

CITY OF NEWTON

IN BOARD OF ALDERMEN

FINANCE COMMITTEE BUDGET REPORT

MONDAY, MAY 10, 2010

Present: Ald. Gentile (Chairman), Linsky, Salvucci, Rice, Danberg, Fuller and Freedman

Absent: Ald. Ciccone

Also present: Ald. Merrill

Staff present: David Wilkinson (Comptroller), Kelly Byrne (Executive Secretary of the Retirement Board), Nunzio Piselli (Chair of the Retirement Board), Re Cappoli (Chief Procurement Officer), James Reardon (City Treasurer and Collector), Sarah Ecker (Director of Community Affairs), and Maureen Lemeiux (Chief Financial Officer)

**REFERRED TO FINANCE AND APPROPRIATE COMMITTEES**

#121-10 **HIS HONOR THE MAYOR**, in accordance with Section 5-1 of the City of Newton Charter, submitting the FY'11 Municipal/School Operating Budget totaling \$340,073,328, passage of which shall be concurrent with the FY'11- FY'15 Capital Improvement Program. [04-13-10 @ 7:09 PM]  
**EFFECTIVE DATE OF SUBMISSION: 04/20/10; LAST DATE TO PASS BUDGET 06/4/10**

**REFERRED TO FINANCE AND APPROPRIATE COMMITTEES**

#376-09 **HIS HONOR THE MAYOR** submitting the FY11-15 Capital Improvement Program, totaling \$140,377,285 and the FY10 Supplemental Capital budget, which require Board of Aldermen approval to finance new capital projects over the next five years.

**COMPTROLLER'S DEPARTMENT**

Comptroller David Wilkinson provided the attached handout that included an outline of the department's budget and supplemental materials for the Committee's review. The Comptroller's budget does not have any substantial changes. There are five full-time employees supplemented by two part-time people, who come in as needed. The \$9,000 reduction in the budget is related to a supplemental appropriation that was voted this fiscal year for additional audit fees. A couple of years ago the City made the decisions to only fund the cost of the Comprehensive Annual Financial Report (CAFR) audit in the Comptroller's budget and to actually have the departments that receive federal grants that require separate federal grant audits fund the audits out of the grants budget. Occasionally there are grants that do not make any allowance for audit costs and last year there were three grants that had no allowance, therefore, the Comptroller's Office had to absorb the audit costs. The City does not know whether the outside auditors will select a federal grant program that does not have an allowance for audit costs. If the auditors select a grant program without an allowance, it will need to be funded either through Free Cash or Budget Reserve. The audit costs are about \$3,200 for a major grant program and the grant programs selected for audit will always be large grant programs.

Mr. Wilkinson reviewed his department's goals and accomplishments over the last year. The department's accomplishments are related to meeting specific dates for financial reporting. Mr. Wilkinson remains slightly dissatisfied with the audited financial statement. The City was unable to meet the deadline of late November early December; however, the issues that caused the delays were beyond the scope Office of the Comptroller. Everyone involved with the audited financial statement is focused on resolving the issues. Unfortunately, the City was unable to make application to receive the Certificate of Excellence in Financial Reporting this year. The Schools Foundation did not have a financial audit last year, which is required to apply for the certificate. There is still a substantial amount of work to be done on the reconciliation of the monthly receivables. The cash reconciliations are current only through February, but at least there is a process in place for the cash reconciliation. The department continues to work with the City's Treasurer to improve the reconciliation process. The Comptroller's Office put a lot of effort this year into expanding the web based interim financial reporting. Mr. Wilkinson would like to show the Committee the detailed financial information that is available regarding City finances on the website.

The Comptroller reviewed his goals for the upcoming fiscal year. The Comptroller's primary concerns relate to work with the Executive Office to improve multi-year forecasting, the budget, interim financial reporting, guidelines and reserve policies. Mr. Wilkinson would like to spend additional time on the receivables reconciliation process to develop a formal process for the monthly receivable reconciliations. Mr. Wilkinson will also continue to work with the City's Finance Committee to develop a funding plan to meet the City's other post retirement health care benefit obligations. Each year the Comptroller's goals include timely and accurate financial reporting.

Ald. Fuller applauded the Comptroller for Goal and Objective #5, which is related to the two major benefits that the City pays its employees: the pensions and health care. The goal and objective is to sort out the post retirement health benefit obligations. The Mayor's Office has put \$137,000 in an OPEB trust fund, which is the start towards payment. In order for the money to go somewhere the City has to set up a trust fund. Mr. Wilkinson added that the Board of Aldermen and the Mayor need to determine if the money should be placed in a perpetual trust, which means the money is locked up and cannot be used for anything but OPEB purposes. The Board and Mayor may opt to create an alternative vehicle such as a stabilization fund that in the case of an emergency, a 2/3 vote of the Board of Aldermen would allow the City to access the money.

### ***Workers Compensation and Reserve Fund***

Ald. Freedman asked why the Workers Compensation line item has fallen steadily for the past three years. He also inquired why the Reserve Fund went from \$0 to spending \$100,000 to budgeting \$750,000. Mr. Wilkinson responded that in the case of the Reserve Fund, which is just housed under the Comptroller's Office, the last two pages in the handout summarize activity thus far this fiscal year. Attachment #3 shows what the reserve started at for the current year, which was \$750,000. The attachment details all of the transfers that the Board of Aldermen approved this fiscal year from the Reserve Fund, which totaled about \$702,000. There are two transfers pending, which total about \$42,000 leaving a balance of \$5,100. The attachment also includes summary of the activity in the Reserve Funds for the prior five years. Each year an

appropriation is made for the Reserve Fund that is zeroed at the end of the fiscal year as all money is transferred out. Ald. Fuller felt that there was a broader question about how much money should be put into budget reserves and other reserve accounts. She requested the data for all of the FY11 reserves on one sheet of paper. It is unclear that the City has adequate reserves next year given some changes that are being made in other policies. Mr. Wilkinson stated that there are only two reserve funds in the FY'11 budget that are proposed for funding; the budget reserve account and a new Other Post Retirement Benefits Fund. There is no wage reserve being proposed. Any money currently in the wage reserve and any money that is appropriated between now and June 30, 2010 to the wage reserve will be rolled over into 2011 but at this point there is nothing at all in the wage reserve in the budget. Free Cash is not certified, as the books have not been closed. The Capital Stabilization Fund will reflect the amounts provided in Attachment #2 of the handout. Ald. Fuller asked how the Capital Stabilization Fund is reviewed. The Comptroller explained that it is a fund that is not subject to annual appropriations. It is a capital project fund that rolls any unobligated balance forward from one year to the next. When the Mayor decides to use some of that money, a request is docketed to transfer some of the money. Ald. Gentile pointed out that as part of this year's budget there is a transfer of approximately \$5.7 million out of the Capital Stabilization Fund to support the budget, which can be found in the summary of revenue and appropriations in the budget book.

Mr. Wilkinson stated that the Workers Compensation Self-Insurance Fund was set up similar to the Group Health Self-Insurance Fund several years ago. About three or four years ago the workers Compensation Self-Insurance Fund became actuarially fully funded. The City then had a big investment at the end of 2008. Much of the loss has been recouped in the case of Workers Compensation Self-Insurance Fund. Mr. Wilkinson referred the Committee to Attachment #2, which shows that the City has over \$2 million in surplus assets in the self-insurance fund. In the budget, the City has chosen to use \$200,000 of the surplus to offset what would be the City's contribution to the fund in 2011. Longer term the City may look to do a similar thing every year.

### ***Retirement System Budget***

The Retirement System Budget is included in the Comptroller's budget for budgeting purposes, although, it is under the auspices of a five member board. Nunzio Piselli, Chair of the Retirement Board, and Kelly Byrne, Executive Secretary of the Retirement Board, were present for the discussion. The Comptroller referred the Committee to Attachment #1, which provides information and comparative financial statements for the Contributory Retirement Trust Fund for the past few years. There is a substantial increase in the City's contribution to the retirement system. The City's actuary has estimated that \$14.4 million is necessary to actuarially fund retirement benefits for Newton pensioners, both active and retired. The increase of \$1.7 would ordinarily be in the range of \$5 to 6 hundred thousand dollars. The increase is overwhelmingly in response to the investment losses that the fund took back in 2008. The net assets of the fund were down about 30% that year.

On Wednesday, May, 12, 2010 the Retirement Board is meeting with the actuary to talk about the 2012 valuation, which depends on legislation that is currently being considered by the State Senate. Newton will either have an increase for 2012 of somewhere between \$700,000 on the good side or on the bad side of things \$3 to 4 million. Until there is a definitive action by the

legislature the City will not know the number. The legislature is proposing to extend the funding schedule from 2030 to 2040. The plan also includes a new feature that if the fund sustains a loss towards the end of the funding schedule, it would create a separate funding schedule for the actuarial losses. It would also cap the annual increase in the appropriation to not more than 8%, but if you have a good year, you cannot reduce your pension appropriation until you get actuarial funded. The Comptroller attended a meeting with representatives from the Massachusetts Municipal Association, the City's actuarial firm and the Public Employee Retirement Administration Commission who were all in the belief that the legislation would be approved likely before the end of June.

Mr. Wilkinson drew the Committee's attention to an error in the Retirement System budget for retiree life insurance. The line item should be funded at \$44,000 and it is left out of the budget. The Chairman explained that the error will be dealt with during the Committee of the Whole discussions.

#### ***Reduction of Retirement Board Travel Account***

Ald. Gentile proposed reducing the travel account within the Retirement System Budget by \$5,000, in response to the Retirement Board members' decision to travel to an out-of-state conference after being asked to reconsider by both the Aldermen and Mayor. Ald. Gentile believes that the Retirement Board should be in line with the City's policy of not funding out-of-state travel for conferences for any of the departments. There are conferences offered in state that members could attend. Mr. Wilkinson explained that legally the Board of Aldermen does not have any authority regarding the Retirement Board's budget. There is fiscal autonomy granted to retirement systems in Massachusetts. There is court case law that determined that the Retirement Board's expense fund was also within the exclusive authority of the Retirement Board. The Board of Aldermen can certainly cut the Retirement Board budget; however, there is a risk that if three of the five members of the Retirement Board could petition the Assessors to raise the \$5,000 on the tax recap sheet before the tax rate is set.

The Finance Committee voted unanimously to support the proposed cut to the travel line item by \$5,000 to exclude out-of-state travel.

#### ***Property Insurance***

The City is mostly self-insured except for major exposures that the City does not believe it could pay for, such as the loss of \$700 million in property assets. The City does buy commercial insurance for the buildings. The increase in the budget is the additional premium associated with adding the new Newton North High School to the policy on July 1, 2010.

Ald. Freedman moved approval of the Comptroller's budget as amended, which carried unanimously.

#### **PURCHASING DEPARTMENT**

Re Cappoli presented the Purchasing Department's budget for FY 2011. The Purchasing Department's budget is level funded. The only line items that the department has are related to personnel and equipment. The staffing levels in the department have not changed from the previous year.

Ms. Cappoli stated that some of her accomplishments from the previous year are not contained in the department's FY10 goals and objectives, as at the time she was unaware that they would be able to accomplish them. The department has been using electronic distribution for files through e-mail opposed to the mail. The department used to send all its notifications to vendors regarding public bids by mail, which can now be e-mailed. It saves postage, mail supplies, printing and time for the department. In addition, the department has implemented the printing all of the plans and specifications used for construction projects in-house, which has resulted in savings. However, Ms. Cappoli recently attended a conference where she found out that the City can eliminate approximately 70% of the cost of the plans and specifications by posting everything on-line. The vendors will then be responsible for downloading the information and printing it.

The Purchasing Department is working on purchasing the furniture, fixtures and equipment for the new high school, as well as helping the PTOs set up a three day event to be held at the new school for a yard sale and auction of surplus materials. Any money obtained through the yard sale and auction will be placed in the general fund. The Purchasing Department will be responsible for ensuring that the City is in compliance with the State's procurement laws in terms of surplus equipment, furniture and other material.

There have been some changes to the Massachusetts General Laws regarding bidding as far as price adjustments because of the fluctuation of fuel costs. Municipal bids now have a price adjustment for fuel costs. It helps with the bidding of construction projects.

The goals for the Purchasing Department this coming year include working with the Fire Communication Supervisor to reduce the number of Centrex lines. Currently, the City has about 700 Centrex lines on the phone bills. Some of the lines are required but approximately half of the lines can be eliminated. If the goal is met it will result in \$54,000. Purchasing is also working with City departments to consolidate purchases, such as custodial supplies. Most of the major departments on the City side have joined the School Department in putting supply purchased together in one bid. Ms. Cappoli is looking at the possibility of joining with other communities to create a regional bid on supplies.

The Committee had no questions regarding the Purchasing Department's budget or goals and accomplishments, but Ald. Danberg requested the dates of the PTO yard sale and auction. Ms. Cappoli agreed to provide the information. Ald. Fuller was pleased that Ms. Cappoli was investigating the possibility of a regional bid process for materials and supplies. Ald. Salvucci moved approval of the Purchasing Department's budget, which carried unanimously.

## **TREASURY DEPARTMENT**

City Treasurer and Collector James Reardon and Chief Financial Officer Maureen Lemeiux joined the Committee for the discussion of the Treasury Department's budget. The Treasurer's budget is level funded. There are 9.4 positions within the Treasury Department. Two employees of the Treasury Department have retired recently creating a backlog in some of the work. The Accounts Receivable Processor position has been filled by a current employee. The Senior Teller position will be filled by the current Senior Tax Commitment Clerk and a

person who was recently laid off in the Planning Department will fill the teller position, which will bring the staff up to the full complement. There is some question about how many tickets will be generated through the use of a new camera system by the Police Department. The City is charged \$1.55 per ticket for processing by the City's process and any additional tickets that come in over the normal expectations are going to be an additional cost to the Treasury. The Chief Financial Officer will be evaluating that account next year as the processor's contract expires this year.

Mr. Reardon highlighted the department's 2010 goals and accomplishments. The first goal was the training and realignment of the staff to maximize efficiencies. The department added an Office Manager to the staff in late September, which has been an excellent addition to the department. The responsibilities of the Office Manager include directing the daily activities of the office, to learn all of the responsibilities of each position, and provide the staff with how things should be handled, what the best customer service responses are and to move the personnel as necessary to meet the department's needs. The second goal was to utilize a Munis Software consultant to effectively use the Munis software. The Munis software is the central software of the Treasurer's Office. It is the payment receipt system for the water, sewer, real estate, excise taxes, and personal property. The system was not being used to its maximum capacity. A bridge was established between the Munis software and the Finance Plus software to improve electronic communication between the Treasurer's Office and the Comptroller's Office. The Munis consultant has helped improve the reconciliation process by providing information. The department is approximately 25% complete with a procedures manual. The department is trying to update procedures in a computerized format.

The last highlighted goal related to addressing the audit exceptions found over the past few years during the City's annual audit, which include unauthorized accounts, tailings and account reconciliations. The Treasurer's Department has sent letters regarding the tailings and has significantly caught up. The Treasurer has contacted all of the banks regarding unauthorized accounts and as far as he knows all of the unauthorized accounts have been closed.

When the Mayor hired the Chief Finance Officer, he requested that Ms. Lemeiux oversee the Assessing Department, the Purchasing Department, and the Treasury Department. Ms. Lemeiux has spent a large portion of the last two weeks working in the Treasury Department trying to understand what happens in the department. As the Committee is aware, there have been issues over the years with the department. After spending time in the department, Ms. Lemeiux believes that there are two goals for the department for the upcoming year. The first is to get caught up and stay caught up with everything. The second goal is to have a clean audit next year. There will be many different ways of trying to achieve the goals. The City should not have a Treasury Department that is being written up year after year. Nor should the City have a Treasury Department that cannot get their work done so that the Comptroller cannot close the books.

Ms. Lemeiux stated that after spending time in the department, she noticed many things that are not the fault of the people in the department. There are two key issues. The management of the department is not able to get their work completed. The Treasurer personally counts all of the coin that comes into the department. It is ludicrous that the Treasurer devotes a

number of hours a week to coin counting. The City has put out an RFP to all of the banks and armored car companies to see what it would cost the city to either find a bank that would allow the Department of Public Works to bring the coins to the bank directly or have an armored car pick up the coin at City Hall and deliver to the bank. It is anticipated that the cost will be approximately \$2,000 a month. However, it will free the Treasurer up anywhere from two to four hours a day, which will enable the Treasurer to address more of his responsibilities.

Ald. Linsky asked if the plan was to look at devolving some of duties of the staff, such as the parking clerk. It would allow that person to attend to some of the other fundamental duties of the office. Ms. Lemeiux responded that the Administration is currently looking at the Parking Clerk position to restructure it. The Treasurer and Ms. Lemeiux are still considering the possibility of adding a position to the department within the FY11 budget.

Ald. Salvucci moved approval of the Treasurer Department's budget, which carried unanimously.

### **ASSESSING DEPARTMENT**

Director of Assessing Elizabeth Dromey presented the Assessing Department's budget. The Assessing Department budget is level funded. There are no staff changes and there is only a slight change in the fringe benefit line item.

The FY10 goals and objectives are very similar to the goals and objectives for FY11. If the Assessing Department does not meet some of its yearly goals, they have not done their jobs. Getting certified values is a critical goal of the department. If that is not accomplished the tax bills do not go out on time and money is not received. The department was certified this year and the bills went out on time. The department purchased scanners to start a scanning project. The department houses over 225,000 documents and the department has completed scanning all of its commercial documents. The availability of the documents on-line makes operations more efficient. It will take a number of years to complete the scanning project.

Seven members of the Assessing Department took various courses that relate directly to uniform standards of professional appraisal practice, income valuation, statistics modeling, foreclosures, hotel valuation, and other assessing related material.

The department also improved its web site to provide more information and forms to the residents of Newton. Information on property assessments, personal exemption programs and excise tax are available to people at all times during the week.

Newton and Boston won the appellate tax board case on the taxation of poles and wires over public ways, which encouraged the State legislature to codify the ruling. The case is being appealed and could take a number of years to be decided.

Ald. Fuller asked what the thinking was regarding the overlay surplus for FY 2011. Ms. Dromey responded that each year new overlay is raised through the tax recap for that year's potential exposure. The Assessing Department has cases dating back to 2003. The department has been settling some of them, which is why money was released from the overlay account.

Ald. Gentile asked how much was being appropriated into the overlay account this year. Ms. Dromey replied that the percentage is 1.25, which is approximately \$3 million. The overlay account for FY 11 is incorporated into the property tax estimate. What is reported in the property tax estimate is reduced by the amount of the overlay. Ald. Gentile informed the Committee that there would be further discussion of the overlay account during Committee of the Whole discussions. Ald. Fuller pointed out that the City is being told it needs to beef up its reserves and it has to find a way to do that. It is unfortunate that the City cannot count any of the overlay funds as reserves. It is important to really consider how to get additional funding for the reserves to avoid a downturn in the City's credit rating. Ms Dromey stated that once the department knows the abatement exposure, overlay funds will be released to Free Cash unless they are dedicated elsewhere.

Ald. Fuller moved approval of the Assessing Department budget, which carried 7-0.

Respectfully submitted,

Leonard J. Gentile, Chairman



CITY OF NEWTON, MASSACHUSETTS  
COMPTROLLER'S OFFICE BUDGET REVIEW

- Comptroller's Office: department description; accomplishments & goals and objectives – pages 20-22; summary level expenditure budget: pages 23-24.
- Budget includes:

**Comptroller's Office** (Accounting & Financial Reporting) pages 26 & 27. Full time staff of (5) supplemented by (2) part time employees used to address peak workload requirements. No substantive changes. \$9,200 reduction in audit fees is related to 2010 supplemental appropriation for federal grant audit fees for federal programs that did not allow for audit charges directly to the grant.

**Retirement Board** (Contributory and Non Contributory Retirement System Administration). Page 27.

- 2011 City contribution to City's defined benefit pension plan is \$14.4 million – an increase of \$1.7 million or 14% from the current year. Please refer to Attachment #1.
- \$44,000 error in the budget for retiree life insurance. This will need to be corrected before adoption of final budget.

**Workers Compensation:** (funding for statutory workers compensation and public safety employee injured on duty medical). Page 27.

- 2011 City contribution to self insurance fund is \$750,000 – a decrease of \$200,000 or 21% from the current year. This sum consists of \$150,000 for public safety medical obligations and \$600,000 for general fund workers compensation benefit funding. Please refer to Attachment #2.

**Property insurance:** (premiums for commercial insurance on City buildings). Page 28 The increase in this line item is for insurance coverage on the new Newton North High School. Insurance is for \$715.2 million in buildings and contents with a \$100,000 per event deductible.

**Budget Reserve:** page 28 Please refer to Attachment #3

**Contribution to OPEB Trust:** page 28

ATTACHMENT #1  
NEWTON CONTRIBUTORY RETIREMENT SYSTEM

- Fiscal year 2011 City contributions to the Newton Contributory Retirement System are based upon the January 1, 2009 actuarial valuation of the plan. A complete copy of this report is posted on the City web site, along with copies of similar reports for the five prior years. State law requires that actuarial valuations be updated every three years, however, Newton has a policy of updating annually.

At January 1, 2009, there were 1,740 active members of the retirement system; 1,281 retirees and beneficiaries (147 of which were disability in nature); and 562 inactive members. Teachers and education administrators are members of the State Teachers Retirement System and the Commonwealth currently funds the full cost of such benefits. The average Newton pension benefit for 2009 was \$22,422.

- During the twelve month period ended December 31, 2008, net assets held for future pension benefit payments declined by \$87.5 million (30.3%) to \$200.9 million. Investment losses accounted for \$80.8 million (92.3%) of the decline. Benefit payments in excess of City and employee contributions accounted for the balance. (During calendar year 2009, net assets increased by \$21.7 million to \$222.6 million).
- As a result of negative investment performance, the funded status of the plan declined from 67.1% of January 1, 2008 to 56.9%. Existing state law requires that \$190.9 million January 1, 2009 unfunded actuarial liability be funded in full by 2030, however in light of the impact of 2008 investment losses on the funding schedules of Massachusetts defined benefit retirement systems, Governor Patrick has filed legislation to extend the funding deadline to 2040. This legislation has been approved in the House and Senate approval is pending.
- Absent any change in the funding schedule and everything else being equal, Newton's fiscal year 2012 pension contribution will increase by \$3.7 million or 24.7%. Based upon the changes incorporated in the legislation approved by the House, and all other things being equal, Newton's fiscal year 2012 pension contribution will increase by \$751,865 or 5%.
- The General Fund pension contribution includes past service liability and normal cost funding both municipal and school employees who are members of the Newton retirement system. School employees account for 25.3% of fiscal year 2011 pension costs.
- The annual pension contribution includes two components, the cost of benefits being earned during that year of service (normal cost) and the amortization of the accumulated unfunded liability for past service. Past service liability costs account for 78% of the fiscal year 2011 appropriation.

CITY OF NEWTON, MASSACHUSETTS **Comptroller's Budget**  
 CONTRIBUTORY RETIREMENT SYSTEM  
 CONTRIBUTORY RETIREMENT TRUST FUND  
 STATEMENT OF PLAN NET ASSETS  
 DECEMBER 31, 2009  
 (with comparative information for December 31, 2008)

	December 31, 2009	December 31, 2008
<b>ASSETS:</b>		
Cash and short term investments	\$ 3,077,415	\$ 4,266,083
Receivables		
Intergovernmental	217,031	381,435
Interest and dividends	153,728	113
Total receivables	370,759	381,548
Investments, at fair value:		
Pooled investments	208,553,834	184,034,610
Real estate	10,594,176	12,317,221
Total investments	219,148,010	196,351,831
Total assets	222,596,184	200,999,462
<b>LIABILITIES:</b>		
Accounts Payable	9,942	63,229
Total liabilities	9,942	63,229
<b>NET ASSETS - Held in trust for pension benefits</b>	<b>\$ 222,586,242</b>	<b>\$ 200,936,233</b>

CITY OF NEWTON, MASSACHUSETTS  
 CONTRIBUTORY RETIREMENT SYSTEM  
 CONTRIBUTORY RETIREMENT TRUST FUND  
 STATEMENT OF CHANGES IN PLAN NET ASSETS  
 YEAR ENDED DECEMBER 31, 2009  
 (with comparative information for the two previous fiscal years)

**Comptroller's Budget**

	Fiscal Year Ended December 31, 2009	Fiscal Year Ended December 31, 2008	Fiscal Year Ended December 31, 2007
<b>ADDITIONS:</b>			
Contributions			
Employer	\$ 13,903,775	\$ 12,922,188	\$ 12,146,336
Employee	7,334,051	7,775,449	6,689,060
Total Contributions	21,237,826	20,697,637	18,835,396
Investment Income			
Net appreciation/(depreciation) in fair value of investments	24,170,380	(88,309,069)	22,779,223
Interest and dividend income	6,308,072	8,668,084	6,144,067
Total Investment Income	30,478,452	(79,640,985)	28,923,290
Investment management expenses	(1,141,650)	(1,177,833)	(864,876)
Net investment income	29,336,802	(80,818,818)	28,058,414
Intergovernmental	1,211,384	1,228,501	993,222
Transfers from Other Systems	999,570	1,201,867	851,522
TOTAL ADDITIONS:	52,785,582	(57,690,813)	48,738,554
<b>DEDUCTIONS:</b>			
Benefits	29,126,639	27,521,222	26,337,818
Refunds of contributions/transfers to other systems	1,743,310	1,995,502	1,766,759
Administrative expense	265,624	266,996	255,380
TOTAL DEDUCTIONS:	31,135,573	29,783,720	28,359,957
CHANGE IN NET ASSETS	21,650,009	(87,474,533)	20,378,597
NET ASSETS AT BEGINNING OF YEAR	200,936,233	288,410,766	268,032,169
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 222,586,242</b>	<b>\$ 200,936,233</b>	<b>\$ 288,410,766</b>

CITY OF NEWTON, MASSACHUSETTS **Comptroller's Budget**  
 WORKERS COMPENSATION SELF-INSURANCE FUND  
 COMPARATIVE BALANCE SHEET

March 31, 2010

(with comparative totals for March 31, 2009)

	March 31, 2010	March 31, 2009	\$ Change
<b>ASSETS:</b>			
Cash & temporary investments	\$ 1,018,615	\$ 1,119,392	\$ (100,777)
Investments	7,699,290	6,165,680	1,533,610
Accrued interest & dividends	35,897	41,225	(5,328)
<b>Total Assets</b>	<b>8,753,802</b>	<b>7,326,297</b>	<b>1,427,505</b>
<b>LIABILITIES &amp; FUND BALANCES:</b>			
Accrued actuarial self insurance claims payable	6,679,405	6,288,641	390,764
Total Liabilities	6,679,405	6,288,641	390,764
Fund Balance - Public Safety IOD Medical Claims	3,759	132,193	(128,434)
Fund Balance - Workers Compensation Claims	2,070,638	905,463	1,165,175
Total Fund Balances	2,074,397	1,037,656	1,036,741
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 8,753,802</b>	<b>\$ 7,326,297</b>	<b>\$ 1,427,505</b>

CITY OF NEWTON, MASSACHUSETTS  
 WORKERS COMPENSATION SELF-INSURANCE FUND  
 STATUTORY WORKERS COMPENSATION SUB-FUND  
 COMPARATIVE OPERATING STATEMENT  
 July 1, 200 - March 31, 2010  
 (with comparative activity for first nine months of prior fiscal year)

	Fiscal Year 2010	Fiscal Year 2009
<b>Revenue:</b>		
Investment income	\$ 1,178,369	\$ (600,857)
Employer contributions	1,450,000	1,582,189
Insurance recoveries & restitution	2,215	12,157
<b>Total Revenue</b>	<b>2,630,584</b>	<b>993,489</b>
<b>Expenditures:</b>		
Administrative salaries and benefits	-	-
Administrative expenses	17,700	87,423
Workers compensation benefits	770,690	776,223
Medical services	341,032	280,617
Change in claims accrual	-	-
<b>Total Expenditures</b>	<b>1,129,422</b>	<b>1,144,263</b>
<b>Fund Balance - beginning of fiscal year</b>	<b>569,476</b>	<b>1,056,237</b>
<b>Fund Balance - March 31</b>	<b>\$ 2,070,638</b>	<b>\$ 905,463</b>

CITY OF NEWTON, MASSACHUSETTS  
 WORKERS COMPENSATION SELF-INSURANCE FUND  
 PUBLIC SAFETY INJURED ON DUTY MEDICAL SUB FUND  
 COMPARATIVE OPERATING STATEMENT  
 July 1, 2009 - March 31, 2010

**Comptroller's Budget**

	Fiscal Year 2010	Fiscal Year 2009
<b>Revenue:</b>		
Investment income	\$ -	\$ -
Employer contributions	150,000	150,000
Insurance recoveries & restitution	-	-
<b>Total Revenue</b>	<b>150,000</b>	<b>150,000</b>
<b>Expenditures:</b>		
Police medical bills	14,660	34,845
Fire medical bills	140,881	64,028
<b>Total Expenditures</b>	<b>155,541</b>	<b>98,873</b>
<b>Fund Balance - beginning of fiscal year</b>	<b>9,300</b>	<b>81,066</b>
<b>Fund Balance - March 31</b>	<b>\$ 3,759</b>	<b>\$ 132,193</b>

CITY OF NEWTON, MASSACHUSETTS  
GENERAL FUND  
BUDGET RESERVE STATUS REPORT  
FISCAL YEAR 2010

**Comptroller's Budget**

FY 2010 Original Budget Reserve Appropriation:	\$	750,000
Supplemental Budget Reserve Appropriation:		-

<b>Total Budget Reserve Appropriation</b>		<b><u>750,000</u></b>
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**Budget Reserve Appropriations (transfers):**

#205-09	Retirement Board salaries	(2,621)
#204-09	Legal settlement-DPW vehicle accident	(5,953)
#286-09	Library overtime	(15,000)
#300-09	Legal settlement: Geary vs City of Newton	(150,000)
#369-09	Legal settlement - sewer claim	(9,982)
#371-09	Military leave compensation - (2) firefighters	(34,305)
#398-09	Public bldg department position upgrade	(3,691)
#387-09	US Senate special elections	(129,800)
#423-09	Banking services	(30,000)
#421-09	Federal grants audit	(9,200)
#419-09	Legal settlement - sewer backup	(10,000)
#13-10	Labor counsel supplemental funding	(100,000)
#27-10	Unemployment compensation supplemental funding	(125,000)
#37-10	Veteran benefits supplemental funding	(14,000)
#70-10	Mosquito control program	(23,075)
#77-10	Legal settlement- employee relations	(4,500)
#80-10	Fire recruit costs	(35,615)

<b>Year to date appropriations (transfers)</b>		<b><u>(702,742)</u></b>
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**Pending Budget Appropriations:**

Fire vehicle repairs		(30,000)
Public building supplemental salary funding		(12,154)

<b>Pending appropriations</b>		<b><u>(42,154)</u></b>
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<b>Unobligated Budget Reserve account balance</b>	<b>\$</b>	<b><u>5,104</u></b>
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CITY OF NEWTON, MASSACHUSETTS  
GENERAL FUND  
BUDGET RESERVE USES  
FIVE PREVIOUS FISCAL YEARS

**Comptroller's Budget**

	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005
	<b>\$ 2,479,836</b>	<b>\$ 610,000</b>	<b>\$ 772,500</b>	<b>\$ 1,095,000</b>	<b>\$ 745,000</b>
<b>Budget Reserve Appropriations</b>					
Snow & Ice Control	-	-	(104,215)	(236,180)	(630,525)
Fire Department Salaries	(88,000)	-	(110,000)	-	-
Police Department Salaries	(55,000)	-	-	-	-
Library Department Overtime	-	-	(7,000)	-	-
Grant Matching Requirements	-	-	-	-	(10,000)
Legal settlements/expenses	(35,460)	(144,782)	(183,950)	(25,414)	(41,972)
Prior Year Unpaid Bills	(13,200)	(8,737)	-	(30,775)	-
Capital Outlay & Improvements	(385,208)	-	-	-	-
Other Miscellaneous - Municipal	(565,469)	(374,405)	(318,685)	(458,923)	(60,455)
Newton Public Schools	-	-	-	(280,000)	-
Municipal Salaries/Wages	-	(64,625)	(40,000)	(48,987)	-
Self Insurance Fund Contributions	-	-	-	-	-
<b>Total Appropriations (transfers):</b>	<b>(1,142,337)</b>	<b>(592,549)</b>	<b>(763,850)</b>	<b>(1,080,279)</b>	<b>(742,952)</b>
<b>Closed to fund balance:</b>	<b>\$ 1,337,499</b>	<b>\$ 17,451</b>	<b>\$ 8,650</b>	<b>\$ 14,721</b>	<b>\$ 2,048</b>