

OFFICIAL STATEMENT DATED FEBRUARY 19, 2020

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 "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

CITY OF NEWTON, MASSACHUSETTS
\$34,905,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2020 BONDS

DATED
Date of Delivery

DUE
February 15
(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 15 of the years in which the Bonds mature. Interest on the Bonds will be payable semiannually on February 15 and August 15, commencing August 15, 2020, 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, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS

<u>Due</u> <u>February 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>653064</u>	<u>Due</u> <u>February 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>653064</u>
2021	\$ 1,365,000	5.00 %	0.79 %	CP8	2032	\$ 1,630,000	4.00 %	1.33 %	DA0
2022	1,365,000	5.00	0.80	CQ6	2033	1,660,000	3.00	1.66	DB8
2023	1,385,000	5.00	0.80	CR4	2034	1,675,000	3.00	1.76	DC6
2024	1,415,000	5.00	0.80	CS2	2035	1,695,000	2.00	2.068	DD4
2025	1,440,000	5.00	0.81	CT0	2036	815,000	2.00	2.102	DE2
2026	1,460,000	5.00	0.84	CU7	2037	830,000	2.00	2.159	DF9
2027	1,490,000	5.00	0.90	CV5	2038	850,000	2.00	2.203	DG7
2028	1,515,000	5.00	0.98	CW3	2039	865,000	2.125	2.247	DH5
2029	1,550,000	5.00	1.05	CX1	2040	880,000	2.125	2.282	DJ1
2030	1,580,000	4.00	1.16	CY9	2041	705,000	2.125	2.329	DK8
2031	1,600,000	4.00	1.26	CZ6	2042	720,000	2.25	2.367	DL6

\$2,265,000 Interest Rate 2.375% Term Bond Maturing February 15, 2045 Yield 2.469% CUSIP #653064 DP7

\$4,150,000 Interest Rate 2.375% Term Bond Maturing February 15, 2050 Yield 2.518% CUSIP #653064 DU6

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 27, 2020 for settlement in federal funds.

MESIROW FINANCIAL, INC.

TABLE OF CONTENTS

SUMMARY STATEMENT	3	Tax Limitations	34
NOTICE OF SALE	4	Tax Levies and Levy Limits	36
Bidding Parameters	5	Community Preservation Act	36
Establishment of Issue Price	6		
Exhibit 1 – Form of Issue Price Certificates	9		
OFFICIAL STATEMENT	15	CITY FINANCES:	
INTRODUCTION	15	Budget and Appropriation Process	38
THE BONDS	15	Budget Comparison	39
Description of the Bonds	15	Revenues	40
Redemption Provisions	15	Capital Planning and Budget Forecasts	41
Optional Redemption	15	Investment of City Funds	42
Mandatory Redemption	15	Annual Audits	42
Notice of Redemption	16	Basis of Accounting	42
Record Date	16	Financial Statements	42
Book-Entry Transfer System	16	Comprehensive Annual Financial Report (CAFR)	42
Authorization of the Bonds and Use of Proceeds	18	Balance Sheet (Governmental Funds) for the	
Principal Payments by Purpose	18	fiscal years ending	
Tax Exemption	19	June 30, 2019	43
Risk of Future Legislative Changes and/or		June 30, 2018	44
Court Decisions	20	June 30, 2017	45
Security and Remedies	20	Statement of Revenues, Expenditures and Changes in	
Rating	22	Fund Balance (Governmental Funds) for the fiscal	
Opinion of Bond Counsel	22	years ending	
Financial Advisory Services of Hilltop Securities Inc.	22	June 30, 2019	46
Continuing Disclosure	22	June 30, 2018	47
		June 30, 2017	48
		June 30, 2016	49
		June 30, 2015	50
THE CITY OF NEWTON, MASSACHUSETTS:		Free Cash (Uniform System of Accounting)	51
General	23	Capital Stabilization Funds	51
Principal Executive Officers	23	Rainy Day Stabilization Fund	51
Municipal Services	23		
Education	23	INDEBTEDNESS:	
Public School Enrollments	23	Authorization Procedure and Limitations	52
Climate Change	24	Types of Obligations	52
History	24	Direct Debt Summary	54
Industry and Commerce	24	Debt Ratios	54
Largest Employers	25	Principal Payments by Purpose	55
Retail Sales	25	Debt Service Requirements	56
Labor Force, Employment and Unemployment Rate	26	Authorized Unissued Debt	56
Building Permits	26	Overlapping Debt	57
Transportation and Utilities	26	Contractual Obligations	57
Development	27	RETIREMENT PLAN	58
Chestnut Hill Square Development	28	Current Funding Schedule	59
Income Levels and Population	28	Other-Post Employment Benefits	60
Population Trends	29	EMPLOYEE RELATIONS	61
		LITIGATION	62
PROPERTY TAXATION:			
Tax Levy Computation	30	APPENDIX A – AUDITED FINANCIAL STATEMENTS	
Assessed Valuations and Tax Levies	31	AS OF JUNE 30, 2019	
Classification of Property	31	APPENDIX B – PROPOSED FORM OF LEGAL OPINION	
Largest Taxpayers	32	APPENDIX C – PROPOSED FORM OF CONTINUING	
State Equalized Valuations	32	DISCLOSURE CERTIFICATE	
Abatements and Overlay	32		
Tax Collections	33		
Tax Titles and Possessions	34		
Taxation to Meet Deficits	34		

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 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:	Wednesday, February 19, 2020, 11:30 A.M. (Eastern Time).
Location of Sale:	Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.
Issuer:	City of Newton, Massachusetts.
Issue:	\$34,905,000 General Obligation Municipal Purpose Loan of 2020 Bonds, see "THE BONDS - Book-Entry Transfer System" herein.
Official Statement Dated:	February 19, 2020.
Dated Date of the Bonds:	Date of delivery.
Principal Due:	Serially February 15, 2021 through February 15, 2042 inclusive, and two Term bonds maturing February 15, 2045 and February 15, 2050, as detailed herein.
Interest Payable:	Semi-annually February 15 and August 15, commencing August 15, 2020.
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, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.
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 \$145,000.
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 <u>are not</u> 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 27, 2020 against payment in federal funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to: Ms. Rosemarie Woods, Treasurer, City of Newton, Massachusetts Telephone (617) 796-1338 or Cinder McNerney, Managing Director, Hilltop Securities Inc., Boston, Massachusetts Telephone (617) 619-4408.

NOTICE OF SALE
CITY OF NEWTON, MASSACHUSETTS
\$38,310,000* GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2020 BONDS

The City of Newton, Massachusetts (the "City") will receive sealed and electronic (as described herein) proposals until 11:30 A.M., Eastern Time, Wednesday, February 19, 2020, for the purchase of the following described \$38,310,000* General Obligation Municipal Purpose Loan of 2020 Bonds of the City (the "Bonds"):

\$38,310,000* General Obligation Municipal Purpose Loan of 2020 Bonds payable February 15 of the years and in the amounts as follows:

Due February 15	Principal Amount*	Due February 15	Principal Amount*
2021	\$ 1,605,000	2036	** \$ 825,000
2022	1,610,000	2037	** 855,000
2023	1,635,000	2038	** 875,000
2024	1,655,000	2039	** 900,000
2025	1,685,000	2040	** 930,000
2026	1,695,000	2041	** 735,000
2027	1,725,000	2042	** 755,000
2028	1,750,000	2043	** 780,000
2029	1,785,000	2044	** 805,000
2030	** 1,815,000	2045	** 825,000
2031	** 1,665,000	2046	** 850,000
2032	** 1,690,000	2047	** 875,000
2033	** 1,710,000	2048	** 905,000
2034	** 1,730,000	2049	** 930,000
2035	** 1,755,000	2050	** 955,000

*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 15 of the years in which the Bonds mature. Interest will be payable on February 15 and August 15 of each year until maturity, commencing August 15, 2020.

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 will be prepared under the supervision of Hilltop Securities Inc. 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 15, 2029 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on and after February 15, 2030 shall be subject to redemption prior to maturity, at the option of the City, on or after February 15, 2029, 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 15, 2030 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 \$145,000 will be considered.

The current Bond structure does not reflect any premium. The City reserves the right to reduce the aggregate principal amount of the Bonds by the net amount of premium to be received and to restructure the annual principal amortization of those purposes of the Bonds reduced to be approximately equal through the same final maturity. 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 winning 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 27, 2020, 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 either:

- (a) In a sealed envelope marked "Proposal for Bonds" and addressed to Ms. Rosemarie Woods, Treasurer, City of Newton, Massachusetts c/o Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114. Signed blank bid forms may be faxed to (617) 619-4411 prior to submitting bids, and actual bids may be telephoned to Hilltop Securities Inc., telephone (617) 619-4400 at least one-half hour prior to the 11:30 A.M. sale and after receipt of the faxed bid form by Hilltop Securities Inc. Hilltop Securities Inc. will act as agent for the bidder, but neither the City nor Hilltop Securities Inc. shall be responsible for any errors in connection with bids submitted in this manner.
- (b) 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 February 12, 2020; (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 her 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 facsimile (617.619.4411), 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 February 12, 2020 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 27, 2020 for settlement in federal funds.

CITY OF NEWTON, MASSACHUSETTS
/s/ Rosemarie Woods, Treasurer

February 12, 2020

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

City of Newton, Massachusetts
\$38,310,000* General Obligation Municipal Purpose Loan of 2020 Bonds dated February 27, 2020

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 February 19, 2020.

(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: _____, 2020

[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 Hold the Price Rule is not Used]

City of Newton, Massachusetts

\$38,310,000* General Obligation Municipal Purpose Loan of 2020 Bonds dated February 27, 2020

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 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 “Financial 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 Financial Advisor until notified by email or in writing by the Issuer or the Financial 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: _____, 2020

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____

Name:

Title:

*Preliminary, subject to change.

**SALE PRICES
(To be Attached)**

[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
\$38,310,000* General Obligation Municipal Purpose Loan of 2020 Bonds dated February 27, 2020

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 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 until the earlier of (i) _____, 2020 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: _____, 2020

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____

Name:

Title:

*Preliminary, subject to change.

SCHEDULE A
SALE PRICES
(To be Attached)

**OFFICIAL STATEMENT
CITY OF NEWTON, MASSACHUSETTS**

\$34,905,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2020 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 \$34,905,000 aggregate principal amount of its General Obligation Municipal Purpose Loan of 2020 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 15 and August 15 of each year until maturity, commencing August 15, 2020. The Bonds shall mature on February 15 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 15, 2029 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on and after February 15, 2030 shall be subject to redemption prior to maturity, at the option of the City, on or after February 15, 2029, 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 Bonds maturing February 15, 2045 and February 15, 2050 (the "Term Bonds") are 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 such Term Bonds 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.

\$2,265,000 Term Bond Maturing February 15, 2045

February 15	Principal Amount
2043	\$ 735,000
2044	755,000
2045 *	775,000

*Final maturity.

\$4,150,000 Term Bond Maturing February 15, 2050

<u>February 15</u>	<u>Principal Amount</u>
2046	\$ 790,000
2047	810,000
2048	830,000
2049	850,000
2050 *	870,000

*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 is the last business day of the month preceding the interest payment date provided that, 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 purposes, principal amounts, total amounts authorized, dates of authorization, and statutory references for the current offering of Bonds:

Purpose	This Issue	Total Amount of Bonds Authorized	Date Approved	Statutory Authority (M.G.L., as amended)
Bigelow Boiler Replacement	\$ 1,000,000	\$ 1,364,006	3/22/2019	Ch. 70B
West Newton Square Improvements	5,600,000	5,600,000	4/23/2019	Ch. 44-7(1)
Lincoln Elliot School Window & Accessibility Improvements	1,350,000	1,350,000	8/15/2019	Ch. 44-7(1)
F.A. Day Middle School Boiler Replacement	750,000	1,160,066	11/6/2019	Ch. 70B
Early Childhood Program Renovation	4,000,000	12,334,366	12/6/2019	Ch. 44-7(1)
City Parking Meter Heads & Kiosks	895,000	1,500,000	12/19/2019	Ch. 44-7(1)
Walnut Street and Austin Street Rehabilitation Project	4,050,000	4,050,000	12/19/2019	Ch. 44-7(1)
Webster Woods Land Acquisition	14,363,000	15,000,000	12/4/2019	Ch. 44B
Water Main Improvements	2,897,000	3,200,000	5/23/2019	Ch. 44-8(5)
	<u>\$ 34,905,000</u>			

Principal Payments by Purpose (1)

Maturity Year	General	CPA	Water	TOTAL
2021	\$ 990,000	\$ 280,000	\$ 95,000	\$ 1,365,000
2022	990,000	275,000	100,000	1,365,000
2023	995,000	290,000	100,000	1,385,000
2024	1,000,000	305,000	110,000	1,415,000
2025	1,005,000	320,000	115,000	1,440,000
2026	1,005,000	335,000	120,000	1,460,000
2027	1,010,000	355,000	125,000	1,490,000
2028	1,015,000	370,000	130,000	1,515,000
2029	1,020,000	390,000	140,000	1,550,000
2030	1,025,000	410,000	145,000	1,580,000
2031	1,025,000	425,000	150,000	1,600,000
2032	1,030,000	445,000	155,000	1,630,000
2033	1,035,000	463,000	162,000	1,660,000
2034	1,035,000	475,000	165,000	1,675,000
2035	1,035,000	490,000	170,000	1,695,000
2036	140,000	500,000	175,000	815,000
2037	140,000	510,000	180,000	830,000
2038	145,000	520,000	185,000	850,000
2039	150,000	530,000	185,000	865,000
2040	150,000	540,000	190,000	880,000
2041	155,000	550,000	-	705,000
2042	155,000	565,000	-	720,000
2043	160,000	575,000	-	735,000
2044	165,000	590,000	-	755,000
2045	170,000	605,000	-	775,000
2046	170,000	620,000	-	790,000
2047	175,000	635,000	-	810,000
2048	180,000	650,000	-	830,000
2049	185,000	665,000	-	850,000
2050	190,000	680,000	-	870,000
Totals	<u>\$ 17,645,000</u>	<u>\$ 14,363,000</u>	<u>\$ 2,897,000</u>	<u>\$ 34,905,000</u>

(1) Reflects mandatory redemption schedule.

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, 2022
Treasurer/Collector	Rosemarie Woods	Appointed by Mayor and confirmed by City Council	Indefinite
Comptroller	Susan Dzikowski	Appointed by City Council	January 1, 2022
Clerk	David A. Olson	Appointed by City Council	January 1, 2022
Chief Operating Officer	Jonathan Yeo	Appointed by Mayor	Indefinite
Chief Financial Officer	Maureen Lemieux	Appointed by Mayor	Indefinite
City Solicitor	Alissa O. Giuliani	Appointed by Mayor	Indefinite

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. The current capacity of the City’s school system is approximately 13,000 students.

PUBLIC SCHOOL ENROLLMENTS AS OF – OCTOBER 1,

	<u>Actual</u>					<u>Projected</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Grades K-5	5,785	5,801	5,827	5,787	5,626	5,513
Grades 6-8	2,818	2,860	2,868	2,851	2,903	3,026
Grades 9-12	3,905	3,996	4,057	4,047	4,082	4,057
Totals	<u>12,508</u>	<u>12,657</u>	<u>12,752</u>	<u>12,685</u>	<u>12,611</u>	<u>12,596</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, is committed to replacing any remaining passenger vehicles in the municipal fleet with electric cars by 2020, 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 55,036 people employed in 4,080 establishments in the City as of December 2018 with an estimated annual payroll of approximately \$3.948 billion. Businesses are generally small and service-oriented, with professional, business, education and health services accounting for over 64 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				
	2014	2015	2016	2017	2018
Construction	1,691	1,863	2,013	1,892	1,898
Manufacturing	867	904	886	844	900
Trade, Transportation and Utilities	6,458	6,894	6,822	6,839	6,387
Information	2,660	2,848	2,003	2,001	2,088
Financial Activities	3,061	2,846	2,990	3,243	3,356
Professional and Business Services	12,036	11,160	10,902	10,391	10,408
Education and Health Services	20,096	20,656	21,449	21,691	21,870
Leisure and Hospitality	4,596	4,775	4,960	5,369	5,531
Other Services	2,398	2,338	2,418	2,596	2,598
Total Employment	53,863	54,284	54,443	54,866	55,036
Number of Establishments	3,896	3,944	4,034	4,021	4,080
Average Weekly Wages	\$ 1,280	\$ 1,318	\$ 1,309	\$ 1,392	\$ 1,363
Total Wages	\$ 3,649,595,755	\$ 3,780,345,837	\$ 3,753,865,607	\$ 4,020,629,646	\$ 3,948,593,580

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* 2019

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
Medical Resources Home Health Inc.
HC Stark
Harmon Law Offices
Rockport Group
TechTarget Inc.
Cheesecake Factory
Dell EMC
Visiting Angels Living Assistance
Harvard Vanguard Medical Associates

*Source: Info USA for the Massachusetts Division of Local Services – 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 2019, the City had a total labor force of 49,890 of which 48,984 were employed and 906 or 1.8% were unemployed as compared to 2.9% 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
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	
2015	46,041	44,320	3.7		5.0		5.3	
2014	46,087	44,179	4.1		5.8		6.2	

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			
2020 (1)	52	\$ 33,047,704	1	\$ 92,850,000	1966	\$ 174,657,514	2,019
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
2016	113	96,994,000	5	45,758,000	4,715	213,217,697	4,833
2015	100	52,610,200	3	339,200,968 (2)	2,886	167,383,219	2,989

SOURCE: City of Newton Building Department.

(1) Through January 2, 2020.

(2) Construction of the Angier Elementary School and Newton Country Day School account for approximately \$27 million and \$12.2 million, respectively, of the non-residential new construction permit value

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 2020)

Location	Type	Description
131-181 Needham St.	Mixed Use	Conversion of office space to 164,000 square feet of retail/service/restaurant; 50% occupied
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 rental units; approved
253-255 Newtonville Ave.	Commercial	113,000 sq. ft. self-storage facility; constructed
241 Washington St.	Mixed Use	40,000 sq. ft. retail, 160 rental units; under construction
55 Boylston Street	Commercial	13,100 square feet of additions
200-230 Boylston Street	Mixed Use	100 residential unit building; under construction
386-394 Watertown Street	Mixed Use	Mixed Use building with nine residential units and 2,714 square feet of commercial space; under construction
143 Rumford Avenue	Commercial	107,397 square foot self-storage facility and 5,520 retail/office building
55 Boylston	Commercial	Addition of 13,100 square feet of retail/restaurant
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
392 Adams Street	Residential	Up to 18 rental units; under review
1314 Washington Street	Commercial	Conversion of bank and addition for a 30,000 square-foot building with restaurant, office, and personal service/ retail space; under review
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 but under review
Los Angeles @ California Street	Residential	20 unit multifamily; approved
15-21 Lexington Street	Residential	24 unit multifamily; approved
Kinmonth	Residential	24 unit multifamily; approved
180-186 Adams Street	Residential	6 units; approved
24-26 Elliot Street	Commercial	recreational marijuana; approved

INSTITUTIONAL DEVELOPMENT

(Approved, permitted or under construction – January 2020)

Location	Description
1615 Beacon St - Suzuki School	Preschool for up to 40 children and music school
Jewish Community Center	4,000 square foot addition to fitness center
Fessenden School	2,700 square foot Arts Center addition
Jackson Walnut Schools	10,400 square foot student center

PROPOSED MAJOR DEVELOPMENT

(Anticipated Filing – January 2020)

Location	Type	Description
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; zoning approved and special permit anticipated 2020

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.

	Newton	Massachusetts	United States
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 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Total Appropriations (1)	\$ 431,130,931	\$ 447,028,237	\$ 466,090,734	\$ 487,385,591	\$ 508,629,372
Additions:					
State and County Assessments	6,026,701	6,168,127	6,246,499	6,260,776	6,558,015
Overlay for Current Year	5,923,542	4,930,028	4,656,077	5,067,051	5,215,704
Other Amounts to be Raised	120,061	116,907	119,778	146,760	132,505
Total Additions	<u>12,070,304</u>	<u>11,215,062</u>	<u>11,022,354</u>	<u>11,474,587</u>	<u>11,906,224</u>
Gross Amount to be Raised	<u>443,201,234</u>	<u>458,243,299</u>	<u>477,113,088</u>	<u>498,860,178</u>	<u>520,535,596</u>
Deductions:					
Local Estimated Receipts	89,739,619	93,276,873	97,743,586	99,163,285	102,217,894
Community Preservation revenues (2)	4,161,298	5,881,562	3,606,701	3,931,438	7,807,349
State Aid (3):					
Current Year	26,104,050	27,277,574	29,111,469	30,548,581	31,446,557
Available Funds (4):					
Free Cash	6,308,672	7,556,929	8,686,000	11,146,025	9,967,471
Other Available Funds	11,559,775	6,244,313	6,092,860	7,134,284	7,635,536
Total Other Revenue	<u>137,873,414</u>	<u>140,237,251</u>	<u>145,240,616</u>	<u>151,923,613</u>	<u>159,074,807</u>
Net Amount to be Raised (Tax Levy)	<u>\$305,327,821</u>	<u>\$318,006,048</u>	<u>\$331,872,472</u>	<u>\$346,936,565</u>	<u>\$361,460,789</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 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent 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
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
2017	25,741,123,000	401,743,300	26,142,866,300	11.12	21.27	318,006,048
2016	23,904,095,700	417,722,300	24,321,818,000	11.38	21.94	305,327,821

(1) Revaluation year.

Classification by Property

The following is a breakdown of the City's fiscal 2020, 2019 and 2018 real estate valuation by type of property.

Property Type	2020		2019 (1)		2018	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$28,565,605,020	90.0 %	\$27,369,325,232	90.0 %	\$25,270,096,630	89.9 %
Commercial	2,499,190,780	7.9	2,394,486,368	7.9	2,217,084,570	7.9
Industrial	203,293,600	0.6	201,886,600	0.7	183,394,800	0.7
Personal	472,007,200	1.5	459,149,400	1.5	434,148,500	1.5
Total Assessed Value	<u>\$31,740,096,600</u>	<u>100.0 %</u>	<u>\$30,424,847,600</u>	<u>100.0 %</u>	<u>\$28,104,724,500</u>	<u>100.0 %</u>

(1) Revaluation year.

Largest Taxpayers

The following is a list of the ten largest taxpayers in the City based upon assessed valuations for fiscal 2020. 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 2020 Tax Levy	% of Total Levy
NStar Electric (1)	Utility Company	\$ 3,323,218	0.92 %
Hines Global REIT	Office Building	3,041,350	0.84
Chestnut Hill Shopping Center LLC	Shopping Center- The Street	2,814,422	0.78
Mall at Chestnut Hill LLC	Chestnut Hill Mall	2,529,121	0.70
CHS Commercial Owner LLC	Chestnut Hill Square	2,250,566	0.62
National Grid/Boston Gas	Utility Company	2,210,554	0.61
Chsp Newton LLC	Marriot Hotel	1,832,640	0.51
Atrium Wellness Center II LLC	Atrium Lifetime Center	1,307,601	0.36
Avalon Upper Falls LLC	Apartment Building	949,350	0.26
Ag-Jcm Wells Ave Prop Owner LLC	Office Buildings	900,723	0.25
		<u>\$21,159,543</u>	<u>5.85 %</u>

(1) As of January 14, 2020, past due is \$7,878,277 for 2013 through 2019, 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
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)
2010	22,520,035,100	1.34
2008	22,221,420,100	2.86

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, 2019 against each levy.

Fiscal Year	Net Tax Levy(1)	Overlay Reserve		Abatements Granted Through June 30, 2019
		Dollar Amount	As a % of Net Levy	
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)
2016	299,404,279	5,923,542	1.98	\$ 552,251
2015	286,813,970	5,075,909	1.77	748,334

(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, 2019	
				Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2019	\$346,936,565	\$5,067,051	\$341,869,514	\$341,193,965	99.80 %	\$341,193,965	99.80 %
2018	331,872,472	4,656,077	327,216,395	325,412,774	99.45	327,809,602	100.18
2017	318,006,048	4,930,028	313,076,020	312,929,603	99.95	317,497,169	101.41
2016	305,327,821	5,923,542	299,404,279	300,308,851	100.30	302,746,814	101.12
2015	291,889,879	5,075,909	286,813,970	286,945,789	100.05	289,496,993	100.94

(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>
2019	\$ 6,708,531
2018	5,174,782
2017	4,902,654
2016	5,035,464
2015	5,527,722

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				
	2020	2019	2018	2017	2016
Primary Levy Limit (2)	\$ 793,502,415	\$ 760,621,190	\$ 702,618,113	\$ 653,571,658	\$ 608,045,450
Prior Fiscal Year Levy Limit	343,951,137	329,940,249	316,455,830	304,054,763	291,627,432
2.5% Levy Growth	8,598,778	8,248,506	7,911,396	7,601,369	7,290,686
New Growth (3)	5,605,861	5,762,382	5,573,023	4,799,698	5,136,645
Overrides	-	-	-	-	-
Growth Levy Limit	358,155,776	343,951,137	329,940,249	316,455,830	304,054,763
Debt Exclusions	3,336,395	3,000,495	1,960,280	1,554,028	
Capital Expenditure Exclusions	-	-	-	-	1,296,583
Other Adjustments	-	-	-	-	-
Tax Levy Limit	361,492,171	346,951,632	331,900,529	318,009,858	305,351,346
Tax Levy	361,460,789	346,936,565	331,872,472	318,006,048	305,327,821
Unused Levy Capacity (4)	31,382	15,067	28,057	3,810	23,525
Unused Primary Levy Capacity (5)	\$ 432,010,244	\$ 413,669,558	\$ 370,717,584	\$ 335,561,800	\$ 302,694,104

(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 will fund 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 TAX" 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>
2019	\$ 3,568,921	\$ 475,504	\$ 104,007	\$ 4,148,432
2018	3,255,603	531,924	232,106	4,019,633
2017	3,074,195	608,243	129,226	3,811,664
2016	2,947,336	839,889	144,093	3,931,318
2015	2,811,676	851,890	32,403	3,695,969

As of June 30, 2019 the CPA Fund had a balance of \$19,869,922.

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 2016 through 2020. The budgets include General Fund, Water and Sewer Utility Funds, and Community Preservation.

BUDGET COMPARISON (1)

	FY 2016 Budget	FY 2017 Budget	FY 2018 Budget	FY 2019 Budget	FY 2020 Budget
General Government	\$ 18,685,495	\$ 18,243,287	\$ 19,630,107	\$ 20,741,635	\$ 20,170,363
Public Safety	42,079,248	45,202,771	46,330,874	45,137,214	47,083,547
Education	203,341,279	210,236,209	219,774,631	226,067,185	234,839,234
Public Works	23,918,648	26,470,877	23,375,328	23,890,388	28,048,096
Water & Sewer	45,342,609	47,939,808	52,018,600	51,086,256	53,491,242
Health & Human Services	4,484,516	4,592,436	4,886,293	5,186,205	5,473,411
Culture & Recreation	12,003,504	12,301,043	12,625,290	12,496,334	13,187,516
Debt Service-General	19,064,717	20,225,448	22,918,195	24,088,174	24,488,102
Debt Service-Water & Sewer	4,754,728	4,773,449	5,139,781	5,607,393	-
Debt Service - CPA	269,344	259,781	-	-	-
Interest on Tax Refunds	-	-	-	-	-
Pension & Employee Ben.	32,636,197	34,582,361	37,029,743	39,175,944	41,817,879
State & County Asses.	6,026,701	6,168,127	6,206,582	6,235,332	6,466,476
Capital Outlay from CPA	10,587,063 (2)	10,036,848 (2)	8,912,376 (2)	3,556,968 (2)	4,107,858 (2)
Capital Outlay & Other	6,958,061 (3)	16,333,603 (3)	17,347,181 (3)	7,051,900 (3)	7,666,179 (3)
Capital Outlay & Other - Water & Sewer	3,273,621 (4)	3,302,644 (4)	1,248,140 (4)	1,650,000 (4)	2,500,000 (4)
Subtotal	\$ 433,425,731	\$ 460,668,692	\$ 477,443,121	\$ 471,970,928	\$ 489,339,903
Transfer to Other Funds	8,866,694 (5)	8,719,532 (5)	4,230,199 (5)	5,470,651 (5)	7,180,383 (5)
Total	\$ 442,292,425	\$ 469,388,224	\$ 481,673,320	\$ 477,441,579	\$ 496,520,286

(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:

	2016	2017	2018	2019	2020
Appropriated reserves	\$ 2,324,290	\$ 830,127	\$ 2,327,605	\$ 3,396,924	\$ 3,902,783
Capital outlay & improvements	8,262,773	9,206,721	6,584,771	160,044	205,075
Total	\$ 10,587,063	\$ 10,036,848	\$ 8,912,376	\$ 3,556,968	\$ 4,107,858

(3) General Fund Capital Outlay and Other:

	2016	2017	2018	2019	2020
Municipal wage reserve	\$ 100,000	\$ 5,375	\$ 1,211,119	\$ 2,000,000	\$ 2,726,679
Budget reserve	7,867	-	500,000	500,000	500,000
Snow & ice reserve	-	-	3,000,000	2,750,000	3,000,000
ABT Interest Reserve	-	-	-	-	-
Staffing Project Reserve	-	-	50,000	-	-
Capital Outlay & Improvements	6,850,194	16,328,228	12,586,062	1,801,900	1,439,500
Total	\$ 6,958,061	\$ 16,333,603	\$ 17,347,181	\$ 7,051,900	\$ 7,666,179

(4) Water & Sewer Capital Outlay & Other:

	2016	2017	2018	2019	2020
Operating reserve	\$ 3,273,621	\$ 3,302,644	\$ 1,248,140	\$ 1,650,000	\$ 2,500,000
Capital reserve	-	-	-	-	-
Total	\$ 3,273,621	\$ 3,302,644	\$ 1,248,140	\$ 1,650,000	\$ 2,500,000

(5) Transfer to Other Funds:

	2016	2017	2018	2019	2020
Workers compensation self insurance	\$ 1,650,000	\$ 1,950,000	\$ 1,300,000	\$ 1,700,000	\$ 1,800,000
School athletic revolving subsidy	1,021,000	1,072,385	1,005,359	1,093,078	1,093,078
School food services fund subsidy	-	46,811	-	-	40,000
"Rainy day" stabilization fund	1,436,831	689,887	150,000	150,000	150,000
Capital stabilization fund contribution	2,410,285	2,157,184	-	-	-
School building improvement fund	369,024	710,000	-	-	-
Water & sewer capital improvement funds	1,666,556	1,708,220	1,774,840	2,527,573	4,097,305
All other	312,998	385,045	-	-	-
Total	\$ 8,866,694	\$ 8,719,532	\$ 4,230,199	\$ 5,470,651	\$ 7,180,383

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>
2020	\$ 356,245,085
2019	341,869,514
2018	327,216,395
2017	313,076,020
2016	299,404,279

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>
2020 (estimate)	\$ 31,141,406
2019	30,320,869
2018	28,950,138
2017	27,053,120
2016	26,065,257
2015	25,188,483

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 per cent 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>
2020 (estimate)	\$ 13,500,000
2019	13,713,327
2018	13,541,814
2017	13,756,305
2016	12,903,047
2015	12,353,469

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 2020. Water rates are currently \$6.72 per hundred cubic feet (hcf) for the first 10 hcf, \$7.75 per hcf for 11-25 hcf; \$8.90 per hcf for 26-60 hcf; and \$11.10 per hcf for all consumption in excess of 60 hcf. The outdoor meter rate is \$12.25 per hcf for all such water that is used. Sewer rates are based on water consumption. Sewer rates are currently \$10.70; per hcf for the first 10 hcf, \$12.52 per hcf for 11-25 hcf; \$13.45 per hcf for 26-60 hcf; and \$15.47 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 \$29.9 million for the current fiscal year – 61.3% of the combined total operating budget of the City's water and sewer utilities.

For the fiscal year ended June 30, 2019, sewer fund revenues and transfers from other funds were \$33,235,129; expenditures and transfers to other funds were \$34,524,395, and the fund ended the year with a fund balance of \$17,128,285, \$15,929,524 of which was available for appropriation. The fiscal year 2020 sewer fund revenue estimate is \$33,209,680.

For the fiscal year ended June 30, 2019, water fund revenues were \$25,016,216; expenditures and transfers to other funds were \$23,593,843, and the fund ended the year with a fund balance of \$13,293,845, \$10,717,759 of which was available for appropriation. The fiscal year 2020 water fund revenue estimate is \$25,123,271.

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>	
2020	(estimate)	\$	2,500,000
2019			2,411,164
2018			2,440,667
2017			2,263,279
2016			2,444,007
2015			2,330,724

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>	
2020	(estimate)	\$	1,900,000
2019			2,026,232
2018			1,902,562
2017			1,938,182
2016			1,880,428
2015			1,786,617

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 2019 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 2019, 2018, and 2017, and Statements of Revenues, Expenditures and Changes in Fund Balances for fiscal years 2019 through 2015. All the financial statements are extracted from audited financial statements.

Comprehensive Annual Financial Report (CAFR)

The City has prepared a CAFR for the fiscal year ending June 30, 2019. This report is attached hereto as Appendix A.

**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 FUND BALANCE SHEET
JUNE 30, 2017 (1)**

	General	Community Preservation	High School Improvements	Angier School Improvement	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 85,417,480	\$ -	\$ -	\$ -	\$ 1,679,111	\$ 87,096,591
Receivables, net of Allowance for Uncollectibles						
Real Estate and Personal Property Taxes	7,477,910	-	-	-	-	7,477,910
Real Estate Tax Deferrals	3,287,208	-	-	-	-	3,287,208
Tax Liens	8,505,407	-	-	-	-	8,505,407
Motor Vehicle and Other Excise Taxes	848,761	-	-	-	-	848,761
Community Preservation Surcharges	-	43,898	-	-	-	43,898
User Charges	38,830	-	-	-	674,251	713,081
Departmental and Other	4,848,770	-	-	-	-	4,848,770
Intergovernmental	1,014,739	463,828	-	90,307	688,935	2,257,809
Special Assessments	220,453	-	-	-	83,126	303,579
Due from Other Funds	3,052	-	-	-	-	3,052
Other Assets	-	-	-	-	30,000	30,000
Restricted Assets:						
Cash and cash Equivalents	3,557,530	15,562,774	-	966,579	31,840,335	51,927,218
Investments	-	-	-	-	634,180	634,180
TOTAL ASSETS	\$ 115,220,140	\$ 16,070,500	\$ -	\$ 1,056,886	\$ 35,629,938	\$ 167,977,464
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Warrants Payable	\$ 3,863,042	\$ 125,018	\$ -	\$ -	\$ 6,338,942	\$ 10,327,002
Accrued Liabilities	1,352,989	12,800	-	-	2,653,274	4,019,063
Accrued Payroll	17,163,222	1,202	-	-	633,554	17,797,978
Revenue Refunds Payable	1,464,974	-	-	-	-	1,464,974
Other Liabilities	236,063	-	-	-	294,684	530,747
Abandoned Property	646,531	-	-	-	-	646,531
Liabilities Due Depositors	274,419	-	-	-	-	274,419
Due to Other Funds	-	-	-	-	3,052	3,052
TOTAL LIABILITIES	\$ 25,001,240	\$ 139,020	\$ -	\$ -	\$ 9,923,506	\$ 35,063,766
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	\$ 23,168,276	\$ 493,216	\$ -	\$ -	\$ 131,022	\$ 23,792,514
FUND BALANCES						
Nonspendable	-	-	-	-	396,932	396,932
Restricted	3,557,530	15,438,264	-	1,056,886	23,499,367	43,552,047
Committed	14,868,949	-	-	-	1,679,111	16,548,060
Assigned	2,376,483	-	-	-	-	2,376,483
Unassigned	46,247,662	-	-	-	-	46,247,662
TOTAL FUND BALANCES	67,050,624	15,438,264	-	1,056,886	25,575,410	109,121,184
TOTAL LIABILITIES AND FUND BALANCES	\$ 115,220,140	\$ 16,070,500	\$ -	\$ 1,056,886	\$ 35,629,938	\$ 167,977,464

(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.

**CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For Fiscal Year Ended June 30, 2015 (1)**

	General	Community Preservation	High School Improvements	Angier School Improvement	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Real Estate and Personal Property Taxes	\$ 288,700,477	\$ -	\$ -	\$ -	\$ -	\$ 288,700,477
Motor Vehicle Excise Taxes	12,486,356	-	-	-	-	12,486,356
Hotel/Motel Tax	2,330,724	-	-	-	-	2,330,724
Meals Taxes	1,786,617	-	-	-	-	1,786,617
Payments in Lieu of Taxes	465,822	-	-	-	-	465,822
Community Preservation Surcharges	-	2,814,155	-	-	-	2,814,155
Charges for Services	1,707,340	-	-	-	18,699,465	20,406,805
Intergovernmental	26,673,730	851,890	-	2,246,784	23,356,076	53,128,480
Special Assessments	64,944	-	-	-	125,659	190,603
Penalties and Interest on Taxes	1,486,232	-	-	-	22,027	1,508,259
Licenses and Permits	6,792,066	-	-	-	829,924	7,621,990
Fines and Forfeitures	1,772,104	-	-	-	36,750	1,808,854
Contributions	-	-	-	-	1,016,439	1,016,439
Investment Income (loss)	245,471	25,332	-	-	(251)	270,552
Other	998,256	7,070	355,099	-	246,107	1,606,532
TOTAL REVENUES	\$ 345,510,139	\$3,698,447	\$ 355,099	\$ 2,246,784	\$ 44,332,196	\$ 396,142,665
EXPENDITURES:						
Current:						
General Government:						
Legislative & Executive	\$ 2,630,494	\$ -	\$ -	\$ -	\$ 19,132	\$ 2,649,626
Financial Administration	3,802,182	-	-	-	-	3,802,182
Administrative Support	4,247,969	-	-	-	-	4,247,969
Planning & Development	1,108,503	384,470	-	-	4,156,582	5,649,555
Public Building Maintenance & Operations	4,388,515	147,181	-	-	6,496,294	11,031,990
Public Safety:						
Police	19,557,336	-	-	-	3,455,060	23,012,396
Fire	18,831,875	-	-	-	275,826	19,107,701
Inspectional Services	1,241,867	-	-	-	6,509	1,248,376
Education	195,853,428	-	-	12,325,937	28,392,326	236,571,691
Public Works:						
Streets and Sidewalks	6,387,036	-	-	-	6,861,013	13,248,049
Control of Snow & Ice	7,588,599	-	-	-	-	7,588,599
Sanitation	8,585,724	-	-	-	4,470	8,590,194
Vehicle Maintenance	2,256,998	-	-	-	10,667	2,267,665
Engineering	1,096,339	-	-	-	139,009	1,235,348
Administrative & Support	1,002,585	-	-	-	-	1,002,585
Health and Human Services:						
Health & Human Services	3,126,841	-	-	-	278,098	3,404,939
Senior Services	562,308	-	-	-	260,344	822,652
Veteran Services	314,150	-	-	-	3,849	317,999
Culture and Recreation:						
Libraries	5,229,583	-	-	-	446,564	5,676,147
Parks & Recreation	4,329,490	453,800	-	-	3,079,982	7,863,272
Newton History Museum	260,825	59,494	-	-	7,467	327,786
Retirement Benefits	29,199,509	-	-	-	-	29,199,509
Workers' Compensation Insurance	1,550,000	-	-	-	-	1,550,000
Property and Liability Insurance	450,027	-	-	-	-	450,027
Claims and Judgments	232,282	-	-	-	-	232,282
State and County Charges	5,875,034	-	-	-	-	5,875,034
Debt Service:						
Principal	9,569,367	255,000	-	-	-	9,824,367
Interest	7,983,557	25,500	-	-	-	8,009,057
TOTAL EXPENDITURES	\$ 347,262,423	\$ 1,325,445	\$ -	\$ 12,325,937	\$ 53,893,192	\$ 414,806,997
EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS OVER EXPENDITURES						
	(1,752,284)	2,373,002	355,099	(10,079,153)	(9,560,996)	(18,664,332)
Other Financing Sources (Uses)						
Proceeds of Bonds and Notes	-	-	-	15,000,000	10,505,000	25,505,000
Premium from Issuance of Bonds and Notes	1,197,352	-	-	-	-	1,197,352
Proceeds of Refunding Bonds	-	-	17,348,960	-	2,286,040	19,635,000
Premium from Issuance of Refunding Bonds	-	-	1,548,380	-	211,143	1,759,523
Sale of Capital Assets	-	-	-	-	13,300	13,300
Transfer In	5,823,512	-	-	98,964	3,476,729	9,399,205
Transfer Out	(3,420,693)	(510)	-	-	(3,843,094)	(7,264,297)
Premium to Refunding Bonds Escrow	-	-	(19,252,439)	-	(2,545,605)	(21,798,044)
TOTAL OTHER FINANCING SOURCES (USES)	3,600,171	(510)	(355,099)	15,098,964	10,103,513	28,447,039
Net Change in Fund Balances	1,847,887	2,372,492	-	5,019,811	542,517	9,782,707
Fund Balances at Beginning of Year	36,675,777	11,505,241	-	4,352,772	16,565,421	69,099,211
Fund Balances at End of Year	\$ 38,523,664	\$ 13,877,733	\$ -	\$ 9,372,583	\$ 17,107,938	\$ 78,881,918

(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>
2019 (1)	\$11,706,532
2018	11,909,715
2017	11,153,092
2016	12,738,425
2015	6,109,028

(1) 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>
2019	\$646,666
2018	934,990
2017	1,796,736
2016	1,031,116
2015	1,632,853 (1)

(1) Subsequent to fiscal year end, \$2,475,200 was added to the Capital Stabilization Fund, and \$1,085,567 transferred out.

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>
2019	\$21,407,131
2018	20,500,040
2017	19,673,938
2016	19,841,239
2015	17,317,598

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 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, 2019, Including Subsequent Issues**

General Obligation Bonds:

Outstanding:			
School (2)	\$	242,702,218	
General (3)		48,960,446	
Water (4)		10,784,500	
Sewer (5)		5,924,500	
Culvert (6)		2,190,000	
MWRA (7)		15,977,071	
MCWT (8)		1,442,000	
Total Long-Term Debt			\$ 327,980,735
This Issue of Bonds to be Dated February 27, 2020			34,905,000
Total Direct Debt			\$ 362,885,735

- (1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability.
(2) \$55,976,164 is outside the City's debt limit and \$54,110,200 is exempt from the limits of Prop 2 ½.
(3) \$650,000 is outside the City's debt limit.
(4) \$10,742,000 is outside the City's debt limit. Debt service for this purpose is fully supported from water rates.
(5) \$650,000 is outside the City's debt limit
(6) Subject to the City's debt limit.
(7) \$13,387,441 is outside the City's debt limit. Debt service for this purpose is fully supported from water and sewer rates.
(8) Does not reflect subsidy from Massachusetts Clean Water Trust; \$420,000 is outside the City's debt limit. Debt service for this purpose is fully supported from water and sewer rates.

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
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
2016	287,517,655	85,145	22,305,253,800	3,377	1.29
2015	244,495,832	85,145	22,305,253,800	2,872	1.10

- (1) The 2018 state equalized valuation is used for fiscal year 2019; the 2016 state equalized valuation is used for fiscal years 2017 and 2018; the 2014 state equalized valuation is used for fiscal years 2015 and 2016.

Principal Payments by Purpose

The following table sets forth the principal payments as of June 30, 2019 by purpose on outstanding general obligation bonds of the City. As indicated in the table, of the total \$327,980,735 bonds outstanding, \$87,161,386 or approximately 26.6% of the total outstanding are to be retired by the end of fiscal 2024 and \$160,565,221 or approximately 48.9% of the total outstanding are to be retired by the end of fiscal 2029.

**CITY OF NEWTON
GENERAL OBLIGATION BONDS
Principal Payments by Purpose (1)
As of June 30, 2019, Including Subsequent Issues
Excluding the Bonds**

Fiscal Year	School (2)	General (3)	Water (4)	Sewer (5)	Culvert (6)	MWRA (7)	MCWT (8)	Total
2020	\$ 10,089,126	\$ 4,002,541	\$ 882,000	\$ 453,000	\$ 120,000	\$ 2,454,426	\$ 916,000	\$ 18,917,093
2021	9,932,282	3,697,385	880,000	442,000	115,000	2,229,946	506,000	17,802,613
2022	10,024,057	3,620,610	575,000	442,000	115,000	2,036,580	10,000	16,823,247
2023	10,262,707	3,481,960	580,000	442,000	115,000	1,900,560	10,000	16,792,227
2024	10,527,877	3,396,790	580,000	442,000	115,000	1,764,540	-	16,826,207
2025	10,613,377	3,171,290	585,000	442,000	115,000	1,628,520	-	16,555,187
2026	10,040,377	2,974,290	585,000	442,000	115,000	1,400,800	-	15,557,467
2027	9,755,377	2,589,290	590,000	432,000	115,000	1,173,080	-	14,654,747
2028	9,560,377	2,434,290	587,500	424,500	115,000	637,060	-	13,758,727
2029	9,113,667	2,136,000	590,000	422,000	115,000	501,040	-	12,877,707
2030	9,104,667	2,136,000	590,000	411,000	115,000	250,520	-	12,607,187
2031	9,376,667	1,995,000	595,000	390,000	115,000	-	-	12,471,667
2032	9,531,666	1,870,000	600,000	390,000	115,000	-	-	12,506,666
2033	9,831,666	1,915,000	600,000	280,000	115,000	-	-	12,741,666
2034	10,086,666	1,785,000	470,000	70,000	115,000	-	-	12,526,666
2035	10,366,666	1,770,000	90,000	-	115,000	-	-	12,341,666
2036	10,671,666	1,370,000	95,000	-	115,000	-	-	12,251,666
2037	10,986,666	1,135,000	100,000	-	115,000	-	-	12,336,666
2038	11,316,666	410,000	100,000	-	115,000	-	-	11,941,666
2039	9,896,666	335,000	105,000	-	-	-	-	10,336,666
2040	5,861,666	335,000	110,000	-	-	-	-	6,306,666
2041	5,666,666	340,000	115,000	-	-	-	-	6,121,666
2042	5,475,000	350,000	120,000	-	-	-	-	5,945,000
2043	5,655,000	365,000	125,000	-	-	-	-	6,145,000
2044	5,840,000	375,000	130,000	-	-	-	-	6,345,000
2045	5,080,000	390,000	130,000	-	-	-	-	5,600,000
2046	4,375,000	400,000	135,000	-	-	-	-	4,910,000
2047	2,250,000	180,000	140,000	-	-	-	-	2,570,000
2048	1,245,000	-	-	-	-	-	-	1,245,000
2049	165,000	-	-	-	-	-	-	165,000
Total	\$ 242,702,218	\$ 48,960,446	\$ 10,784,500	\$ 5,924,500	\$ 2,190,000	\$ 15,977,071	\$ 1,442,000	\$ 327,980,735

- (1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability.
- (2) \$55,976,164 is outside the City's debt limit and \$54,110,200 is exempt from the limits of Prop 2 ½.
- (3) \$650,000 is outside the City's debt limit.
- (4) \$10,742,000 is outside the City's debt limit. Debt service for this purpose is fully supported from water rates.
- (5) \$650,000 is outside the City's debt limit
- (6) Subject to the City's debt limit.
- (7) \$13,387,441 is outside the City's debt limit. Debt service for this purpose is fully supported from water and sewer rates.
- (8) Does not reflect subsidy from Massachusetts Clean Water Trust; \$420,000 is outside the City's debt limit. Debt service for this purpose is fully supported from water and sewer rates.

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, 2019, including subsequent issues.

CITY OF NEWTON – GENERAL OBLIGATION BONDS Debt Service Requirements As of June 30, 2019, Including Subsequent Issues Excluding the Bonds

Fiscal Year	Outstanding		MCWT Subsidy	Net Debt Service
	Principal	Interest		
2020	\$ 18,917,093	\$ 11,263,042	\$ (312,957)	\$ 29,867,178
2021	17,802,613	10,615,715	(160,394)	28,257,934
2022	16,823,247	9,981,873	(2,610)	26,802,510
2023	16,792,227	9,357,765	(2,323)	26,147,669
2024	16,826,207	8,752,431	-	25,578,638
2025	16,555,187	8,110,673	-	24,665,860
2026	15,557,467	7,550,452	-	23,107,919
2027	14,654,747	6,981,894	-	21,636,641
2028	13,758,727	6,445,935	-	20,204,662
2029	12,877,707	5,924,152	-	18,801,859
2030	12,607,187	5,440,450	-	18,047,637
2031	12,471,667	5,002,779	-	17,474,446
2032	12,506,666	4,591,177	-	17,097,843
2033	12,741,666	4,159,244	-	16,900,910
2034	12,526,666	3,749,854	-	16,276,520
2035	12,341,666	3,355,146	-	15,696,812
2036	12,251,666	2,969,763	-	15,221,429
2037	12,336,666	2,584,373	-	14,921,039
2038	11,941,666	2,199,627	-	14,141,293
2039	10,336,666	1,831,900	-	12,168,566
2040	6,306,666	1,501,548	-	7,808,214
2041	6,121,666	1,295,855	-	7,417,521
2042	5,945,000	1,089,038	-	7,034,038
2043	6,145,000	882,350	-	7,027,350
2044	6,345,000	671,969	-	7,016,969
2045	5,600,000	454,425	-	6,054,425
2046	4,910,000	280,856	-	5,190,856
2047	2,570,000	117,006	-	2,687,006
2048	1,245,000	29,100	-	1,274,100
2049	165,000	5,775	-	170,775
	<u>\$ 327,980,735</u>	<u>\$ 127,196,166</u>	<u>\$ (478,283)</u>	<u>\$ 454,698,619</u>

Authorized Unissued Debt and Prospective Financing

Following this issue, the City will have approximately \$15.748 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 as the fiscal 2020 dollar assessment for each.

Overlapping Entity	Outstanding Debt as of 6/30/19	Newton's Estimated Share(1)	Fiscal 2020 Dollar Assessment(2)
Massachusetts Water Resources Authority (3)			
Water	\$ 2,052,587,000	4.917 %	\$ 7,495,962
Sewer	3,400,147,000	4.280	14,041,664
Massachusetts Bay Transportation Authority (4)	5,478,860,000	3.461	6,035,209

(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 of 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 of the authority 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 \$1,201,664 in fiscal year 2019 for solid waste

collection and disposal contract costs with Wheelabrator Millbury. The City appropriated \$1,277,256 in fiscal year 2020 for this contract. The City also has a contractual obligation with Waste Management Inc. which expires on June 30, 2020. The City expended a total of \$6,407,148 in fiscal year 2019 and appropriated \$6,745,869 in fiscal year 2020 for this contract.

Subsequent to June 30, 2012 the City entered into a twenty year lease and related power purchase agreement with Ameresco Solar Inc., a solar photovoltaic firm, to install operate, and maintain solar panels on the rooftop of four public school buildings, with the condition that any and all funding for monies owed to Ameresco Solar Inc. under the terms of the agreement shall be included in an annual expense appropriation of the City's Public Building Department, and all energy credits earned as a result of the agreement shall be applied to the municipal building electricity account, also under the control of the Public Building Department.

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 \$338,254,802 at January 1, 2020, computed as follows:

Actuarial accrued liability	\$680,097,898
Actuarial value of assets available for pension benefits	<u>341,843,096</u>
Unfunded actuarial accrued liability	<u>\$338,254,802</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 follow 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) Normal Cost Including Administrative Expenses and Net 3(8)(c) Reimbursements	(3) Amortization of Unfunded Actuarial Accrued Liability	(4) Actuarially Determined Contribution: (2) + (3)	(5) Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(6) Percent Increase in Appropriation
2020	\$5,085,937	\$25,940,428	\$31,026,365	\$332,811,090	-
2021	5,248,845	28,756,052	34,004,897	329,280,585	9.60%
2022	5,416,900	31,852,466	37,269,367	322,491,924	9.60%
2023	5,590,267	35,256,959	40,847,226	311,909,494	9.60%
2024	5,769,109	38,999,450	44,768,559	296,929,754	9.60%
2025	5,953,599	43,112,742	49,066,341	276,873,504	9.60%
2026	6,143,913	47,632,797	53,776,710	250,977,327	9.60%
2027	6,340,234	52,599,040	58,939,274	218,384,112	9.60%
2028	6,542,747	58,054,697	64,597,444	178,132,568	9.60%
2029	6,751,647	64,047,152	70,798,799	129,145,624	9.60%
2030	6,967,132	70,628,351	77,595,483	70,217,596	9.60%
2031	7,189,410	0	7,189,410	0	-90.73%

Notes: July 1, 2019 unfunded actuarial accrued liability reflects an additional contribution of \$766,961 for fiscal 2019.
 Actuarially determined contributions are assumed to be paid on August 1.
 Assumes contribution of budgeted amount for fiscal year 2020.
 Item (2) reflects 2.75% growth in payroll, plus an additional 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to generational mortality assumption.
 Projected normal cost does not reflect the impact of pension reform for future hires.
 Projected unfunded actuarial accrued liability does not reflect the recognition of deferred investment losses.

Source: January 1, 2019 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				
	2014	2015	2016	2017	2018
REVENUES:					
Retirement Contributions:					
Employer	\$ 20,325,555	\$ 21,962,941	\$ 23,868,109	\$ 26,147,974	\$ 28,628,398
Employee	8,396,095	8,842,379	9,282,992	9,457,254	10,065,686
Commonwealth	449,067	512,166	481,002	428,103	387,452
Interest/Dividends	8,009,287	7,487,581	8,329,264	8,969,843	9,605,518
Unrealized Gain	1,779,292	(14,197,692)	6,234,294	28,587,219	(30,872,181)
Less Investment Expense	12,462,946	10,333,742	7,964,755	14,468,982	15,672,787
Transfers	1,554,022	1,839,541	1,585,226	1,510,496	2,540,214
TOTAL REVENUES	<u>52,976,264</u>	<u>36,780,658</u>	<u>57,745,642</u>	<u>89,569,871</u>	<u>36,027,874</u>
EXPENSES:					
Retirement Benefits	35,152,893	36,102,143	37,311,184	38,588,556	40,064,024
Refunds, Transfers, Disbursements	2,457,500	2,902,188	2,638,307	3,686,518	3,183,170
Other	1,497,202	1,465,371	1,537,084	1,670,861	1,791,604
Administrative	290,143	303,724	320,246	314,916	325,391
TOTAL EXPENDITURES	<u>39,397,738</u>	<u>40,773,426</u>	<u>41,806,821</u>	<u>44,260,851</u>	<u>45,364,189</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	13,578,526	(3,992,768)	15,938,821	45,309,021	(9,336,315)
BEGINNING FUND BALANCE	<u>280,345,810</u>	<u>293,924,337</u>	<u>289,931,569</u>	<u>305,870,390</u>	<u>351,179,411</u>
ENDING FUND BALANCE	<u>\$ 293,924,336</u>	<u>\$ 289,931,569</u>	<u>\$ 305,870,390</u>	<u>\$ 351,179,411</u>	<u>\$ 341,843,096</u>

(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
2020	(budgeted)	\$24,075,095
2019		23,631,538
2018		22,211,248
2017		19,240,061
2016		18,391,867
2015		17,361,119

The City's most recent disclosure of Net OPEB liability as of June 30, 2019 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, 2019 report uses a measurement date of June 30, 2018, and is based upon the results of the actuarial valuation dated September 30, 2019. The City's Net OPEB Liability as of June 30, 2019 is \$688,508,356, \$53.8 million more than June 30, 2018. The discount rate used to determine the Net OPEB Liability as of June 30, 2018 and June 30, 2019 were 3.87% and 3.5%, 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, 2019 the balance in the fund was \$11,816,872.

Fiscal Year		OPEB Trust Annual Contributions
2020	(budgeted)	\$3,044,226
2019		2,551,920
2018		2,059,146
2017		2,408,964
2016		1,450,996
2015		998,927

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, 2019 the City employed approximately 3,778 full time employees of whom 2,329 were employed by the Newton Public Schools, 208 by the police department, 191 by the fire department, 196 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 3,778 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, 2018
AFSCME 2913 Parking Control/Traffic	June 30, 2018
Teamsters Local 25	June 30, 2020
IAFF, Local 863 Firefighters	June 30, 2023
AFSCME 3092 City Hall Associates	June 30, 2019
AFSCME 3092B Inspectors	June 30, 2019
AFSCME 1703 Engineers	June 30, 2019
AFSCME 2443 Foremen	June 30, 2019
Municipal School Nurses Association	June 30, 2019
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.

February 19, 2020

CITY OF NEWTON, MASSACHUSETTS
/s/ Rosemarie Woods, Treasurer

City of Newton, Massachusetts

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019



City of Newton, Massachusetts

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019



Prepared by the Comptroller's Office

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

TABLE OF CONTENTS

	Page
I. INTRODUCTORY SECTION	
Letter of Transmittal	A-i
Organizational Chart	A-vii
Elected Officials and Department Heads	A-viii
 II. FINANCIAL SECTION	
 A. INDEPENDENT AUDITORS' REPORT	 A-1
 B. MANAGEMENT'S DISCUSSION AND ANALYSIS	 A-4
 C. BASIC FINANCIAL STATEMENTS	
Government Wide Financial Statements	
Statement of Net Position	A-18
Statement of Activities	A-20
 Fund Financial Statements	
Governmental Funds	
Balance Sheet	A-22
Reconciliation of the Governmental Funds Balance Sheet Total	
Fund Balances to the Statement of Net Position	A-23
Statement of Revenues, Expenditures, and Changes	
in Fund Balances	A-24
Reconciliation of the Statement of Revenues, Expenditures and	
Changes in Fund Balances of Governmental Funds	
to the Statement of Activities	A-25
General Fund - Statement of Revenues, Expenditures, and Changes	
in Fund Balance - Budget and Actual	A-26
Community Preservation Fund - Statement of Revenues, Expenditures,	
and Changes in Fund Balance - Budget and Actual	A-27
 Proprietary Funds	
Statement of Fund Net Position	A-28
Statement of Revenues, Expenses and Changes in Fund Net Position	A-29
Statement of Cash Flows	A-30
 Fiduciary Funds	
Statement of Fiduciary Net Position	A-31
Statement of Changes in Fiduciary Net Position	A-32

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

TABLE OF CONTENTS

Component Units	
Combining Statement of Fund Net Position	A-33
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	A-34
Notes to the Basic Financial Statements	A-35
D. REQUIRED SUPPLEMENTARY INFORMATION	
Pension Plan Schedules	A-84
Other Post Employment Benefits Schedules	A-88
Notes to Required Supplementary Information	A-90
E. COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Nonmajor Governmental Funds	
Narrative	A-92
Combining Balance Sheet	A-94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	A-98
Internal Service Funds	
Narrative	A-102
Combining Statement of Fund Net Position	A-103
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	A-104
Combining Statement of Cash Flows	A-105
Fiduciary Funds	
Private Purpose Trust Funds - Narrative	A-107
Private Purpose Trust Funds - Combining Statement of Fiduciary Net Position	A-108
Private Purpose Trust Funds - Combining Statement of Changes in Fiduciary Net Position	A-110
Agency Fund - Narrative	A-113
Agency Fund - Statement of Changes in Assets and Liabilities	A-114
General Fund	
Narrative	A-115
Schedule of Expenditures and Transfers Out - Budget to Actual - Legal Level of Control	A-116
Community Preservation Fund	
Narrative	A-127
Schedule of Expenditures and Transfers Out - Budget to Actual - Legal Level of Control	A-128

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

TABLE OF CONTENTS

F. ADDITIONAL INFORMATION

Capital Projects Fund	
Schedule of Expenditures and Transfers Out - Budget to Actual	A-130
Sewer Enterprise Fund	
Schedule of Expenditures and Transfers Out - Budget to Actual	A-136
Water Enterprise Fund	
Schedule of Expenditures and Transfers Out - Budget to Actual	A-138
Stormwater Enterprise Fund	
Schedule of Expenditures and Transfers Out - Budget to Actual	A-140

III. STATISTICAL SECTION

Table of Contents	A-143
Net Position by Component	A-144
Governmental Activities - Changes in Net Position	A-146
Business-Type Activities - Changes in Net Position	A-148
Primary Government - Changes in Net Position	A-150
Governmental Funds - Fund Balances	A-152
Governmental Funds - Changes in Fund Balances	A-154
Assessed Value and Estimated Actual Value of Taxable Property	A-156
Direct Property Tax Rates	A-157
Principal Property Taxpayers	A-158
Property Tax Levies and Collections	A-159
Ratios of Outstanding Debt by Type	A-160
Ratios of Net General Bonded Debt Outstanding	A-161
Direct and Overlapping Governmental Activities Debt	A-162
Legal Debt Margin Information	A-163
Demographic and Economic Statistics	A-164
Employees by Function/Program	A-165
Capital Asset Statistics by Function/Program	A-166



This page left intentionally blank.

INTRODUCTORY SECTION



This page left intentionally blank.

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 14, 2020

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

I am pleased to transmit to you the City of Newton's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. This report has been prepared by the Comptroller's Office of the City in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Government Accounting Standards Board (GASB).

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

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

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

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

History and Profile

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

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

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

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

Organizational Structure

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

Services

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

Reporting Entity

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

Financial Management

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

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

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

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

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

Financial Planning

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

The City's Rainy Day Stabilization Fund ended fiscal year 2019 with a fund balance of \$21.4 million, \$900,000 or 4.0% more than the balance as of the start of the year and 5% of General Fund expenditures for the year.

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

The OPEB trust ended fiscal year 2019 with assets of \$11.8 million, \$3.2 million or 37% greater than the funded balance at June 30 of the previous fiscal year. Although the City has yet to formally adopt a funding plan for its OPEB liabilities, the January 1, 2019 OPEB actuarial valuations include significant funding to begin in fiscal year 2031, after the defined benefit plan is scheduled to be actuarially funded. Nine years later, by fiscal year 2040, the City's OPEB obligations will reach full actuarial funding.

Accounting System and Budgetary Control

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

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

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

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

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

The City's books on fiscal year 2019 were closed within 160 days of year end and on October 10, 2019 the Massachusetts Department of Revenue certified the City's July 1, 2019 free cash (General Fund balance available for appropriation) at \$11.7 million. All statutory filings have also been made with the Massachusetts Department of Revenue and the Department of Elementary and Secondary Education.

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

Cash Management

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

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

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

Risk Management

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

In accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the City's June 30, 2019 actuarial valuation used a measurement date of June 30, 2018, based on the actuary's report dated August 2, 2019. GASB 75 permits a measurement date as early as the end of the fiscal year prior to the reporting date. The City's Net OPEB Liability decreased from \$638.8 million as of June 30, 2017 to \$628.2 million as of June 30, 2018, and the Plan's Fiduciary Net Position as a percent of the Total OPEB Liability increased from 0.93% to 1.37%.

Newton, like most communities in Massachusetts and in New England, does not currently have a formally adopted plan for funding health benefits on a basis other than the historical pay as you go approach. Beginning on July 1 of 2012 the City began contributing 2.5% of compensation for all new health plan participants; the 2.5% contribution level was increased to 3% in 2014, and eventually to the current rate of 3.5%. Please refer to Note 12 and OPEB Required Supplementary Information for more detailed information on the City's health benefit obligations.

Audit Committee

In order to strengthen the City's internal controls and financial reporting, the City Council established a permanent audit committee, consisting of both representatives of the City Council and Newton residents with financial management and audit education and experience. The Committee held a number of meetings with management and the City's independent auditors in fiscal year 2019. A complete accounting of the work of the Audit Committee is documented on their page of the City web site.

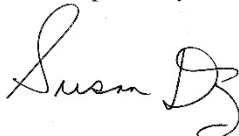
Awards and Acknowledgments

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

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

Thank you to the public accounting firm of CliftonLarsonAllen, LLP for the efficient completion of this year's audit and as always, for asking (and answering) many questions during the preparation of this report and over the course of the year.

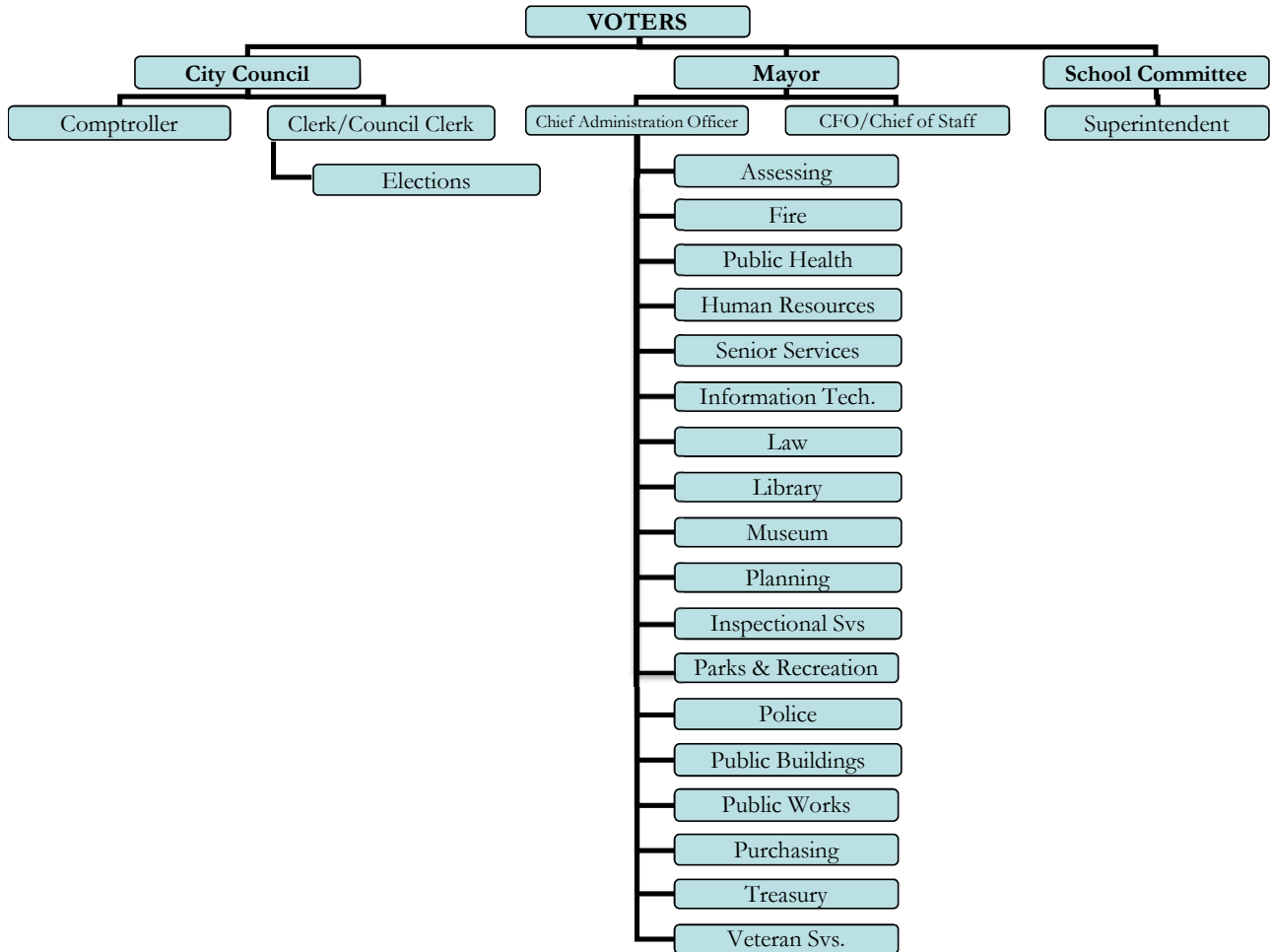
Respectfully,

A handwritten signature in black ink, appearing to read "Susan Dzikowski". The signature is fluid and cursive, with 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, 2019

CITY COUNCIL

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

SCHOOL COMMITTEE

Ruth Goldman, Chair
Steven Siegel, Vice Chair
Margaret Albright
Bridget Ray-Canada
Diana Fisher Gomberg
Matthew Miller
Anping Shen
Kathy Shields
Mayor Ruthanne Fuller, Ex Officio Member
David Fleishman, Superintendent of Schools
Liam Hurley, Assistant Superintendent/Chief Financial & Adm. Officer

EXECUTIVE

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

DEPARTMENT HEADS

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

CONTRIBUTORY RETIREMENT BOARD

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

FINANCIAL SECTION



This page left intentionally blank.



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts, as of and for the year ended June 30, 2019 (except for the Newton Contributory Retirement System and the Newton Commonwealth Foundation, Inc., which are as of and for the fiscal year ended December 31, 2018), and the related notes to the financial statements, which collectively comprise the City of Newton, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Newton Commonwealth Foundation, Inc., which represents 44.8%, 44.4%, and 99.9%, respectively, of the assets, net position, and operating revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Newton Commonwealth Foundation, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Newton Commonwealth Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts, as of June 30, 2019 (except for the Newton Contributory Retirement System and the Newton Commonwealth Foundation, Inc., which are as of and for the fiscal year ended December 31, 2018) and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Community Preservation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

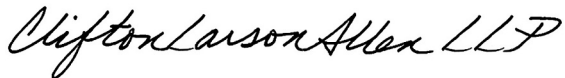
The combining and individual fund financial statements and schedules and additional information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected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

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

Honorable City Council and Mayor
City of Newton, Massachusetts

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2020 on our consideration of the City of Newton, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of the City's internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Newton, Massachusetts' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Boston, Massachusetts
January 14, 2020



This page left intentionally blank.

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights:

- Total liabilities and deferred inflows of City resources exceeded total assets and deferred outflows of resources as of the close of the most recent fiscal year by \$421 million – an increase of \$21.6 million or 4.9% from June 30, 2018. The negative (\$421) million net position for June 30, 2019 consisted of (\$552.8) in negative net position in governmental activities and a positive \$131.8 million in the City's business type activities.
- Unrestricted governmental net position decreased by \$5.7 million to (\$885.9) million at June 30, 2019. The decline in unrestricted governmental activities net position resulted primarily from the net changes in the net pension and net OPEB liabilities and related deferred outflows and inflows.
- The total cost of all City services (primary government) for fiscal year 2019 was \$559.1 million, \$509.6 million (91%) of which was for governmental services, and \$49.5 million (9%) of which was for business type services. The total cost of City services decreased by \$570 thousand; which was less than 1% from the total cost of services in the previous fiscal year.
- A total of \$133.5 million or 25.9% of governmental services were financed from program revenue, leaving 74.1% to be financed from general revenues and inter-fund transfers. Real estate and personal property tax revenue continues to represent the single largest source of general revenue, accounting for 89.9% of 2019 governmental services funding.
- At June 30, 2019, the City's governmental funds reported a combined fund balance of \$119.8 million. The combined governmental funds fund balance decreased by \$4.5 million (3.6%) from the prior year's ending fund balance.
- The City's general fund reported total fund balance of \$71 million at the end of fiscal year 2019, a \$4.4 million (6.6%) increase from the total fund balance at June 30 of the prior fiscal year. The unassigned portion of the fund balance increased by \$3.5 million to \$47.5 million or 10.2% of total general fund revenues and other financing sources. The unassigned fund balance includes \$21.4 million that the City has set aside as a "Rainy Day Stabilization" fund and \$11.7 million in "Free Cash" that has been certified as being available for appropriation by the Massachusetts Department of Revenue.

Overview of the Financial Statements:

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

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

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

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

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

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

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

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

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

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

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

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

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

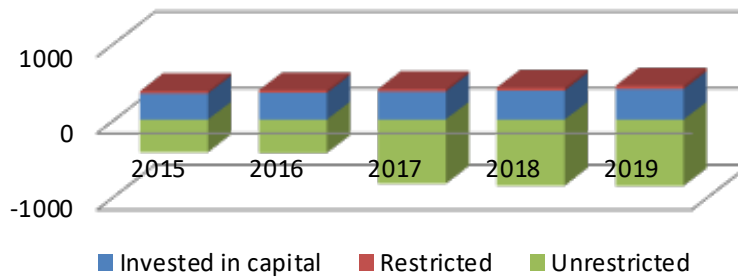
Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's progress in funding its obligation to provide pension and post-employment benefits to its employees. Such information is located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

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

Government-wide Financial Analysis:

Net Position: The City's total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources exceeded by \$421 million at June 30, 2019. This represents an increase of \$21.6 million or 4.9% in the total net position at June 30 of the prior year. Trend information for total net position and its major components over the past five year period is summarized graphically below. Unfunded pension benefit liabilities are recognized in full beginning with the fiscal year ended June 30, 2015.

Net Position Trends for Primary Government - Last Five Years



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

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

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

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

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

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

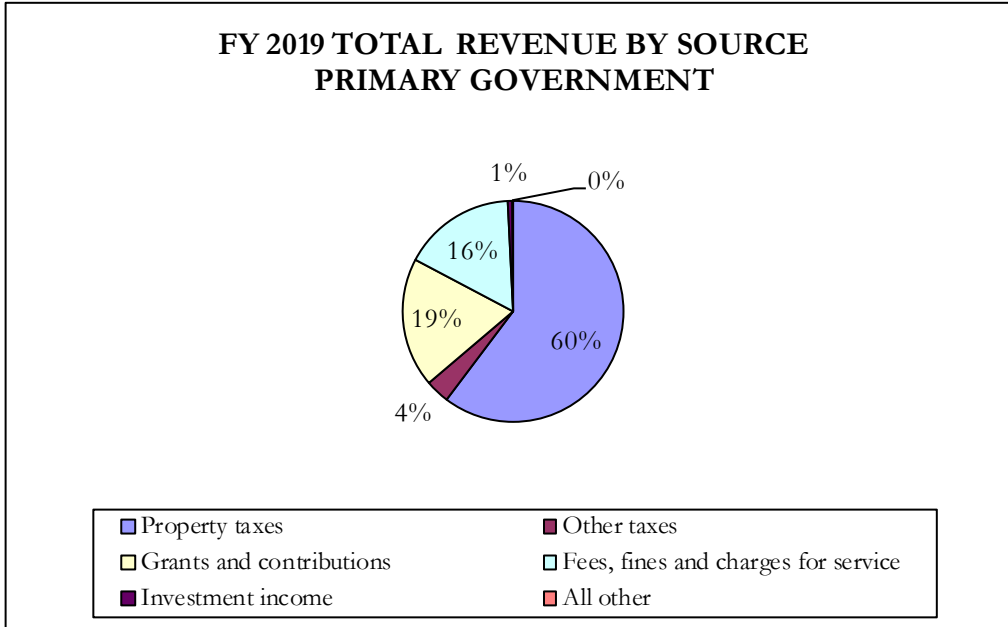
Changes in net position:

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

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

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

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

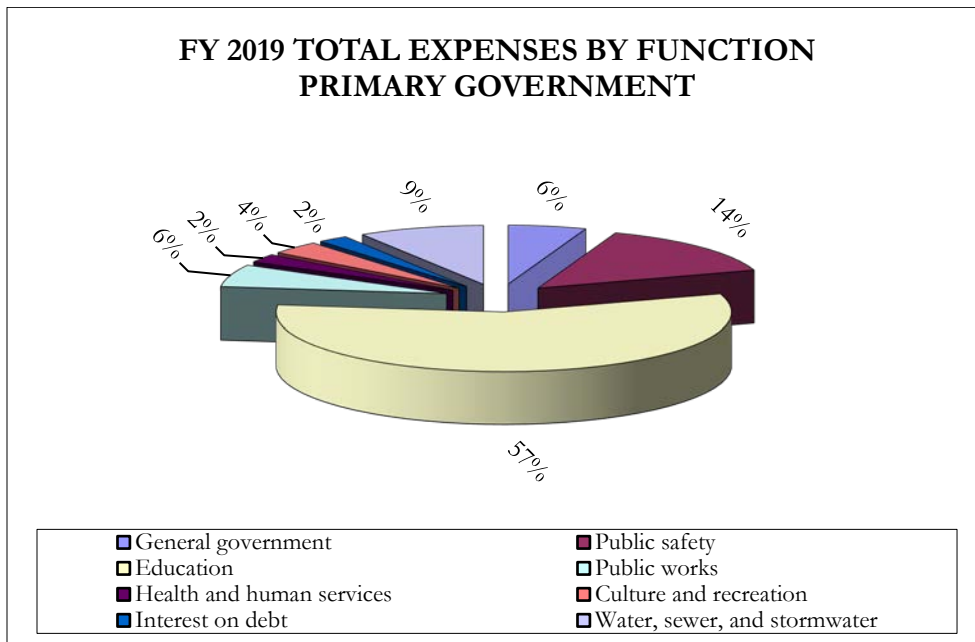


Total expenses decreased by \$570 thousand or less than 1% during the year.

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

Public education continues to be the function receiving the largest commitment of City resources. For the year ended June 30, 2019, total spending for education purposes was \$318.1 million or 57% of total spending, 62% of governmental activity spending and \$2.2 million or 1% greater than total education spending for the prior fiscal year

The following chart illustrates the distribution of expenses by major function for the primary government for the year ended June 30, 2019.



Governmental activities – Governmental activities increased the City’s net position by \$9.7 million or 2.2% during fiscal 2019 primarily due to capital grants and contributions. A summary of revenues and major functional expenses is included in the tables presented previously. In order to assist the reader in understanding more completely the full cost of the major services provided by the City within each of the broad functional classifications identified above, the Statement of Activities, provides a detailed accounting of all major service expenses, related revenues, and each service’s consumption of general revenues (principally property taxes).

As has been the case in all years since the City has adopted this reporting model, all governmental activity services, except for inspectional services, relied on subsidies from general revenues to one degree or another during fiscal year 2019. Inspectional service department program revenues exceeded total program expenses by \$8.2 million for the year. In the fiscal year ending June 30, 2018, Inspectional services department program revenue exceeded program expenses by \$5.0 million.

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

Financial Analysis of Governmental Funds:

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

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

As of June 30, 2019, the City’s governmental funds reported a combined fund balance totaling \$119.8 million, a \$4.5 million or 3.6% decrease from the prior year reported financial position.

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

City of Newton, Massachusetts
General Fund
Fund Trends – Fiscal year 2019 and (5) previous fiscal years

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

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

Property tax revenue growth of \$13.6 million accounted for 72.7% of all revenue growth for the year. The 4.1% increase in property tax revenue resulted from a combination of the normal increase authorized by Proposition 2 ½ and new growth. The City also collected 99.8% of the net tax levy for the year.

Over the course of the fiscal year, the City's Board of Assessors granted tax abatements, exemptions; and senior work credits totaling \$1,763,762 or 0.5% of the tax levy for the year. A tax refund payable liability of \$1.8 million has been recorded at fiscal year-end for abatement applications that, in the opinion of the Board of Assessors, are likely to result in tax refunds.

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

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

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

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

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

The \$10.5 million or 4.1% increase in education spending resulted principally from budgeted increases.

The voters of the City elected to implement the Community Preservation Act (CPA), with a 1% surcharge on all real estate tax bills, in November 2001. During the fiscal year ended June 30, 2019, the City realized \$4.4 million in CPA fund revenue, \$3.4 million (76.9%) of which came from the local property tax surcharge. State matching funds amounted to \$0.6 million. Fund expenditures totaled \$1.9 million for the year, \$1.3 million of which was for historic resources preservation; \$0.3 million of which was for community housing; \$0.2 million was for community recreation, and \$0.1 million for program administration.

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

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

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

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

The financial position of the City's Internal Service Funds increased by \$1.8 million, or 9.4% during the year ended June 30, 2019. Internal service funds are used to account for the City's self-insured group health insurance; workers compensation; and general liability risk exposures and to fund property insurance premiums for City buildings and contents. Detailed information on the self-insurance funds is presented in the Combining Statements section of this report.

The financial position of the City's workers compensation self-insurance fund decreased by \$1.2 million during the year as a result of an increase \$1.5 million of self-insurance claims during the year.

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

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

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

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

General Fund Budgetary Highlights:

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

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

A deficit of \$91 thousand was incurred for state assessments and charges during fiscal year 2019. All but \$2.4 million (0.6%) of total appropriations were expended, encumbered, or continued into fiscal year 2019 for completion of the appropriated purposes at June 30, 2019. Please refer to the Schedule of Expenditures and Transfers Out – Budget to Actual – Legal Level of Control, for a complete accounting of budget to actual experience for all City departments.

Capital Assets and Debt Administration

Capital assets – The City’s total investment in capital assets for governmental and business-type activities as of June 30, 2019, amounts to \$705.2 million. The investment in capital assets includes land and land improvements, intangible assets, buildings and improvements, machinery and equipment, infrastructure and construction in progress.

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2019	2018	2019	2018	2019	2018
Land and improvements.....	\$ 31,200,152	\$ 31,200,152	\$ 284,785	\$ 284,785	\$ 31,484,937	\$ 31,484,937
Intangible assets.....	2,238,261	2,238,261	-	-	2,238,261	2,238,261
Buildings and improvements..	389,545,139	401,842,832	1,974,148	2,060,033	391,519,287	403,902,865
Machinery and equipment.....	30,576,630	28,851,022	7,277,476	8,342,821	37,854,106	37,193,843
Infrastructure.....	79,823,279	73,502,668	105,781,165	100,084,109	185,604,444	173,586,777
Construction in progress.....	<u>51,095,250</u>	<u>21,932,464</u>	<u>5,371,701</u>	<u>2,480,770</u>	<u>56,466,951</u>	<u>24,413,234</u>
Total capital assets.....	<u>\$ 584,478,711</u>	<u>\$ 559,567,399</u>	<u>\$ 120,689,275</u>	<u>\$ 113,252,518</u>	<u>\$ 705,167,986</u>	<u>\$ 672,819,917</u>

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

- Business-type activity net capital assets increased by \$7.4 million, due to water and sewer system improvements funded with Massachusetts Water Resources Authority grants and interest free loans, and locally funded sewer infiltration and inflow reduction, water main cleaning and relining programs, and stormwater drainage construction projects.
- Governmental activity capital assets (net) increased by \$24.9 million, principally as a result of the Cabot School construction project being funded with a combination of state capital construction grants and the issuance of bonds and notes.

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

Debt outstanding – At June 30, 2019, the City had total long term debt outstanding of \$325.5 million, \$290.5 million for governmental activities and \$35 million for business-type activities. At June 30, 2019, the City had no short-term debt outstanding. All debt is a general obligation of the City, although water, sewer and stormwater debt service payments are made from the resources of the enterprise funds.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Education Buildings.....	\$ 244,226,828	\$ 248,407,881	\$ -	\$ -	\$ 244,226,828	\$ 248,407,881
Municipal buildings.....	38,876,175	40,225,900	-	-	38,876,175	40,225,900
Departmental equipment...	7,401,861	6,367,750	-	-	7,401,861	6,367,750
Landfill closure.....	-	170,600	-	-	-	170,600
Street reconstruction.....	-	15,000	-	-	-	15,000
Water system.....	-	-	21,666,709	17,807,455	21,666,709	17,807,455
Sanitary sewer system.....	-	-	9,073,160	9,640,120	9,073,160	9,640,120
Stormwater system.....	-	-	4,230,800	3,167,800	4,230,800	3,167,800
Total bonds and notes.....	\$ <u>290,504,864</u>	\$ <u>295,187,131</u>	\$ <u>34,970,669</u>	\$ <u>30,615,375</u>	\$ <u>325,475,533</u>	\$ <u>325,802,506</u>

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

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

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

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

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

Economic Factors and Next Year’s Budget and Rates

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

Request for Information

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



This page left intentionally blank.

Basic Financial Statements

CITY OF NEWTON
STATEMENT OF NET POSITION
JUNE 30, 2019

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

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

JUNE 30, 2019

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

See notes to basic financial statements.

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

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

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

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

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

ASSETS	General	Community Preservation	Cabot School Improvements	Angier School Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents.....	\$ 91,516,865	\$ -	\$ -	\$ -	\$ 4,211,733	\$ 95,728,598
Receivables, Net of Allowance for Uncollectible Amounts:						
Real Estate and Personal Property Taxes.....	11,063,712	-	-	-	-	11,063,712
Real Estate Tax Deferrals.....	2,941,412	-	-	-	-	2,941,412
Tax Liens.....	6,418,082	-	-	-	-	6,418,082
Motor Vehicle and Other Excise Taxes.....	1,100,061	-	-	-	-	1,100,061
Community Preservation Surcharges.....	-	62,118	-	-	-	62,118
User Charges.....	76,885	-	-	-	593,584	670,469
Departmental and Other.....	2,693,886	-	-	-	-	2,693,886
Intergovernmental.....	1,972,241	391,215	109,707	-	4,234,446	6,707,609
Special Assessments.....	145,399	-	-	-	206,465	351,864
Due from Other Funds.....	1,204,302	-	-	-	-	1,204,302
Other Assets.....	-	-	-	-	30,000	30,000
Restricted Assets:						
Cash and Cash Equivalents.....	2,429,856	19,874,809	6,275,022	8,083	17,999,309	46,587,079
Investments.....	-	-	-	-	1,092,919	1,092,919
Total Assets.....	<u>\$ 121,562,701</u>	<u>\$ 20,328,142</u>	<u>\$ 6,384,729</u>	<u>\$ 8,083</u>	<u>\$ 28,368,456</u>	<u>\$ 176,652,111</u>
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.....	<u>28,392,112</u>	<u>46,438</u>	<u>2,153,882</u>	<u>-</u>	<u>3,176,744</u>	<u>33,769,176</u>
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.....	<u>71,020,024</u>	<u>19,849,623</u>	<u>4,230,847</u>	<u>8,083</u>	<u>24,708,846</u>	<u>119,817,423</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 121,562,701</u>	<u>\$ 20,328,142</u>	<u>\$ 6,384,729</u>	<u>\$ 8,083</u>	<u>\$ 28,368,456</u>	<u>\$ 176,652,111</u>

See notes to basic financial statements.

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

JUNE 30, 2019

Total Governmental Fund Balances	\$	119,817,423
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		584,478,711
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.....		23,065,512
In the statement of net position, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.....		(3,511,960)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds and Notes Payable.....		(304,886,963)
Landfill Post-Closure.....		(486,061)
Compensated Absences.....		(8,849,016)
Net OPEB Obligation.....		(613,408,142)
Net Pension Liability.....		(324,033,139)
In the statement of net position, deferred outflows of resources are reported for amounts related to pensions.....		19,968,659
In the statement of net position, deferred outflows of resources are reported for the loss on advanced refunding transactions.....		266,043
In the statement of net position, deferred inflows of resources are reported for amounts related to pensions.....		(3,251,550)
In the statement of net position, deferred outflows of resources are reported for amounts related to OPEB.....		23,074,106
In the statement of net position, deferred inflows of resources are reported for amounts related to OPEB.....		(85,530,576)
Internal service funds are used by management to account for health insurance workers' compensation, building insurance and liability insurance activities. The assets and liabilities of the internal service funds are reported as governmental activities in the statement of net position.....		20,446,915
Net Position of Governmental Activities.....	\$	(552,840,038)

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General	Community Preservation	Cabot School Improvements	Angier School Improvement	Nonmajor Governmental Funds	Total Governmental Funds
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.....	5,335,991	58,031	-	-	1,223,529	6,817,551
Public Safety						
Police.....	23,123,693	-	-	-	4,672,909	27,796,602
Fire.....	24,576,041	-	-	-	1,728,743	26,304,784
Inspectional Services.....	1,657,100	-	-	-	8,277	1,665,377
Education.....	266,966,709	-	25,501,038	-	26,003,631	318,471,378
Public Works						
Streets & Sidewalks.....	11,258,483	-	-	-	4,845,506	16,103,989
Control of Snow & Ice.....	5,014,095	-	-	-	-	5,014,095
Sanitation.....	8,750,171	-	-	-	18,708	8,768,879
Vehicle Maintenance.....	2,926,363	-	-	-	-	2,926,363
Engineering.....	2,017,331	-	-	-	67,223	2,084,554
Administration & Support.....	1,558,247	-	-	-	-	1,558,247
Health and Human Services						
Health and Human Services.....	4,032,678	-	-	-	187,265	4,219,943
Senior Services.....	657,721	-	-	-	420,261	1,077,982
Veteran Services.....	226,610	-	-	-	730	227,340
Culture and Recreation						
Libraries.....	5,696,731	-	-	-	656,110	6,352,841
Parks & Recreation.....	6,809,501	109,150	-	-	4,276,578	11,195,229
Newton History Museum.....	276,724	-	-	-	165	276,889
Retirement Benefits.....	39,410,176	-	-	-	-	39,410,176
Worker's Compensation Insurance.....	1,200,000	-	-	-	-	1,200,000
Property and Liability Insurance.....	517,261	-	-	-	-	517,261
Claims and Judgments.....	368,203	-	-	-	-	368,203
State and County Charges.....	6,351,888	-	-	-	-	6,351,888
Debt Service:						
Principal.....	13,162,267	-	-	-	-	13,162,267
Interest.....	10,919,960	-	-	-	-	10,919,960
Total Expenditures.....	457,095,213	1,904,674	25,501,038	-	47,929,692	532,430,617
EXCESS (DEFICIENCY) OF REVENUES 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
Transfers In.....	6,045,656	-	-	-	3,081,021	9,126,677
Transfers 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 - Beginning of Year.....	66,621,935	17,366,842	17,193,284	1,258,083	21,840,006	124,280,150
FUND BALANCES - END OF YEAR.....	\$ 71,020,024	\$ 19,849,623	\$ 4,230,847	\$ 8,083	\$ 24,708,846	\$ 119,817,423

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Net Change in Fund Balances - Total Governmental Funds.....	\$	(4,462,727)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.</p>		
Capital Outlays.....		46,576,649
Depreciation.....		(21,592,860)
<p>In the statement of activities, the gain on the disposals of capital assets is reported, whereas in the governmental funds the disposals are not reported as financial resources. As a result, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed.....</p>		
		(72,477)
<p>Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.....</p>		
		(381,928)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts represent the related activity of the current period.</p>		
Proceeds of Bonds.....		(8,480,000)
Bond Maturities.....		13,162,267
Bond Premiums.....		(805,463)
Net Amortization of Bond Premiums.....		1,207,338
<p>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable.....</p>		
		1,265,943
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:</p>		
Landfill closure and other environmental liabilities.....		61,957
Compensated Absences.....		(201,442)
Net OPEB Liability.....		10,376,454
Net Pension Liability.....		(28,870,915)
<p>In the statement of activities, deferred outflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred outflows related to pensions.....</p>		
		5,031,247
<p>In the statement of activities, deferred outflows related to the loss on advanced refunding transactions are amortized and recognized as interest expense. This amount represents the net change in deferred outflows related to advanced refunding transactions.....</p>		
		(2,740,769)
<p>In the statement of activities, deferred inflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred inflows related to pensions.....</p>		
		15,265,542
<p>In the statement of activities, deferred outflows related to OPEB are amortized and recognized as pension expense. This amount represents the net change in deferred outflows related to OPEB.....</p>		
		1,386,755
<p>In the statement of activities, deferred inflows related to OPEB are amortized and recognized as pension expense. This amount represents the net change in deferred inflows related to OPEB.....</p>		
		(18,777,388)
<p>Internal service funds are used by management to account for health insurance, worker's compensation building insurance and liability insurance activities. The net activity of the internal service funds is reported with governmental activities.....</p>		
		1,756,991
Changes in Net Position of Governmental Activities.....	\$	<u>9,705,174</u>

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

See notes to basic financial statements.

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

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

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

See notes to basic financial statements.

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

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

See notes to basic financial statements.

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

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

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

See notes to basic financial statements.

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

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

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

See notes to basic financial statements.

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

JUNE 30, 2019

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

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS
COMPONENT UNITS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Blended Component Unit

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

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

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

Discretely Presented Component Units

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

B. Basis of Presentation, Basis of Accounting

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

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

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

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

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

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

The City also reports the following enterprise funds:

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

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

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

The City also reports the following fund types:

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

Measurement Focus and Basis of Accounting

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

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

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

C. Implementation of New Accounting Principles

For the year ending June 30, 2019, the City implemented the following pronouncements issued by the GASB:

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

D. Assets, Liabilities and Equity

Cash and Cash Equivalents and Investments

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

Restricted Cash and Cash Equivalents and Investments

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

Receivables

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

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

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

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

Community preservation surcharges: Community preservation surcharges are levied annually and at a rate of 1% of residents' real estate tax bills with exemptions for the first \$100,000 of residential property and property owned by qualified persons with low income and seniors (60+) with low or moderate income as defined by Massachusetts Department of Revenue (DOR) guidelines. The surcharge is due with the real estate tax on August 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, 2019

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

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

Capital Assets

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

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

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

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

Inter-fund Transactions

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

Deferred Outflows of Resources

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Deferred Inflows of Resources

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

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

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

Net Position and Fund Balances

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

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

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

Governmental Funds Statements (Fund Balances)

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

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

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

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

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

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

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

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

Long term debt

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

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

Investment Income

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Compensated Absences

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

Pensions

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

Post Retirement Benefits

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

Use of Estimates

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

Total Column

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Note 2 - Stewardship, Compliance, and Accountability

A. Budget Information

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

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

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

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

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

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

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

B. Deficit Net Position

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

C. Expenditures in Excess of Appropriations

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

D. Budget to GAAP Reconciliation

Accounting principles followed for purposes of preparing the financial statements on a budgetary basis differ from those used to present financial statements in accordance with GAAP. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund and Community Preservation Fund for the fiscal year ended June 30, 2019 are presented below:

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Note 3 - Deposits and Investments

A. Summary of Deposit and Investment Balances

City (Excluding the Pension Trust Fund)

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

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

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

Investments for the City are reported at fair value.

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

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be recovered. The City does not have a policy for custodial credit risk of deposits. As of June 30, 2019, \$112,708,085 of the City's bank balance of \$136,871,284 was uninsured and uncollateralized.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Investments Summary

The City's investments at June 30, 2019 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
<u>Debt Securities:</u>					
U.S. Treasuries.....	\$ 999,407	\$ -	\$ 211,814	\$ 653,292	\$ 134,301
U.S. Agencies.....	208,535	-	158,171	50,364	-
Corporate bonds.....	225,374	60,008	79,165	86,201	-
Money market mutual funds.....	799,278	799,278	-	-	-
Mutual bond funds.....	6,341,858	6,341,858	-	-	-
External investment pools.....	113,414,356	113,414,356	-	-	-
Total debt securities.....	121,988,808	\$ 120,615,500	\$ 449,150	\$ 789,857	\$ 134,301
<u>Other Investments:</u>					
Equity mutual funds.....	4,230,662				
Equity securities.....	10,256,115				
International equities.....	3,066,991				
Total other investments.....	17,553,768				
Total investments.....	\$ 139,542,576				

Investments - Interest Rate Risk of Debt Securities

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk of investments. As of June 30, 2019, \$26,128,220 of the City's investments of \$139,542,576 were uninsured, not registered in the name of the City and exposed to custodial credit risk as follows:

Investment Type	Total Amount	Held by Counterparty	Held by Counterparty's Trust or Agent
U.S. Treasuries.....	\$ 999,407	\$ -	\$ 999,407
U.S. Agencies.....	208,535	-	208,535
Corporate bonds.....	225,374	-	225,374
Money market mutual funds.....	799,278	799,278	-
Mutual bond funds.....	6,341,858	-	6,341,858
Equity mutual funds.....	4,230,662	-	4,230,662
Equity securities.....	10,256,115	-	10,256,115
International equities.....	3,066,991	-	3,066,991
Total.....	\$ 26,128,220	\$ 799,278	\$ 25,328,942

Investments - Credit Risk of Debt Securities

Credit risk for investments is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The City does not have a policy for credit risk of debt securities. As of June 30, 2019, the credit quality ratings of the City's investments in debt securities are as follows:

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Investments – Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2019:

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Debt Securities:</u>				
U.S. Treasuries.....	\$ 999,407	\$ 999,407	\$ -	\$ -
U.S. Agencies.....	208,535	208,535	-	-
Corporate bonds.....	225,374	225,374	-	-
Mutual bond funds.....	6,341,858	6,341,858	-	-
Total Debt Securities.....	<u>7,775,174</u>	<u>7,775,174</u>	-	-
<u>Equity Securities:</u>				
Equity mutual funds.....	4,230,662	4,230,662	-	-
Equity securities.....	10,256,115	10,256,115	-	-
International equities.....	3,066,991	3,066,991	-	-
Total Equity Securities.....	<u>17,553,768</u>	<u>17,553,768</u>	-	-
Total Investments by Fair Value Level	<u>25,328,942</u>	<u>\$ 25,328,942</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Investments measured at the net asset value (NAV)</u>				
PRIT Fund.....	<u>11,549,472</u>			
Total Investments measured at Fair Value ...	<u>\$ 36,878,414</u>			

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

Investments Measured at the NAV

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Pension Trust Fund (The System)

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

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the System's deposits may not be recovered. The System does not have a policy for custodial credit risk of deposits. As of December 31, 2018, the System is not exposed to custodial credit risk.

Investments Summary

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

<u>Investment Type</u>	<u>Total Amount</u>	<u>Investment Maturities (in Years) Less Than 1</u>
<u>External Investment Pools:</u>		
Pension Reserve Investment Trust.....	\$ 324,873,667	\$ 324,873,667
Massachusetts Municipal Depository Trust.....	<u>16,849,278</u>	<u>16,849,278</u>
 Total investments.....	 <u><u>\$ 341,722,945</u></u>	 <u><u>\$ 341,722,945</u></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 System's policy is that at least 15%, but no more than 30% of the portfolio must be invested in fixed income securities.

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System does not have a policy for custodial credit risk of investments. The custodial arrangements are reflective of the fact that System assets are invested in pooled funds as opposed to individual securities. As of December 31, 2018, the System's investments were not exposed to custodial credit risk.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Investments - Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The System's policy is that for underlying investments in external investment pools, bonds shall have a minimum quality rating of Baa or equivalent as rated by one or more recognized bond rating services, however, 5% of the total investment portfolio may be invested in bonds with a minimum quality rating of CCC as rated by Standard & Poor's Corporate and Municipal Rating Service. As of December 31, 2018, the System's debt security investments were in external investment pools unrated by national credit rating organizations.

Investments – Fair Value Measurements – System

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

Note 4 - Receivables

At June 30, 2019, receivables for the individual major governmental funds and non-major governmental, internal service and fiduciary funds in the aggregate, including applicable allowances for amounts estimated to be uncollectible, are as follows:

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

At June 30, 2019, receivables for the Enterprise Funds consist of the following:

	Gross	Allowance	Net
	Amount	for	Amount
	<u> </u>	<u>Uncollectibles</u>	<u> </u>
Receivables:			
Charges for services.....	\$ 16,577,672	\$ (165,660)	\$ 16,412,012
Utility liens.....	530,507	-	530,507
Special assessments.....	36,371	-	36,371
Intergovernmental.....	<u>844,041</u>	<u>-</u>	<u>844,041</u>
	<u>\$ 17,988,591</u>	<u>\$ (165,660)</u>	<u>\$ 17,822,931</u>

Note 5 – Capital Assets

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

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

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

	July 1, 2018				June 30, 2019
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>		<u>Balance</u>
Water system:					
Capital assets not being depreciated:					
Land.....	\$ 258,540	\$ -	\$ -		\$ 258,540
Construction in progress.....	4,345	892,592	-		896,937
Sub-total	<u>262,885</u>	<u>892,592</u>	<u>-</u>		<u>1,155,477</u>
Capital assets being depreciated:					
Buildings and improvements.....	2,455,492	-	-		2,455,492
Equipment and machinery.....	13,731,982	-	(141,409)		13,590,573
Water system.....	63,850,405	4,023,016	-		67,873,421
Sub-total.....	<u>80,037,879</u>	<u>4,023,016</u>	<u>(141,409)</u>		<u>83,919,486</u>
Less: accumulated depreciation:					
Buildings and improvements.....	(1,343,168)	(45,762)	-		(1,388,930)
Equipment and machinery.....	(7,950,295)	(713,174)	116,133		(8,547,336)
Water system.....	(16,330,551)	(1,296,030)	-		(17,626,581)
Sub-total.....	<u>(25,624,014)</u>	<u>(2,054,966)</u>	<u>116,133</u>		<u>(27,562,847)</u>
Capital assets being depreciated, net.....	<u>54,413,865</u>	<u>1,968,050</u>	<u>(25,276)</u>		<u>56,356,639</u>
Water system capital assets, net.....	\$ <u>54,676,750</u>	\$ <u>2,860,642</u>	\$ <u>(25,276)</u>		\$ <u>57,512,116</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Note 6 – Net Investment in Capital Assets

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

Governmental Activities

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

Business-Type Activities

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

Note 7 – Inter-fund Receivables, Payables and Transfers

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

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

Note 8 - Short-Term Debt

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

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

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

Notes Payable – Governmental Funds

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Notes Payable – Water Enterprise Fund

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

Note 9 - Long-Term Obligations

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

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

Internal service funds predominantly serve the governmental funds. Accordingly, the internal service fund's long-term liabilities are included as part of the governmental activities totals above. At fiscal year-end, \$9,340,585 of the internal service funds accrued liabilities (workers' compensation claims) is included above.

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Note 10 - Long-Term Debt

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

Bonds Payable – Governmental Funds

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

(continued)

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Bonds Payable – Governmental Funds (Continued)

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

(continued)

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Bonds Payable – Governmental Funds (Continued)

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Bonds Payable – Water Enterprise Fund

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

The Massachusetts Water Resources Authority (MWRA) offers water system rehabilitation and sanitary sewer infiltration and inflow reduction financial assistance programs to member communities in order to assist with the on-going maintenance of water and sewer system infrastructure. During the fiscal year ended June 30, 2019, the City was the recipient of \$1,360,200 in MWRA loans and \$3,435,000 in MWRA grants.

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Bonds Payable – Sewer Enterprise Fund

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

The MWRA’s sanitary sewer infiltration/inflow reduction financial assistance program provides financial assistance for eligible projects in the form of a combination of grants and five-year interest-free loans. At June 30, 2019, the City had \$2,589,660 in MWRA sewer infiltration/inflow reduction loans outstanding.

The City has also entered into (3) ten-year subsidized loan agreements with the Massachusetts Clean Water Trust (MCWT) for additional sanitary sewer system infiltration and inflow reduction projects. At June 30, 2019 the City had \$1,442,000 in loans outstanding under this project. Interest and principal subsidies on these loans for the year ended June 30, 2019 were \$163,177 and \$252,354, respectively.

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Bonds Payable – Stormwater Enterprise Fund

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

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

Fiscal Year Ending	Principal	Interest	Total
2020	\$ 258,000	\$ 182,062	\$ 440,062
2021	250,000	171,337	421,337
2022	255,000	159,037	414,037
2023	255,000	146,487	401,487
2024	255,000	134,237	389,237
2025	260,000	121,687	381,687
2026	262,800	109,237	372,037
2027	255,000	96,325	351,325
2028	235,000	83,825	318,825
2029	235,000	72,075	307,075
2030	225,000	60,325	285,325
2031	230,000	50,750	280,750
2032	230,000	41,550	271,550
2033	230,000	33,050	263,050
2034	235,000	25,000	260,000
2035	165,000	16,800	181,800
2036	165,000	10,700	175,700
2037	115,000	5,175	120,175
2038	<u>115,000</u>	<u>1,725</u>	<u>116,725</u>
Total	\$ <u><u>4,230,800</u></u>	\$ <u><u>1,521,384</u></u>	\$ <u><u>5,752,184</u></u>

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Authorized and Unissued Debt

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

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

Note 11 – Landfill Closure and Post-closure Care Costs

State and federal laws and regulations mandated that the City close its old landfill site when it ceases accepting waste and to perform certain maintenance and monitoring activities at the site after closure. On June 28, 1996 the City signed a consent agreement with the Commonwealth of Massachusetts’ Department of Environmental Protection that established a schedule for closure of the Rumford Avenue landfill. This landfill ceased operations in 1976 and was capped during 1998, which was in compliance with the consent agreement. The City has recorded a liability of \$486,061 at June 30, 2019 for future year landfill site monitoring and maintenance. Estimated costs per year total \$38,000. The current estimate is based upon current costs and may require modification in future years due to price inflation, changes in technology or changes in state/federal law and regulations.

Note 12 – Other Post Employment Benefits (OPEB)

A - General Information about the OPEB Plan

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

Inactive plan members and beneficiaries currently receiving benefit payments.....	2,841
Inactive plan members entitled to but not yet receiving benefit payments.....	-
Active plan members.....	<u>2,423</u>
Total.....	<u>5,264</u>

B – Benefits Provided

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

C – Contributions

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

For the fiscal year ended June 30, 2019, employer contributions totaled \$26,148,831. The OPEB Trust Fund did not receive contributions from any other sources.

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

The components of the net OPEB liability of the Plan as of June 30, 2019 were as follows:

Total OPEB liability.....	\$	700,325,228
Fiduciary Net Position.....		<u>(11,816,871)</u>
Net OPEB Liability.....	\$	<u>688,508,357</u>
Fiduciary net position as a percentage of the total OPEB liability		1.69%

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

At June 30, 2019, the City reported a liability of \$628,227,320 for its net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was also determined by an actuarial valuation as that date.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

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

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Mortality:

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

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

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

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

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

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

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

For the fiscal year ended June 30, 2019, the money-weighted rate of return on the Trust Fund’s investments, net of investment expense, was 6.14%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for amounts actually invested.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity.....	21.0%	6.16%
International Equity - Developed Markets.	13.0%	6.69%
International Equity - Emerging Markets..	5.0%	9.47%
Core Fixed Income.....	15.0%	1.89%
High-Yield Fixed Income.....	8.0%	4.00%
Real Estate.....	10.0%	4.58%
Commodities.....	4.0%	4.77%
Hedge Funds.....	11.0%	3.68%
Private Equity.....	13.0%	10.00%
	<u>100.0%</u>	

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

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

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

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

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

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Note 13 – Risk Financing

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

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

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

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

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

Workers’ compensation claims are administered by the City’s Personnel Department. The City contracts for an annual actuarial valuation of the program, and based on this study, has recorded a liability of \$9,340,585 at June 30, 2019, of which \$1,478,233 has been recorded as a current liability based upon the City’s expectation that this amount will be paid within the fiscal year ending June 30, 2020. The liability includes an estimate of the IBNR claims.

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Note 14 – Fund Balances

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Note 15 – Stabilization Funds

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

The balance of the capital and rainy day stabilization funds at June 30, 2019 total \$646,666 and \$21,407,131 respectively, and are reported in the general fund as restricted (\$195,477), committed (\$370,580), assigned (\$80,609) and unassigned (\$21,407,131).

Note 16 - Donor Restricted Endowments

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

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

Note 17 – Pension Plan (System)

A – Plan Description

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

At December 31, 2018, the System’s membership consisted of the following:

Active members.....	1,633
Inactive - entitled to or receiving benefits.....	34
Inactive - not entitled to or not receiving benefits.....	621
Retirees and beneficiaries currently receiving benefits.....	<u>1,310</u>
Total members.....	<u><u>3,598</u></u>
Number of participating employers.....	<u><u>2</u></u>

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

B – Benefits Provided

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

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

C - Contributions

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

For the year ended December 31, 2018, active member contributions totaled \$10,065,686 and employer contributions totaled \$28,628,399. Contributions to the System from the City were \$28,336,124 for the year ended June 30, 2019.

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

The components of the net pension liability of the System at December 31, 2018, were as follows:

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

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

\$766,961 reported as deferred outflows of resources related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	<u>Amount</u>
2020	\$ 5,863,003
2021	2,846,388
2022	1,445,721
2023	6,350,612

Actuarial Assumptions – The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method:	Entry Age Normal
Amortization method:	Increasing payments 9.60% per year
Remaining amortization period:	11 years (closed)
Asset valuation method:	Sum of actuarial value at beginning of year, contributions and investment earnings based on actuarial interest assumption less benefit payments plus 25% of the market value at the end of the year in excess of that sum, plus additional adjustment toward market value as necessary so that final actuarial value is within 20% of market value
Investment rate of return:	7.25%, net of pension plan investment expense, including inflation
Inflation rate:	2.75% per year

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Salary increases:	Ranging from 3.50% to 8.00% based upon years of service
Cost of living adjustment:	3.0% on the first \$12,000 in benefits
Mortality rates:	Pre-Retirement - RP-2014 Employee Mortality Table projected generationally with Scale MP-2017
	Healthy Retiree - RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017
	Disabled Retiree - RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2017

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

For the year ended December 31, 2018, the annual money-weighted rate of return on System investments, net of investment expense, was (2.07%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The System's current funding schedule is based upon a 7.25% assumed rate of return.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	21.00%	6.16%
International Equity - Developed Markets	13.00%	6.69%
International Equity - Emerging Markets	5.00%	9.47%
Core Fixed Income	15.00%	1.89%
High-Yield Fixed Income	8.00%	4.00%
Real Estate	10.00%	4.58%
Commodities	4.00%	4.77%
Hedge Funds	11.00%	3.68%
Private Equity	13.00%	10.00%
	<u>100.00%</u>	

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

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

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

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Note 18 – Fiduciary Fund Financial Statements

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Note 19 – Pension Plan (Massachusetts Teachers Retirement System)

A - General Information about the Pension Plan

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

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

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

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

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

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

Since the City does not contribute directly to MTRS, the City does not report a proportionate share of the net pension liability of the MTRS at June 30, 2019. The Commonwealth's net pension liability associated with the City was \$395,023,946.

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

For the year ended June 30, 2019, the City recognized pension expense of \$40,029,958 associated with MTRS and revenue of the same amount for support provided by the Commonwealth.

Actuarial assumptions - The MTRS' total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of January 1, 2018 rolled forward to June 30, 2018. This valuation used the following assumptions:

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

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

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

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

Discount rate - The discount rate used to measure the MTRS' total pension liability was 7.35%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2019

Note 20 – Commitments and Contingencies

Significant commitments include the continuing appropriations and encumbrances outstanding for the general fund and CPA fund, for which outstanding balances at June 30, 2019, totaled \$18,773,007 and \$9,087,953, respectively.

The City has an Infrastructure Development Assistance Agreement (IDAA) with the Commonwealth of Massachusetts and the developers of the Chestnut Hill Square commercial development along State Route 9. Under the terms of the agreement the Commonwealth issued debt to reimburse the developers for \$10 million in public infrastructure improvements that were necessary to accommodate the Chestnut Hill Square development. All funding for the 30 years of debt service associated with the infrastructure improvement reimbursement is expected to be derived from incremental state sales and income tax revenue generated from the commercial development project, however, in the event of a short-fall, the City is responsible for reimbursing the Commonwealth for the difference between the annual debt service on the project debt and the actual incremental state sales and income tax revenues generated from the project. According to Article 4(a) of the agreement, “Local Infrastructure Development Assistance shall constitute a general obligation of the City to which its full faith and credit shall be pledged.” In order to minimize the City’s financial exposure for such an event, the IDAA authorizes the City to levy and collect an Infrastructure Assessment against development real estate for any short fall and further requires that the developer fund a Municipal Liquidity Reserve equal to two years of annual debt service requirements (\$1,163,000), to be held by the City. The developer and any successors or assigns are obligated to replenish the Municipal Liquidity Reserve if any draw occurs. During fiscal year 2019 the City was not obligated to reimburse the Commonwealth for any debt service related to the IDAA.

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

Various additional legal actions and claims are pending. Litigation is subject to many uncertainties and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any at June 30, 2019 cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the City at June 30, 2019.



This page left intentionally blank.

Required Supplementary Information

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2019

PENSION PLAN SCHEDULES

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2019

PENSION PLAN SCHEDULES (CONTINUED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)

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

SCHEDULE OF INVESTMENT RETURNS (SYSTEM) (A)

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

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

CITY OF NEWTON, MASSACHUSETTS
 Required Supplementary Information
 Fiscal Year Ended June 30, 2019

PENSION PLAN SCHEDULES (CONTINUED)

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

	2019*	2018*	2017*	2016*	2015*
City's proportion of the net pension liability	98.979073%	99.008917%	98.993848%	99.000556%	99.026264%
City's proportionate share of the net pension liability	334,801,480	305,136,331	326,668,811	317,071,646	298,730,998
City's covered payroll	98,995,159	95,190,276	93,926,628	90,939,864	85,643,310
City's proportionate share of the net pension liability as a percentage of its covered payroll	338.20%	320.55%	347.79%	348.66%	348.81%
Plan fiduciary net position as a percentage of the total pension liability	50.26%	53.26%	48.10%	47.51%	49.35%

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

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

	2019*	2018*	2017*	2016*	2015*
Actuarially Required Contribution	\$ 28,336,124	\$ 25,573,143	\$ 23,329,608	\$ 21,453,967	\$ 19,778,376
Contributions in Relation to the Actuarially Required Contribution	28,336,124	25,573,143	23,329,608	21,453,967	19,778,376
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 98,995,159	\$ 95,190,276	\$ 93,926,628	\$ 90,939,864	\$ 85,643,310
Contributions as a Percentage of Covered Payroll	28.62%	26.87%	24.84%	23.59%	23.09%

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

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2019

PENSION PLAN SCHEDULES (CONTINUED)

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2019

OTHER POSTEMPLOYMENT BENEFITS SCHEDULES

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

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Required Supplementary Information

Fiscal Year Ended June 30, 2019

OTHER POSTEMPLOYMENT BENEFITS SCHEDULES (CONTINUED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS (PLAN) (A)

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

SCHEDULE OF INVESTMENT RETURNS (PLAN) (A)

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to Required Supplementary Information

Fiscal Year Ended June 30, 2019

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

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

Actuarial cost method (2009-2018):	Entry Age Normal
Amortization method (2009):	Payment increases 4.50% per year
Amortization method (2010-2012):	Payment increases 3.75% per year
Amortization method (2013):	Payment increases 8.50% per year
Amortization method (2014):	Payment increases 8.75% per year
Amortization method (2015-2018)	Payment increases 9.60% per year
Remaining amortization period (2009):	20 years
Remaining amortization period (2010):	27 years
Remaining amortization period (2011):	26 years
Remaining amortization period (2012):	24 years
Remaining amortization period (2013):	15 years
Remaining amortization period (2014):	14 years
Remaining amortization period (2015-2016):	13 years
Remaining amortization period (2017):	12 years
Remaining amortization period (2018):	11 years
Asset valuation method (2009):	Market value
Asset valuation method (2010-2018):	Sum of actuarial value at beginning of year, contributions and investment earnings based on actuarial interest assumption less benefit payments plus 25% of the market value at the end of the year in excess of that sum, plus additional adjustment toward market value as necessary so that final actuarial value is within 20% of market value
Inflation (2009-2012):	3.0%
Inflation (2013):	2.0 – 2.5%
Inflation (2014-2017):	2.5%
Inflation (2018):	2.75%
Salary increases (2009):	4.00 – 5.25%
Salary increases (2010-2011):	2.0 – 3.5%
Salary increases (2012):	2.5 – 3.5%
Salary increases (2013):	3.0 – 3.5%
Salary increases (2014-2016):	3.5%
Salary increases (2017-2018):	3.5 – 8.0%
Investment rate of return (2009):	8.00%
Investment rate of return (2010-2012):	7.75%
Investment rate of return (2013):	7.35%
Investment rate of return (2014-2015):	7.35%
Investment rate of return (2016):	7.50%
Investment rate of return (2017-2018):	7.25%

CITY OF NEWTON, MASSACHUSETTS

Notes to Required Supplementary Information

Fiscal Year Ended June 30, 2019

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

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

Actuarial cost method (2017-2019):	Entry Age Normal
Amortization method (2017-2019):	Level dollar
Remaining amortization period (2017-2019):	30 years (open)
Interest discount rate (2017-2018):	2.06%
Interest discount rate (2019):	7.25%
Healthcare/Medical cost trend rate (2017-2018):	8.39% in 2016 graded down to 6.08% in 2021 and thereafter.
Healthcare/Medical cost trend rate (2019):	7.00% decreasing by 0.25% for 10 years to an ultimate level of 4.50%



This page left intentionally blank.

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Special Revenue Funds

School Lunch Fund:

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

Revolving Fund

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

Receipts Reserved Fund

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

Community Development Block Grant Fund

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

Municipal Federal Grant Fund

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

Municipal State Grant Fund

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

School State Grant Fund

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

School Federal Grant Fund

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

Gift Fund

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

Capital Projects Funds

Public Building Improvements Fund

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

School Building Improvements Fund

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

Street Improvements Fund

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

Municipal Equipment Replacement Fund

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

Permanent Funds

Municipal Fund

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

Library Common Fund

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

CITY OF NEWTON, MASSACHUSETTS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2019

Special Revenue Funds

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

Special Revenue Funds

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

(Continued)

CITY OF NEWTON, MASSACHUSETTS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2019

Capital Projects Funds

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

Permanent Funds

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

(Concluded)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Special Revenue Funds

	School Lunch	Revolving	Receipts Reserved	Community Development Block Grant	Municipal Federal Grant
REVENUES					
Licenses and permits.....	\$ -	\$ 85,843	\$ 1,373,490	\$ -	\$ -
Intergovernmental	654,416	20,173	129,248	1,606,004	2,004,730
Charges for services.....	2,437,139	16,024,597	802	-	-
Fines and forfeitures.....	-	31,059	27,850	-	-
Investment income	13,816	31,798	613	-	-
Contributions and donations.....	-	170,871	139,500	-	-
Miscellaneous.....	-	143,583	104,953	-	-
Special assessments.....	-	156,944	-	-	-
TOTAL REVENUES.....	3,105,371	16,664,868	1,776,456	1,606,004	2,004,730
EXPENDITURES					
Current:					
General government:					
Legislative & executive.....	-	958	-	-	-
Planning & development.....	-	276,182	-	1,605,049	1,816,193
Public building maintenance & operations.....	-	-	-	-	-
Public safety:					
Police.....	-	4,381,176	-	-	1,986
Fire.....	-	598,750	-	-	28,717
Inspectional services.....	-	8,277	-	-	-
Education.....	3,131,779	8,596,479	-	-	2,728
Public works:					
Streets & sidewalks.....	-	194,464	-	-	-
Sanitation.....	-	-	-	-	-
Engineering.....	-	67,223	-	-	-
Health and human services:					
Health & human services.....	-	613	-	-	33,964
Senior services.....	-	171,452	-	-	-
Veteran services.....	-	-	-	-	-
Culture and recreation:					
Libraries.....	-	307,504	-	-	2,385
Parks & recreation.....	-	3,530,555	-	-	-
Newton History museum.....	-	165	-	-	-
TOTAL EXPENDITURES.....	3,131,779	18,133,798	-	1,605,049	1,885,973
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(26,408)	(1,468,930)	1,776,456	955	118,757
OTHER FINANCING SOURCES (USES)					
Transfers in.....	82,480	1,248,078	-	-	-
Issuance of general obligation bonds.....	-	-	-	-	-
Premium from issuance of bonds and notes.....	-	-	109,278	-	-
Transfers out.....	-	-	(934,005)	-	(32,469)
TOTAL OTHER FINANCING SOURCES (USES).....	82,480	1,248,078	(824,727)	-	(32,469)
NET CHANGE IN FUND BALANCES.....	56,072	(220,852)	951,729	955	86,288
FUND BALANCES AT BEGINNING OF YEAR.....	54,424	7,389,306	4,582,907	13,219	1,205,834
FUND BALANCES AT END OF YEAR.....	\$ 110,496	\$ 7,168,454	\$ 5,534,636	\$ 14,174	\$ 1,292,122

Special Revenue Funds

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

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Capital Projects Funds

	Public Building Improvements	School Building Improvements	Street Improvements	Municipal Equipment Replacement	Sub-total
REVENUES					
Licenses and permits.....	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	100,000	-	3,780,225	-	3,880,225
Charges for services.....	-	-	-	-	-
Fines and forfeitures.....	-	-	-	-	-
Investment income (loss).....	-	-	-	-	-
Contributions and donations.....	-	-	-	-	-
Miscellaneous.....	-	-	-	-	-
Special assessments.....	-	-	-	-	-
TOTAL REVENUES.....	100,000	-	3,780,225	-	3,880,225
EXPENDITURES					
Current:					
General government:					
Legislative & executive.....	-	-	-	-	-
Planning & development.....	-	-	-	-	-
Public building maintenance & operations.....	979,797	-	-	-	979,797
Public safety:					
Police.....	-	-	-	-	-
Fire.....	-	-	-	1,062,439	1,062,439
Inspectional services.....	-	-	-	-	-
Education.....	-	1,261,316	-	-	1,261,316
Public works:					
Streets & sidewalks.....	-	-	4,263,492	381,580	4,645,072
Sanitation.....	-	-	-	-	-
Engineering.....	-	-	-	-	-
Health and human services:					
Health & human services.....	-	-	-	-	-
Senior services.....	-	-	-	-	-
Veteran services.....	-	-	-	-	-
Culture and recreation:					
Libraries.....	-	-	-	-	-
Parks & recreation.....	135,480	-	-	399,262	534,742
Newton History museum.....	-	-	-	-	-
TOTAL EXPENDITURES.....	1,115,277	1,261,316	4,263,492	1,843,281	8,483,366
EXCESS (DEFICIENCY) OF REVENUES					
OVER EXPENDITURES.....	(1,015,277)	(1,261,316)	(483,267)	(1,843,281)	(4,603,141)
OTHER FINANCING SOURCES (USES)					
Transfers in.....	707,000	918,544	-	124,919	1,750,463
Issuance of general obligation bonds.....	1,031,000	313,919	-	2,135,081	3,480,000
Premium from issuance of bonds and notes.....	-	-	-	454,140	454,140
Transfers out.....	(419,481)	519,400	-	(99,919)	-
TOTAL OTHER FINANCING SOURCES (USES).....	1,318,519	1,751,863	-	2,614,221	5,684,603
NET CHANGE IN FUND BALANCES.....	303,242	490,547	(483,267)	770,940	1,081,462
FUND BALANCES AT BEGINNING OF YEAR.....	614,541	1,622,166	1,119,443	(482,998)	2,873,152
FUND BALANCES AT END OF YEAR.....	\$ 917,783	\$ 2,112,713	\$ 636,176	\$ 287,942	\$ 3,954,614

Permanent Funds

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

(Concluded)

Internal Service Funds

Health Insurance Fund

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

Workers' Compensation Insurance Fund

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

Liability Insurance Fund

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

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

JUNE 30, 2019

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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



This page left intentionally blank.

Private Purpose Trust Funds

Chaffin Education Fund

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

Scovell Education Fund

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

Gorin Education Fund

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

Cousens Welfare Fund

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

Newton North High School Scholarship Fund

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

Kendrick Welfare Fund

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

Read Charity Fund

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

Spear Infirmary Fund

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

Mabel Riley Senior Fund

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

Elderly Tax Relief Fund

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

Marjorie Moerschner Fund

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

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

JUNE 30, 2019

	<u>Chaffin Education</u>	<u>Scovell Education</u>	<u>Cousens Welfare</u>	<u>Newton North High School Scholarship</u>
ASSETS				
Cash and cash equivalents.....	\$ 73,321	\$ 43,671	\$ 45,585	\$ 643,073
Investments:				
Fixed Income.....	1,748,564	567,287	995,714	329,521
Equities.....	4,343,014	920,337	1,427,948	532,815
Interest and dividends.....	1,343	2,850	6,006	1,232
Total assets.....	<u>6,166,242</u>	<u>1,534,145</u>	<u>2,475,253</u>	<u>1,506,641</u>
LIABILITIES				
Due to other funds.....	<u>43,688</u>	<u>23,449</u>	<u>54,089</u>	<u>-</u>
NET POSITION				
Assets held in trust for other purposes.....	<u>\$ 6,122,554</u>	<u>\$ 1,510,696</u>	<u>\$ 2,421,164</u>	<u>\$ 1,506,641</u>

	<u>Kendrick Welfare</u>	<u>Read Charity</u>	<u>Spear Infirmary</u>	<u>Mabel Riley Senior</u>	<u>Elderly Tax Relief</u>	<u>Marjorie Moerschner Fund</u>	<u>Total</u>
\$	3,267	\$ 45,392	\$ 4,901	\$ 39,977	\$ 12,969	\$ 101,597	\$ 1,013,753
	-	-	-	-	-	-	3,641,086
	-	-	-	-	-	-	7,224,114
	-	-	-	-	-	-	11,431
	<u>3,267</u>	<u>45,392</u>	<u>4,901</u>	<u>39,977</u>	<u>12,969</u>	<u>101,597</u>	<u>11,890,384</u>
	-	-	-	-	-	-	121,226
\$	<u><u>3,267</u></u>	<u><u>45,392</u></u>	<u><u>4,901</u></u>	<u><u>39,977</u></u>	<u><u>12,969</u></u>	<u><u>101,597</u></u>	<u><u>11,769,158</u></u>

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

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

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



This page left intentionally blank.

Agency Fund

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

General Fund

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

(Concluded)



This page left intentionally blank.

Community Preservation Fund

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

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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



This page left intentionally blank.

Additional Information

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

(Continued)

CITY OF NEWTON, MASSACHUSETTS
CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

(Concluded)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

<u>FY 2019 Budget As Amended</u>	<u>Total Revised FY 2019 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 840,379	\$ 840,379	\$ 696,813	\$ -	\$ 143,566
660,007	925,556	393,936	531,620	-
100,000	360,000	81,155	278,845	-
95,764	95,764	84,722	-	11,042
<u>1,696,150</u>	<u>2,221,699</u>	<u>1,256,626</u>	<u>810,465</u>	<u>154,608</u>
<u>92,859</u>	<u>92,859</u>	<u>92,859</u>	<u>-</u>	<u>-</u>
<u>316,285</u>	<u>316,285</u>	<u>316,284</u>	<u>-</u>	<u>1</u>
<u>60,400</u>	<u>60,400</u>	<u>-</u>	<u>-</u>	<u>60,400</u>
<u>764,306</u>	<u>764,306</u>	<u>764,265</u>	<u>-</u>	<u>41</u>
<u>\$ 2,930,000</u>	<u>\$ 3,455,549</u>	<u>\$ 2,430,034</u>	<u>\$ 810,465</u>	<u>\$ 215,050</u>



This page left intentionally blank.

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

	2010	2011	2012	2013	2014
Governmental Activities					
Net investment in capital assets.....	\$ 194,301,691	\$ 211,763,420	\$ 227,091,798	\$ 238,374,247	\$ 248,739,230
Restricted.....	52,363,403	34,096,760	27,700,568	27,981,384	29,816,361
Unrestricted.....	<u>(27,083,933)</u>	<u>(65,309,262)</u>	<u>(93,548,399)</u>	<u>(122,355,108)</u>	<u>(138,654,442)</u>
Total governmental activities net position.....	<u>\$ 219,581,161</u>	<u>\$ 180,550,918</u>	<u>\$ 161,243,967</u>	<u>\$ 144,000,523</u>	<u>\$ 139,901,149</u>
Business-Type Activities					
Net investment in capital assets.....	\$ 52,125,768	\$ 54,124,183	\$ 55,890,406	\$ 56,271,350	\$ 66,943,719
Unrestricted.....	<u>9,980,661</u>	<u>15,055,372</u>	<u>21,130,465</u>	<u>26,098,363</u>	<u>23,050,090</u>
Total business-type activities net position.....	<u>\$ 62,106,429</u>	<u>\$ 69,179,554</u>	<u>\$ 77,020,871</u>	<u>\$ 82,369,713</u>	<u>\$ 89,993,809</u>
Primary Government					
Net investment in capital assets.....	\$ 232,929,470	\$ 258,565,946	\$ 269,287,104	\$ 294,645,597	\$ 315,682,949
Restricted.....	65,861,392	41,418,417	41,395,668	27,981,384	29,816,361
Unrestricted.....	<u>(17,103,272)</u>	<u>(50,253,891)</u>	<u>(72,417,934)</u>	<u>(96,256,745)</u>	<u>(115,604,352)</u>
Total primary government net position.....	<u>\$ 281,687,590</u>	<u>\$ 249,730,472</u>	<u>\$ 238,264,838</u>	<u>\$ 226,370,236</u>	<u>\$ 229,894,958</u>

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	258,490,143	\$ 260,763,492	\$ 271,665,564	\$ 278,142,332	\$ 289,288,369
	32,723,876	34,250,976	33,507,464	39,481,750	43,753,181
	<u>(436,919,140)</u>	<u>(455,531,782)</u>	<u>(853,427,299)</u>	<u>(880,169,294)</u>	<u>(885,881,588)</u>
\$	<u>(145,705,121)</u>	<u>(160,517,314)</u>	<u>(548,254,271)</u>	<u>(562,545,212)</u>	<u>(552,840,038)</u>
\$	83,521,987	\$ 89,426,102	\$ 94,552,211	\$ 101,217,609	\$ 111,179,650
	<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>95,623,539</u>	<u>109,740,884</u>	<u>112,465,377</u>	<u>119,926,491</u>	<u>131,856,873</u>
\$	342,012,130	\$ 350,189,594	\$ 366,217,775	\$ 379,359,941	\$ 400,468,019
	32,723,876	34,250,976	33,507,464	39,481,750	43,753,181
	<u>(424,817,588)</u>	<u>(435,217,000)</u>	<u>(835,514,133)</u>	<u>(861,460,412)</u>	<u>(865,204,365)</u>
\$	<u>(50,081,582)</u>	<u>(50,776,430)</u>	<u>(435,788,894)</u>	<u>(442,618,721)</u>	<u>(420,983,165)</u>

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

LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014
Expenses					
General government.....	\$ 24,623,302	\$ 26,974,952	\$ 21,992,988	\$ 22,997,802	\$ 22,716,559
Public safety.....	52,168,801	55,800,259	56,061,495	56,962,698	61,290,201
Education.....	245,946,308	252,413,006	252,922,994	264,655,220	272,447,586
Public works.....	26,138,843	28,410,758	24,221,365	28,194,390	29,223,056
Health and human services.....	10,672,057	10,757,372	10,684,932	11,323,484	11,328,446
Culture and recreation.....	16,245,112	15,092,035	16,216,945	16,177,118	15,164,811
Debt service - interest.....	7,234,167	7,670,746	7,559,469	7,989,634	7,714,546
Total expenses.....	<u>383,028,590</u>	<u>397,119,128</u>	<u>389,660,188</u>	<u>408,300,346</u>	<u>419,885,205</u>
Program Revenues					
Charges for services.....	20,969,889	21,915,225	25,732,684	28,970,340	28,321,486
Operating grants and contributions.....	65,706,164	66,976,636	65,780,261	69,319,711	74,285,730
Capital grants and contributions.....	1,960,084	1,764,258	2,519,356	5,975,327	5,053,677
Total program revenues.....	<u>88,636,137</u>	<u>90,656,119</u>	<u>94,032,301</u>	<u>104,265,378</u>	<u>107,660,893</u>
Net (expense)/revenue.....	<u>(294,392,453)</u>	<u>(306,463,009)</u>	<u>(295,627,887)</u>	<u>(304,034,968)</u>	<u>(312,224,312)</u>
General Revenues and Other Changes in Net Position					
Real estate and personal property taxes.....	232,774,689	239,761,554	249,340,011	258,590,398	278,426,655
Motor vehicle and other excise taxes.....	9,860,220	10,541,624	10,514,832	11,404,708	11,953,727
Hotel/motel taxes.....	1,168,095	1,588,882	1,814,792	2,051,414	2,218,759
Meal taxes.....	382,934	1,308,191	1,403,261	1,407,803	1,557,737
Penalties and interest on taxes.....	1,026,507	1,038,225	1,146,496	1,011,590	1,160,092
Payments in lieu of taxes.....	3,270,902	515,471	529,294	524,906	557,065
Community preservation surcharges.....	2,288,314	2,352,389	2,431,863	2,501,875	2,697,187
Grants and contributions not restricted to specific programs.....	5,891,287	5,596,391	5,263,525	6,276,114	5,716,482
Unrestricted investment income.....	934,313	454,365	278,106	202,473	230,699
Gain (Loss) on sale of capital assets.....	24,347	32,280	-	-	-
Other.....	1,752,802	3,002,856	2,169,238	1,492,956	1,622,541
Transfers, net.....	1,376,187	1,240,538	1,429,518	1,640,260	1,983,994
Total general revenues and other changes in net position.....	<u>260,750,597</u>	<u>267,432,766</u>	<u>276,320,936</u>	<u>287,104,497</u>	<u>308,124,938</u>
Change in net position.....	<u>\$ (33,641,856)</u>	<u>\$ (39,030,243)</u>	<u>\$ (19,306,951)</u>	<u>\$ (16,930,471)</u>	<u>\$ (4,099,374)</u>

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

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

LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014
Expenses					
Sewer.....	\$ 23,347,392	\$ 23,468,371	\$ 24,953,457	\$ 25,359,689	\$ 25,557,836
Water.....	13,780,687	14,260,631	15,185,784	15,896,034	16,702,263
Stormwater.....	-	-	-	-	-
Total expenses.....	<u>37,128,079</u>	<u>37,729,002</u>	<u>40,139,241</u>	<u>41,255,723</u>	<u>42,260,099</u>
Program Revenues					
Charges for services.....	38,405,378	45,171,479	48,273,768	47,175,932	51,347,815
Operating grants and contributions.....	732,948	847,004	646,975	1,059,085	514,894
Capital grants and contributions.....	<u>245,331</u>	<u>24,182</u>	<u>489,333</u>	<u>9,808</u>	<u>5,480</u>
Total program revenues.....	<u>39,383,657</u>	<u>46,042,665</u>	<u>49,410,076</u>	<u>48,244,825</u>	<u>51,868,189</u>
Net (expense)/revenue.....	<u>2,255,578</u>	<u>8,313,663</u>	<u>9,270,835</u>	<u>6,989,102</u>	<u>9,608,090</u>
General Revenues and Transfers					
Gain (loss) on sale of capital asset.....	2,776	-	-	-	-
Transfers, net.....	<u>(1,376,187)</u>	<u>(1,240,538)</u>	<u>(1,429,518)</u>	<u>(1,640,260)</u>	<u>(1,983,994)</u>
Change in net position.....	<u>\$ 882,167</u>	<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>
\$	26,254,561	\$ 24,958,975	\$ 26,159,136	\$ 26,252,621	\$ 28,066,143
	17,503,699	19,439,528	20,212,470	20,424,302	19,845,729
	<u>1,118,476</u>	<u>1,295,988</u>	<u>925,695</u>	<u>2,785,074</u>	<u>1,630,752</u>
	<u>44,876,736</u>	<u>45,694,491</u>	<u>47,297,301</u>	<u>49,461,997</u>	<u>49,542,624</u>
	54,741,671	59,064,372	61,488,035	59,362,817	60,059,988
	506,547	545,793	464,271	348,089	1,182,080
	<u>3,797,829</u>	<u>2,796,401</u>	<u>91,567</u>	<u>947,992</u>	<u>4,118,366</u>
	<u>59,046,047</u>	<u>62,406,566</u>	<u>62,043,873</u>	<u>60,658,898</u>	<u>65,360,434</u>
	<u>14,169,311</u>	<u>16,712,075</u>	<u>14,746,572</u>	<u>11,196,901</u>	<u>15,817,810</u>
	-	-	(55,259)	-	(58,246)
	<u>(2,088,882)</u>	<u>(2,594,730)</u>	<u>(3,099,125)</u>	<u>(3,735,787)</u>	<u>(3,829,182)</u>
\$	<u><u>12,080,429</u></u>	\$ <u><u>14,117,345</u></u>	\$ <u><u>11,592,188</u></u>	\$ <u><u>7,461,114</u></u>	\$ <u><u>11,930,382</u></u>

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

LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total expenses.....	\$ 420,156,669	\$ 434,848,130	\$ 429,799,429	\$ 449,556,069	\$ 462,145,304
Total program revenues.....	<u>128,019,794</u>	<u>136,698,784</u>	<u>143,442,377</u>	<u>152,510,203</u>	<u>159,529,082</u>
Net (expense)/revenue.....	(292,136,875)	(298,149,346)	(286,357,052)	(297,045,866)	(302,616,222)
Total general revenues, transfers and other changes in net position.....	<u>259,377,186</u>	<u>266,192,228</u>	<u>274,891,418</u>	<u>285,464,237</u>	<u>306,140,944</u>
Change in net position.....	\$ <u><u>(32,759,689)</u></u>	\$ <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>
\$	486,451,432	\$ 509,619,972	\$ 540,917,116	\$ 559,727,406	\$ 559,157,392
	<u>155,353,267</u>	<u>167,064,172</u>	<u>180,254,101</u>	<u>186,299,781</u>	<u>198,871,920</u>
	(331,098,165)	(342,555,800)	(360,663,015)	(373,427,625)	(360,285,472)
	<u>319,208,091</u>	<u>341,860,952</u>	<u>352,673,969</u>	<u>366,597,798</u>	<u>381,921,028</u>
\$	<u><u>(11,890,074)</u></u>	\$ <u><u>(694,848)</u></u>	\$ <u><u>(7,989,046)</u></u>	\$ <u><u>(6,829,827)</u></u>	\$ <u><u>21,635,556</u></u>

GOVERNMENTAL FUNDS
FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	2010	2011 (1)	2012	2013	2014
General Fund					
Reserved.....	\$ 5,746,263	\$ -	\$ -	\$ -	\$ -
Unreserved.....	13,566,282	-	-	-	-
Restricted.....	-	928,722	938,274	3,164,616	2,849,507
Committed.....	-	14,877,088	9,816,666	5,348,800	4,889,216
Assigned.....	-	844,441	2,583,061	3,110,521	2,677,990
Unassigned.....	-	14,123,323	14,886,340	21,091,447	26,259,064
Total general fund.....	\$ 19,312,545	\$ 30,773,574	\$ 28,224,341	\$ 32,715,384	\$ 36,675,777
All Other Governmental Funds					
Reserved.....	\$ 25,926,689	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds.....	10,704,933	-	-	-	-
Capital projects funds.....	28,167,213	-	-	-	-
Permanent funds.....	740,024	-	-	-	-
Nonspendable.....	-	445,570	446,818	447,206	397,250
Restricted.....	-	28,989,163	28,617,216	26,869,665	30,289,935
Committed.....	-	886,894	1,745,209	1,718,332	1,736,249
Unassigned.....	-	(354,498)	-	-	-
Total all other governmental funds.....	\$ 65,538,859	\$ 29,967,129	\$ 30,809,243	\$ 29,035,203	\$ 32,423,434

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

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

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

LAST TEN FISCAL YEARS

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

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

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

LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value (2)			Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value (3)	Assessed Value as a Percentage of Actual Value
	Residential Real Property	Commercial and Industrial Real Property	Personal Property				
2010	\$ 18,384,685,100	\$ 1,819,972,600	\$ 283,174,000	\$ 20,487,831,700	\$ 11.25	\$ 22,506,213,100	91.03%
2011	18,113,668,363	1,830,045,937	289,095,700	20,232,810,000	11.80	22,506,213,100	89.90%
2012	18,276,909,150	1,851,072,350	336,017,900	20,463,999,400	12.10	21,744,090,700	94.11%
2013	18,445,998,977	1,847,689,523	351,617,700	20,645,306,200	12.43	21,744,090,700	94.95%
2014	18,687,096,235	1,906,786,065	368,307,500	20,962,189,800	13.13	22,305,253,800	93.98%
2015	19,995,837,989	2,270,794,311	398,472,900	22,665,105,200	12.65	22,305,253,800	101.61%
2016	21,618,642,652	2,285,453,048	417,722,300	24,321,818,000	12.31	26,223,773,800	92.75%
2017	23,453,469,746	2,287,653,254	401,743,300	26,142,866,300	11.98	26,223,773,800	99.69%
2018	25,270,096,630	2,400,479,370	434,148,500	28,104,724,500	11.64	30,006,442,400	93.66%
2019	27,369,325,232	2,596,372,968	459,149,400	30,424,847,600	11.24	30,006,442,400	101.39%

Source: City of Newton Annual Tax Recap Sheet

(1) Does not include valuation affected by residential exemption

(2) As of January 1st

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

DIRECT PROPERTY TAX RATES (1) (2)

LAST TEN FISCAL YEARS

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

Source: City of Newton Tax Recap Sheets

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

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

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

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2019			2009		
	Assessed Valuation	Rank	Percentage of Total Tax Levy	Assessed Valuation	Rank	Percentage of Total Tax Levy
NStar Electric	\$ 3,240,200	1	0.93%	\$ 1,138,277	3	0.51%
Hines Global REIT	3,005,451	2	0.87%	N/A	N/A	N/A
Chestnut Hill Shopping Center, LLC	2,741,578	3	0.79%	N/A	N/A	N/A
Mall at Chestnut Hill, LLC	2,489,288	4	0.72%	N/A	N/A	N/A
CHS Commercial Owner LLC	2,195,252	5	0.63%	N/A	N/A	N/A
Boston Gas/National Grid	1,960,932	6	0.57%	N/A	N/A	N/A
Chesapeake Hotel Lmt Partnership	1,802,199	7	0.52%	755,462	6	0.34%
Avalon Upper Falls LLC	916,805	8	0.26%	N/A	N/A	N/A
Ag-Jcm Wells Ave. Prop. Owner LLC	897,091	9	0.26%	693,991	7	0.31%
Lasell College	806,517	10	0.23%	N/A	N/A	N/A
Riverside Project, LLC	N/A	N/A	N/A	2,027,399	1	0.91%
Mayflower Atrium, LLC	N/A	N/A	N/A	1,323,703	2	0.60%
Verizon, New England Inc.	N/A	N/A	N/A	1,097,023	4	0.49%
Julian Cohen & Daniel Rothenberg Trust	N/A	N/A	N/A	904,972	5	0.41%
Thomas White Trust	N/A	N/A	N/A	674,262	8	0.30%
Daniel Rothenberg	N/A	N/A	N/A	571,167	9	0.26%
Daniel Rothenberg	N/A	N/A	N/A	542,513	10	0.24%
Total	\$ 20,055,313		5.78%	\$ 9,728,769		4.37%

Source: City of Newton Board of Assessors.

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Net Tax Levy	Collected within the Fiscal Year of the Levy		Actual Subsequent Collections	Total Collections to Date	
		Current Tax Collections	Percent of Net Levy Collected		Total Tax Collections	Total Collections as a % of Net Levy (1)
2010	\$ 230,471,466	\$ 228,861,998	99.30%	\$ 1,433,207	\$ 230,295,205	99.92%
2011	238,752,520	237,347,484	99.41%	2,027,636	239,375,120	100.26%
2012	247,532,017	246,717,069	99.67%	1,659,071	248,376,140	100.34%
2013	256,559,763	255,584,775	99.62%	1,957,435	257,542,210	100.38%
2014	275,166,240	274,820,049	99.87%	2,208,250	277,028,299	100.68%
2015	286,813,970	286,945,789	100.05%	2,551,203	289,496,992	100.94%
2016	299,404,279	300,308,851	100.30%	2,437,962	302,746,813	101.12%
2017	313,076,020	312,929,603	99.95%	4,567,567	317,497,170	101.41%
2018	327,216,395	324,044,849	99.03%	2,396,827	326,441,676	99.76%
2019	341,869,514	341,193,965	99.80%	-	341,193,965	99.80%

Source: Annual Tax Recap Sheet and General Ledger records

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

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

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

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

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

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

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

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

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

DIRECT AND OVERLAPPING DEBT

JUNE 30, 2019

<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.....	\$ 5,452,734,000	4.52%	\$ <u>246,440,607</u>
City direct debt.....			<u>341,133,821</u>
Total direct and overlapping debt.....			<u>\$ 587,574,428</u>

Sources: MWRA

LEGAL DEBT MARGIN INFORMATION

LAST FIVE FISCAL YEARS

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

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS

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

Sources: Population from City census

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

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

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

EMPLOYEES BY FUNCTION/PROGRAM

LAST FIVE FISCAL YEARS

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

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

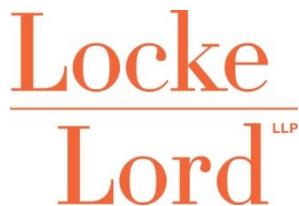
Source: City of Newton payroll

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST FIVE FISCAL YEARS

Function/Program	Fiscal Year				
	2019	2018	2017	2016	2015
Public safety					
Police					
Stations.....	1	1	1	1	1
Vehicles.....	69	69	69	69	69
Fire					
Stations.....	6	6	6	6	6
Firefighting Vehicles.....	9	9	9	9	9
Education					
Public school buildings.....	22	22	22	22	22
Public works					
Streets (miles).....	310	310	310	310	310
Streetlights.....	8,595	8,595	8,595	8,595	8,595
Traffic signals.....	98	98	98	98	98
Parking meters.....	1,671	1,671	1,671	1,671	1,671
Culture and recreation					
Public libraries					
Main library.....	1	1	1	1	1
Park & playground Acreage.....	595	595	595	595	590
Outdoor swimming facilities.....	2	2	2	2	2
Indoor swimming facilities.....	1	1	1	1	1
Public street trees	30,000	30,000	30,000	30,000	30,000
Water					
Water mains (miles).....	300	300	300	300	300
Fire hydrants.....	2,400	2,400	2,400	2,400	2,400
Storage capacity (thousands of gallons).....	26,000,000	26,000,000	26,000,000	26,000,000	26,000,000
Sewer					
Sanitary sewers (miles).....	300	300	300	300	300
Sewer pump stations.....	10	10	10	10	10
Stormwater					
Stormdrains (miles).....	324	324	324	324	324

Sources: Various departments of the City of Newton



111 Huntington Avenue
9th Floor
Boston, MA 02199-7613
Telephone: 617-239-0100
Fax: 617-227-4420
www.lockelord.com

(Date of Delivery)

Rosemarie Woods, Treasurer
City of Newton
Newton, Massachusetts

\$34,905,000
City of Newton, Massachusetts
General Obligation Municipal Purpose Loan of 2020 Bonds
Dated February 27, 2020

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, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

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 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 \$34,905,000 General Obligation Municipal Purpose Loan of 2020 Bonds dated February 27, 2020 (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 February 19, 2020 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 27, 2020

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]