	1,221,063	130,964,571	44,529,871
Liabilities						
Current liabilities (excluding debt).....	53,000,949	46,757,010	3,506,912	12,454,237	56,507,861	59,211,247
Noncurrent liabilities (excluding debt).....	1,158,382,590	951,204,931	30,474,266	25,941,007	1,188,856,856	977,145,938
Current debt.....	16,226,395	15,252,311	4,384,442	4,936,921	20,610,837	20,189,232
Noncurrent debt.....	308,666,842	289,634,652	32,584,200	31,309,937	341,251,042	320,944,589
Total liabilities.....	1,536,276,776	1,302,848,904	70,949,820	74,642,102	1,607,226,596	1,377,491,006
Deferred Inflows of Resources	68,732,573	88,782,126	1,787,633	2,174,333	70,520,206	90,956,459
Net Position						
Net investment in capital assets.....	299,446,858	289,288,369	117,784,284	111,179,650	417,231,142	400,468,019
Restricted.....	44,698,129	43,753,181	-	-	44,698,129	43,753,181
Unrestricted.....	(977,457,362)	(885,881,588)	21,775,318	20,677,223	(955,682,044)	(865,204,365)
Total net position.....	\$ (633,312,375)	\$ (552,840,038)	\$ 139,559,602	\$ 131,856,873	\$ (493,752,773)	\$ (420,983,165)

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

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

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

An additional portion of the City's net position, \$44.7 million, represents resources that are subject to restrictions placed on how they may be used by parties external to the City. A total of \$23.1 million (51.7%) 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.

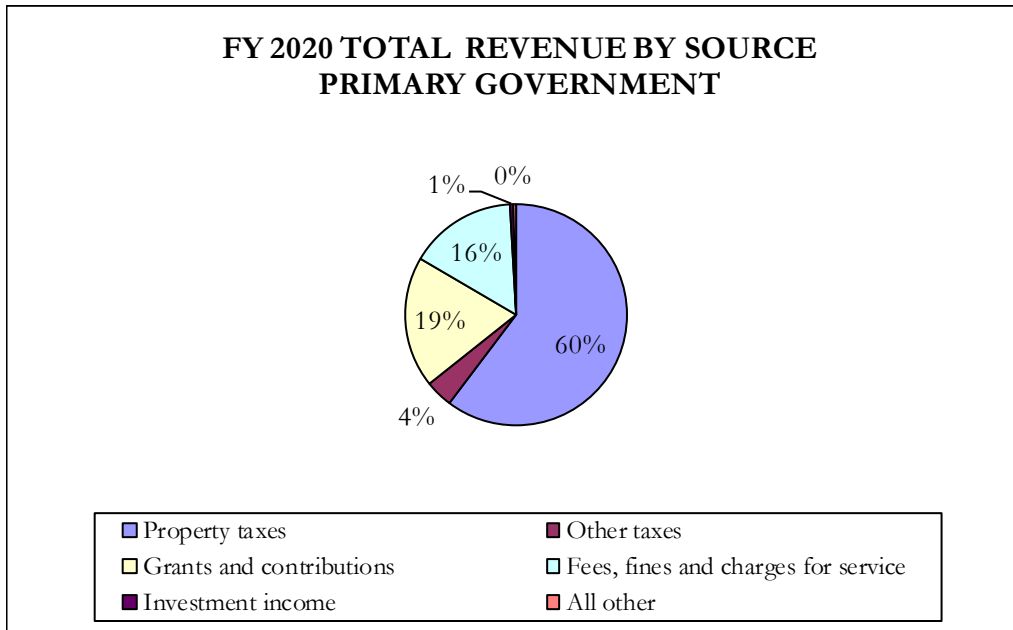
Changes in net position:

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

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

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

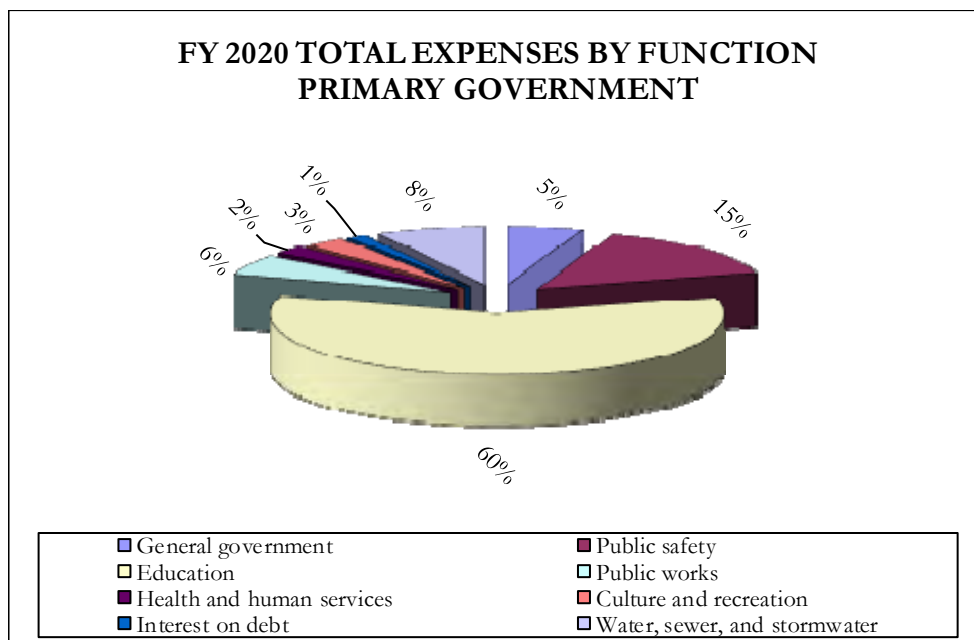


Total expenses increased by \$110.3 million or 19.7% during the year.

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

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

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



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

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

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

Financial Analysis of Governmental Funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

General Fund Budgetary Highlights:

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

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

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

Capital Assets and Debt Administration

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

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

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

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

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

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

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

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

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

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

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

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

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

Economic Factors and Next Year’s Budget and Rates

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

Request for Information

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



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Basic Financial Statements

CITY OF NEWTON
STATEMENT OF NET POSITION
JUNE 30, 2020

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

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

JUNE 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Noncurrent Liabilities:				
Bonds Payable.....	308,666,842	32,584,200	341,251,042	-
Landfill Closure and Other Environmental Liabilities.....	394,952	-	394,952	-
Compensated Absences.....	5,474,036	383,045	5,857,081	-
Net Pension Liability.....	296,245,024	9,469,671	305,714,695	-
Net OPEB Liability.....	848,996,757	20,621,550	869,618,307	-
Workers' Compensation Claims.....	7,271,821	-	7,271,821	-
	<u>1,467,049,432</u>	<u>63,058,466</u>	<u>1,530,107,898</u>	-
Total Noncurrent Liabilities.....				-
Total Liabilities.....	<u>1,536,276,776</u>	<u>70,949,820</u>	<u>1,607,226,596</u>	<u>61,157</u>
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB.....	53,338,968	1,295,567	54,634,535	
Related to Pension.....	15,393,605	492,066	15,885,671	-
	<u>68,732,573</u>	<u>1,787,633</u>	<u>70,520,206</u>	-
Total Deferred Inflows of Resources.....				-
NET POSITION				
Net Investment in Capital Assets.....	299,446,858	117,784,284	417,231,142	1,839,701
Restricted for:				
Community preservation activities.....	23,126,336	-	23,126,336	-
Education activities.....	7,310,805	-	7,310,805	-
Receipts reserved.....	1,673,153	-	1,673,153	-
Community development block grant.....	21,362	-	21,362	-
Municipal federal grants.....	361,427	-	361,427	-
Municipal state grants.....	1,077,147	-	1,077,147	-
Permanent Funds:				
Expendable.....	1,944,126	-	1,944,126	-
Nonexpendable.....	366,932	-	366,932	-
Other Specific Purposes.....	8,816,841	-	8,816,841	-
Unrestricted.....	<u>(977,457,362)</u>	<u>21,775,318</u>	<u>(955,682,044)</u>	<u>5,353,890</u>
Total Net Position.....	<u>\$ (633,312,375)</u>	<u>\$ 139,559,602</u>	<u>\$ (493,752,773)</u>	<u>\$ 7,193,591</u>

See notes to basic financial statements.

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

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

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

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

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

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

See notes to basic financial statements.

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

JUNE 30, 2020

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

See notes to basic financial statements.

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

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

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

See notes to basic financial statements.

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

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

See notes to basic financial statements.

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

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

See notes to basic financial statements.

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

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Nonmajor Stormwater	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users.....	\$ 32,831,606	\$ 25,107,101	\$ 3,876,097	\$ 61,814,804	\$ 13,615,953
Receipts from Interfund Services Provided.....	-	-	-	-	55,329,460
Payments to Vendors/Providers.....	(29,735,620)	(19,011,367)	(359,156)	(49,106,143)	(66,014,575)
Payments to Employees.....	(1,898,088)	(1,878,843)	(909,611)	(4,686,542)	-
Net Cash Provided by Operating Activities.....	<u>1,197,898</u>	<u>4,216,891</u>	<u>2,607,330</u>	<u>8,022,119</u>	<u>2,930,838</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In.....	729,613	-	-	729,613	-
Transfers Out.....	(1,858,464)	(2,275,514)	(692,940)	(4,826,918)	-
Net Cash Provided by Noncapital Financing Activities.....	<u>(1,128,851)</u>	<u>(2,275,514)</u>	<u>(692,940)</u>	<u>(4,097,305)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the Issuance of Bonds and Notes.....	1,145,000	4,257,200	-	5,402,200	-
Premium from the Issuance of Bonds and Notes.....	-	303,000	-	303,000	-
Intergovernmental Revenues.....	3,435,002	-	-	3,435,002	-
Acquisition and Construction of Capital Assets.....	(4,453,965)	(3,361,647)	(1,294,771)	(9,110,383)	-
Principal Payments on Bonds and Notes.....	(1,846,460)	(2,785,964)	(258,000)	(4,890,424)	-
Interest Expense.....	(165,553)	(405,331)	(182,061)	(752,945)	-
Gain from Disposal of Capital Assets.....	-	27,856	-	27,856	-
Net Cash Used by Capital and Related Financing Activities.....	<u>(1,885,976)</u>	<u>(1,964,886)</u>	<u>(1,734,832)</u>	<u>(5,585,694)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase and sales of Investments, net.....	-	-	-	-	(569,934)
Investment Income.....	133,965	80,921	-	214,886	747,728
Net Cash Provided by Investing Activities.....	<u>133,965</u>	<u>80,921</u>	<u>-</u>	<u>214,886</u>	<u>177,794</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(1,682,964)	57,412	179,558	(1,445,994)	3,108,632
Cash and Cash Equivalents - Beginning of Year (Includes \$15,178,737, \$9,887,447, \$1,671,049, and \$21,678,335 Reported as Restricted in the Sewer, Water, and Stormwater Enterprise Funds and Internal Service Funds Respectively).....	<u>37,099,380</u>	<u>27,803,547</u>	<u>4,037,112</u>	<u>68,940,039</u>	<u>21,678,335</u>
CASH AND CASH EQUIVALENTS AT END 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).....	<u>\$ 35,416,416</u>	<u>\$ 27,860,959</u>	<u>\$ 4,216,670</u>	<u>\$ 67,494,045</u>	<u>\$ 24,786,967</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating Income (Loss).....	\$ 3,009,858	\$ 3,628,140	\$ 2,180,508	\$ 8,818,506	\$ 4,340,812
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Changes in Assets and Liabilities not Requiring Current Cash Flows:					
Depreciation.....	1,851,078	2,162,581	119,642	4,133,301	-
Net Pension Liability.....	(780,120)	(414,341)	(104,209)	(1,298,670)	-
Deferred Outflows Related to Pension.....	201,399	237,641	48,121	487,161	-
Deferred Inflows Related to Pension.....	141,694	202,688	39,629	384,011	-
Net OPEB Liability.....	2,390,903	3,089,333	322,136	5,802,372	-
Deferred Outflows Related to OPEB.....	(1,058,778)	(1,290,974)	(61,223)	(2,410,975)	-
Deferred Inflows Related to OPEB.....	(364,637)	(415,612)	9,538	(770,711)	-
Effect of Changes in Operating Assets and Liabilities:					
Utility Liens.....	(79,939)	(68,889)	(8,931)	(157,759)	-
User Charges.....	748,250	787,248	83,385	1,618,883	-
Special Assessments.....	5,837	73,124	-	78,961	-
Intergovernmental.....	263,215	-	-	263,215	-
Working Capital Deposit.....	-	-	-	-	(554)
Warrants Payable.....	(4,694,244)	(3,763,377)	93,408	(8,364,213)	(646,976)
Accrued Liabilities.....	(493,206)	51,894	(113,150)	(554,462)	(7,725)
Accrued Payroll.....	19,730	(1,166)	4,111	22,675	2,664
Other Liabilities.....	-	-	-	-	1,250,487
Liabilities payable from restricted assets.....	-	(63,016)	-	(63,016)	-
Accrued Health Claims Payable.....	-	-	-	-	(973,488)
Workers' Compensation Claims.....	-	-	-	-	(1,034,382)
Compensated Absences.....	36,858	1,617	(5,635)	32,840	-
Total Adjustments.....	<u>(1,811,960)</u>	<u>588,751</u>	<u>426,822</u>	<u>(796,387)</u>	<u>(1,409,974)</u>
Net Cash Provided by Operating Activities.....	<u>\$ 1,197,898</u>	<u>\$ 4,216,891</u>	<u>\$ 2,607,330</u>	<u>\$ 8,022,119</u>	<u>\$ 2,930,838</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Intergovernmental Debt Subsidies (MCWT).....	\$ 390,646	\$ 251,096	\$ -	\$ 641,742	\$ -

See notes to basic financial statements.

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

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

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

See notes to basic financial statements.

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

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

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

See notes to basic financial statements.

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

JUNE 30, 2020

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

See notes to basic financial statements.

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

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

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Blended Component Unit

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

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

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

Discretely Presented Component Units

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

B. Basis of Presentation, Basis of Accounting

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

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

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

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

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

The City also reports the following enterprise funds:

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

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

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

The City also reports the following fund types:

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

Measurement Focus and Basis of Accounting

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

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

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

C. Implementation of New Accounting Principles

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

D. Assets, Liabilities and Equity

Cash and Cash Equivalents and Investments

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

Restricted Cash and Cash Equivalents and Investments

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

Receivables

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

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

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

Capital Assets

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

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

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

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

Inter-fund Transactions

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

Deferred Outflows of Resources

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Deferred Inflows of Resources

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

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

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

Net Position and Fund Balances

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

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

Governmental Funds Statements (Fund Balances)

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

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

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

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

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

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

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

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

Long term debt

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

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

Investment Income

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Compensated Absences

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

Pensions

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

Post Retirement Benefits

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

Use of Estimates

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

Total Column

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Note 2 - Stewardship, Compliance, and Accountability

A. Budget Information

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

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

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

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

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

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

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

B. Deficit Net Position

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

C. Budget to GAAP Reconciliation

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Note 3 - Deposits and Investments

A. Summary of Deposit and Investment Balances

City (Excluding the Pension Trust Fund)

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

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

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

Investments for the City are reported at fair value.

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

Deposits - Custodial Credit Risk

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Investments Summary

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

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

Investments - Interest Rate Risk of Debt Securities

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Investments - Custodial Credit Risk

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

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

Investments - Credit Risk of Debt Securities

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Investments – Fair Value Measurements

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

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

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

Investments Measured at the NAV

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Pension Trust Fund (The System)

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

Deposits - Custodial Credit Risk

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

Investments Summary

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

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

Investments - Interest Rate Risk of Debt Securities

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

Investments - Custodial Credit Risk

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Investments - Credit Risk of Debt Securities

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

Investments – Fair Value Measurements – System

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

Note 4 - Receivables

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

	Gross	Allowance	Net
	Amount	for	Amount
	<u>Amount</u>	<u>Uncollectibles</u>	<u>Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 15,942,050	\$ (1,938,273)	\$ 14,003,777
Real estate tax deferrals.....	2,568,987	-	2,568,987
Tax liens.....	6,598,272	-	6,598,272
Motor vehicle and other excise taxes.....	3,140,105	(1,505,872)	1,634,233
Community preservation surcharges.....	100,682	-	100,682
Special assessments.....	351,067	-	351,067
Departmental and other.....	10,181,854	(6,580,581)	3,601,273
Intergovernmental.....	3,139,259	-	3,139,259
	<u>\$ 42,022,276</u>	<u>\$ (10,024,726)</u>	<u>\$ 31,997,550</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

	<u>Gross</u>	<u>Allowance</u>	<u>Net</u>
	<u>Amount</u>	<u>for</u>	<u>Amount</u>
		<u>Uncollectibles</u>	
Receivables:			
Charges for services.....	\$ 14,942,458	\$ (149,329)	\$ 14,793,129
Utility liens.....	688,267	-	688,267
Special assessments.....	387,659	-	387,659
Intergovernmental.....	<u>150,577</u>	<u>-</u>	<u>150,577</u>
	<u>\$ 16,168,961</u>	<u>\$ (149,329)</u>	<u>\$ 16,019,632</u>

Note 5 – Capital Assets

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

	July 1, 2019 Balance	Increases	Decreases	June 30, 2020 Balance
Sewer system				
Capital assets not being depreciated:				
Land.....	\$ 26,245	\$ -	\$ -	\$ 26,245
Construction in progress.....	1,835,181	714,311	(1,835,181)	714,311
Sub-total	<u>1,861,426</u>	<u>714,311</u>	<u>(1,835,181)</u>	<u>740,556</u>
Capital assets being depreciated:				
Buildings and improvements.....	1,887,602	-	-	1,887,602
Equipment and machinery.....	4,869,524	1,054,997	(22,000)	5,902,521
Sanitary sewer system.....	77,876,107	4,519,838	-	82,395,945
Sub-total.....	<u>84,633,233</u>	<u>5,574,835</u>	<u>(22,000)</u>	<u>90,186,068</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(980,016)	(40,123)	-	(1,020,139)
Equipment and machinery.....	(2,635,285)	(378,063)	22,000	(2,991,348)
Sanitary sewer system.....	(25,051,878)	(1,432,892)	-	(26,484,770)
Sub-total.....	<u>(28,667,179)</u>	<u>(1,851,078)</u>	<u>22,000</u>	<u>(30,496,257)</u>
Capital assets being depreciated, net.....	<u>55,966,054</u>	<u>3,723,757</u>	<u>-</u>	<u>59,689,811</u>
Sewer system capital assets, net.....	\$ <u>57,827,480</u>	\$ <u>4,438,068</u>	\$ <u>(1,835,181)</u>	\$ <u>60,430,367</u>
Stormwater system				
Capital assets not being depreciated:				
Construction in progress.....	\$ 2,639,583	\$ 13,963	\$ -	\$ 2,653,546
Capital assets being depreciated:				
Storm drainage system.....	4,445,942	1,280,808	-	5,726,750
Less: accumulated depreciation				
Storm drainage system.....	(1,735,846)	(119,642)	-	(1,855,488)
Capital assets being depreciated, net.....	<u>2,710,096</u>	<u>1,161,166</u>	<u>-</u>	<u>3,871,262</u>
Stormwater system capital assets, net.....	\$ <u>5,349,679</u>	\$ <u>1,175,129</u>	\$ <u>-</u>	\$ <u>6,524,808</u>

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Note 6 – Net Investment in Capital Assets

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

Governmental Activities

Capital assets, net of accumulated depreciation.....	\$	605,413,390
Less: total long-term debt outstanding.....		(324,893,237)
Add: deferred loss on advance refunding.....		88,681
Add: unspent BAN/bond proceeds.....		<u>18,838,024</u>
Net investment in capital assets.....	\$	<u><u>299,446,858</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.....	\$ 58,683,326	\$ 60,430,367	\$ 6,524,808	\$ 125,638,501
Less: total long-term debt outstanding.....	(24,097,637)	(8,449,459)	(4,421,546)	(36,968,642)
Add: unspent BAN/bond proceeds.....	<u>11,550,963</u>	<u>16,083,363</u>	<u>1,480,099</u>	<u>29,114,425</u>
Net investment in capital assets.....	\$ <u><u>46,136,652</u></u>	\$ <u><u>68,064,271</u></u>	\$ <u><u>3,583,361</u></u>	\$ <u><u>117,784,284</u></u>

Note 7 – Inter-fund Receivables, Payables and Transfers

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

Note 8 - Short-Term Debt

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Note 9 - Long-Term Obligations

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

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion
Governmental Activities:					
Bonds and notes payable.....	\$ 304,886,963	\$ 35,258,586	\$ (15,252,312)	\$ 324,893,237	\$ 16,226,395
Landfill closure and other environmental	486,061	-	(45,293)	440,768	45,816
Workers' compensation.....	9,340,585	(250,793)	(783,589)	8,306,203	1,034,382
Compensated absences.....	8,849,016	845,411	(180,165)	9,514,262	4,040,226
Total.....	\$ 323,562,625	\$ 35,853,204	\$ (16,261,359)	\$ 343,154,470	\$ 21,346,819
Business-type Activities:					
Bonds and notes payable.....	\$ 21,331,969	\$ 3,200,000	\$ (1,612,992)	\$ 22,918,977	\$ 1,762,997
Direct borrowings.....	14,914,889	2,505,200	(3,370,424)	14,049,665	2,621,445
Compensated absences.....	392,765	38,475	(5,635)	425,605	42,560
Total.....	\$ 36,639,623	\$ 5,743,675	\$ (4,989,051)	\$ 37,394,247	\$ 4,427,002

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

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

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, 2020

Note 10 - Long-Term Debt

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

Bonds Payable – Governmental Funds

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

(continued)

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Bonds Payable – Governmental Funds (Continued)

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

(continued)

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Bonds Payable – Governmental Funds (Continued)

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Bonds Payable – Water Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2019	Issued	Redeemed	Outstanding June 30, 2020
MWRA Water*	5/20/2010	0.00	\$ 222,440	\$ -	\$ (222,440)	\$ -
MWRA Water*	2/15/2011	0.00	386,729	-	(193,364)	193,365
Water Meters	4/14/2011	3.0-4.5	600,000	-	(300,000)	300,000
MWRA Water*	5/14/2012	0.00	408,060	-	(136,020)	272,040
MWRA Water*	8/20/2012	0.00	544,080	-	(136,020)	408,060
Water Mains	4/12/2013	2.0-4.0	1,888,980	-	(135,000)	1,753,980
Water Garage	4/12/2013	2.0-4.0	42,500	-	(5,000)	37,500
MWRA Water*	8/15/2013	0.00	681,120	-	(136,020)	545,100
MWRA Water*	11/17/2014	0.00	816,120	-	(136,020)	680,100
MWRA Water*	11/19/2015	0.00	952,140	-	(136,020)	816,120
MWRA Water*	11/19/2016	0.00	1,088,160	-	(136,020)	952,140
Water Main Improvements	1/25/2017	3.0-4.0	2,535,000	-	(50,000)	2,485,000
MWRA Lead*	5/15/2017	0.00	3,200,000	-	(400,000)	2,800,000
MWRA Water*	5/24/2018	0.00	1,224,180	-	(136,020)	1,088,160
Water Main	2/15/2019	3.0-5.0	2,412,000	-	(167,000)	2,245,000
Water Main	2/15/2019	3.0-5.0	3,305,000	-	(225,000)	3,080,000
MWRA Water*	12/24/2018	0.00	1,360,200	-	(136,020)	1,224,180
MWRA Water*	12/2/2019	0.00	-	1,360,200	-	1,360,200
Water Main Improvements	2/27/2020	0.00	-	2,897,000	-	2,897,000
Subtotal			\$ 21,666,709	\$ 4,257,200	\$ (2,785,964)	\$ 23,137,945
Unamortized Premium			712,981	303,000	(56,289)	959,692
Total Water			\$ <u>22,379,690</u>	\$ <u>4,560,200</u>	\$ <u>(2,842,253)</u>	\$ <u>24,097,637</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, 2020, the City was the recipient of \$1,360,200 in MWRA loans and \$3,435,000 in MWRA grants.

At June 30, 2020, the City had \$10,339,465 in MWRA water rehabilitation loans outstanding. Interest subsidies on these loans for the year ended June 30, 2020 totaled \$251,096.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

Fiscal Year Ending	Bonded Debt		Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 975,000	\$ 499,337	\$ 1,817,545	\$ -	\$ 2,792,545	\$ 499,337
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	\$ 12,798,480	\$ 4,488,377	\$ 10,339,465	\$ -	\$ 23,137,945	\$ 4,488,377

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Bonds Payable – Sewer Enterprise Fund

	Date of	Interest	Outstanding			Outstanding
	Issue	Rate (%)	July 1, 2019	Issued	Redeemed	June 30, 2020
MCWT Sewer*	10/06/1999	5.16%	\$ 420,000	\$ -	\$ (420,000)	\$ -
MCWT Sewer*	11/10/2000	5.20%	982,000	-	(486,000)	496,000
MCWT Sewer*	7/03/2002	-	40,000	-	(10,000)	30,000
Sewer system improvements	4/27/2010	2.0-4.0%	25,000	-	(25,000)	-
Sewer system improvements	4/3/2012	2.0-3.0%	1,470,000	-	(115,000)	1,355,000
Sewer I& I removal	4/12/2013	2.0-4.0%	2,945,000	-	(215,000)	2,730,000
Water Garage	4/12/2013	2.0-4.0%	42,500	-	(5,000)	37,500
MWRA Sewer*	8/18/2014	-	252,560	-	(252,560)	-
MWRA Sewer*	12/15/2014	-	550,200	-	(91,700)	458,500
Sewer vehicle	11/19/2015	-	340,000	-	(20,000)	320,000
MWRA Sewer*	1/20/2016	3.0 -5.0%	641,900	-	(91,700)	550,200
Sewer system improvements	12/12/2017	3.0 -5.0%	219,000	-	-	219,000
MWRA Sewer*	11/29/2018	-	1,145,000	-	(114,500)	1,030,500
MWRA Sewer*	8/19/2019	-	-	1,145,000	-	1,145,000
Subtotal			\$ 9,073,160	\$ 1,145,000	\$ (1,846,460)	\$ 8,371,700
Unamortized Premium			85,164	-	(7,405)	77,759
Total Sewer			\$ 9,158,324	\$ 1,145,000	\$ (1,853,865)	\$ 8,449,459

* 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, 2020, the City had \$3,184,200 in MWRA sewer infiltration/inflow reduction loans outstanding.

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

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

Fiscal Year	Bonded Debt		Direct Borrowings		Total		
	Ending	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$	377,000	\$ 150,975	\$ 918,400	\$ 14,033	\$ 1,295,400	\$ 165,008
2022		377,000	137,151	422,400	750	799,400	137,901
2023		377,000	123,325	422,400	250	799,400	123,575
2024		377,000	110,326	412,400	-	789,400	110,326
2025		377,000	96,498	412,400	-	789,400	96,498
2026		382,000	86,687	320,700	-	702,700	86,687
2027		382,000	74,762	229,000	-	611,000	74,762
2028		374,500	62,837	229,000	-	603,500	62,837
2029		377,000	50,837	229,000	-	606,000	50,837
2030		376,000	38,687	114,500	-	490,500	38,687
2031		355,000	27,162	-	-	355,000	27,162
2032		320,000	16,162	-	-	320,000	16,162
2033		210,000	6,562	-	-	210,000	6,562
Total	\$	4,661,500	\$ 981,971	\$ 3,710,200	\$ 15,033	\$ 8,371,700	\$ 997,004

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Bonds Payable – Stormwater Enterprise Fund

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Authorized and Unissued Debt

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

	Authorized and Unissued Debt			
	Beginning of Year	Increases	Decreases	End of Year
School improvements.....	\$ 18,127,143	\$ 2,510,066	(16,062,584)	\$ 4,574,625
Water main rehabilitation - MWRA....	2,720,400		(1,360,200)	1,360,200
Water main improvement.....	3,200,000	7,000,000	(3,200,000)	7,000,000
Sewer System.....	1,145,000			1,145,000
Fire engine and station repairs.....	-	800,000	(800,000)	-
Public works equipment.....	-	1,064,339	(1,064,339)	-
Public works infrastructure.....	5,600,000	4,050,000	(9,650,000)	-
Webster Land Acquisition.....	-	15,000,000	(15,000,000)	-
Newton Early Childhood Program.....	-	12,334,366	(4,000,000)	8,334,366
Traffic signal improvements.....	-	1,500,000	(1,500,000)	-
Total.....	\$ 30,792,543	\$ 44,258,771	\$ (52,637,123)	\$ 22,414,191

Note 11 – Landfill Closure and Post-closure Care Costs

State and federal laws and regulations mandated that the City close its old landfill site when it ceases accepting waste and to perform certain maintenance and monitoring activities at the site after closure. On June 28, 1996 the City signed a consent agreement with the Commonwealth of Massachusetts’ Department of Environmental Protection that established a schedule for closure of the Rumford Avenue landfill. This landfill ceased operations in 1976 and was capped during 1998, which was in compliance with the consent agreement. The City has recorded a liability of \$440,768 at June 30, 2020 for future year landfill site monitoring and maintenance. Estimated costs per year total \$38,000. The current estimate is based upon current costs and may require modification in future years due to price inflation, changes in technology or changes in state/federal law and regulations.

Note 12 – Other Post Employment Benefits (OPEB)

A - General Information about the OPEB Plan

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

Inactive plan members and beneficiaries currently receiving benefit payments.....	3,110
Active plan members.....	<u>2,296</u>
Total.....	<u>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, 2020, employer contributions totaled \$26,979,660. The OPEB Trust Fund did not receive contributions from any other sources.

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

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

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

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

Valuation date:	June 30, 2019
Inflation rate:	2.75%
Actuarial cost method:	Entry Age Normal
Amortization method:	Level percentage of payroll
Remaining amortization period:	28 years from July 1, 2019
Salary increases:	7.00% decreasing to an ultimate level of 3.5% based on service-related increases for Group 1 (excluding Teachers) 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:	2.21%
Investment rate of return:	7.25%
Healthcare/Medical cost trend rates:	Non-Medicare: 7.5% decreasing by 0.25% for 12 years to an ultimate level of 4.5% 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, 2020

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

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

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

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

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

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Fiscal Year Ended June 30, 2020

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

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

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

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

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

Note 13 – Risk Financing

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Note 14 – Fund Balances

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Note 15 – Stabilization Funds

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

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

Note 16 - Donor Restricted Endowments

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

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

Note 17 – Pension Plan (System)

A – Plan Description

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

B – Benefits Provided

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

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

C - Contributions

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

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

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Mortality rates:

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

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

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

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

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

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Note 18 – Fiduciary Fund Financial Statements

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Note 19 – Pension Plan (Massachusetts Teachers Retirement System)

A - General Information about the Pension Plan

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

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

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

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

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

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

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

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

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2020

Note 20 – Commitments and Contingencies

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

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

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

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



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Required Supplementary Information

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2020

PENSION PLAN SCHEDULES

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2020

PENSION PLAN SCHEDULES (CONTINUED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)

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

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

SCHEDULE OF INVESTMENT RETURNS (SYSTEM) (A)

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

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

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2020

PENSION PLAN SCHEDULES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2020

PENSION PLAN SCHEDULES (CONTINUED)

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

	<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>
City's covered payroll	\$ 121,845,437	\$ 116,999,122	\$ 113,921,033	\$ 110,555,252	104,421,833	100,361,397
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

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

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2020

OTHER POSTEMPLOYMENT BENEFITS SCHEDULES

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2020

OTHER POSTEMPLOYMENT BENEFITS SCHEDULES (CONTINUED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS (PLAN) (A)

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

SCHEDULE OF INVESTMENT RETURNS (PLAN) (A)

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to Required Supplementary Information

Fiscal Year Ended June 30, 2020

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to Required Supplementary Information

Fiscal Year Ended June 30, 2020

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

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

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



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Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Special Revenue Funds

School Lunch Fund:

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

Revolving Fund

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

Receipts Reserved Fund

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

Community Development Block Grant Fund

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

Municipal Federal Grant Fund

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

Municipal State Grant Fund

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

School State Grant Fund

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

School Federal Grant Fund

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

Gift Fund

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

Capital Projects Funds

Public Building Improvements Fund

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

School Building Improvements Fund

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

Street Improvements Fund

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

Municipal Equipment Replacement Fund

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

Permanent Funds

Municipal Fund

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

Library Common Fund

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

CITY OF NEWTON, MASSACHUSETTS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2020

Special Revenue Funds

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

Special Revenue Funds

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

CITY OF NEWTON, MASSACHUSETTS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2020

Capital Projects Funds

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

Permanent Funds

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Special Revenue Funds

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

Special Revenue Funds

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

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Capital Projects Funds

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

Permanent Funds

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

(Concluded)

Internal Service Funds

Health Insurance Fund

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

Workers' Compensation Insurance Fund

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

Liability Insurance Fund

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

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

JUNE 30, 2020

ASSETS	Health Insurance	Workers' Compensation Insurance	Liability Insurance	Total
ASSETS				
Current assets:				
Restricted cash and cash equivalents.....	\$ 24,362,113	\$ 420,228	\$ 4,626	\$ 24,786,967
Restricted investments.....	-	13,940,757	-	13,940,757
Interest and dividends.....	-	11,240	-	11,240
Working capital deposit.....	366,826	-	-	366,826
Total current assets.....	<u>24,728,939</u>	<u>14,372,225</u>	<u>4,626</u>	<u>39,105,790</u>
Total assets.....	<u>24,728,939</u>	<u>14,372,225</u>	<u>4,626</u>	<u>39,105,790</u>
LIABILITIES				
Current liabilities:				
Warrants payable.....	50,085	48,663	-	98,748
Accrued liabilities.....	-	36,650	-	36,650
Accrued payroll.....	-	19,069	-	19,069
Other liabilities.....	2,159,675	-	-	2,159,675
Accrued health claims payable.....	2,957,759	-	-	2,957,759
Workers' compensation claims.....	-	1,034,382	-	1,034,382
Total current liabilities.....	<u>5,167,519</u>	<u>1,138,764</u>	<u>-</u>	<u>6,306,283</u>
Noncurrent liabilities:				
Workers' compensation claims.....	-	7,271,821	-	7,271,821
Total noncurrent liabilities.....	<u>-</u>	<u>7,271,821</u>	<u>-</u>	<u>7,271,821</u>
Total liabilities.....	<u>5,167,519</u>	<u>8,410,585</u>	<u>-</u>	<u>13,578,104</u>
FUND NET POSITION				
Unrestricted.....	<u>19,561,420</u>	<u>5,961,640</u>	<u>4,626</u>	<u>25,527,686</u>
Total net position.....	<u>\$ 19,561,420</u>	<u>\$ 5,961,640</u>	<u>\$ 4,626</u>	<u>\$ 25,527,686</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, 2020

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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



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Private Purpose Trust Funds

Chaffin Education Fund

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

Scovell Education Fund

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

Cousens Welfare Fund

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

Newton North High School Scholarship Fund

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

Kendrick Welfare Fund

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

Read Charity Fund

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

Spear Infirmary Fund

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

Mabel Riley Senior Fund

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

Elderly Tax Relief Fund

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

Marjorie Moerschner Fund

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

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

JUNE 30, 2020

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

	<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>
\$	3,313	\$ 46,033	\$ 4,970	\$ 40,542	\$ 16,982	\$ 103,033	\$ 1,228,994
	-	-	-	-	-	-	3,919,069
	-	-	-	-	-	-	<u>7,061,526</u>
	<u>3,313</u>	<u>46,033</u>	<u>4,970</u>	<u>40,542</u>	<u>16,982</u>	<u>103,033</u>	<u>12,209,589</u>
	-	-	-	-	-	-	4,227
	-	-	-	-	-	-	<u>376,061</u>
	-	-	-	-	-	-	380,288
\$	<u><u>3,313</u></u>	<u><u>\$ 46,033</u></u>	<u><u>\$ 4,970</u></u>	<u><u>\$ 40,542</u></u>	<u><u>\$ 16,982</u></u>	<u><u>\$ 103,033</u></u>	<u><u>\$ 11,829,301</u></u>

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

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

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

Agency Fund

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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



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General Fund

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

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Community Preservation Fund

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

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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



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Additional Information

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

(Continued)

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

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

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
-	-	229,155
685,087	2,834,394	1,057,915
<u>685,087</u>	<u>2,834,394</u>	<u>1,287,070</u>

<u>662,663</u>	<u>360,000</u>	<u>36,500</u>
----------------	----------------	---------------

-	-	40,410
-	-	45,000
-	-	7,727
4,051	-	142,585
-	-	2,520
12,980	12,669	-
420,000	-	-
8,563	614,057	177,380
-	150,280	-
-	739,059	-
65,950	18,750	90,300
-	87,197	803
5,405	1,177,548	317,047
<u>516,949</u>	<u>2,799,560</u>	<u>823,772</u>

357,407	-	94,274
6,988	19,042	25,855
1,198,000	3,799,134	602,866
111,007	88,993	-
1,635,213	3,473,917	640,870
<u>3,308,615</u>	<u>7,381,086</u>	<u>1,363,865</u>

-	-	358,462
121,040	70,552	50,561
115,983	150,599	-
-	1,360,200	-
30,601	-	762,175
-	1,360,200	-
33,527	139,168	1,187,505
-	33,798	8,500
1,164	40,566	-
-	19,012	2,928
1,063,932	1,211,528	-
1,289,099	1,090,622	65,204
-	-	250,467
-	801,778	2,398,222
-	-	7,000,000
<u>2,655,346</u>	<u>6,278,023</u>	<u>12,084,024</u>

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
-	-	399,727
93,718	-	-
-	-	4,741
175,641	-	4,167
641,576	-	45,328
420,854	-	298,948
646,117	1,128,723	-
236,777	880,215	209,268
188,823	45,858	21,319
127,701	1,299	-
-	494,270	1,730
-	-	626
-	-	38,785
278,095	1,135	426,780
1,113,441	594,779	-
149,227	1,516,024	-
31,525	4,168,889	379,586
-	-	4,580,000
<u>4,103,495</u>	<u>8,831,192</u>	<u>6,411,005</u>

-	12,677	-
13,963	171,135	-
175,545	-	147,482
3,650	-	43,532
151,652	6,720	24,777
380	-	498,635
244,466	-	5,534
295,760	-	19,240
-	-	500,000
<u>885,416</u>	<u>190,532</u>	<u>1,239,200</u>

-	-	16,395
-	-	157,462
-	-	154,185
-	-	195,477
<u>-</u>	<u>-</u>	<u>523,519</u>

\$ 24,586,467 \$ 31,164,426 \$ 39,723,375

(Concluded)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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



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STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

NET POSITION BY COMPONENT
(ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	258,490,143	\$ 260,763,492	\$ 271,665,564	\$ 278,142,332	\$ 289,288,369	\$ 299,446,858
	32,723,876	34,250,976	33,507,464	39,481,750	43,753,181	44,698,129
	<u>(436,919,140)</u>	<u>(455,531,782)</u>	<u>(853,427,299)</u>	<u>(880,169,294)</u>	<u>(885,881,588)</u>	<u>(977,457,362)</u>
\$	<u><u>(145,705,121)</u></u>	<u><u>(160,517,314)</u></u>	<u><u>(548,254,271)</u></u>	<u><u>(562,545,212)</u></u>	<u><u>(552,840,038)</u></u>	<u><u>(633,312,375)</u></u>
\$	83,521,987	\$ 89,426,102	\$ 94,552,211	\$ 101,217,609	\$ 111,179,650	\$ 117,784,284
	<u>12,101,552</u>	<u>20,314,782</u>	<u>17,913,166</u>	<u>18,708,882</u>	<u>20,677,223</u>	<u>21,775,318</u>
\$	<u><u>95,623,539</u></u>	<u><u>109,740,884</u></u>	<u><u>112,465,377</u></u>	<u><u>119,926,491</u></u>	<u><u>131,856,873</u></u>	<u><u>139,559,602</u></u>
\$	342,012,130	\$ 350,189,594	\$ 366,217,775	\$ 379,359,941	\$ 400,468,019	\$ 417,231,142
	32,723,876	34,250,976	33,507,464	39,481,750	43,753,181	44,698,129
	<u>(424,817,588)</u>	<u>(435,217,000)</u>	<u>(835,514,133)</u>	<u>(861,460,412)</u>	<u>(865,204,365)</u>	<u>(955,682,044)</u>
\$	<u><u>(50,081,582)</u></u>	<u><u>(50,776,430)</u></u>	<u><u>(435,788,894)</u></u>	<u><u>(442,618,721)</u></u>	<u><u>(420,983,165)</u></u>	<u><u>(493,752,773)</u></u>

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

LAST TEN FISCAL YEARS

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

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

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

LAST TEN FISCAL YEARS

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

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

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

LAST TEN FISCAL YEARS

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

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

GOVERNMENTAL FUNDS
 FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

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

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

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

LAST TEN FISCAL YEARS

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

	2017	2018	2019	2020
\$	319,976,273	\$ 331,697,183	\$ 345,311,921	\$ 357,254,573
	13,486,831	13,482,711	13,734,610	13,682,730
	2,263,279	2,440,667	2,411,164	2,158,604
	1,938,182	1,902,662	2,026,232	1,838,810
	-	-	-	269,805
	415,835	1,304,593	618,720	712,629
	3,074,706	3,255,316	3,372,765	3,490,319
	20,403,479	21,772,655	22,531,156	18,844,265
	91,204,897	95,618,448	102,923,784	109,212,374
	193,238	255,536	196,479	303,789
	1,409,030	2,198,862	1,456,045	1,263,507
	10,084,619	11,226,292	13,165,275	14,154,952
	1,762,093	1,703,654	1,573,549	1,235,061
	1,336,660	1,395,073	947,105	1,247,572
	1,036,413	2,102,896	3,970,778	2,969,762
	837,319	904,088	613,662	534,397
	<u>469,422,854</u>	<u>491,260,636</u>	<u>514,853,245</u>	<u>529,173,149</u>
	38,944,088	30,635,662	26,456,370	43,389,873
	51,881,011	52,080,273	55,766,763	57,552,339
	300,304,073	295,108,157	318,471,378	318,228,515
	33,766,661	38,029,703	36,456,127	38,953,081
	5,172,086	5,335,432	5,525,265	6,020,763
	18,098,831	18,719,503	17,824,959	16,047,376
	33,521,494	35,651,800	39,410,176	41,058,809
	1,931,586	1,706,172	1,717,261	1,786,233
	157,075	116,369	368,203	470,867
	6,143,354	6,050,954	6,351,888	6,483,982
	12,247,667	12,840,967	13,162,267	14,026,667
	8,325,141	9,814,380	10,919,960	10,432,503
	<u>510,493,067</u>	<u>506,089,372</u>	<u>532,430,617</u>	<u>554,451,008</u>
	<u>(41,070,213)</u>	<u>(14,828,736)</u>	<u>(17,577,372)</u>	<u>(25,277,859)</u>
	9,103,803	7,259,431	9,126,677	9,685,211
	35,528,500	24,542,000	8,480,000	32,008,000
	1,479,298	1,880,482	805,463	3,250,586
	65,775,000	11,859,000	-	-
	5,535,226	1,673,284	-	-
	115,194	92,435	-	-
	(6,004,678)	(3,523,644)	(5,297,495)	(5,587,906)
	<u>(71,064,535)</u>	<u>(13,795,286)</u>	<u>-</u>	<u>-</u>
	<u>40,467,808</u>	<u>29,987,702</u>	<u>13,114,645</u>	<u>39,355,891</u>
\$	<u>(602,405)</u>	\$ <u>15,158,966</u>	\$ <u>(4,462,727)</u>	\$ <u>14,078,032</u>
	4.0%	4.5%	5.0%	4.8%

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

LAST TEN FISCAL YEARS

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

Source: City of Newton Annual Tax Recap Sheet

(1) Does not include valuation affected by residential exemption

(2) As of January 1st

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

DIRECT PROPERTY TAX RATES (1) (2)

LAST TEN FISCAL YEARS

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

Source: City of Newton Tax Recap Sheets

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

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

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

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND TEN YEARS AGO

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

Source: City of Newton Board of Assessors.

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

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

Source: Annual Tax Recap Sheet and General Ledger records

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

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

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

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

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

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

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

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

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

DIRECT AND OVERLAPPING DEBT

JUNE 30, 2020

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

Sources: MWRA

LEGAL DEBT MARGIN INFORMATION

LAST FIVE FISCAL YEARS

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

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS

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

Sources: Population from City census

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

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

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

EMPLOYEES BY FUNCTION/PROGRAM

LAST FIVE FISCAL YEARS

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

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

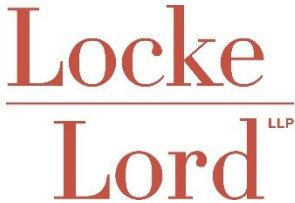
Source: City of Newton payroll

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST FIVE FISCAL YEARS

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

Sources: Various departments of the City of Newton



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www.lockelord.com

(Date of Delivery)

M. Ronald Mendes, Treasurer
City of Newton
Newton, Massachusetts

\$16,645,000
City of Newton, Massachusetts
General Obligation Municipal Purpose Loan of 2022 Bonds
Dated February 10, 2022

We have acted as bond counsel to the City of Newton, Massachusetts (the “City”) in connection with the issuance by the City of the above-referenced bonds (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the City contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the City and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the City without limitation as to rate or amount, except as provided under Chapter 44, Section 20 of the General Laws, with respect to that portion of the principal and interest payments that the City has voted to exempt from the limit imposed by Chapter 59, Section 21C of the General Laws, and subject to the limit imposed by Chapter 59, Section 21C of the General Laws with respect to that portion of the principal and interest payments that the City has not voted to exempt from that limit.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. In rendering the opinions set forth in this paragraph, we have assumed compliance by the City with all

requirements of the Internal Revenue Code of 1986, as amended (the “Code”) that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure by the City to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

LOCKE LORD LLP

**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Newton, Massachusetts (the “Issuer”) in connection with the issuance of its \$16,645,000 General Obligation Municipal Purpose Loan of 2022 Bonds dated February 10, 2022 (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Obligated Person” shall mean the Issuer.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in a timely manner, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated January 25, 2022 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of the Owners of the Bonds, if material.
 8. Bond calls, if material, and tender offers.
 9. Defeasances.
 10. Release, substitution or sale of property securing repayment of the Bonds, if material.
 11. Rating changes.
 12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person.*
 13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
 14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
 15. Incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect Owners of the Bonds, if material.†
 16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.†
- (b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

† For purposes of event numbers 15 and 16 in Section 5(a) of this Disclosure Certificate, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” excludes municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: February 10, 2022

CITY OF NEWTON, MASSACHUSETTS

By: _____
Treasurer

Mayor

[EXHIBIT A: Filing Information for the MSRB]
[EXHIBIT B: Form of Notice of Failure to File Annual Report]