

# 2005 FINANCIAL TREND & BENCHMARKING REPORT

## Newton vs. Massachusetts Communities

FINAL DRAFT:  
12/20/06



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HARVARD UNIVERSITY  
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December 20, 2006

Mayor

I am most pleased to present the 2005 Financial Trend and Benchmarking Report for the City of Newton. This report was prepared by graduate students at the John F. Kennedy School of Government at Harvard University, under the guidance of Assistant Academic Dean Carolyn Wood and myself. It provides analysis of financial trends in Newton for fiscal years 2001 through 2005, and compares fiscal year 2005 financial data for Newton with data from eight other municipalities: Belmont, Brookline, Lexington, Wellesley and Winchester and the cities of Cambridge, Somerville and Waltham.

The communities were chosen by Kennedy School faculty and staff in consultation with Newton Mayor David Cohen and Newton professional staff and volunteers. The goal was to compare Newton with affluent residential towns in the same region, and to contrast Newton with greater Boston cities that have a larger commercial, industrial or non-for-profit tax base. Newton also wanted to include some communities with a triple A bond rating and a strong commitment to investment in education. Finally, Somerville was included on the basis of the city's relationship with the Kennedy School and the desire on the part of city officials to participate in the project.

Variables to be benchmarked were chosen by the students and their faculty and staff advisors in consultation with Newton Chief Administrative Office Sandy Pooler and Comptroller David Wilkinson, with additional input from members of the Mayor's Blue Ribbon Commission on City Financial and Budget issues. Financial data was obtained from statewide records posted on the Massachusetts Department of Revenue website. Students compiled the data, then reviewed a copy of the draft report with the Chief Financial Officer in each community to check for errors and uncover any discrepancies due to differences in financial reporting between municipalities.

We hope this report is beneficial and look forward to reviewing this material in detail with the entire Newton community.

Sincerely yours,

Linda Bilmes  
Lecturer, Public Policy  
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## **ACKNOWLEDGEMENTS**

The student team acknowledges and thanks the Kennedy School of Government, the Rappaport Institute for Greater Boston, the cities of Newton, Cambridge, Somerville and Waltham and the towns of Belmont, Brookline, Lexington, Wellesley and Winchester for making this project possible.

We also appreciate the assistance we received from the following individuals: Linda Bilmes and Carolyn Wood from the Kennedy School of Government, Sandy Pooler, David Wilkinson, and Susan Burstein from the City of Newton, Betsy Harper and Malcolm Salter from the Newton Blue Ribbon Commission, Barbara Hagg from the Town of Belmont, Sean Cronin from the Town of Brookline, Louis Depasquale from the City of Cambridge, Rob Addelson and Michael Young from the Town of Lexington, Edward Bean from the City of Somerville, Dennis Quinn from the City of Waltham, Joe Bonner from the Town of Winchester, and Sheryl Strother from the Town of Wellesley.

## EXECUTIVE SUMMARY

### **Land Area and Socioeconomic Data**

Newton is the largest community in the sample in terms of land area, and the 2nd-largest in population. It ranks 4th in the sample for 1999 median household income, and 5th for the number of schoolchildren as a percentage of population in 2005.

### **Revenue, Tax Base and Property Taxes**

In general, Newton falls in the middle to upper range of the communities studied for most variables relating to assessed value of property and revenue from the property tax per capita. Wellesley is the high value for these variables, and Somerville represents the low value.

Newton ranks 8th in the sample for net state aid per capita. Somerville receives at least twice the state aid per capita for all other communities in the study; only Wellesley receives less state aid than Newton.

Cambridge and Waltham stand out for the large proportion of their tax bases attributable to commercial and industrial property. The commercial and industrial tax base in these two cities creates significant excess capacity as a percentage of the levy limit. Cambridge also has a large percentage of its assessed value in tax-exempt property, and has negotiated significant Payment In Lieu of Taxes agreements with these property owners.

Newton is one of six communities in the sample with a split tax rate, which shifts a portion of the tax burden attributable to residential uses to commercial and industrial property owners. It is the only *city* in the sample that has not adopted a 20% residential exemption for owner-occupied single family homes. This option shifts a portion of the residential tax base from owners who occupy their units to owners of residential rental property. Newton's average single-family property tax bill of \$7,047 for 2005 is the lowest among the communities in the sample that have not adopted the residential exemption.

### **Spending Per Capita**

Newton ranks 7th in the sample for total spending per capita. Lexington represents the high value for total spending, and Somerville the low value. Newton ranks 8th for total public safety spending, 3rd for spending on public works, 2nd for spending on health and welfare, and 5th for education spending per pupil.

### **Debt Per Capita**

Newton has low levels of debt compared to other communities in the study. The city ranks either 8th or 9th for outstanding debt per capita, total debt service per capita, general fund debt service per capita, debt service as a percentage of the general fund and net debt service per capita. Cambridge and Lexington represent the high values for the debt variables; Newton's levels of debt are most comparable to the city of Somerville.

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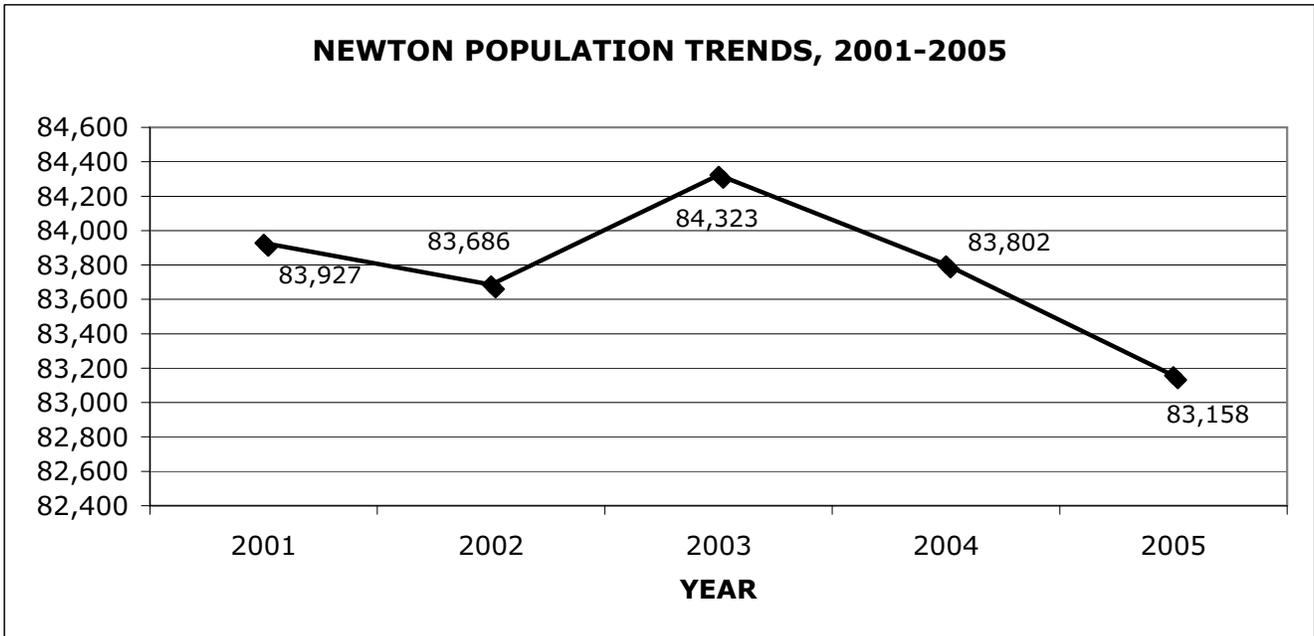
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## **GENERAL DATA**

**NEWTON: POPULATION TRENDS, 2001-2005 ESTIMATES**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuff/socioeconomic/pop00005.xls>

<b>YEAR</b>	<b>POPULATION</b>
2001	83,927
2002	83,686
2003	84,323
2004	83,802
2005	83,158



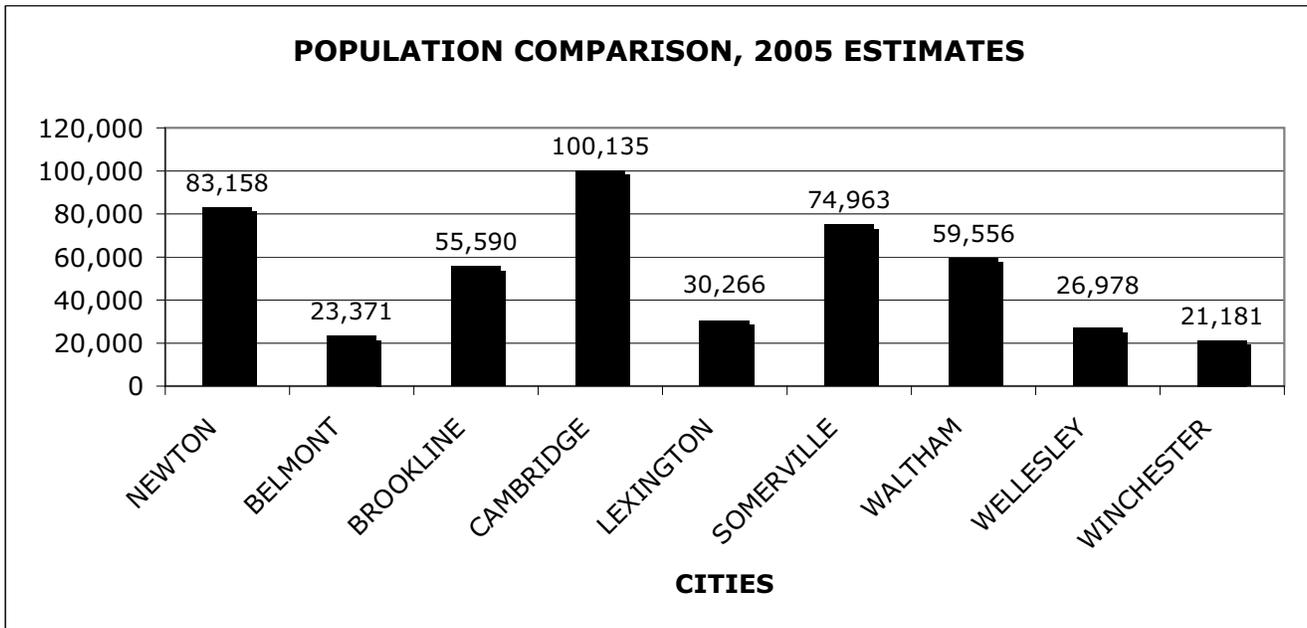
**NOTES:**

1. Department of Revenue estimates for 2001-2005 based on 2000 Census data.

### POPULATION COMPARISON, 2005 ESTIMATES

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuff/socioeconomic/pop00005.xls>

<b>MUNICIPALITY</b>	<b>POPULATION</b>
NEWTON	83,158
BELMONT	23,371
BROOKLINE	55,590
CAMBRIDGE	100,135
LEXINGTON	30,266
SOMERVILLE	74,963
WALTHAM	59,556
WELLESLEY	26,978
WINCHESTER	21,181



#### NOTES:

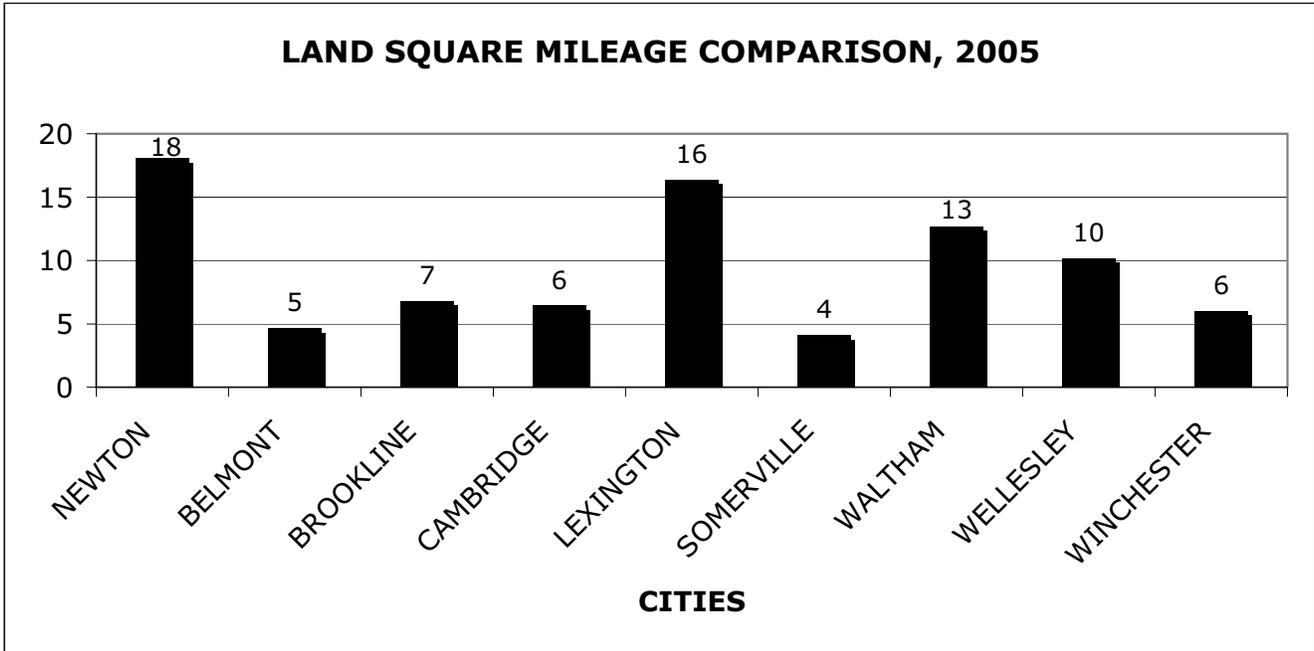
1. All 2005 per capita data shown throughout the report are based on the Department of Revenue estimates above.

**LAND SQUARE MILEAGE AND TOTAL PARCEL COMPARISON, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.mma.org/images/stories/RelatedResourcesAttachments/Comparisondata.xls>

<b>MUNICIPALITY</b>	<b>LAND SQUARE MILEAGE</b>	<b>TOTAL PARCEL</b>	<b>POPULATION</b>	<b>POPULATION PER SQ. MILE</b>	<b>AVG. PARCEL SIZE IN ACRES</b>
NEWTON	18	26,561	83,158	4,607	0.43
BELMONT	5	7,877	23,371	5,015	0.38
BROOKLINE	7	15,836	55,590	8,187	0.27
CAMBRIDGE	6	21,312	100,135	15,573	0.19
LEXINGTON	16	11,048	30,266	1,845	0.95
SOMERVILLE	4	14,494	74,963	18,239	0.18
WALTHAM	13	14,633	59,556	4,689	0.56
WELLESLEY	10	8,365	26,978	2,650	0.78
WINCHESTER	6	7,611	21,181	3,507	0.51



**NOTES:**

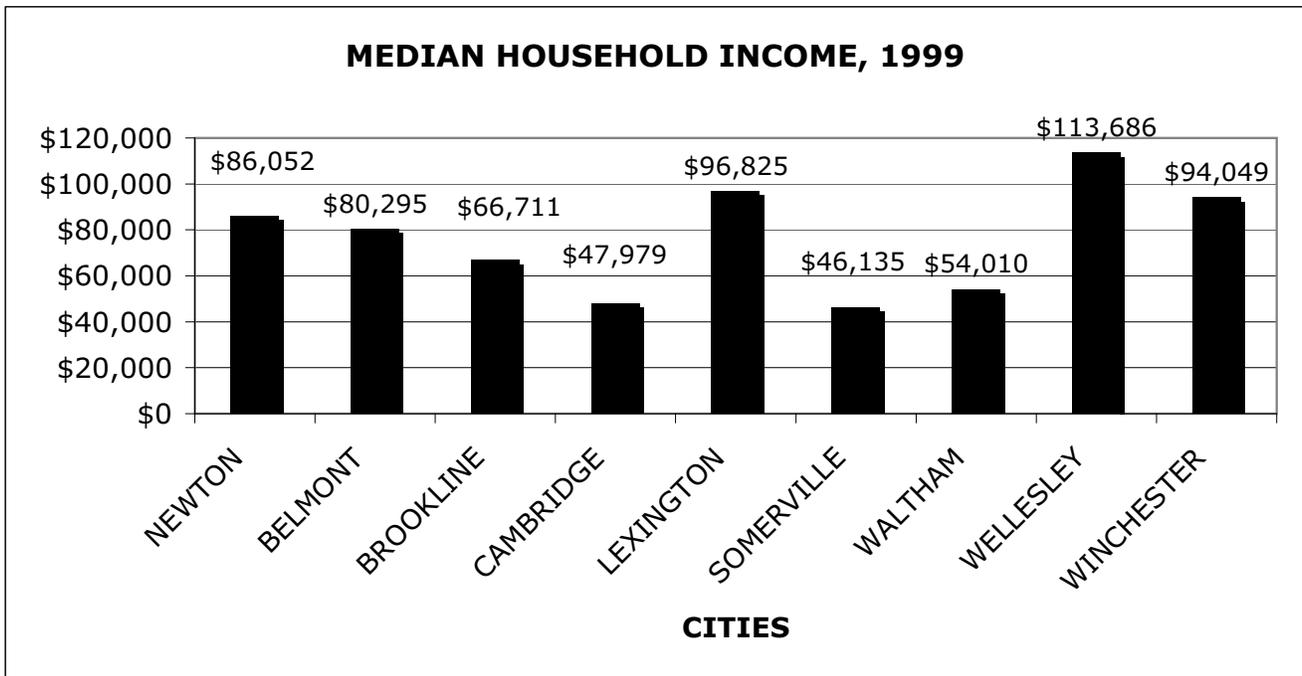
1. Average parcel size in acres is equal to total land area in square miles times 640, divided by total number of parcels.

## MEDIAN HOUSEHOLD INCOME COMPARISON, 1999

Sources: United States Census, 2000

<http://www.dls.state.ma.us/mdmstuf/Socioeconomic/Wealth.xls>

<b>MUNICIPALITY</b>	<b>MEDIAN INCOME</b>
NEWTON	\$86,052
BELMONT	\$80,295
BROOKLINE	\$66,711
CAMBRIDGE	\$47,979
LEXINGTON	\$96,825
SOMERVILLE	\$46,135
WALTHAM	\$54,010
WELLESLEY	\$113,686
WINCHESTER	\$94,049



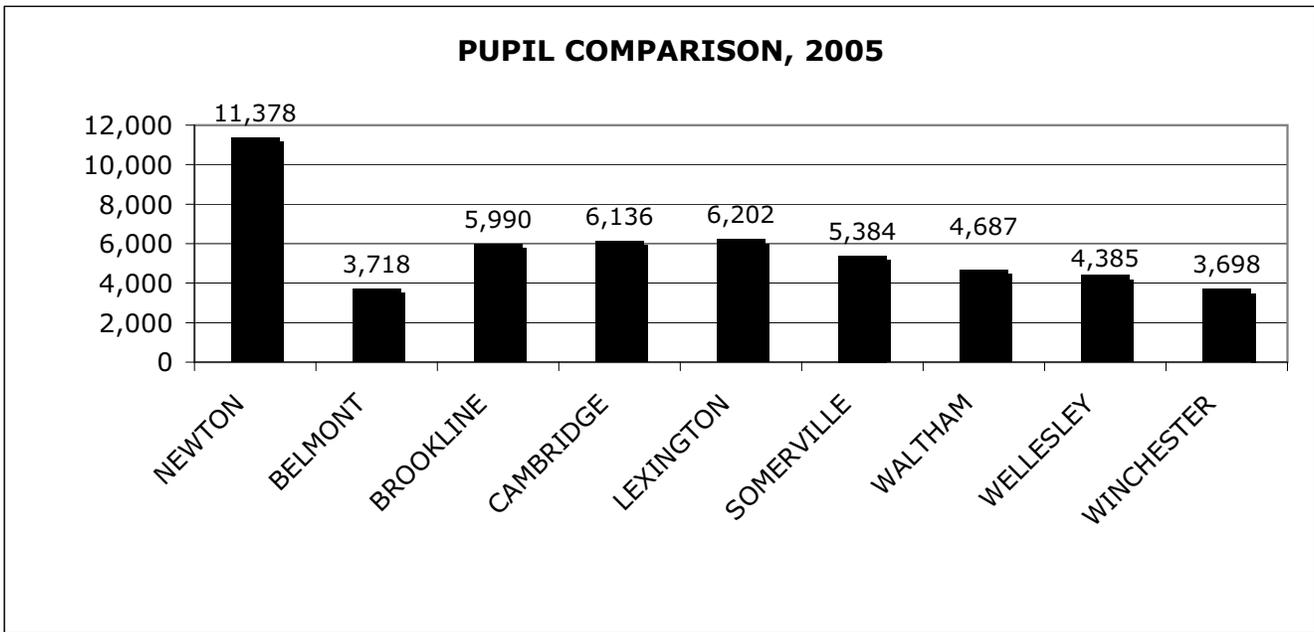
### NOTES:

1. Median Household income is defined as median income for an entire household regardless of the relationship between the inhabitants.

**PUPIL COMPARISON, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://finance1.doe.mass.edu/statistics/pp05.xls>

<b>MUNICIPALITY</b>	<b>NO. OF PUPILS</b>	<b>POPULATION</b>	<b>PUPILS AS % OF POP</b>
NEWTON	11,378	83,158	14%
BELMONT	3,718	23,371	16%
BROOKLINE	5,990	55,590	11%
CAMBRIDGE	6,136	100,135	6%
LEXINGTON	6,202	30,266	20%
SOMERVILLE	5,384	74,963	7%
WALTHAM	4,687	59,556	8%
WELLESLEY	4,385	26,978	16%
WINCHESTER	3,698	21,181	17%



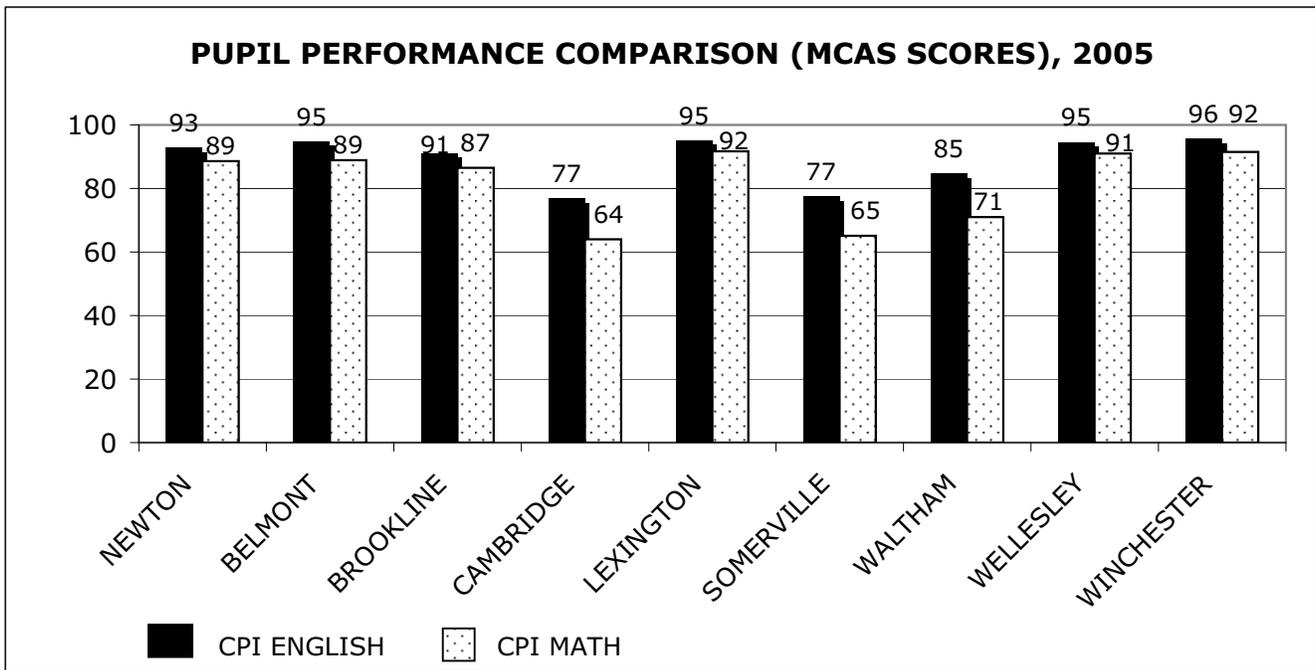
**NOTES:**

1. Pupils are all locally enrolled students plus any pupils enrolled from other districts through the school choice or other tuition programs. Pupils from private schools are not included.

**PUPIL PERFORMANCE COMPARISON (MCAS SCORE), 2005**

Sources: Massachusetts Department of Education  
<http://profiles.doe.mass.edu/>

<b>MUNICIPALITY</b>	<b>CPI ENGLISH</b>	<b>CPI MATH</b>
NEWTON	93	89
BELMONT	95	89
BROOKLINE	91	87
CAMBRIDGE	77	64
LEXINGTON	95	92
SOMERVILLE	77	65
WALTHAM	85	71
WELLESLEY	95	91
WINCHESTER	96	92



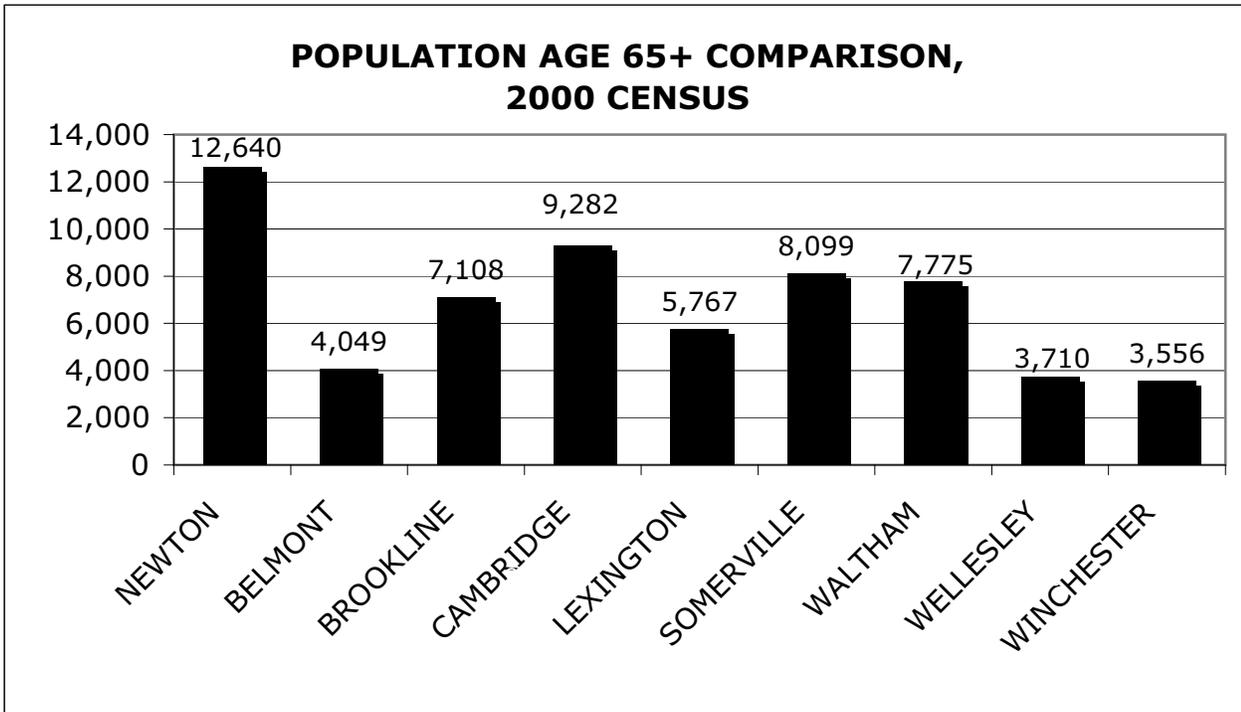
**NOTES:**

1. The Composite Performance Index (CPI) is a measure of the extent to which students are progressing toward proficiency in English language arts (ELA) and mathematics, respectively.
2. The state target is 80.5 for English and 68.7 for Math.

**POPULATION AGE 65+ COMPARISON, 2000 CENSUS**

**Sources:** Massachusetts Department of Public Health  
<http://masschip.state.ma.us/InstantTopics/instant.asp>

<b>MUNICIPALITY</b>	<b>AGE 65+</b>	<b>POPULATION</b>	<b>65+ AS % OF 2000 POP</b>
NEWTON	12,640	83,829	15%
BELMONT	4,049	24,194	17%
BROOKLINE	7,108	57,107	12%
CAMBRIDGE	9,282	101,355	9%
LEXINGTON	5,767	30,355	19%
SOMERVILLE	8,099	77,478	10%
WALTHAM	7,775	59,226	13%
WELLESLEY	3,710	26,613	14%
WINCHESTER	3,556	20,810	17%



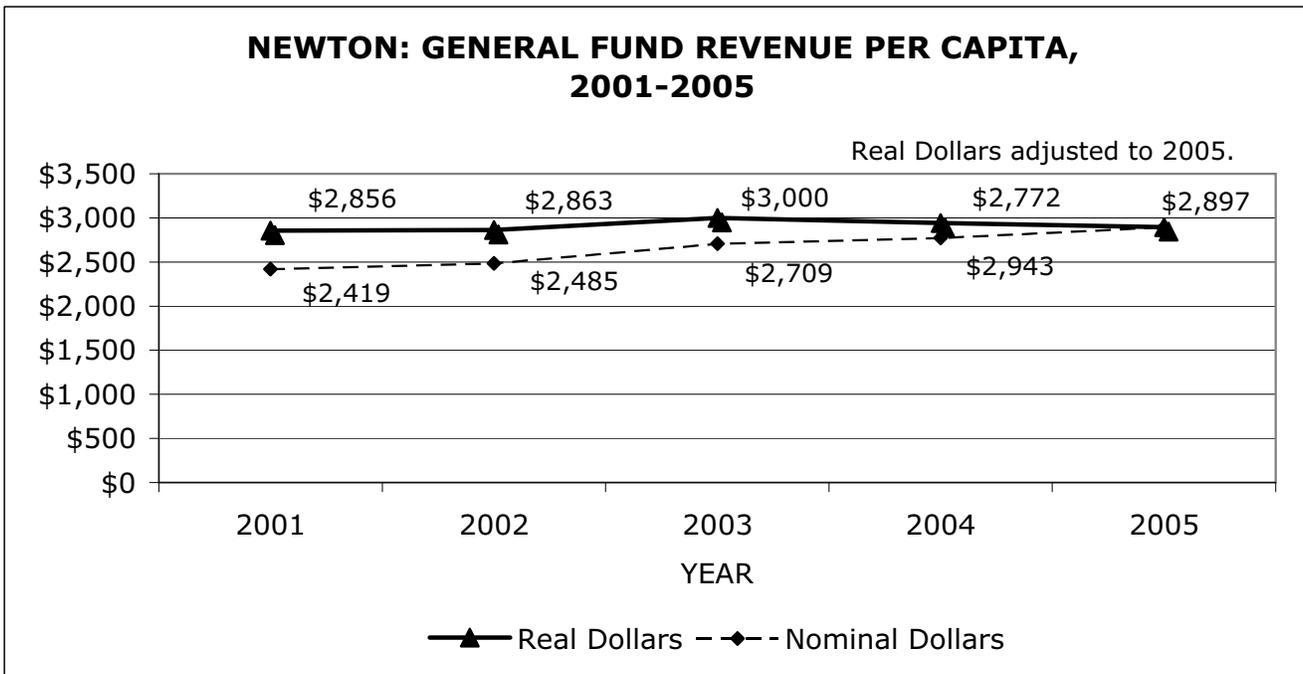
# **REVENUE**

**NEWTON: GENERAL FUND REVENUE PER CAPITA, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.dls.state.ma.us/mdmstuf/MunicipalBudgetedRevenues/Revs0006.xls>

YEAR	REAL AMOUNT	NOMINAL AMOUNT	POPULATION	REAL \$ PER CAPITA	NOMINAL \$ PER CAPITA
2001	\$239,699,909	\$203,003,797	83,927	\$2,856	\$2,419
2002	\$239,603,598	\$207,986,015	83,686	\$2,863	\$2,485
2003	\$252,942,716	\$228,471,644	84,323	\$3,000	\$2,709
2004	\$246,592,007	\$232,287,344	83,802	\$2,943	\$2,772
2005	\$240,887,934	\$240,887,934	83,158	\$2,897	\$2,897



**NOTES:**

1. General Fund

- Total Taxes (Net of Refunds): Personal property taxes, real estate taxes, excise taxes, penalties and interest, payment in lieu of taxes, other taxes (hotel/motel), urban redevelopment excise and other
- Charges for Services/Other Departmental Revenues: Water Charges, other utility Charges, other charges, parking charges, park and recreational charges, sewerage charges, trash collection charges,
- Licenses, Permits, and Fees: Fees retained from tax collections and licenses and permits.
- Federal Revenue: Unrestricted, direct and unrestricted, through the state.
- State Revenue
- Revenue from Other Governments: Court fines, revenue received from the county for services performed and revenues received from other municipalities.
- Fines and Forfeitures
- Miscellaneous Revenues: Miscellaneous Revenues and earnings on investments.
- Other Financing Sources: Transfer from special revenue funds, transfers from capital project funds, transfers from enterprise funds, transfers from trust funds and transfers from agency funds.

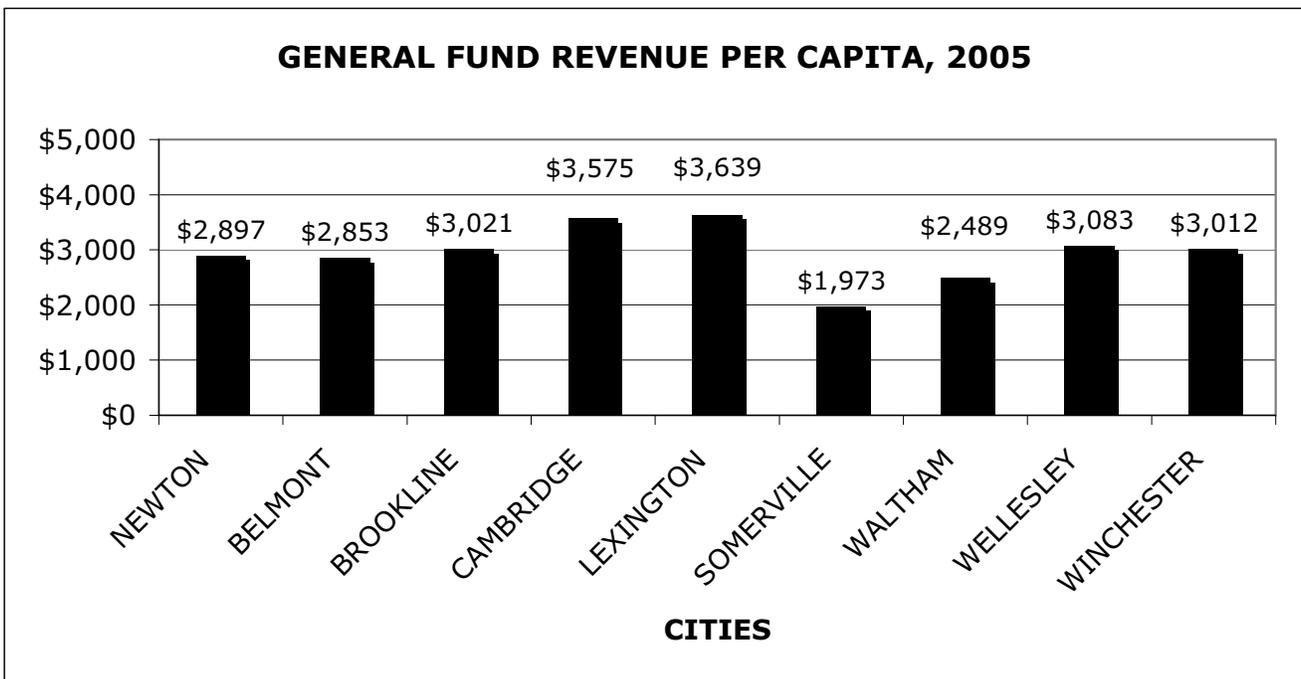
2. All years adjusted to 2005 dollar values.

3. Excludes revolving funds, enterprise funds and other restricted funds.

**REVENUE: GENERAL FUND REVENUE PER CAPITA, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/MunicipalBudgetedRevenues/Revs0006.xls>

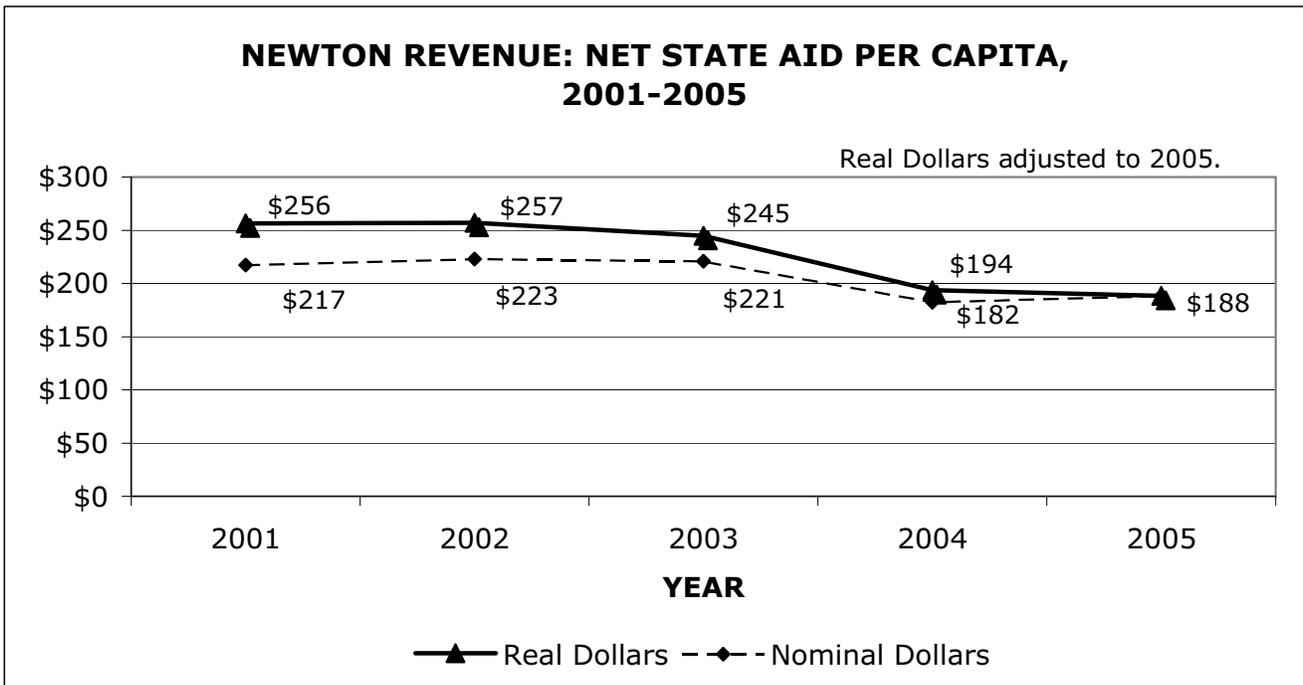
<b>MUNICIPALITY</b>	<b>AMOUNT</b>	<b>POPULATION</b>	<b>PER CAPITA</b>
NEWTON	\$240,887,934	83,158	\$2,897
BELMONT	\$66,688,603	23,371	\$2,853
BROOKLINE	\$167,934,717	55,590	\$3,021
CAMBRIDGE	\$357,962,119	100,135	\$3,575
LEXINGTON	\$110,144,605	30,266	\$3,639
SOMERVILLE	\$147,931,089	74,963	\$1,973
WALTHAM	\$148,257,923	59,556	\$2,489
WELLESLEY	\$83,178,159	26,978	\$3,083
WINCHESTER	\$63,786,895	21,181	\$3,012



**NEWTON: NET STATE AID PER CAPITA, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
 Net Cherry Sheet State Aid, Fiscal Years 2000 - 2007  
<http://www.dls.state.ma.us/mdmstuf/StateAid/Netcsaid0007.xls>

YEAR	REAL AMOUNT	NOMINAL AMOUNT	POPULATION	REAL \$ PER CAPITA	NOMINAL \$ PER CAPITA
2001	\$21,523,873	\$18,228,743	83,927	\$256	\$217
2002	\$21,498,430	\$18,661,543	83,686	\$257	\$223
2003	\$20,634,369	\$18,638,086	84,323	\$245	\$221
2004	\$16,229,462	\$15,288,000	83,802	\$194	\$182
2005	\$15,655,462	\$15,655,462	83,158	\$188	\$188



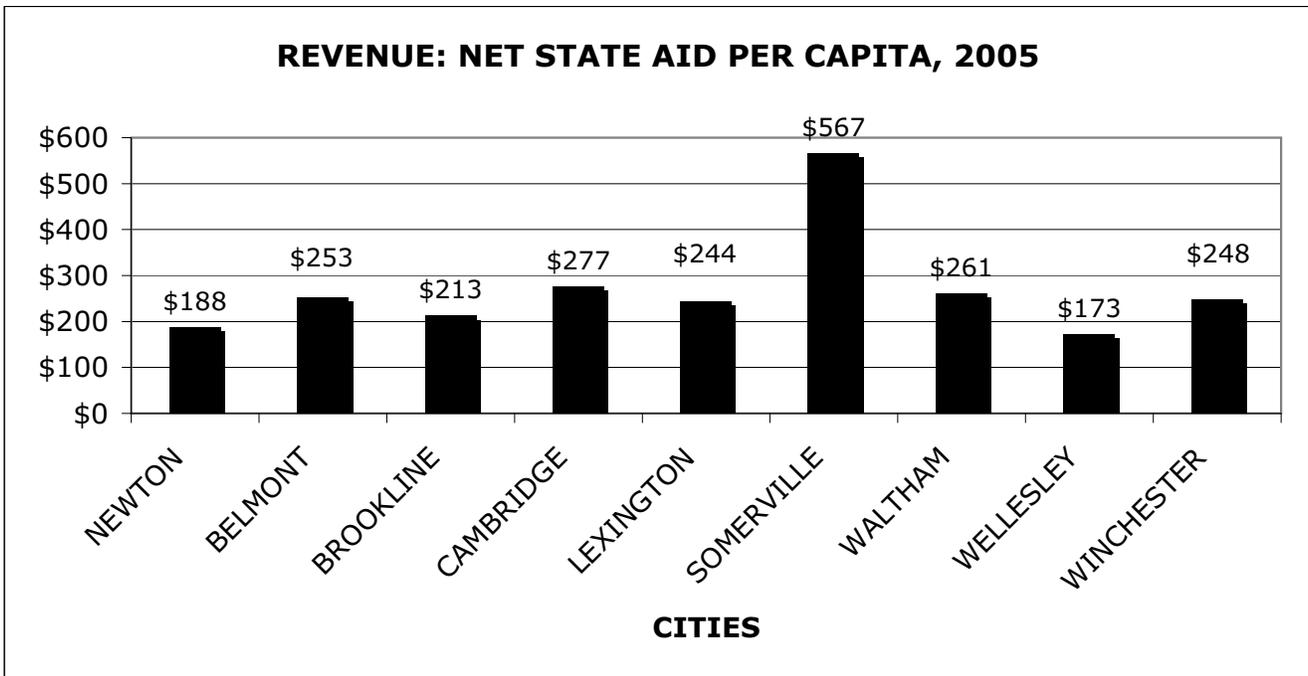
**NOTES:**

1. Net State Aid per Capita is defined as Cherry Sheet Receipts minus Assessments, divided by total population. The accounts that make up receipts and assessments vary by municipality. More information on state aid is included in appendices.

**REVENUE: NET STATE AID PER CAPITA, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
 Net Cherry Sheet State Aid, Fiscal Years 2000 - 2007  
<http://www.dls.state.ma.us/mdmstuf/StateAid/Netcsaid0007.xls>

<b>MUNICIPALITY</b>	<b>AMOUNT</b>	<b>POPULATION</b>	<b>PER CAPITA</b>
NEWTON	\$15,655,462	83,158	\$188
BELMONT	\$5,902,382	23,371	\$253
BROOKLINE	\$11,831,353	55,590	\$213
CAMBRIDGE	\$27,706,961	100,135	\$277
LEXINGTON	\$7,385,030	30,266	\$244
SOMERVILLE	\$42,505,416	74,963	\$567
WALTHAM	\$15,566,431	59,556	\$261
WELLESLEY	\$4,654,492	26,978	\$173
WINCHESTER	\$5,250,795	21,181	\$248



**NOTES:**

1. See appendices for additional information on state aid account assessments and receipts for FY 2005.
2. Net State Aid per Capita is defined as Cherry Sheet Receipts minus Assessments, divided by total population. The accounts that make up receipts and assessments vary by municipality.

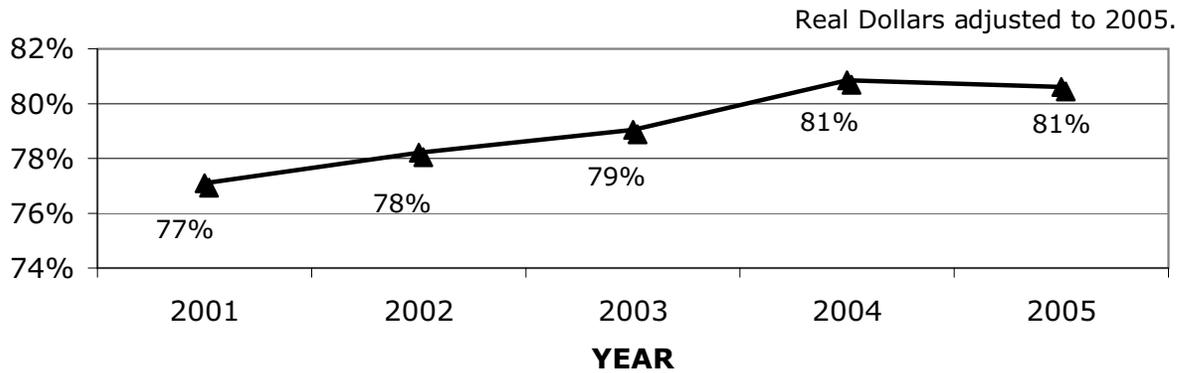
**NEWTON: TOTAL PROPERTY TAX LEVY AS A PERCENTAGE OF GENERAL FUND REVENUE, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.dls.state.ma.us/mdmstuf/MunicipalBudgetedRevenues/Revs0006.xls>

<b>YEAR</b>	<b>REAL GENERAL FUND</b>	<b>REAL PROPERTY TAX</b>	<b>NOMINAL GENERAL FUND</b>	<b>NOMINAL PROPERTY TAX</b>	<b>TOTAL</b>	<b>PERCENTAGE OF REVENUE</b>
2001	\$239,147,345	\$184,365,619	\$203,003,797	\$156,140,738		77.1%
2002	\$239,051,257	\$186,947,630	\$207,986,015	\$162,278,417		78.2%
2003	\$252,359,626	\$199,467,838	\$228,471,644	\$180,170,220		79.0%
2004	\$246,023,556	\$198,924,206	\$232,287,344	\$187,384,725		80.9%
2005	\$240,887,934	\$194,189,922	\$240,887,934	\$194,189,922		80.6%

**NEWTON: TOTAL PROPERTY TAX LEVY AS A PERCENTAGE OF GENERAL FUND REVENUE, 2001-2005**



**NOTES:**

1. Property Tax Levy as a percent of Revenue is defined as Total Property Levy divided by General Fund Revenue.

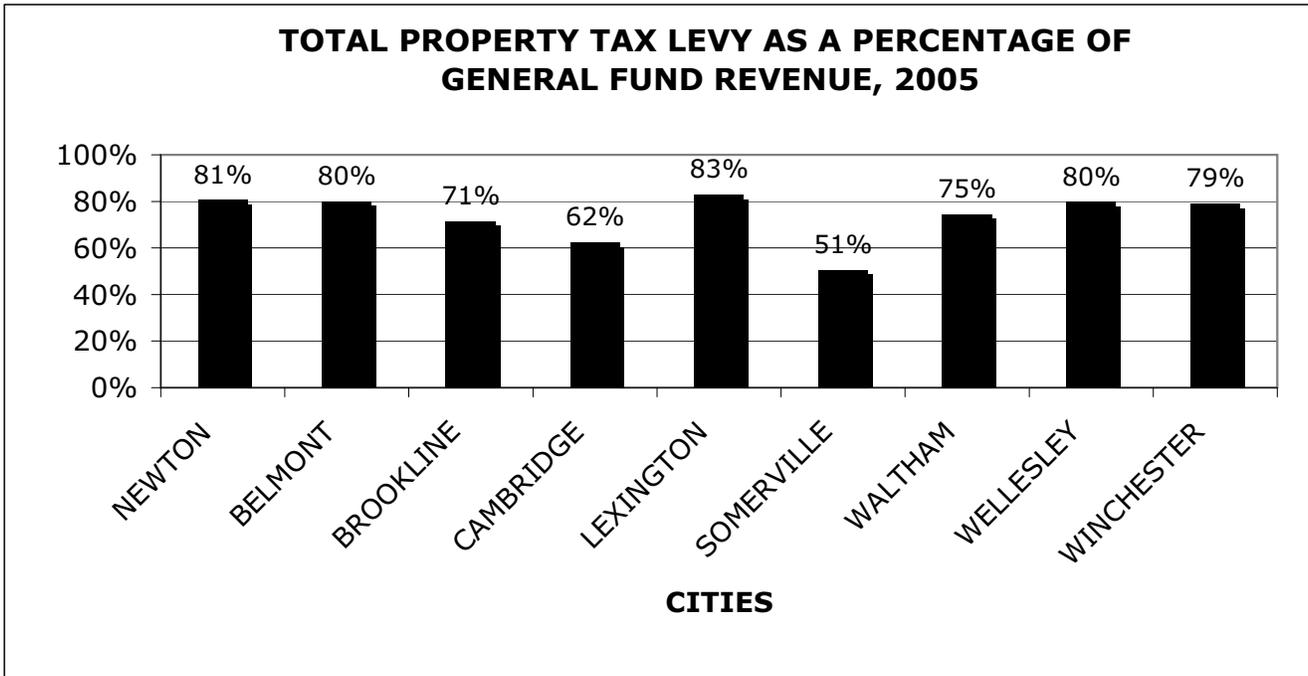
**REVENUE: TOTAL PROPERTY TAX LEVY AS A PERCENTAGE OF GENERAL FUND REVENUE, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

FY 00-06 Revenue Components

<http://www.dls.state.ma.us/mdmstuf/MunicipalBudgetedRevenues/Revs0006.xls>

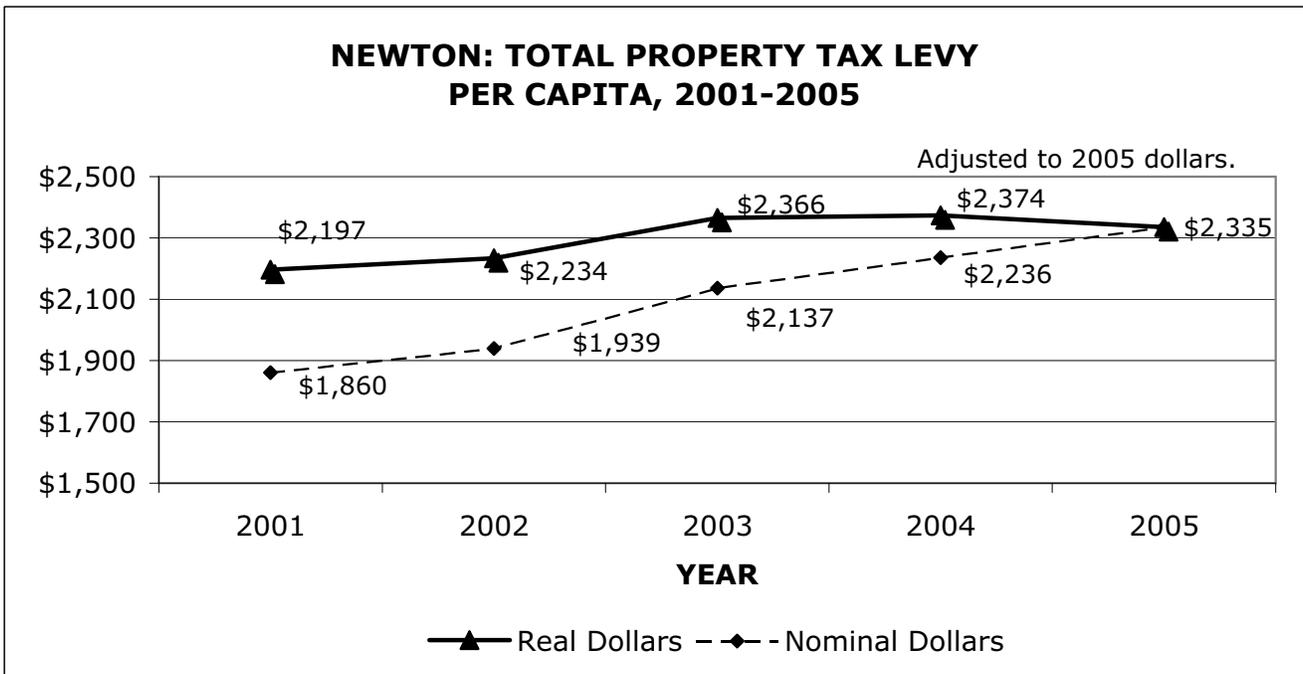
<b>MUNICIPALITY</b>	<b>GENERAL FUND REVENUE</b>	<b>TOTAL PROPERTY TAX</b>	<b>PERCENTAGE OF REVENUE</b>
NEWTON	\$240,887,934	\$194,189,922	80.6%
BELMONT	\$66,688,603	\$53,310,525	79.9%
BROOKLINE	\$167,934,717	\$119,852,204	71.4%
CAMBRIDGE	\$357,962,119	\$222,953,435	62.3%
LEXINGTON	\$110,144,605	\$91,156,423	82.8%
SOMERVILLE	\$147,931,089	\$74,736,578	50.5%
WALTHAM	\$148,257,923	\$110,522,721	74.5%
WELLESLEY	\$83,178,159	\$66,326,299	79.7%
WINCHESTER	\$63,786,895	\$50,417,765	79.0%



**NEWTON: TOTAL PROPERTY TAX LEVY PER CAPITA, 2001-2005**

Sources: Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/MunicipalBudgetedRevenues/Revs0006.xls>

YEAR	REAL PROPERTY TAX	NOMINAL PROPERTY TAX	POPULATION	REAL \$ PER CAPITA	NOMINAL \$ PER CAPITA
2001	\$184,365,619	\$156,140,738	83,927	\$2,197	\$1,860
2002	\$186,947,630	\$162,278,417	83,686	\$2,234	\$1,939
2003	\$199,467,838	\$180,170,220	84,323	\$2,366	\$2,137
2004	\$198,924,206	\$187,384,725	83,802	\$2,374	\$2,236
2005	\$194,189,922	\$194,189,922	83,158	\$2,335	\$2,335



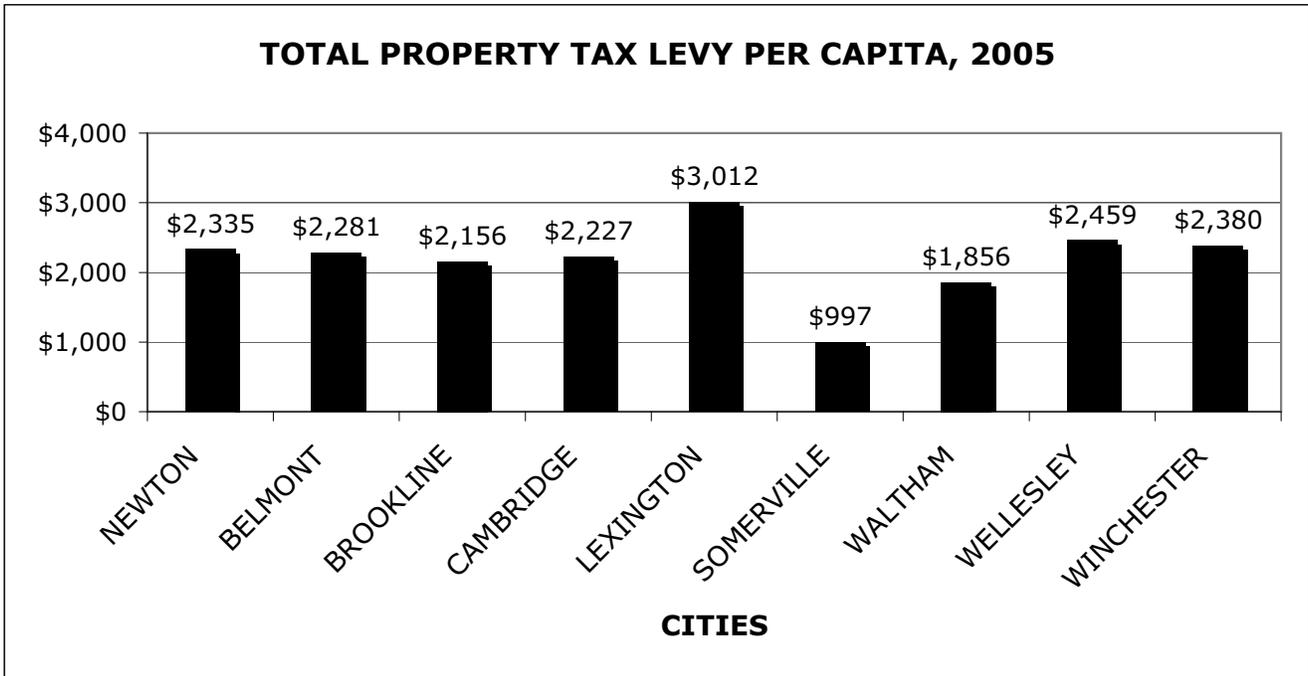
**NOTES:**

1. Total Property Levy per Capita is defined as the amount a municipality raises each year through the property tax, divided by population for that year. The levy can be any amount up to the levy limit as defined by Proposition 2.5.

**REVENUE: TOTAL PROPERTY TAX LEVY PER CAPITA, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/MunicipalBudgetedRevenues/Revs0006.xls>

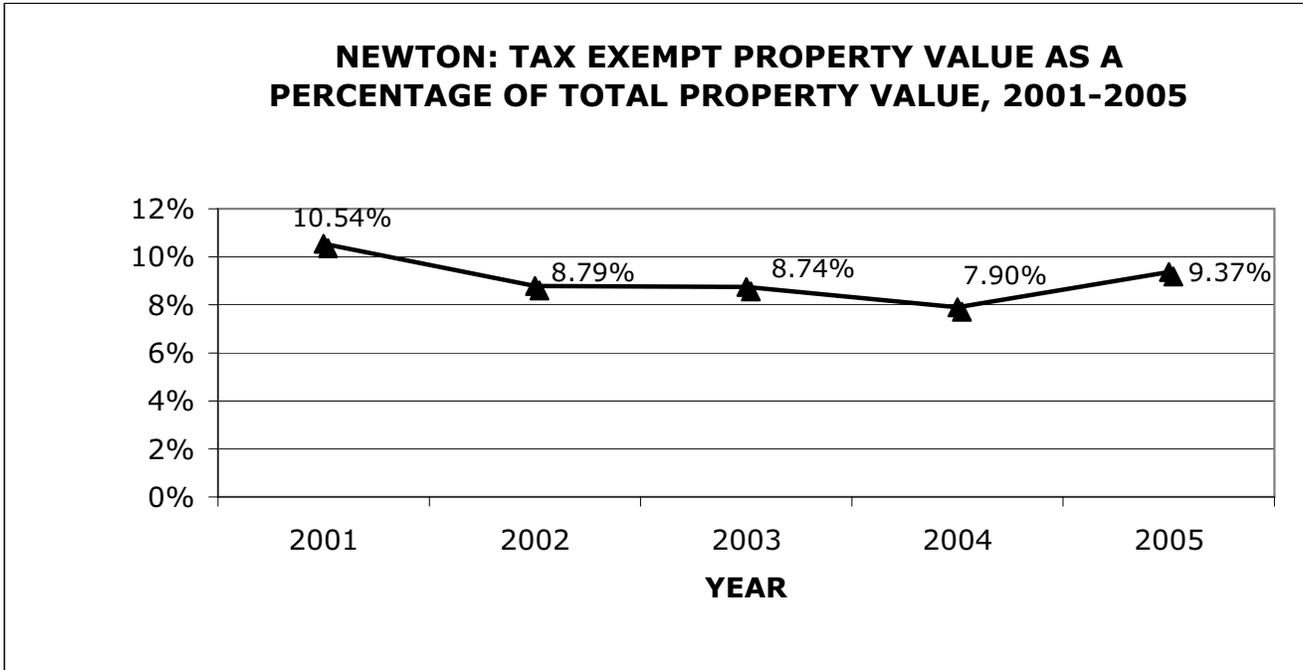
<b>MUNICIPALITY</b>	<b>PROPERT TAX AMOUNT</b>	<b>POPULATION</b>	<b>PER CAPITA</b>
NEWTON	\$194,189,922	83,158	\$2,335
BELMONT	\$53,310,525	23,371	\$2,281
BROOKLINE	\$119,852,204	55,590	\$2,156
CAMBRIDGE	\$222,953,435	100,135	\$2,227
LEXINGTON	\$91,156,423	30,266	\$3,012
SOMERVILLE	\$74,736,578	74,963	\$997
WALTHAM	\$110,522,721	59,556	\$1,856
WELLESLEY	\$66,326,299	26,978	\$2,459
WINCHESTER	\$50,417,765	21,181	\$2,380



**NEWTON: TAX EXEMPT PROPERTY VALUE AS A PERCENTAGE OF TOTAL PROPERTY VALUE, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/PropertyTax/PropertyValues0006.xls>

<b>YEAR</b>	<b>PERCENTAGE</b>
2001	10.54%
2002	8.79%
2003	8.74%
2004	7.90%
2005	9.37%



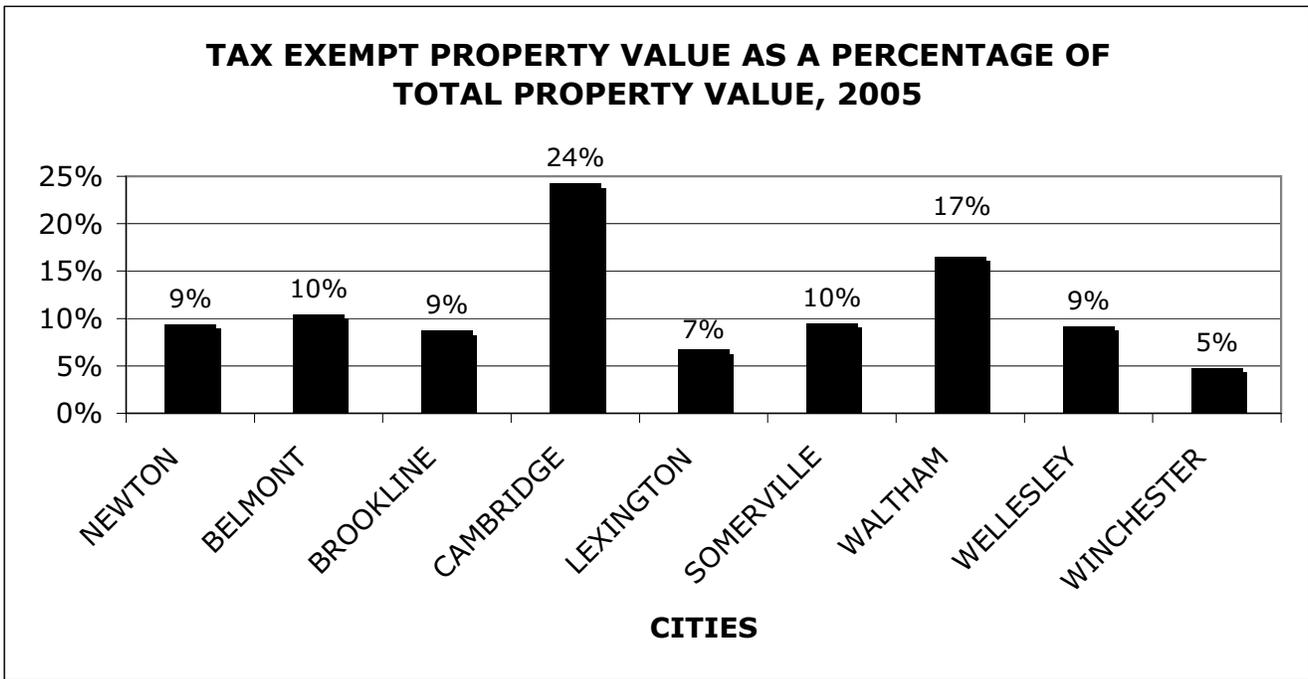
**NOTES:**

1. Includes churches, synagogues, and other organizations with tax exempt status.

**TAX EXEMPT PROPERTY VALUE AS A PERCENTAGE OF TOTAL PROPERTY VALUE, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/PropertyTax/PropertyValues0006.xls>

<b>MUNICIPALITY</b>	<b>PERCENTAGE</b>
NEWTON	9.37%
BELMONT	10.45%
BROOKLINE	8.75%
CAMBRIDGE	24.25%
LEXINGTON	6.72%
SOMERVILLE	9.52%
WALTHAM	16.55%
WELLESLEY	9.17%
WINCHESTER	4.80%

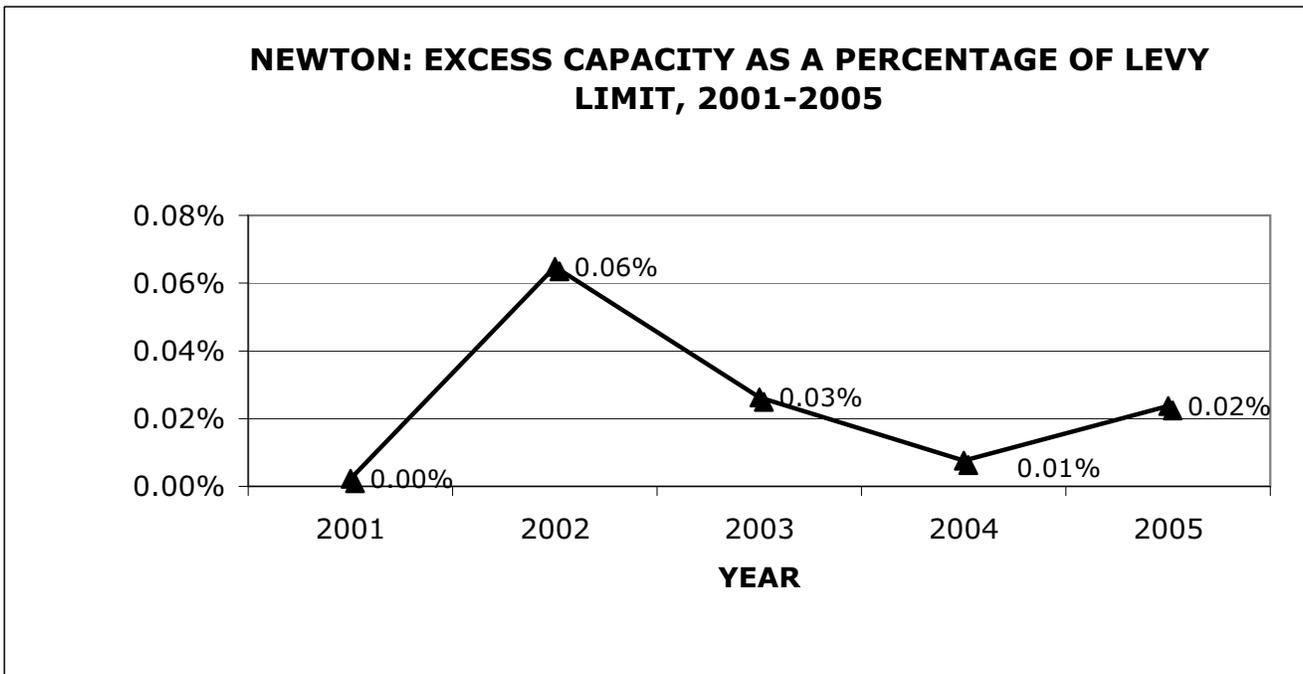


**NEWTON: EXCESS CAPACITY AS A PERCENTAGE OF THE LEVY LIMIT, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

[http://www.dls.state.ma.us/mdmstuf/Prop2\\_LevyCap\\_RefVotes/excp0006.xls](http://www.dls.state.ma.us/mdmstuf/Prop2_LevyCap_RefVotes/excp0006.xls)

<b>YEAR</b>	<b>LEVY LIMIT</b>	<b>EXCESS CAPACITY</b>	<b>PERCENTAGE</b>
2001	\$156,144,302	\$3,564	0.00%
2002	\$162,383,710	\$105,293	0.06%
2003	\$180,174,491	\$47,271	0.03%
2004	\$187,398,920	\$14,195	0.01%
2005	\$194,235,942	\$46,021	0.02%



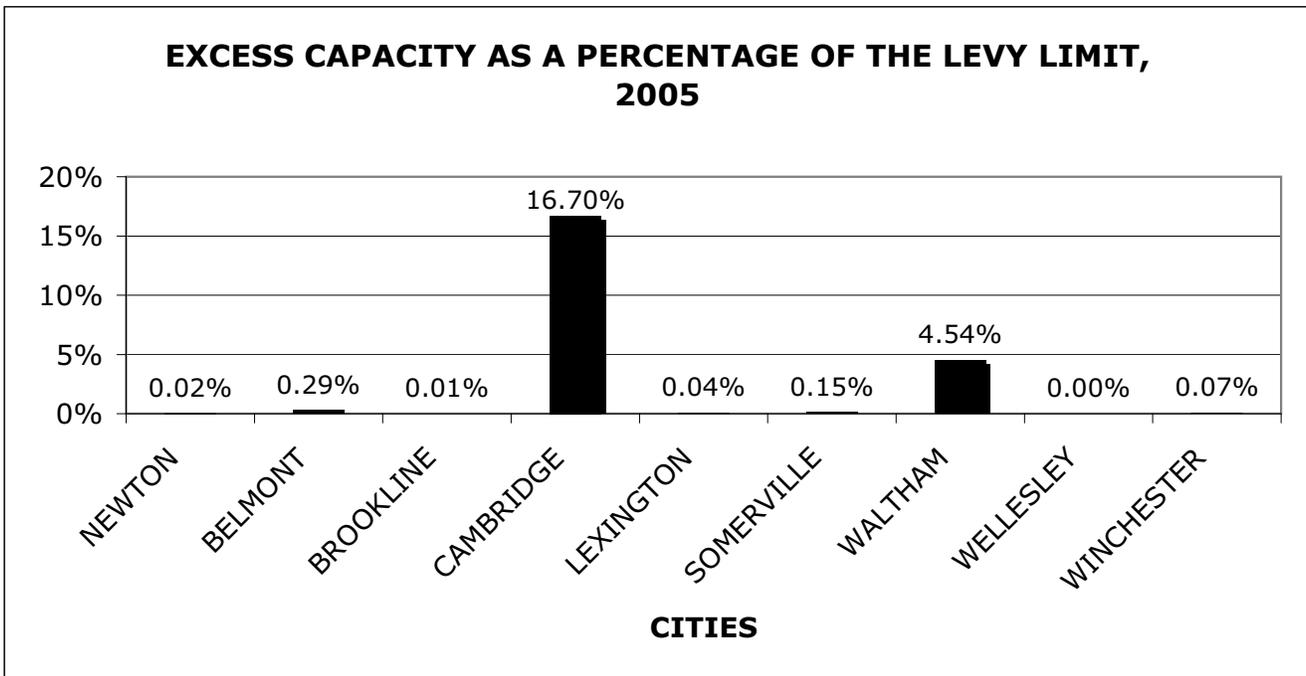
**NOTES:**

Excess capacity is the percentage by which the community's total tax levy falls short of the levy limit, which is the maximum tax levy allowed by law. The levy limit may increase by 2.5% each year, plus new growth and any overrides of Proposition 2.5.

**EXCESS CAPACITY AS A PERCENTAGE OF THE LEVY LIMIT, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
[http://www.dls.state.ma.us/mdmstuf/Prop2\\_LevyCap\\_RefVotes/excp0006.xls](http://www.dls.state.ma.us/mdmstuf/Prop2_LevyCap_RefVotes/excp0006.xls)

<b>MUNICIPALITY</b>	<b>LEVY LIMIT</b>	<b>EXCESS CAPACITY</b>	<b>PERCENTAGE</b>
NEWTON	\$194,235,942	\$46,021	0.02%
BELMONT	\$23,742,769	\$67,998	0.29%
BROOKLINE	\$119,863,192	\$10,988	0.01%
CAMBRIDGE	\$267,653,208	\$44,699,773	16.70%
LEXINGTON	\$91,193,879	\$37,455	0.04%
SOMERVILLE	\$74,846,633	\$110,055	0.15%
WALTHAM	\$115,777,311	\$5,254,590	4.54%
WELLESLEY	\$63,739,491	\$308	0.00%
WINCHESTER	\$50,452,063	\$34,297	0.07%



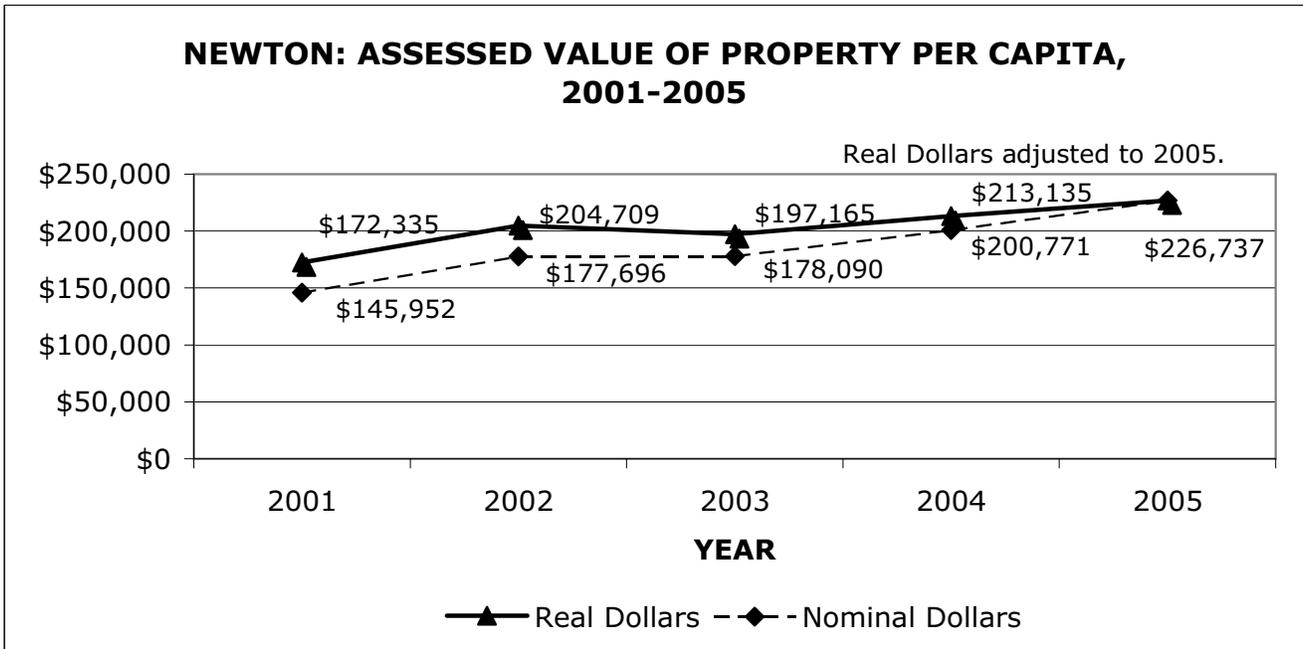
**NOTES:**

Excess capacity is the percentage by which the community's total tax levy falls short of the levy limit, which is the maximum tax levy allowed by law. The levy limit may increase by 2.5% each year, plus new growth and any overrides of Proposition 2.5.

**NEWTON: ASSESSED VALUE OF PROPERTY PER CAPITA, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/PropertyTax/asva0006.xls>

YEAR	REAL AMOUNT	NOMINAL AMOUNT	POPULATION	REAL \$ PER CAPITA	NOMINAL \$ PER CAPITA
2001	\$14,463,572,879	\$12,249,317,200	83,927	\$172,335	\$145,952
2002	\$17,131,268,238	\$14,870,662,400	83,686	\$204,709	\$177,696
2003	\$16,625,519,570	\$15,017,075,200	84,323	\$197,165	\$178,090
2004	\$17,861,157,145	\$16,825,041,600	83,802	\$213,135	\$200,771
2005	\$18,854,982,400	\$18,854,982,400	83,158	\$226,737	\$226,737



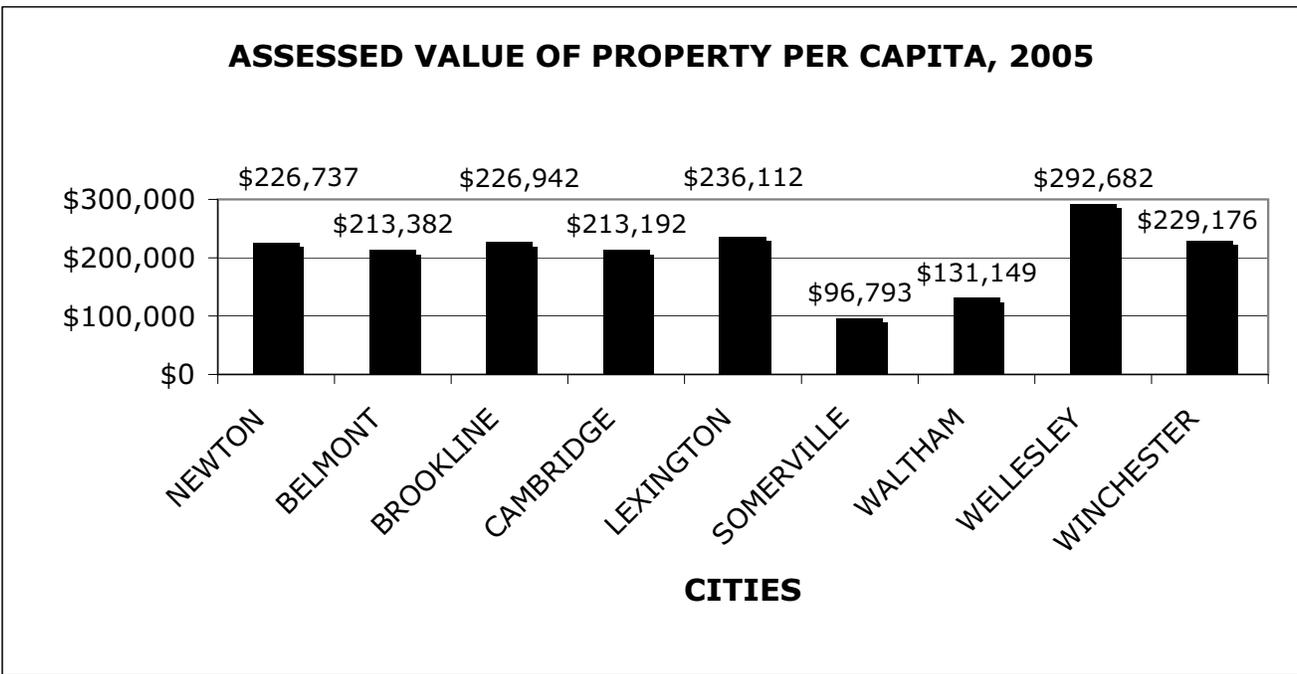
**NOTES:**

1. Assessed Value of Property Per Capita is the dollar value assigned to real estate parcels or other property by a government unit as the basis for levying taxes. In Massachusetts, assessed valuation is based on the amount a willing buyer would pay a willing seller on the open market (Full and Fair Cash Value). Assessors are required to collect, record and analyze information about the physical characteristics of the property and the real estate market to estimate the full and fair cash value of all taxable properties in their communities.

**ASSESSED VALUE OF PROPERTY, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/PropertyTax/asva0006.xls>

<b>MUNICIPALITY</b>	<b>AMOUNT</b>	<b>POPULATION</b>	<b>PER CAPITA</b>
NEWTON	\$18,854,982,400	83,158	\$226,737
BELMONT	\$4,986,952,850	23,371	\$213,382
BROOKLINE	\$12,615,710,980	55,590	\$226,942
CAMBRIDGE	\$21,348,000,524	100,135	\$213,192
LEXINGTON	\$7,146,167,360	30,266	\$236,112
SOMERVILLE	\$7,255,884,000	74,963	\$96,793
WALTHAM	\$7,810,723,666	59,556	\$131,149
WELLESLEY	\$7,895,988,000	26,978	\$292,682
WINCHESTER	\$4,854,183,258	21,181	\$229,176

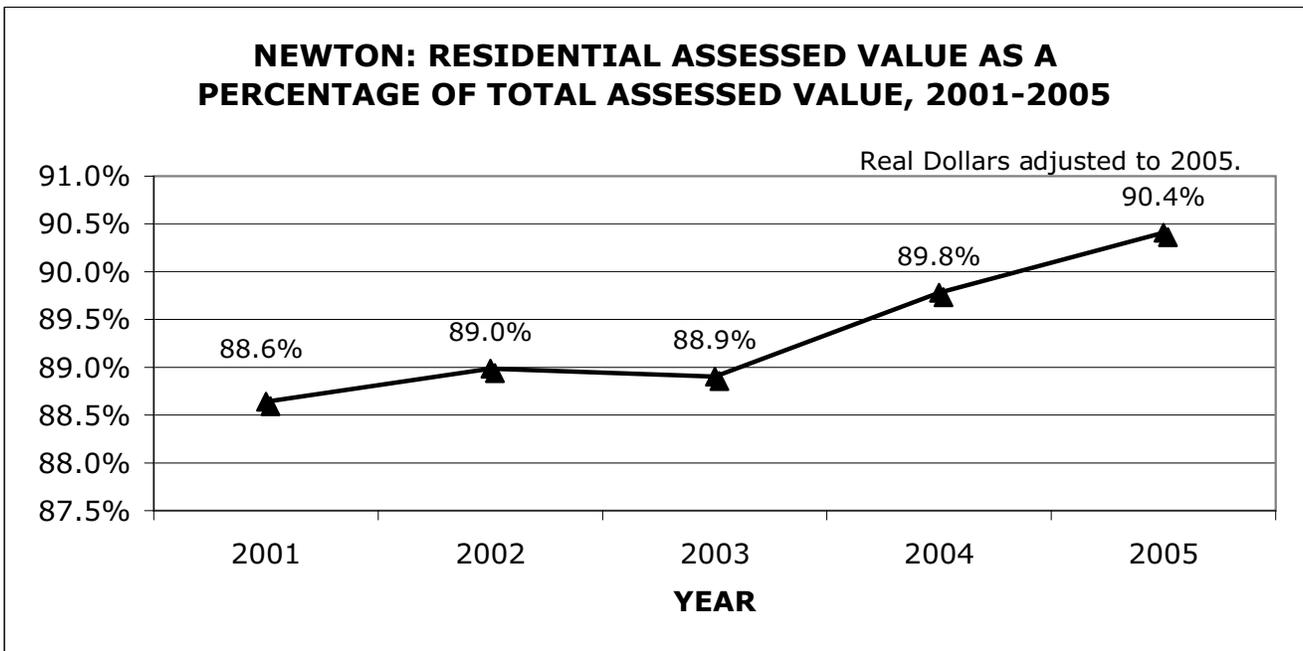


**NEWTON: RESIDENTIAL ASSESSED VALUE AS A PERCENTAGE OF TOTAL ASSESSED VALUE, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.dls.state.ma.us/mdmstuf/PropertyTax/asva0006.xls>

<b>YEAR</b>	<b>RESIDENTIAL AMOUNT</b>	<b>TOTAL AMOUNT</b>	<b>PERCENTAGE</b>
2001	\$10,857,798,128	\$12,249,317,200	88.6%
2002	\$13,232,606,650	\$14,870,662,400	89.0%
2003	\$13,350,364,729	\$15,017,075,200	88.9%
2004	\$15,105,379,601	\$16,825,041,600	89.8%
2005	\$17,046,470,917	\$18,854,982,400	90.4%



**NOTES:**

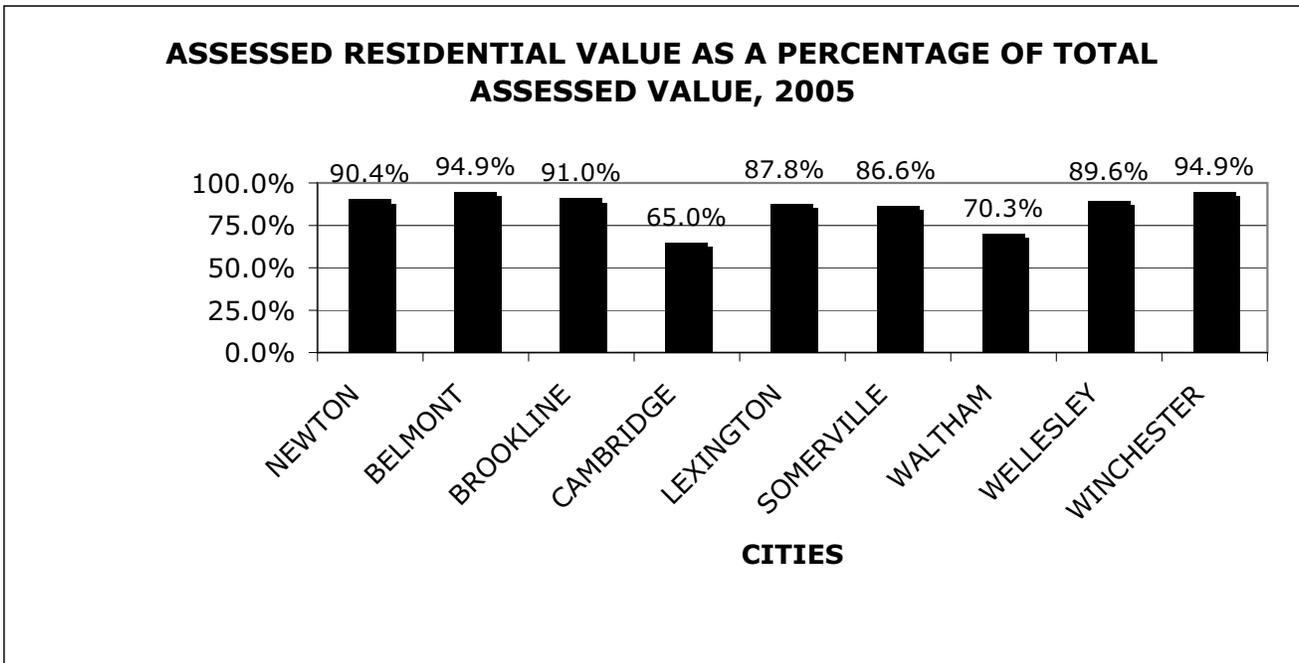
1.  $(\text{Residential} + \text{Open Space}) / (\text{Total Assessed Value})$ . There is No Open Space Assessed Values for Newton.

**RESIDENTIAL ASSESSED VALUE AS A PERCENTAGE OF TOTAL ASSESSED VALUE, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.dls.state.ma.us/mdmstuf/PropertyTax/asva0006.xls>

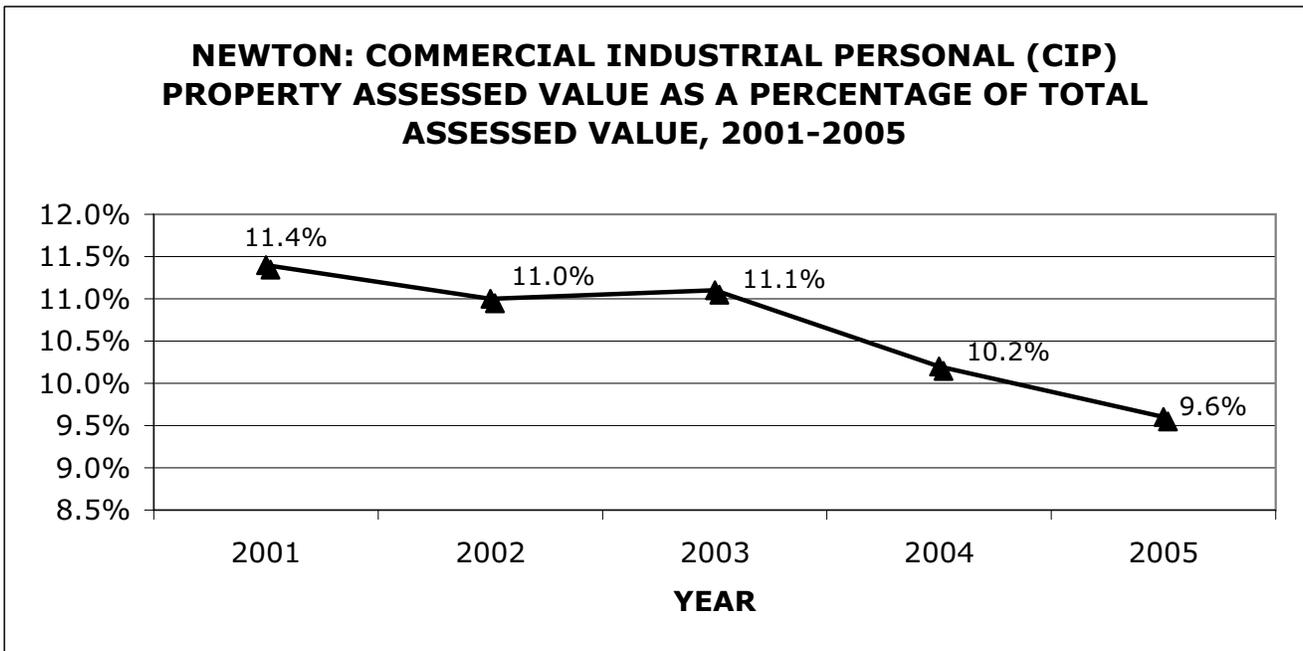
<b>MUNICIPALITY</b>	<b>RESIDENTIAL AMOUNT</b>	<b>TOTAL AMOUNT</b>	<b>PERCENTAGE</b>
NEWTON	\$17,046,470,917	\$18,854,982,400	90.4%
BELMONT	\$4,732,665,050	\$4,986,952,850	94.9%
BROOKLINE	\$11,483,130,900	\$12,615,710,980	91.0%
CAMBRIDGE	\$13,871,143,472	\$21,348,000,524	65.0%
LEXINGTON	\$6,275,351,000	\$7,146,167,360	87.8%
SOMERVILLE	\$6,282,436,389	\$7,255,884,000	86.6%
WALTHAM	\$5,487,525,201	\$7,810,723,666	70.3%
WELLESLEY	\$7,073,527,000	\$7,895,988,000	89.6%
WINCHESTER	\$4,607,480,711	\$4,854,183,258	94.9%



**NEWTON: COMMERCIAL INDUSTRIAL PERSONAL (CIP) PROPERTY ASSESSED VALUE AS A PERCENTAGE OF TOTAL ASSESSED VALUE, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/PropertyTax/asva0006.xls>

<b>YEAR</b>	<b>CIP PERCENTAGE</b>
2001	11.4%
2002	11.0%
2003	11.1%
2004	10.2%
2005	9.6%



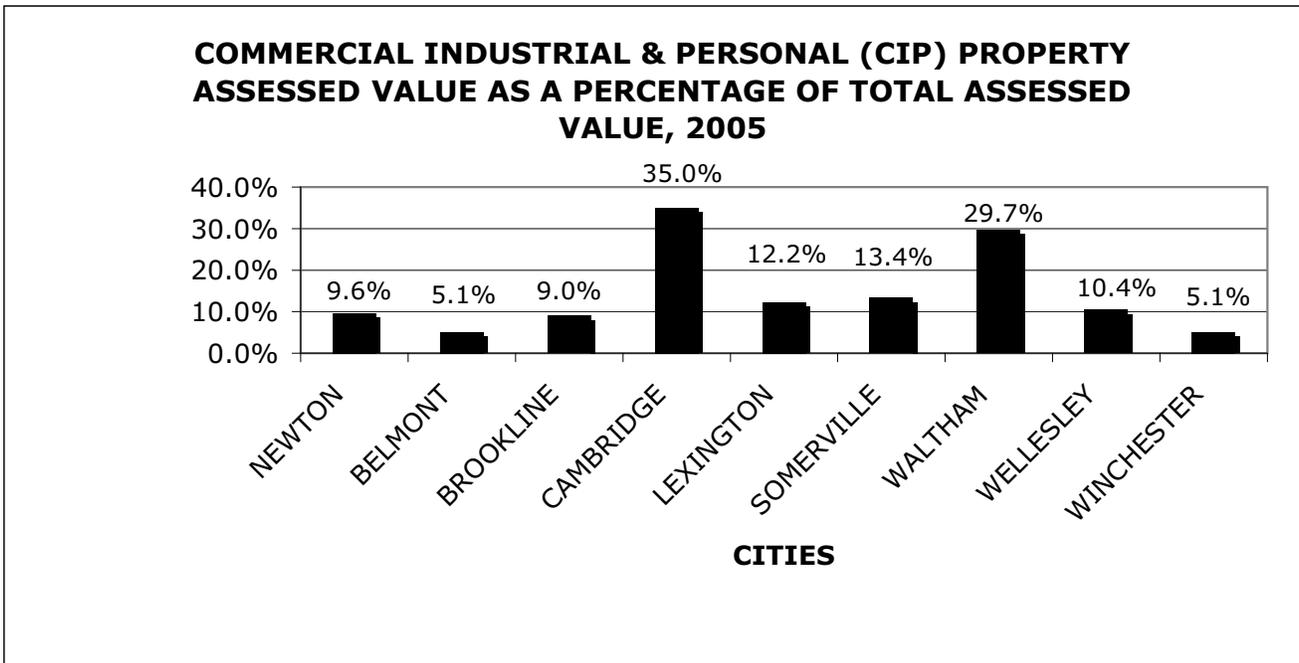
**NOTES:**

1. CIP is Percentage of (Commercial +Industrial+Personal Property)/(Total Assessed Value)

**COMMERCIAL INDUSTRIAL & PERSONAL (CIP) PROPERTY ASSESSED VALUE AS A PERCENTAGE OF TOTAL ASSESSED VALUE, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/PropertyTax/asva0006.xls>

<b>MUNICIPALITY</b>	<b>PERCENTAGE</b>
NEWTON	9.6%
BELMONT	5.1%
BROOKLINE	9.0%
CAMBRIDGE	35.0%
LEXINGTON	12.2%
SOMERVILLE	13.4%
WALTHAM	29.7%
WELLESLEY	10.4%
WINCHESTER	5.1%

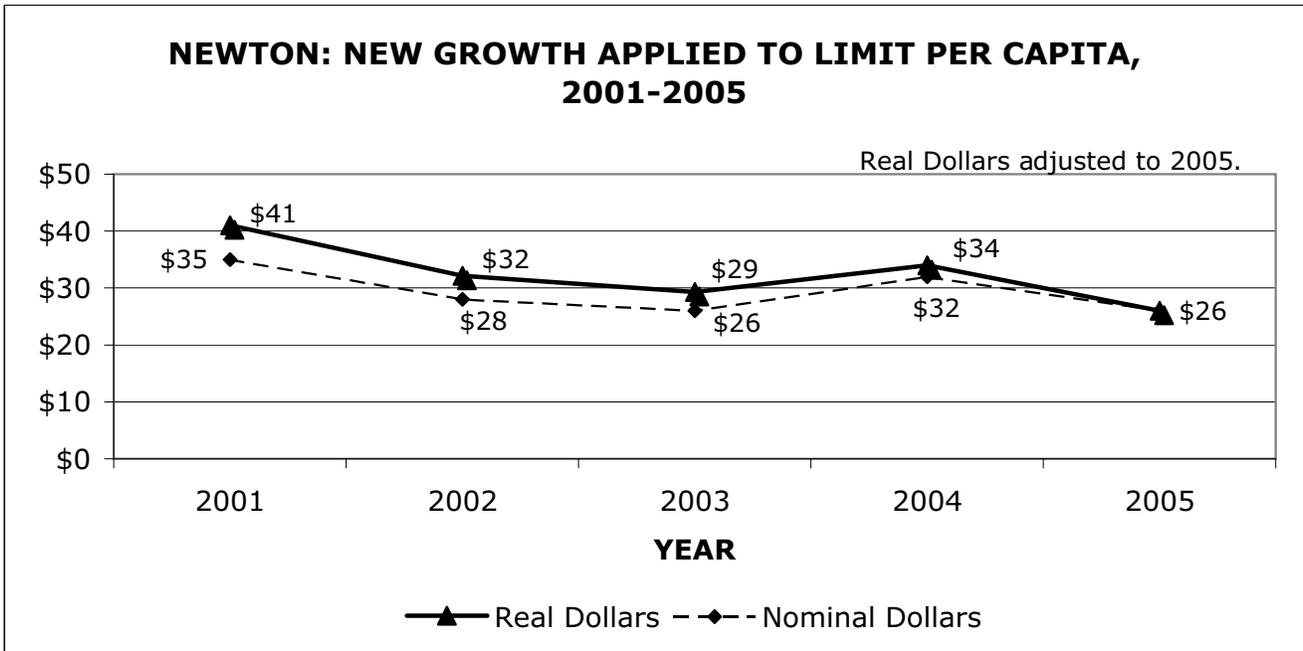


**NEWTON: NEW GROWTH APPLIED TO LIMIT PER CAPITA, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

[http://www.dls.state.ma.us/mdmstuf/Prop2\\_LevyCap\\_RefVotes/Grow0006.xls](http://www.dls.state.ma.us/mdmstuf/Prop2_LevyCap_RefVotes/Grow0006.xls)

YEAR	REAL AMOUNT	NOMINAL AMOUNT	POPULATION	REAL \$ PER CAPITA	NOMINAL \$ PER CAPITA
2001	\$3,461,198	\$2,931,316	83,927	\$41	\$35
2002	\$2,690,884	\$2,335,800	83,686	\$32	\$28
2003	\$2,470,166	\$2,231,188	84,323	\$29	\$26
2004	\$2,887,574	\$2,720,067	83,802	\$34	\$32
2005	\$2,152,049	\$2,152,049	83,158	\$26	\$26



**NOTES:**

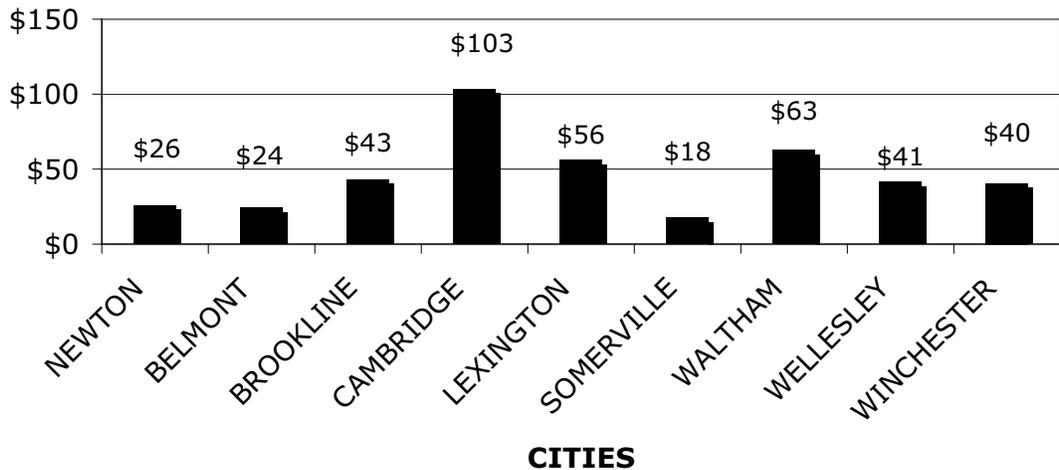
1. New Growth is the additional tax revenue generated by new construction, renovations and other increases in the property tax base during a calendar year. It does not include value increases caused by normal market forces or by revaluations. New growth is calculated by multiplying the assessed value associated with new construction, renovations and other increases by the prior year tax rate. The additional tax revenue is then incorporated into the calculation of the next year's levy limit.

**NEW GROWTH APPLIED TO LIMIT PER CAPITA, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
[http://www.dls.state.ma.us/mdmstuf/Prop2\\_LevyCap\\_RefVotes/Grow0006.xls](http://www.dls.state.ma.us/mdmstuf/Prop2_LevyCap_RefVotes/Grow0006.xls)

<b>MUNICIPALITY</b>	<b>AMOUNT</b>	<b>POPULATION</b>	<b>PER CAPITA</b>
NEWTON	\$2,152,049	83,158	\$26
BELMONT	\$564,989	23,371	\$24
BROOKLINE	\$2,386,251	55,590	\$43
CAMBRIDGE	\$10,350,865	100,135	\$103
LEXINGTON	\$1,692,120	30,266	\$56
SOMERVILLE	\$1,314,465	74,963	\$18
WALTHAM	\$3,736,452	59,556	\$63
WELLESLEY	\$1,116,335	26,978	\$41
WINCHESTER	\$855,115	21,181	\$40

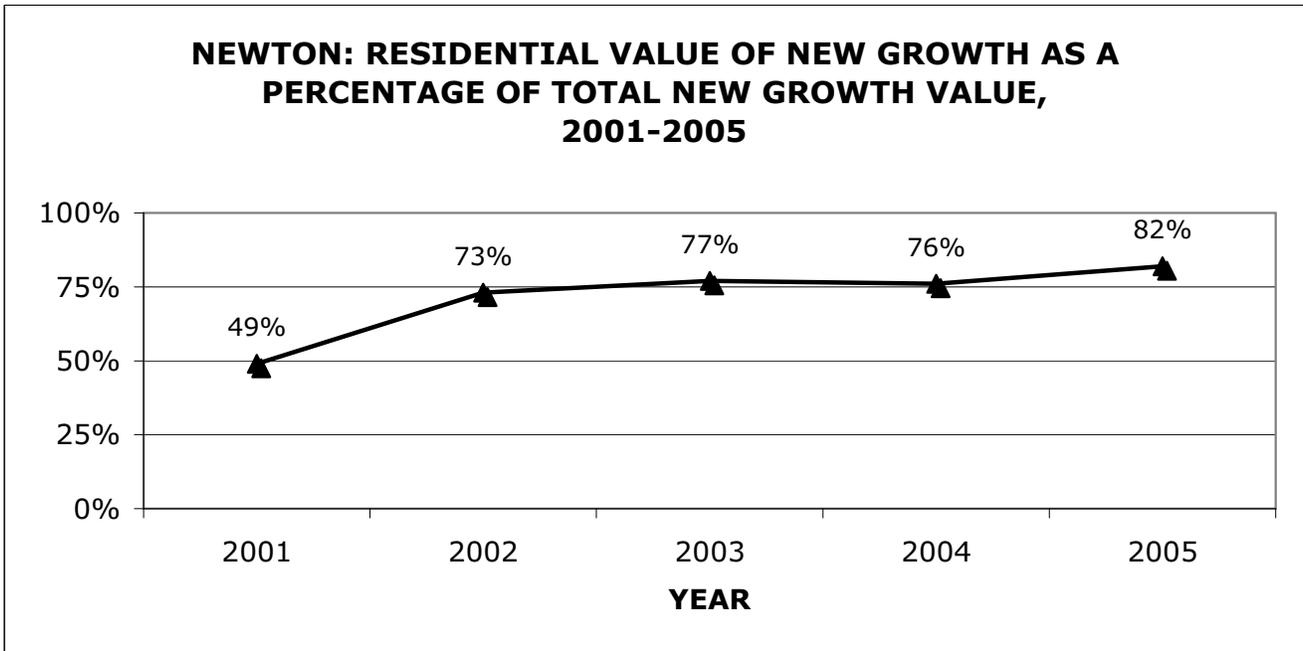
**NEW GROWTH APPLIED TO LIMIT PER CAPITA, 2005**



**NEWTON: RESIDENTIAL VALUE OF NEW GROWTH  
AS A PERCENTAGE OF TOTAL NEW GROWTH VALUE, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
[http://www.dls.state.ma.us/mdmstuf/Prop2\\_LevyCap\\_RefVotes/Grow0006.xls](http://www.dls.state.ma.us/mdmstuf/Prop2_LevyCap_RefVotes/Grow0006.xls)

<b>YEAR</b>	<b>PERCENTAGE</b>
2001	49%
2002	73%
2003	77%
2004	76%
2005	82%

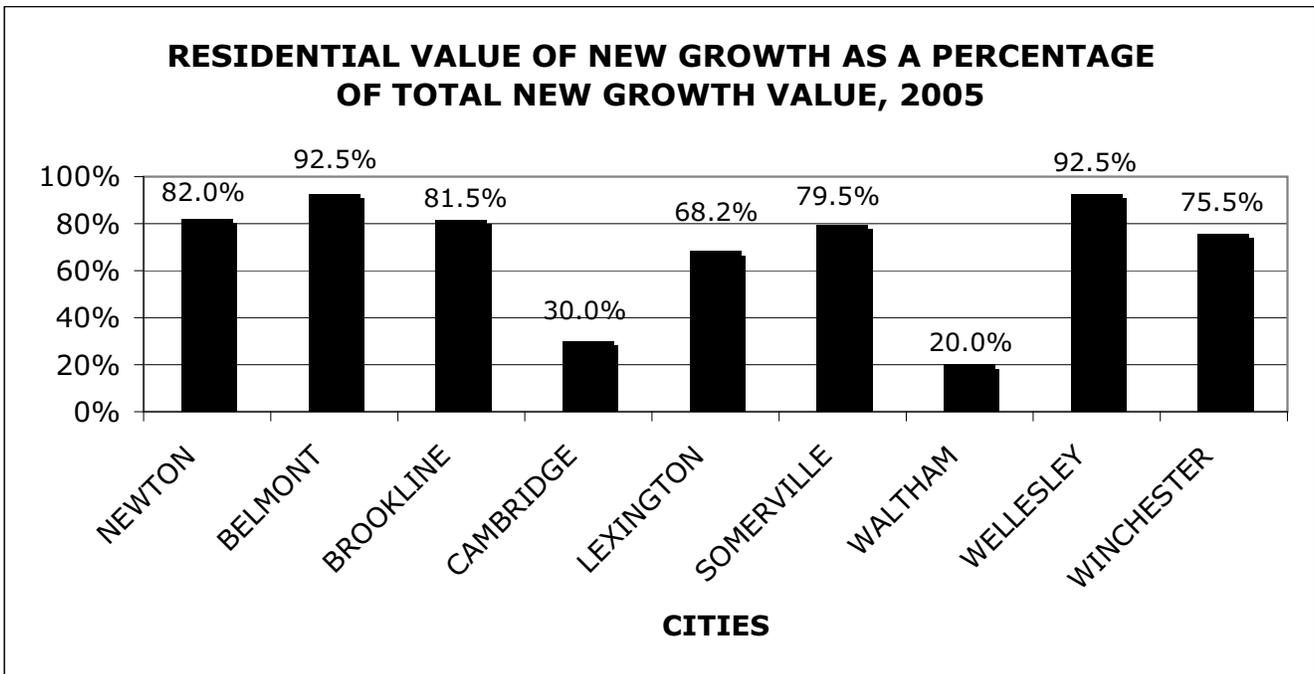


**RESIDENTIAL VALUE OF NEW GROWTH AS A PERCENTAGE OF TOTAL NEW GROWTH VALUE**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

[http://www.dls.state.ma.us/mdmstuf/Prop2\\_LevyCap\\_RefVotes/Grow0006.xls](http://www.dls.state.ma.us/mdmstuf/Prop2_LevyCap_RefVotes/Grow0006.xls)

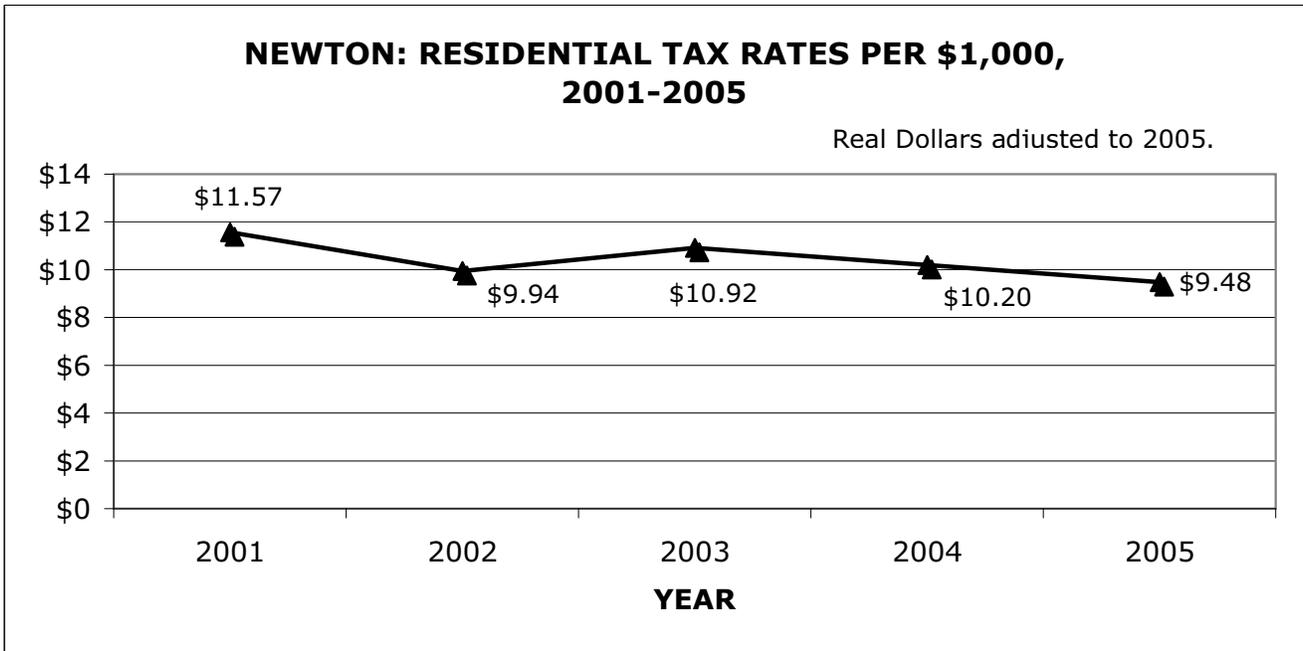
<b>MUNICIPALITY</b>	<b>PERCENTAGE</b>
NEWTON	82.0%
BELMONT	92.5%
BROOKLINE	81.5%
CAMBRIDGE	30.0%
LEXINGTON	68.2%
SOMERVILLE	79.5%
WALTHAM	20.0%
WELLESLEY	92.5%
WINCHESTER	75.5%



**NEWTON: RESIDENTIAL TAX RATES PER \$1,000, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/PropertyTax/Txrt0006.xls>

<b>YEAR</b>	<b>TAX RATE AMOUNT</b>
2001	\$11.57
2002	\$9.94
2003	\$10.92
2004	\$10.20
2005	\$9.48



**NOTES:**

Ratio of property tax divided by a unit of the associated municipal tax base. A tax rate can be expressed as \$10.80 per \$1,000 of assessed valuation for taxable real and personal property. The state approved local tax rate for a property class is the authorized levy for the class divided by the certified valuation. The Tax Rate Recapitulation form and supporting documentation contains proposed tax rates for a municipality and approval of this form means approval of the proposed tax rates.

**RESIDENTIAL TAX RATES PER \$1,000 IN PROPERTY VALUE, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/PropertyTax/Txrt0006.xls>

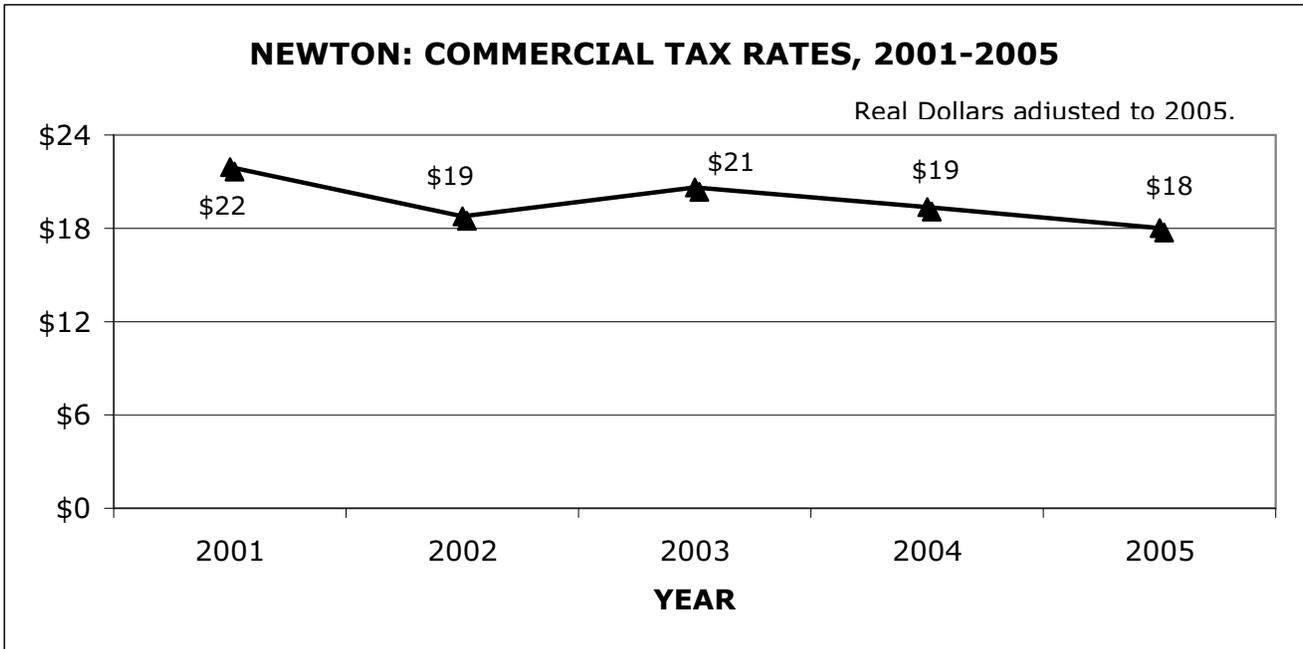
<b>MUNICIPALITY</b>	<b>AMOUNT</b>
NEWTON	\$9.48
BELMONT	\$10.69
BROOKLINE	\$10.23
CAMBRIDGE	\$7.78
LEXINGTON	\$11.34
SOMERVILLE	\$10.75
WALTHAM	\$9.89
WELLESLEY	\$8.40
WINCHESTER	\$10.42



**NEWTON: COMMERCIAL TAX RATES, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/PropertyTax/Txrt0006.xls>

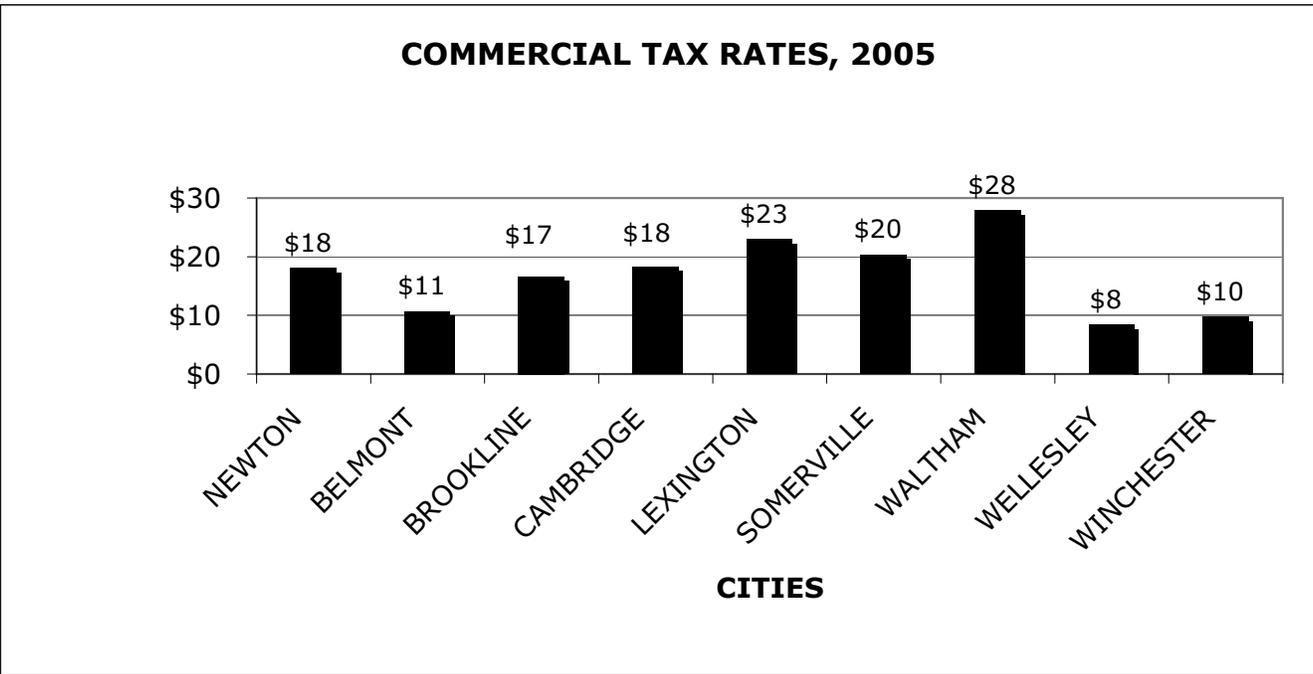
<b>YEAR</b>	<b>AMOUNT</b>
2001	\$21.93
2002	\$18.77
2003	\$20.63
2004	\$19.37
2005	\$18.02



**COMMERCIAL TAX RATES PER \$1,000, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/PropertyTax/Txrt0006.xls>

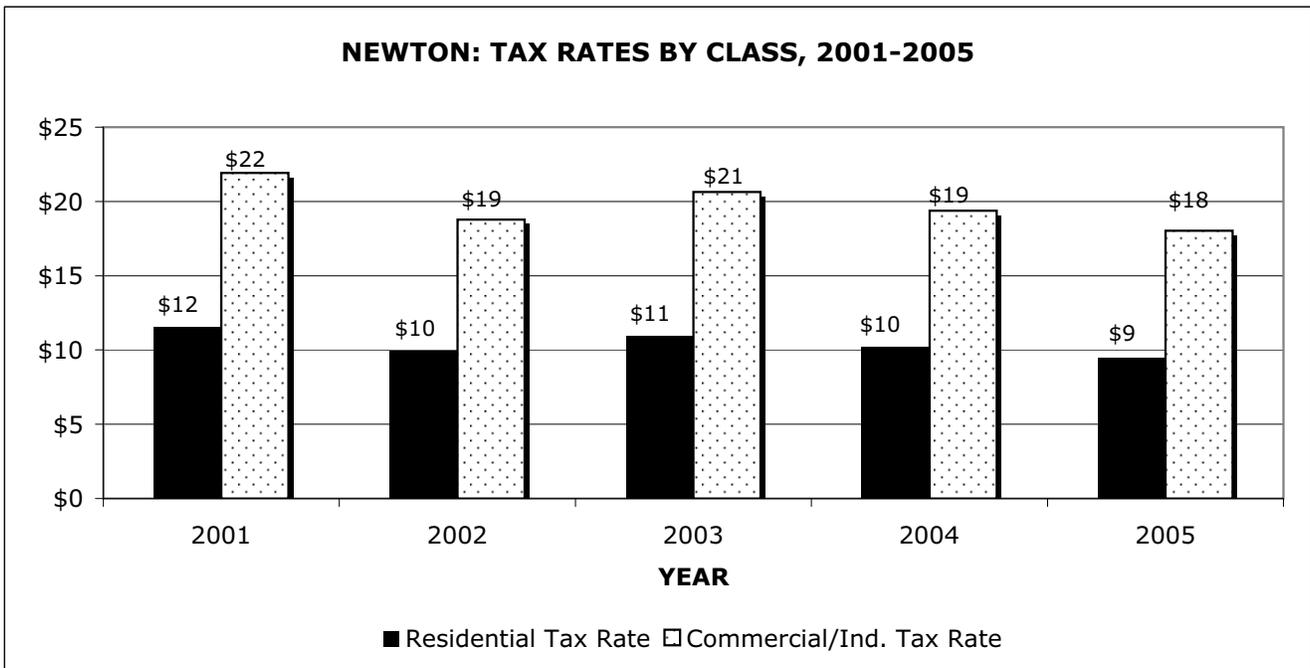
<b>MUNICIPALITY</b>	<b>AMOUNT</b>
NEWTON	\$18.02
BELMONT	\$10.69
BROOKLINE	\$16.61
CAMBRIDGE	\$18.28
LEXINGTON	\$22.96
SOMERVILLE	\$20.29
WALTHAM	\$27.87
WELLESLEY	\$8.40
WINCHESTER	\$9.76



**NEWTON: TAX RATES BY CLASS, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/PropertyTax/Txrt0006.xls>

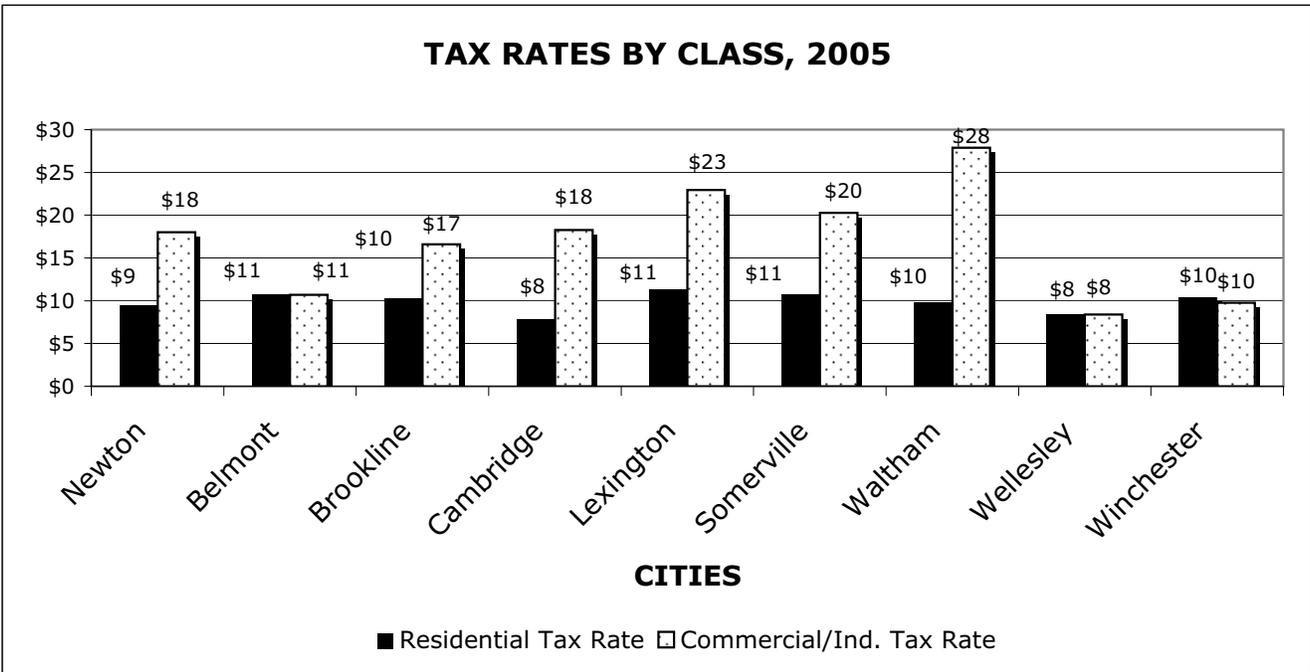
<b>YEAR</b>	<b>RESIDENTIAL TAX RATE</b>	<b>COMMERCIAL/ IND. TAX RATE</b>
2001	\$11.57	\$21.93
2002	\$9.94	\$18.77
2003	\$10.92	\$20.63
2004	\$10.20	\$19.37
2005	\$9.48	\$18.02



**TAX RATES BY CLASS, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/PropertyTax/Txrt0006.xls>

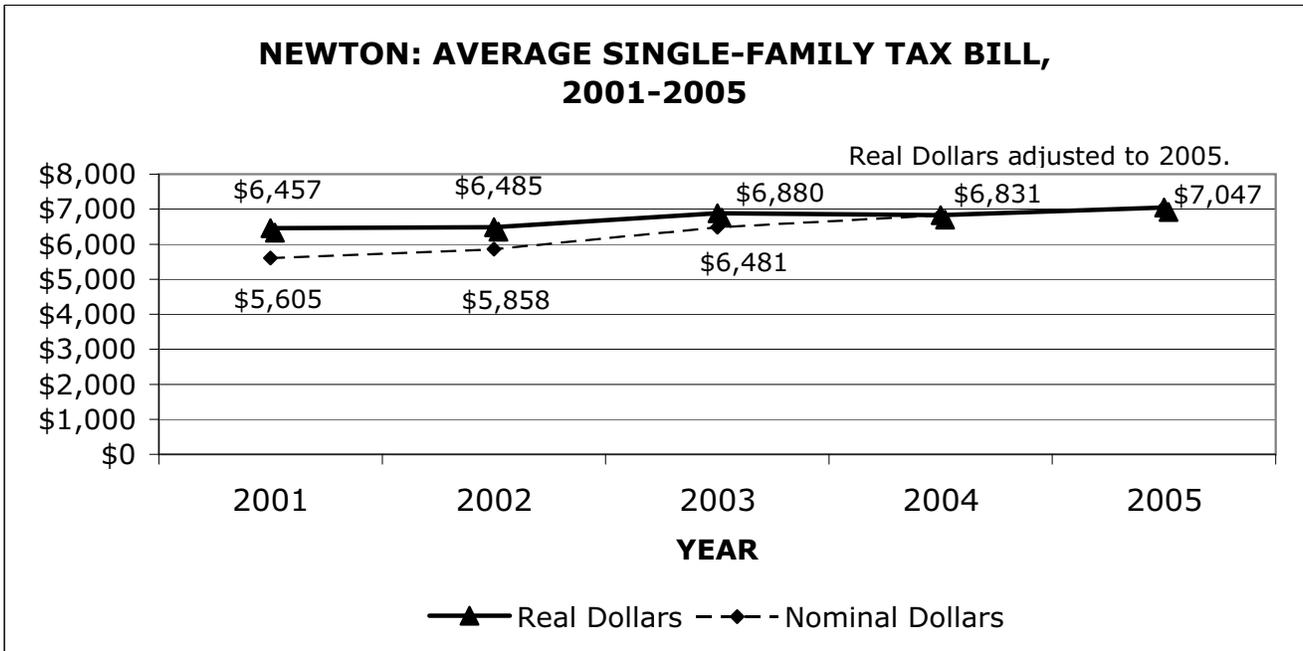
<b>MUNICIPALITY</b>	<b>RESIDENTIAL TAX RATES</b>	<b>COMMERCIAL/ IND. TAX RATE</b>
Newton	\$9.48	\$18.02
Belmont	\$10.69	\$10.69
Brookline	\$10.23	\$16.61
Cambridge	\$7.78	\$18.28
Lexington	\$11.34	\$22.96
Somerville	\$10.75	\$20.29
Waltham	\$9.89	\$27.87
Wellesley	\$8.40	\$8.40
Winchester	\$10.42	\$9.76



**NEWTON: AVERAGE SINGLE-FAMILY TAX BILL, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/PropertyTax/bill0006.xls>

<b>YEAR</b>	<b>REAL AMOUNT</b>	<b>TAX RATE</b>	<b>REAL \$ AVERAGE</b>	<b>NOMINAL \$ AVERAGE</b>
2001	\$484,481	\$11.57	\$6,457	\$5,605
2002	\$589,336	\$9.94	\$6,485	\$5,858
2003	\$593,537	\$10.92	\$6,880	\$6,481
2004	\$669,688	\$10.20	\$6,831	\$6,831
2005	\$743,345	\$9.48	\$7,047	\$7,047



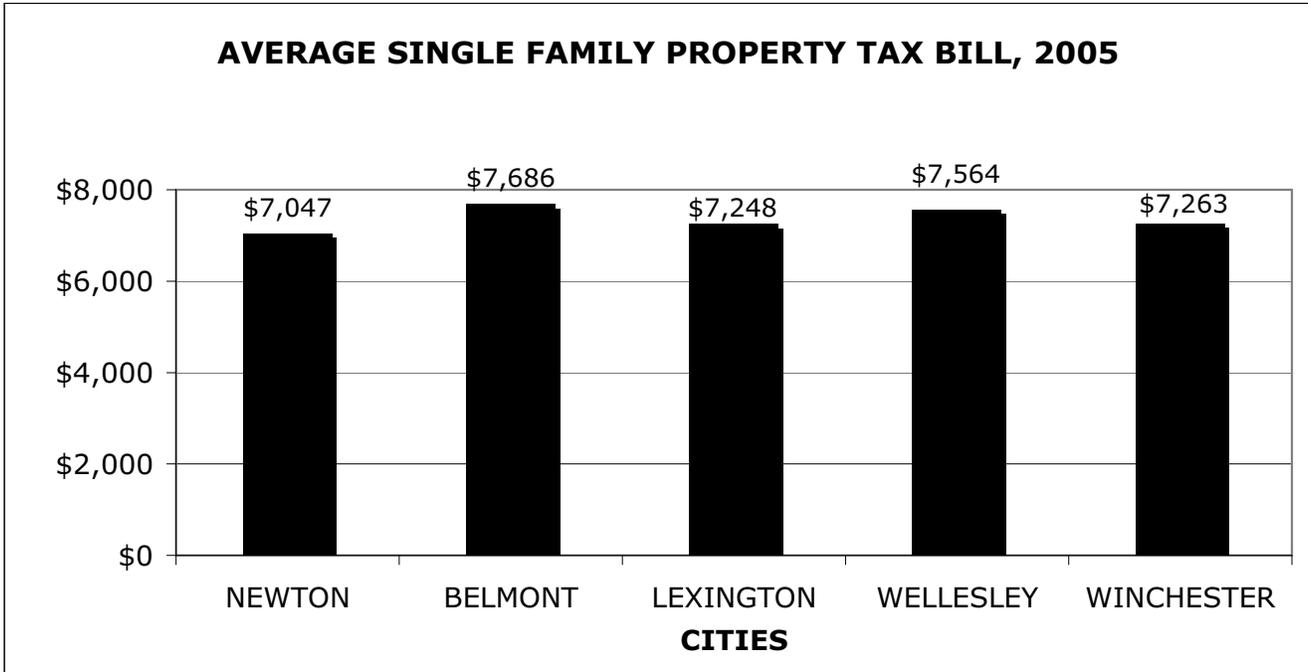
**NOTES:**

1. Average single family tax bills are calculated by dividing the single family assessed value by the single family parcels for each community and then multiplying the average value by the residential tax rate and dividing by one thousand.

**AVERAGE SINGLE-FAMILY PROPERTY TAX BILL, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/PropertyTax/bill0006.xls>

<b>MUNICIPALITY</b>	<b>AMOUNT</b>	<b>TAX RATE</b>	<b>AVERAGE</b>
NEWTON	\$743,345	\$9.48	\$7,047
BELMONT	\$718,971	\$10.69	\$7,686
LEXINGTON	\$639,120	\$11.34	\$7,248
WELLESLEY	\$900,444	\$8.40	\$7,564
WINCHESTER	\$697,016	\$10.42	\$7,263



**NOTES:**

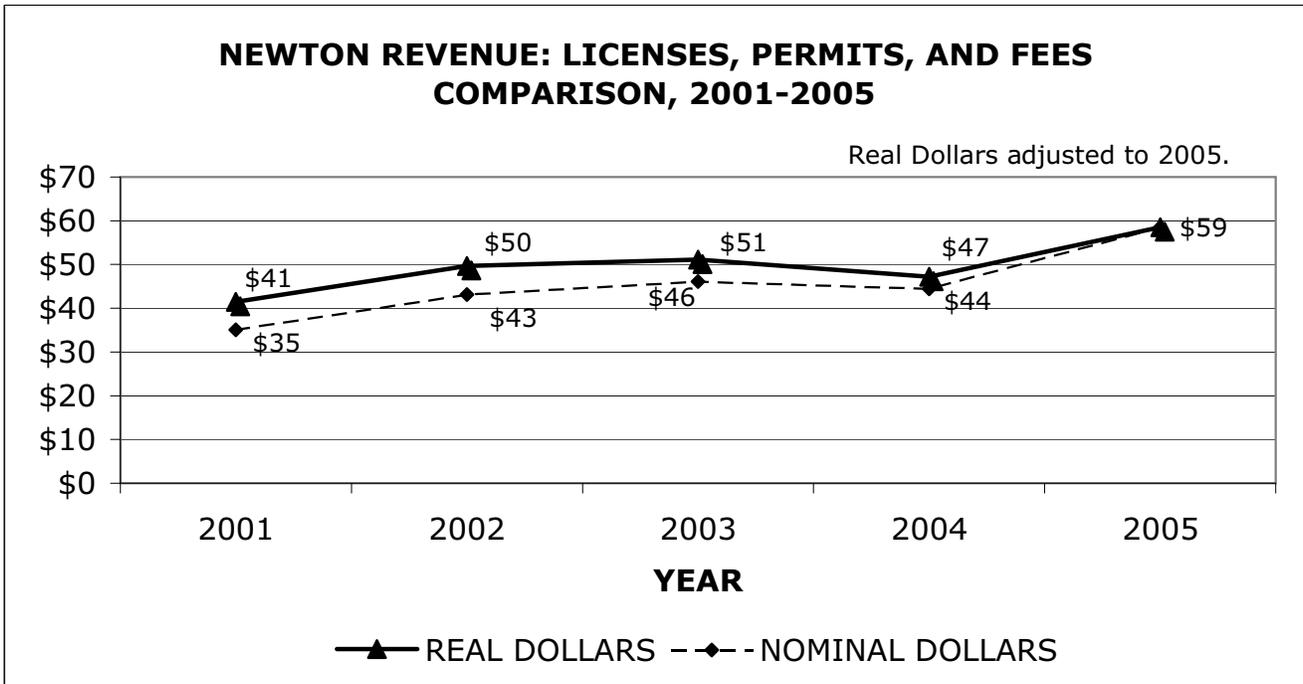
1. The state does not report figures for average single family tax bill for Cambridge, Somerville, Brookline and Waltham because these four communities have adopted the residential exemption.

**NEWTON: LICENSES, PERMITS, AND FEES COMPARISON, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.dls.state.ma.us/mdmstuf/MunicipalActualExpenditures/GeneralFundRevenues0005.xls>

YEAR	REAL AMOUNT	NOMINAL AMOUNT	POPULATION	REAL \$ PER CAPITA	NOMINAL \$ PER CAPITA
2001	\$3,478,180	\$2,945,699	83,927	\$41	\$35
2002	\$4,155,923	\$3,607,516	83,686	\$50	\$43
2003	\$4,307,738	\$3,890,984	84,323	\$51	\$46
2004	\$3,956,511	\$3,726,996	83,802	\$47	\$44
2005	\$4,867,719	\$4,867,719	83,158	\$59	\$59



**NOTES:**

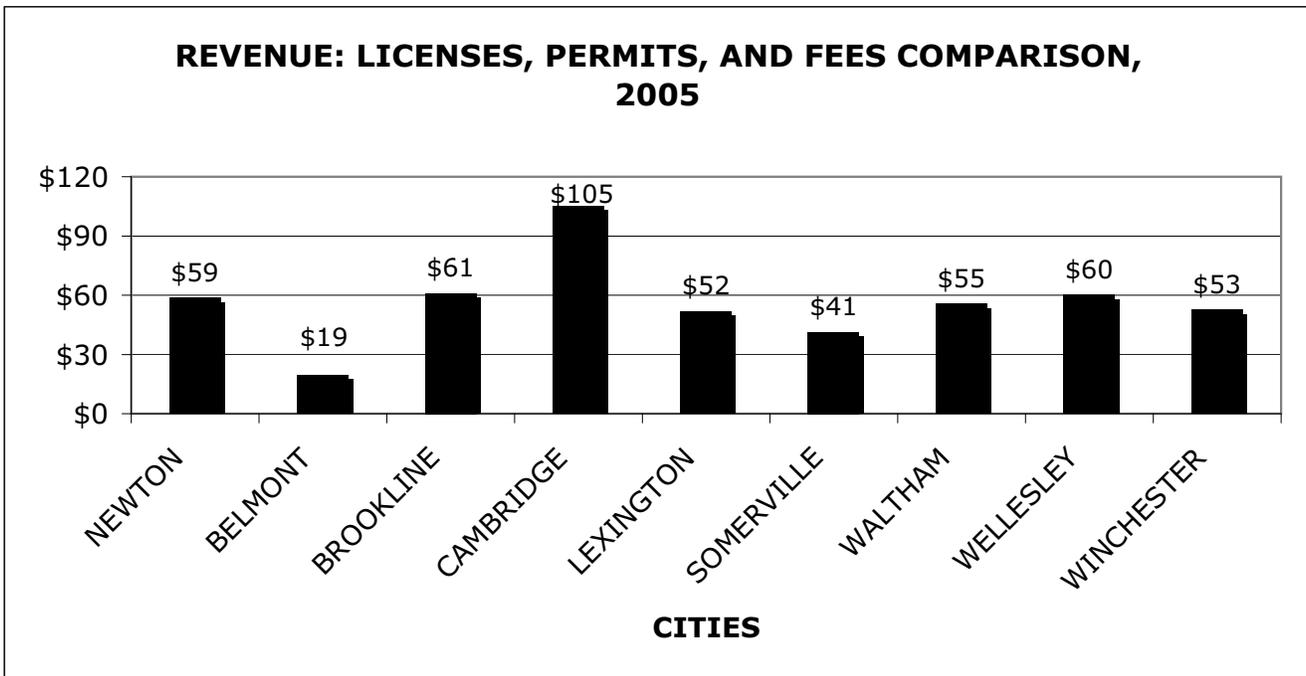
1. Includes Fees retained from tax collections and licenses and permits.

**REVENUE: LICENSES, PERMITS, AND FEES COMPARISON, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.dls.state.ma.us/mdmstuf/MunicipalActualExpenditures/GeneralFundRevenues0005.xls>

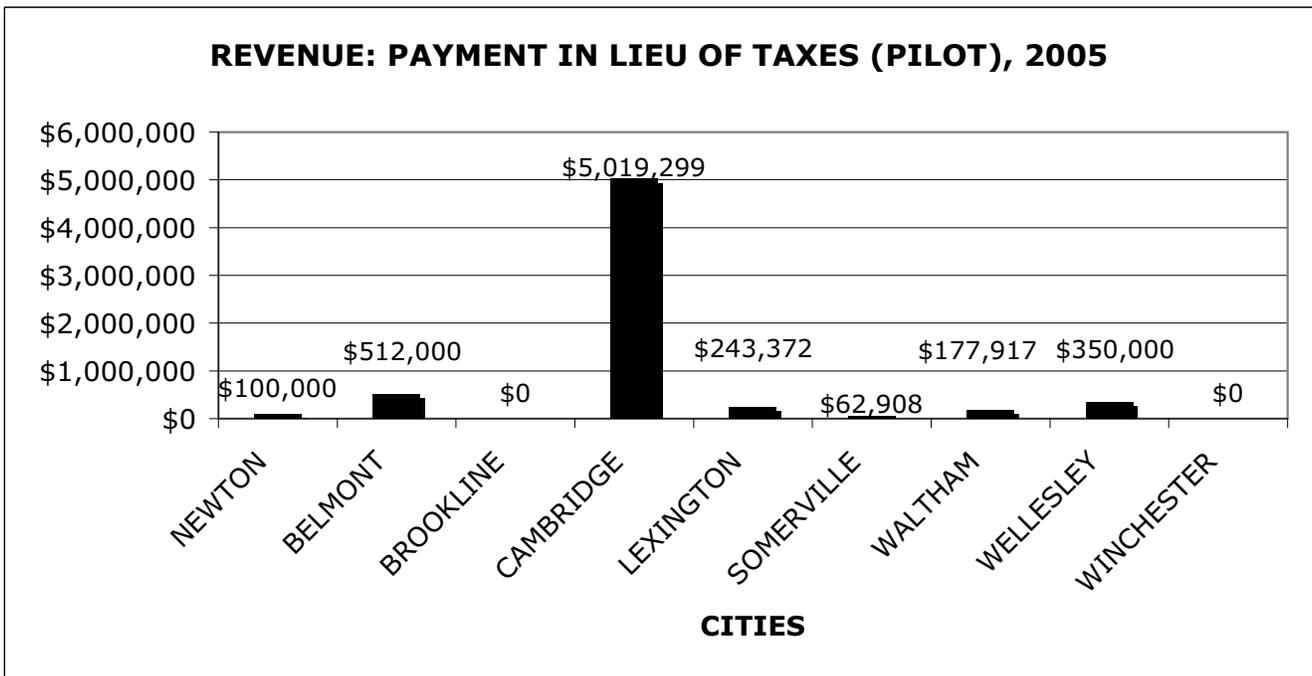
<b>MUNICIPALITY</b>	<b>AMOUNT</b>	<b>POPULATION</b>	<b>PER CAPITA</b>
NEWTON	\$4,867,719	83,158	\$59
BELMONT	\$454,645	23,371	\$19
BROOKLINE	\$3,386,847	55,590	\$61
CAMBRIDGE	\$10,520,351	100,135	\$105
LEXINGTON	\$1,565,913	30,266	\$52
SOMERVILLE	\$3,103,605	74,963	\$41
WALTHAM	\$3,303,883	59,556	\$55
WELLESLEY	\$1,617,239	26,978	\$60
WINCHESTER	\$1,112,427	21,181	\$53



**REVENUE: PAYMENT IN LIEU OF TAXES (PILOT) COMPARISON, 2005**

**Sources:** Municipal Interviews/2005 Financial Statements

<b>MUNICIPALITY</b>	<b>TOTAL AMOUNT</b>
NEWTON	\$100,000
BELMONT	\$512,000
BROOKLINE	\$0
CAMBRIDGE	\$5,019,299
LEXINGTON	\$243,372
SOMERVILLE	\$62,908
WALTHAM	\$177,917
WELLESLEY	\$350,000
WINCHESTER	\$0



**SOURCES OF PILOT REVENUE:**

1. Newton: Boston College.
2. Belmont: MacLean Hospital; Belmont Country Day School; Belmont Hill School; Housing Authority. MacLean Hospital is in the process of developing surplus property for private residential use, and has negotiated a reduction in its PILOT payment as the taxable uses phase it.
3. Cambridge: Harvard University; Massachusetts Institute of Technology
4. Lexington: Brookline Assisted Living; Town of Arlington; City of Cambridge; Eagles; Mason; does not receive any PILOT from MIT for Lincoln Labs.
5. Somerville: Tufts University; Other Non-Profits
6. Waltham: Brandeis does not offer PILOT but does offer a few scholarships for residents. Figure for Waltham does not include state PILOT, which is shown in the appendix for state aid.
7. Wellesley: Wellesley College; Babson College; Massachusetts Bay Colony; Babson also offer municipal employees extra classes & degree programs.

# REVENUE NOTES

Newton's net state aid is relatively low because the formula takes into consideration the property valuation, and Newton has 2nd highest property value in the state.

Increasing the amount of commercial and industrial development in Somerville is one of the city's top priorities. Recently, the city has been adding about \$2 million per year in new growth (both residential and commercial), and it hopes to increase that with the Assembly Square Development. The planned extension of the MBTA Green Line to Union Square should help spur commercial and industrial development, as will "upzoning" by the city to encourage higher developments (more stories for buildings).

New condominium development has been the primary driver of new property tax growth in Somerville. Somerville is hoping to attract commercial and industrial development. The city has used Tax Increment Financing to promote development in distressed areas.

Cambridge's recent growth in its property tax base comes primarily from two sources: the growing biotech industry and condominium development.

Belmont and Wellesley have a single tax rate. Newton, Cambridge, Lexington, Somerville and Waltham have split tax rates with a higher rate for Commercial and Industrial Property. Winchester has a split tax rate with higher rate for residential property.

Brookline, Cambridge, Somerville and Waltham have adopted the 20% residential exemption for owner-occupied single-family homes.

Waltham attempts to keep residential property taxes as low as possible, and consistently adopts the maximum tax shift to commercial/industrial property, as well as the owner-occupied single family exemption. As a result, the average tax bill for owner-occupied single family homes in Waltham in 2005 was \$2,923, which is much lower than most of the other communities in the sample.

Waltham has a \$2.6 billion commercial/industrial tax base, and is the third most highly-valued business center in the state. Most of the value is in corporate headquarters and other office park type redevelopment going on downtown. Waltham also has a significant number of hotels, which generated \$1.7 million in revenues from the room tax in FY 06.

Winchester is one of few Massachusetts municipalities to have chosen to shift the burden of debt servicing costs onto residents, which has tended to increase the effective tax rate for its residents, and this might explain some of the differences with the other municipalities.

Cambridge's license and fee revenues come primarily from building permits.

Building permits constitute about half of Somerville's revenues from licenses, permits and fees. Other sources include, but are not limited to inspections and trash transfers.

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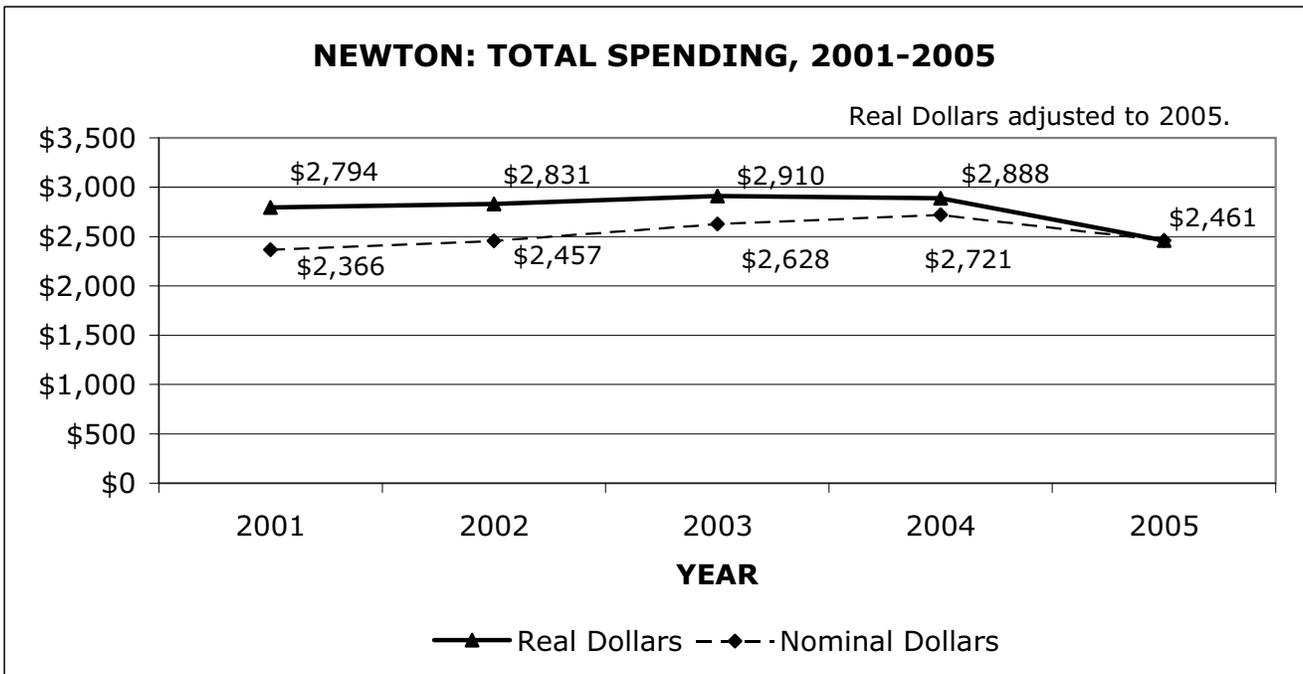
# **EXPENDITURES**

**NEWTON: TOTAL SPENDING PER CAPITA, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.dls.state.ma.us/mdmstuf/MunicipalActualExpenditures/GeneralFundExpenditures0005.xls>

YEAR	REAL SPENDING	NOMINAL SPENDING	POPULATION	REAL \$ PER CAPITA	NOMINAL \$ PER CAPITA
2001	\$234,498,291	\$198,598,505	83,927	\$2,794	\$2,366
2002	\$236,914,316	\$205,651,605	83,686	\$2,831	\$2,457
2003	\$245,338,010	\$221,602,659	84,323	\$2,910	\$2,628
2004	\$242,056,374	\$228,014,822	83,802	\$2,888	\$2,721
2005	\$204,669,718	\$204,669,718	83,158	\$2,461	\$2,461



**NOTES:**

1. General Fund Expenditure data are gathered and obtained through the Schedule A that is submitted to the Division of Local Services by Local Government Officials. Expenditures are from the general fund and do not reflect spending from special revenue, enterprise, capital projects or trust funds. This may result in wide variations among communities in the "Public Works" category, because many communities account for spending on sewer, water, utilities and other public works functions in enterprise or special revenue funds.
2. Capital outlay and construction expenditures are also excluded in order to encourage fair comparisons. Intergovernmental transfers within departmental budgets, such as regional school assessments, are reported within their respective functions (i.e. education) and not in the "intergovernmental" column.

**EXPENSE: TOTAL SPENDING PER CAPITA, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.dls.state.ma.us/mdmstuf/MunicipalActualExpenditures/GeneralFundExpenditures0005.xls>

<b>MUNICIPALITY</b>	<b>TOTAL SPENDING</b>	<b>POPULATION</b>	<b>PER CAPITA</b>
NEWTON	\$204,669,718	83,158	\$2,461
BELMONT	\$63,227,527	23,371	\$2,705
BROOKLINE	\$134,217,977	55,590	\$2,414
CAMBRIDGE	\$325,686,601	100,135	\$3,252
LEXINGTON	\$108,108,575	30,266	\$3,572
SOMERVILLE	\$135,543,797	74,963	\$1,808
WALTHAM	\$125,198,002	59,556	\$2,102
WELLESLEY	\$80,188,332	26,978	\$2,972
WINCHESTER	\$59,832,861	21,181	\$2,825

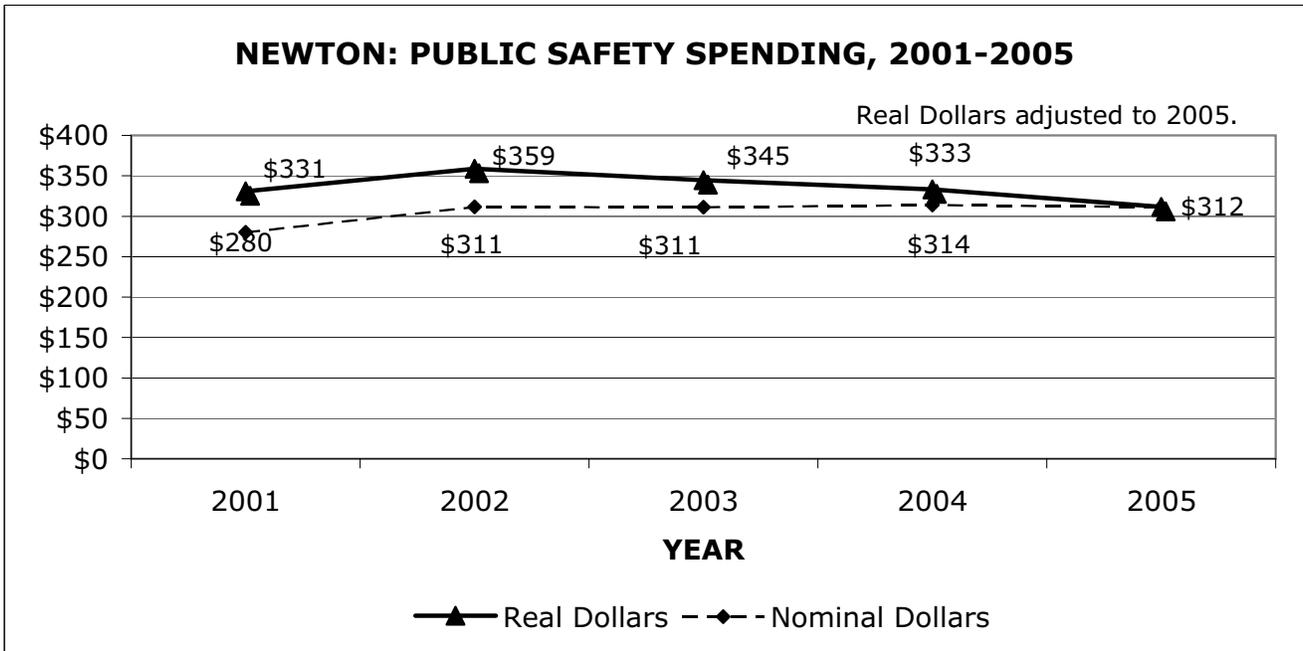


**NEWTON: PUBLIC SAFETY SPENDING PER CAPITA, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.dls.state.ma.us/mdmstuf/MunicipalActualExpenditures/GeneralFundExpenditures0005.xls>

YEAR	REAL SPENDING	NOMINAL SPENDING	POPULATION	REAL \$ PER CAPITA	NOMINAL \$ PER CAPITA
2001	\$27,773,276	\$23,521,413	83,927	\$331	\$280
2002	\$30,024,732	\$26,062,732	83,686	\$359	\$311
2003	\$29,065,849	\$26,253,859	84,323	\$345	\$311
2004	\$27,936,975	\$26,316,367	83,802	\$333	\$314
2005	\$25,916,867	\$25,916,867	83,158	\$312	\$312



**COMMENTS/OBSERVATIONS:**

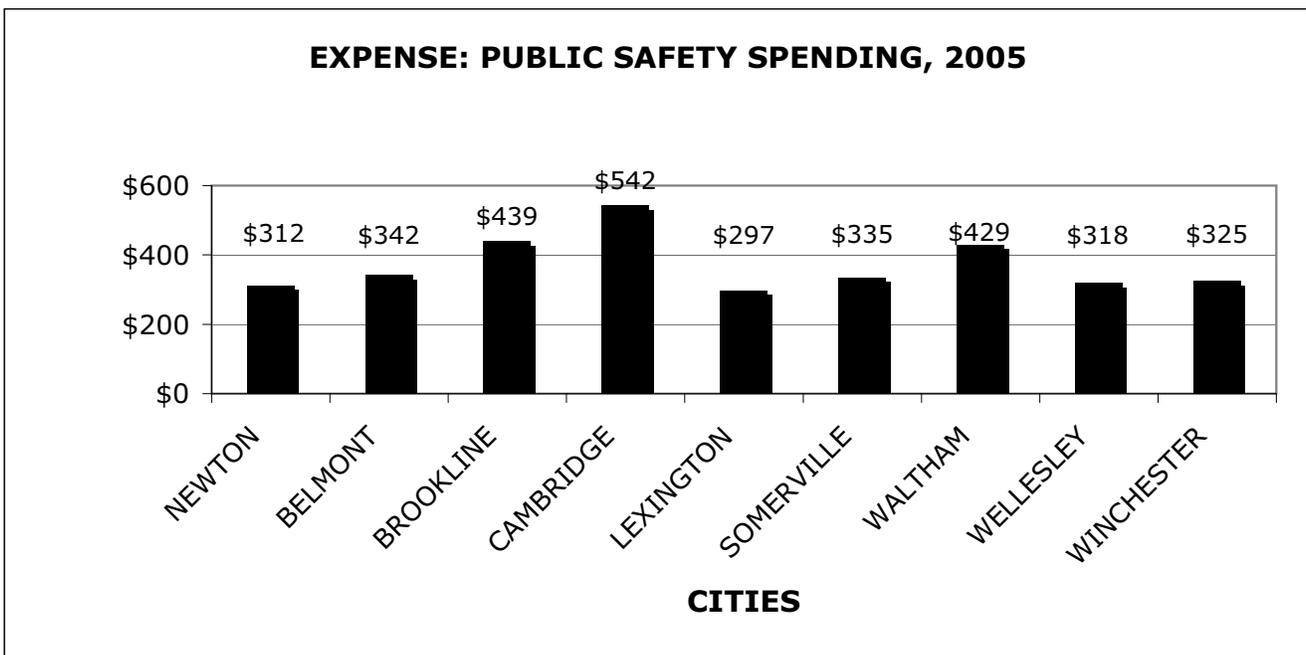
1. Public Safety comprises of three categories: Police, Fire, and Other Public Safety. Police and Fire constitute the major portion of this expenditure.

**EXPENSE: PUBLIC SAFETY SPENDING PER CAPITA, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.dls.state.ma.us/mdmstuf/MunicipalActualExpenditures/GeneralFundExpenditures0005.xls>

<b>MUNICIPALITY</b>	<b>AMOUNT</b>	<b>POPULATION</b>	<b>PER CAPITA</b>
NEWTON	\$25,916,867	83,158	\$312
BELMONT	\$7,983,698	23,371	\$342
BROOKLINE	\$24,415,655	55,590	\$439
CAMBRIDGE	\$54,315,562	100,135	\$542
LEXINGTON	\$8,990,490	30,266	\$297
SOMERVILLE	\$25,089,001	74,963	\$335
WALTHAM	\$25,537,121	59,556	\$429
WELLESLEY	\$8,592,106	26,978	\$318
WINCHESTER	\$6,892,433	21,181	\$325

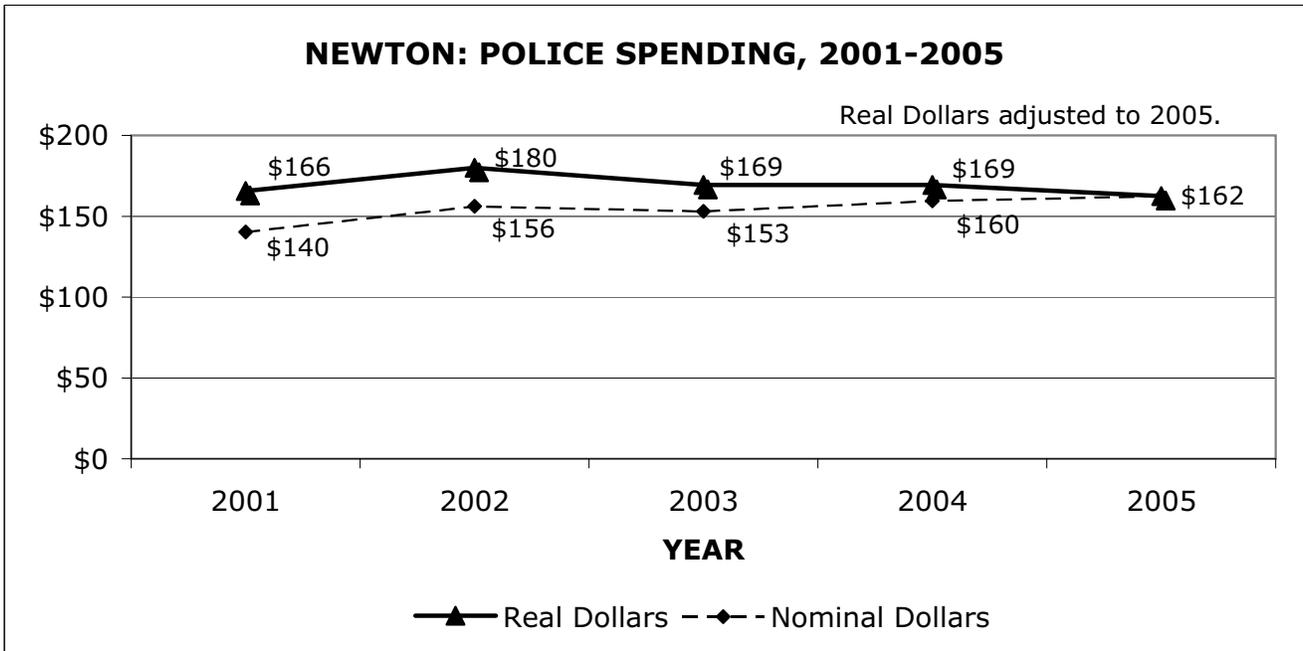


**NEWTON: POLICE SPENDING PER CAPITA, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.dls.state.ma.us/mdmstuf/MunicipalActualExpenditures/GeneralFundExpenditures0005.xls>

YEAR	REAL SPENDING	NOMINAL SPENDING	POPULATION	REAL \$ PER CAPITA	NOMINAL \$ PER CAPITA
2001	\$13,899,495	\$11,771,595	83,927	\$166	\$140
2002	\$15,053,210	\$13,066,820	83,686	\$180	\$156
2003	\$14,287,198	\$12,904,976	84,323	\$169	\$153
2004	\$14,193,960	\$13,370,576	83,802	\$169	\$160
2005	\$13,511,385	\$13,511,385	83,158	\$162	\$162

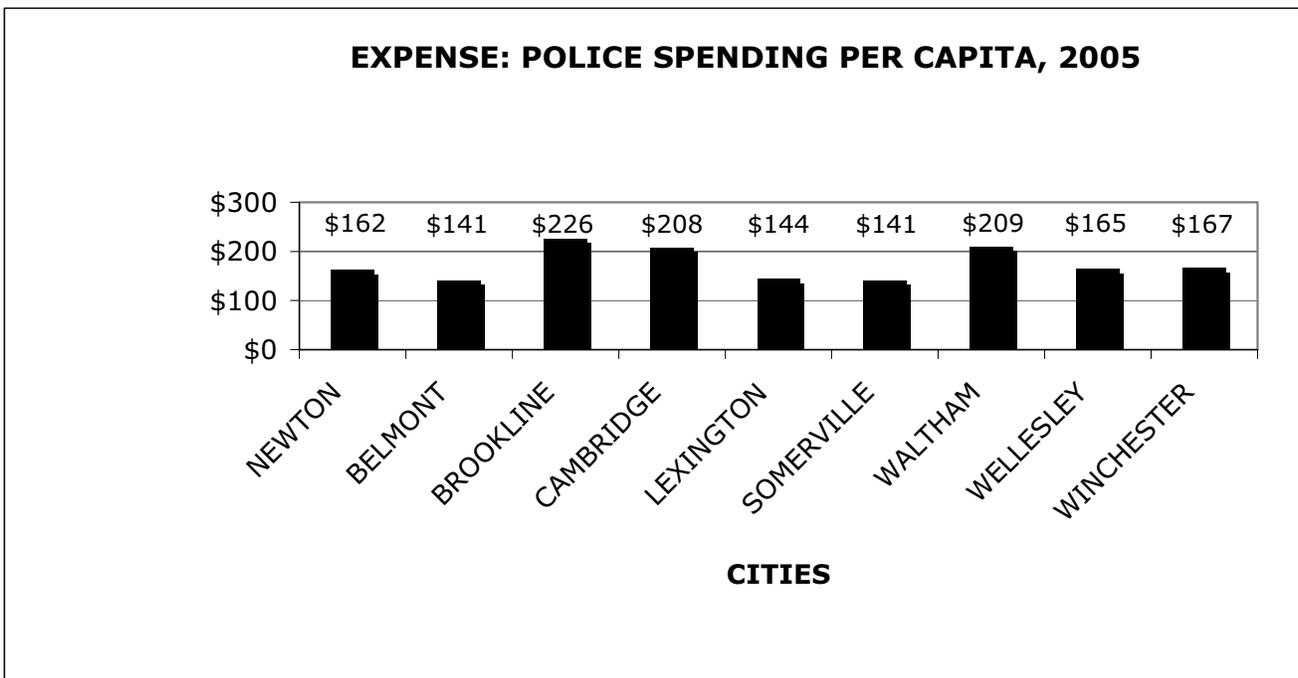


**EXPENSE: POLICE SPENDING PER CAPITA, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.dls.state.ma.us/mdmstuf/MunicipalActualExpenditures/GeneralFundExpenditures0005.xls>

<b>MUNICIPALITY</b>	<b>AMOUNT</b>	<b>POPULATION</b>	<b>PER CAPITA</b>
NEWTON	\$13,511,385	83,158	\$162
BELMONT	\$3,303,920	23,371	\$141
BROOKLINE	\$12,571,578	55,590	\$226
CAMBRIDGE	\$20,813,197	100,135	\$208
LEXINGTON	\$4,362,633	30,266	\$144
SOMERVILLE	\$10,566,331	74,963	\$141
WALTHAM	\$12,461,351	59,556	\$209
WELLESLEY	\$4,447,088	26,978	\$165
WINCHESTER	\$3,527,950	21,181	\$167

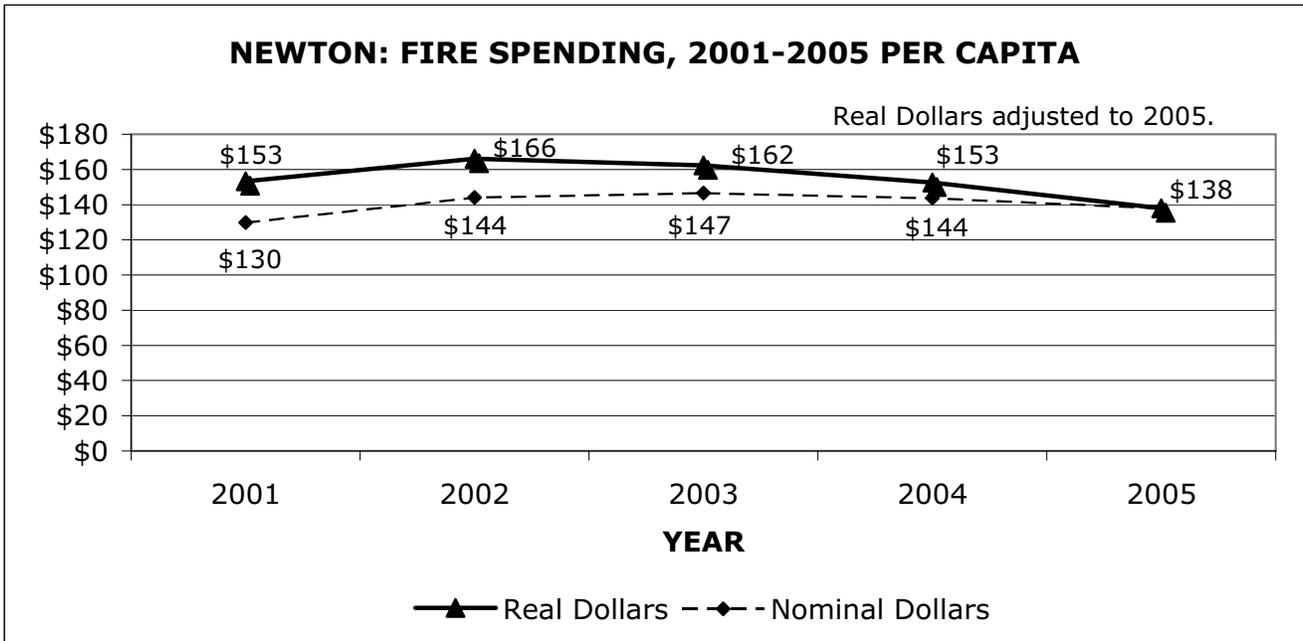


**NEWTON: FIRE SPENDING PER CAPITA, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.dls.state.ma.us/mdmstuf/MunicipalActualExpenditures/GeneralFundExpenditures0005.xls>

YEAR	REAL SPENDING	NOMINAL SPENDING	POPULATION	REAL \$ PER CAPITA	NOMINAL \$ PER CAPITA
2001	\$12,869,616	\$10,899,382	83,927	\$153	\$130
2002	\$13,896,550	\$12,062,791	83,686	\$166	\$144
2003	\$13,691,974	\$12,367,337	84,323	\$162	\$147
2004	\$12,791,721	\$12,049,681	83,802	\$153	\$144
2005	\$11,477,736	\$11,477,736	83,158	\$138	\$138



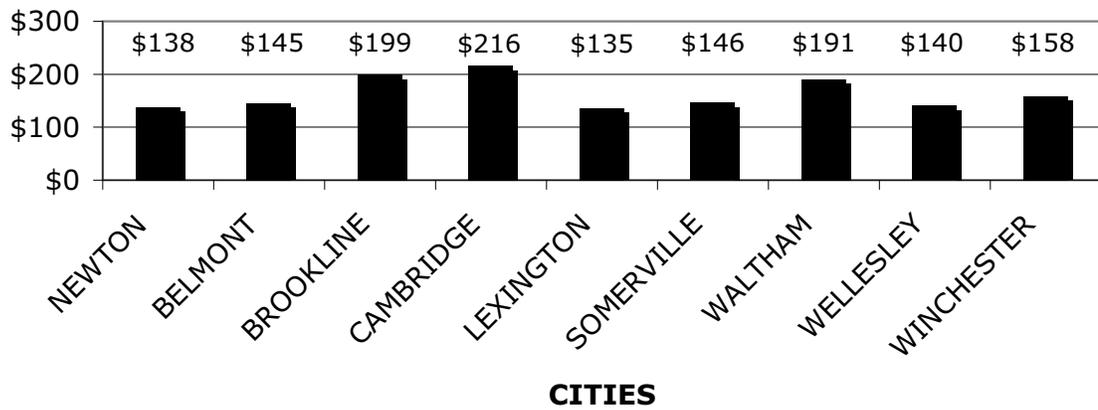
**EXPENSE: FIRE SPENDING PER CAPITA, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.dls.state.ma.us/mdmstuf/MunicipalActualExpenditures/GeneralFundExpenditures0005.xls>

<b>MUNICIPALITY</b>	<b>AMOUNT</b>	<b>POPULATION</b>	<b>PER CAPITA</b>
NEWTON	\$11,477,736	83,158	\$138
BELMONT	\$3,390,378	23,371	\$145
BROOKLINE	\$11,085,897	55,590	\$199
CAMBRIDGE	\$21,620,045	100,135	\$216
LEXINGTON	\$4,097,118	30,266	\$135
SOMERVILLE	\$10,979,476	74,963	\$146
WALTHAM	\$11,365,643	59,556	\$191
WELLESLEY	\$3,781,545	26,978	\$140
WINCHESTER	\$3,356,002	21,181	\$158

**EXPENSE: FIRE SPENDING PER CAPITA, 2005**

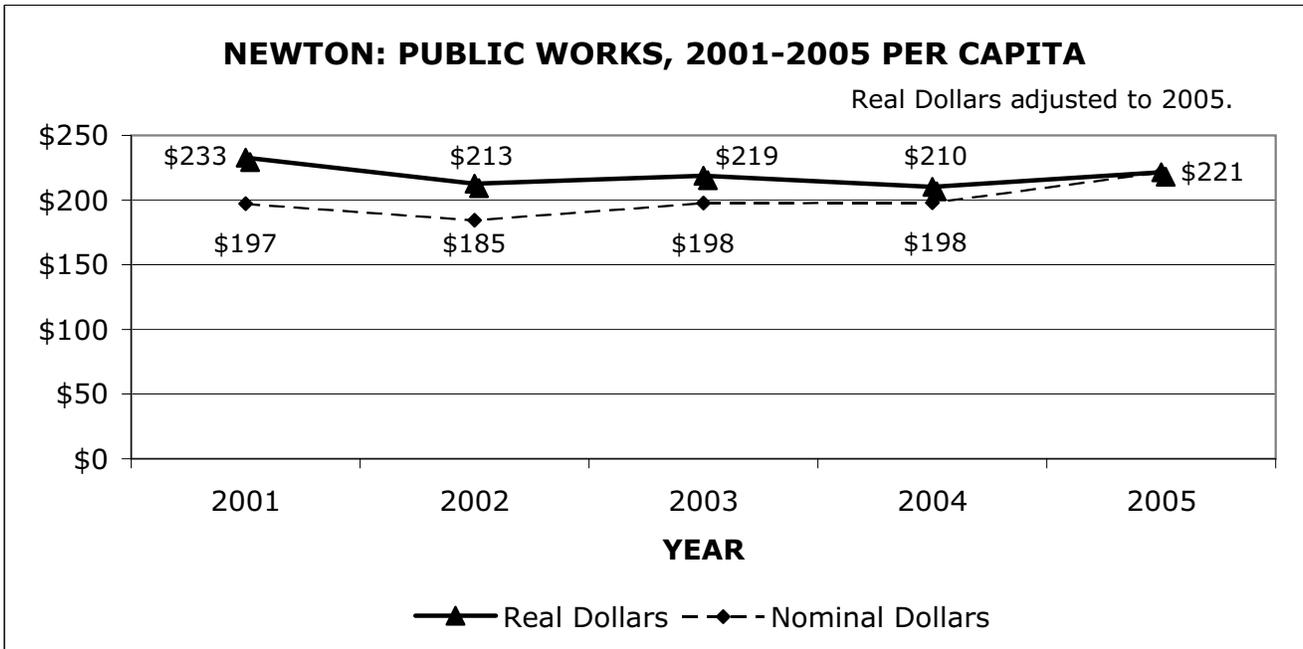


**NEWTON: PUBLIC WORKS SPENDING PER CAPITA, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.dls.state.ma.us/mdmstuf/MunicipalActualExpenditures/GeneralFundExpenditures0005.xls>

YEAR	REAL SPENDING	NOMINAL SPENDING	POPULATION	REAL \$ PER CAPITA	NOMINAL \$ PER CAPITA
2001	\$19,542,396	\$16,550,614	83,927	\$233	\$197
2002	\$17,791,751	\$15,443,989	83,686	\$213	\$185
2003	\$18,444,748	\$16,660,301	84,323	\$219	\$198
2004	\$17,613,277	\$16,591,541	83,802	\$210	\$198
2005	\$18,416,497	\$18,416,497	83,158	\$221	\$221



**NOTES:**

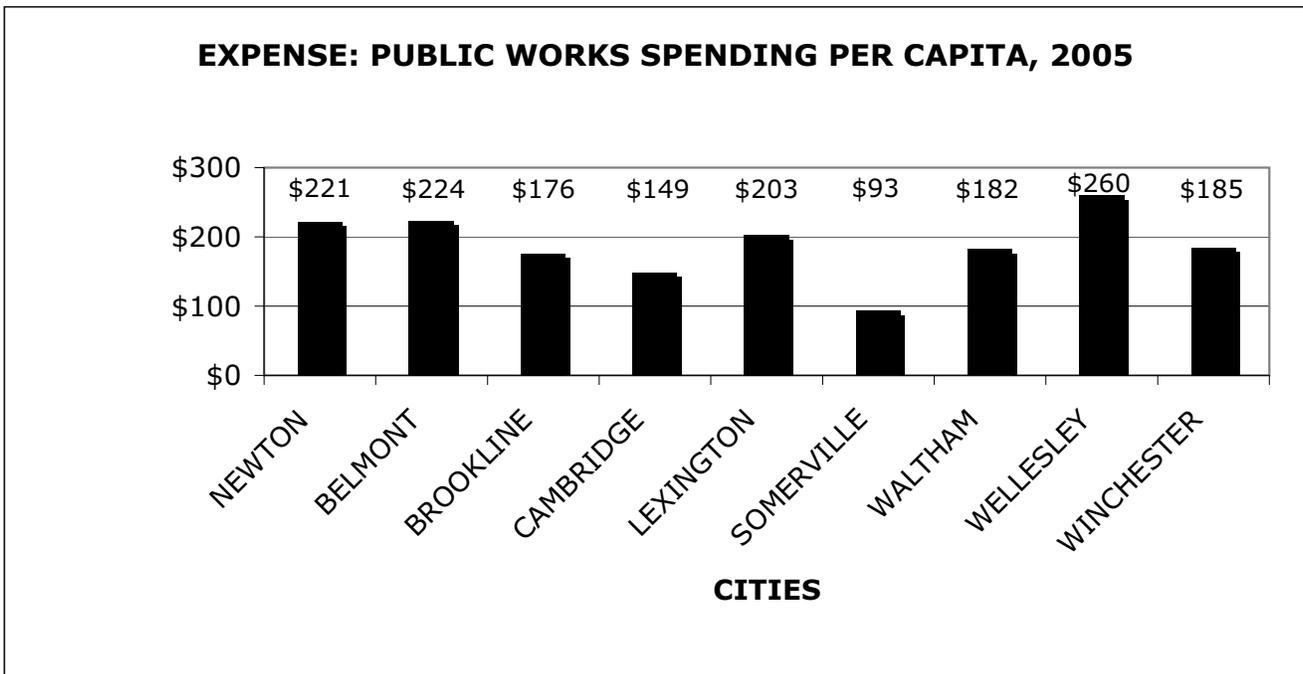
1. Public Works Spending includes Highways/Streets Snow & Ice, Highway/Streets Other, Waste Collection & Disposal, Sewerage Collection & Disposal, Water Distribution, Parking Garage, Street Lighting and Other.

**EXPENSE: PUBLIC WORKS SPENDING PER CAPITA, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.dls.state.ma.us/mdmstuf/MunicipalActualExpenditures/GeneralFundExpenditures0005.xls>

<b>MUNICIPALITY</b>	<b>AMOUNT</b>	<b>POPULATION</b>	<b>PER CAPITA</b>
NEWTON	\$18,416,497	83,158	\$221
BELMONT	\$5,225,012	23,371	\$224
BROOKLINE	\$9,761,517	55,590	\$176
CAMBRIDGE	\$14,897,684	100,135	\$149
LEXINGTON	\$6,133,683	30,266	\$203
SOMERVILLE	\$6,986,197	74,963	\$93
WALTHAM	\$10,836,106	59,556	\$182
WELLESLEY	\$7,013,628	26,978	\$260
WINCHESTER	\$3,918,584	21,181	\$185



**NOTES:**

1. General Fund Expenditure data are gathered and obtained through the Schedule A that is submitted to the Division of Local Services by Local Government Officials. Expenditures are from the general fund and do not reflect spending from special revenue, enterprise, capital projects or trust funds. This may result in wide variations among communities in the "Public Works" category, because many but not all communities account for spending on sewer, water, utilities and other public works functions in enterprise or special revenue funds.

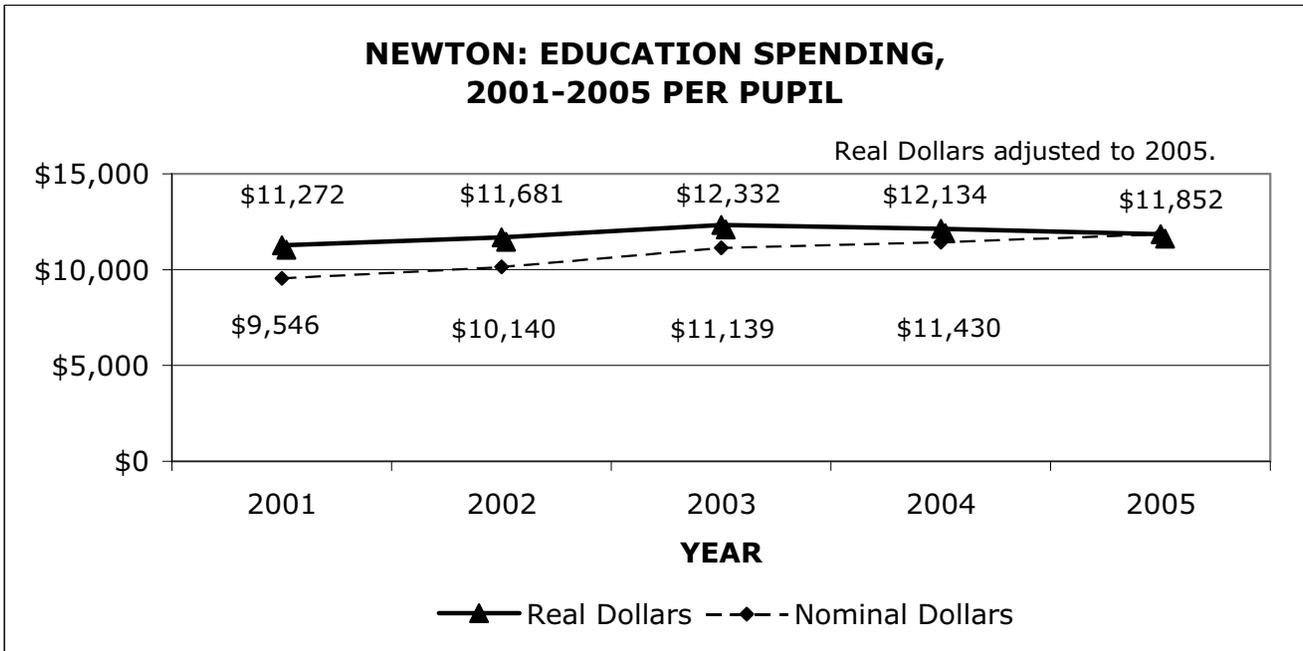
**COMMENTS/OBSERVATIONS:**

1. Cambridge & Somerville spending appears relatively low compared to others and is likely a reporting issue. For example, Somerville has a separate water and sewer enterprise fund.

**EXPENSE: EDUCATION SPENDING PER PUPIL, 2005**

**Sources:** Massachusetts Department of Education, Office of School Finance  
<http://finance1.doe.mass.edu/statistics/pp05.xls>

YEAR	REAL SPENDING	NOMINAL SPENDING	PUPILS	REAL \$ PER PUPIL	NOMINAL \$ PER PUPIL
2001	\$128,069,441	\$108,463,049	11,362	\$11,272	\$9,546
2002	\$131,215,741	\$113,900,790	11,233	\$11,681	\$10,140
2003	\$139,171,285	\$125,707,088	11,285	\$12,332	\$11,139
2004	\$136,882,779	\$128,942,287	11,281	\$12,134	\$11,430
2005	\$134,856,052	\$134,856,052	11,378	\$11,852	\$11,852

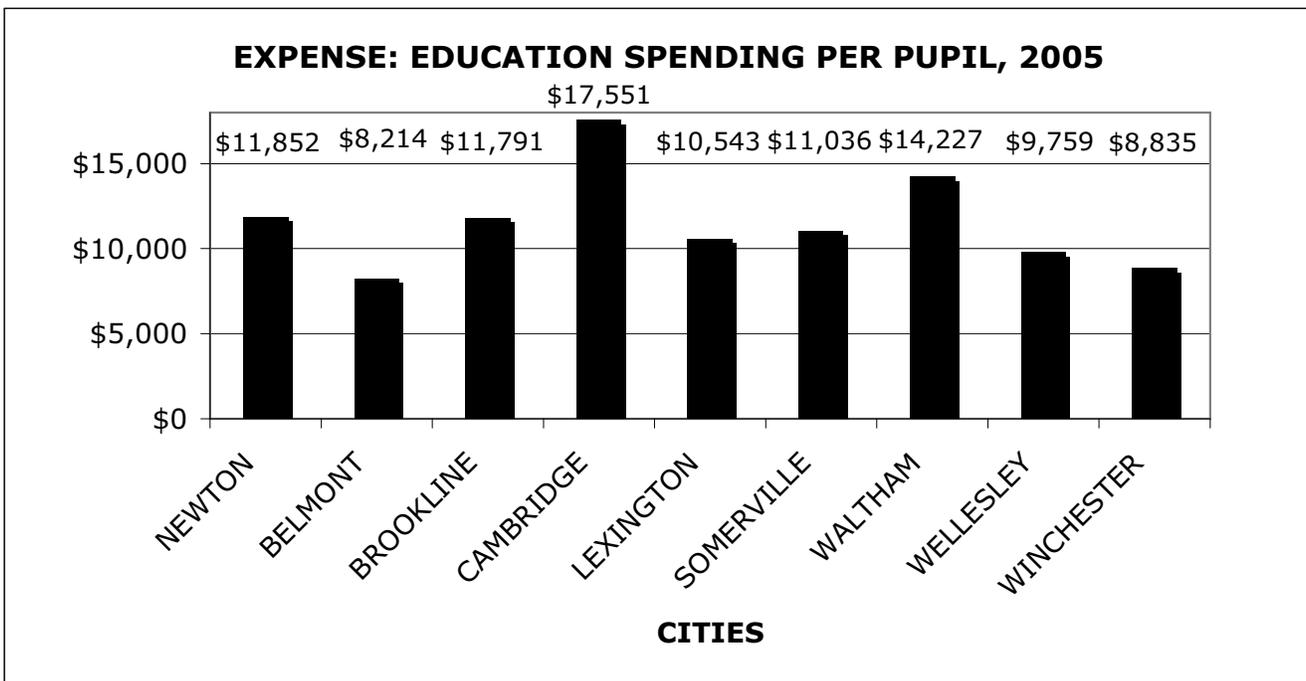


**EXPENSE: EDUCATION SPENDING PER PUPIL, 2005**

Sources: Massachusetts Department of Education, Office of School Finance

<http://finance1.doe.mass.edu/statistics/pp05.xls>

<b>MUNICIPALITY</b>	<b>AMOUNT</b>	<b>PUPILS</b>	<b>PER PUPIL</b>
NEWTON	\$134,856,052	11,378	\$11,852
BELMONT	\$30,541,249	3,718	\$8,214
BROOKLINE	\$70,630,506	5,990	\$11,791
CAMBRIDGE	\$107,695,697	6,136	\$17,551
LEXINGTON	\$65,387,811	6,202	\$10,543
SOMERVILLE	\$59,417,830	5,384	\$11,036
WALTHAM	\$66,684,843	4,687	\$14,227
WELLESLEY	\$42,789,933	4,385	\$9,759
WINCHESTER	\$32,668,882	3,698	\$8,835

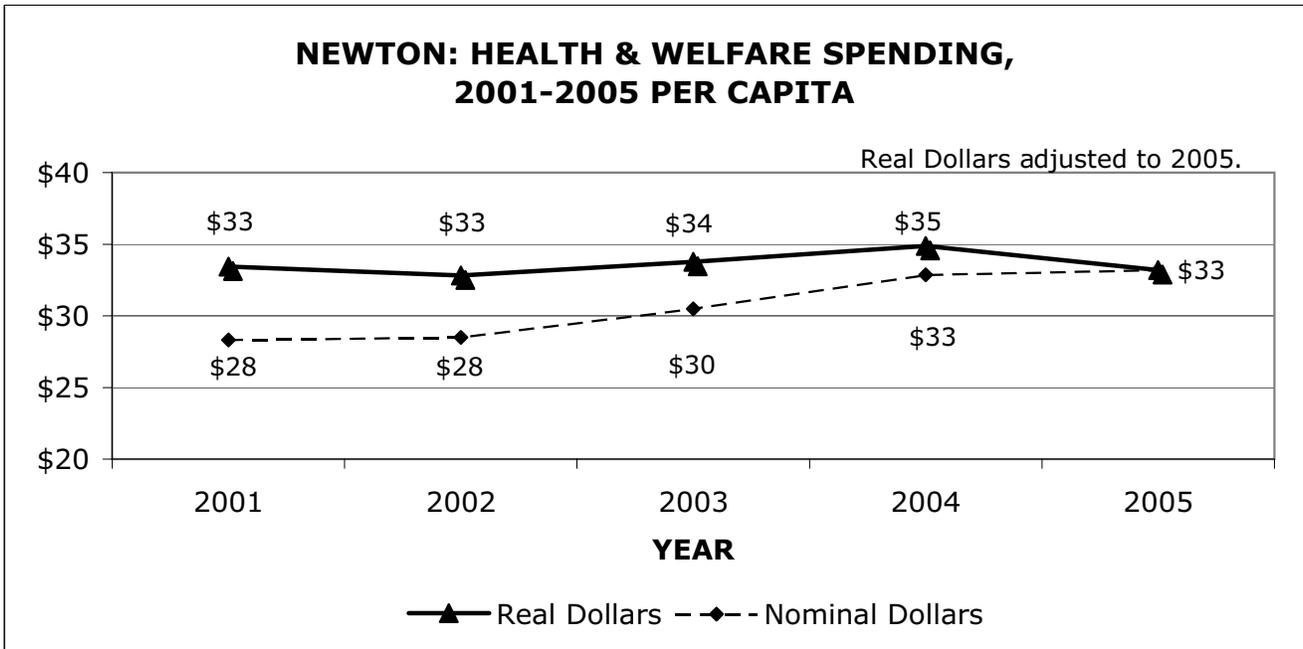


**NEWTON: HEALTH & WELFARE SPENDING PER CAPITA, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.dls.state.ma.us/mdmstuf/MunicipalActualExpenditures/GeneralFundExpenditures0005.xls>

YEAR	REAL SPENDING	NOMINAL SPENDING	POPULATION	REAL \$ PER CAPITA	NOMINAL \$ PER CAPITA
2001	\$2,806,282	\$2,376,663	83,927	\$33	\$28
2002	\$2,746,549	\$2,384,120	83,686	\$33	\$28
2003	\$2,846,758	\$2,571,347	84,323	\$34	\$30
2004	\$2,922,532	\$2,752,998	83,802	\$35	\$33
2005	\$2,760,007	\$2,760,007	83,158	\$33	\$33



**NOTES:**

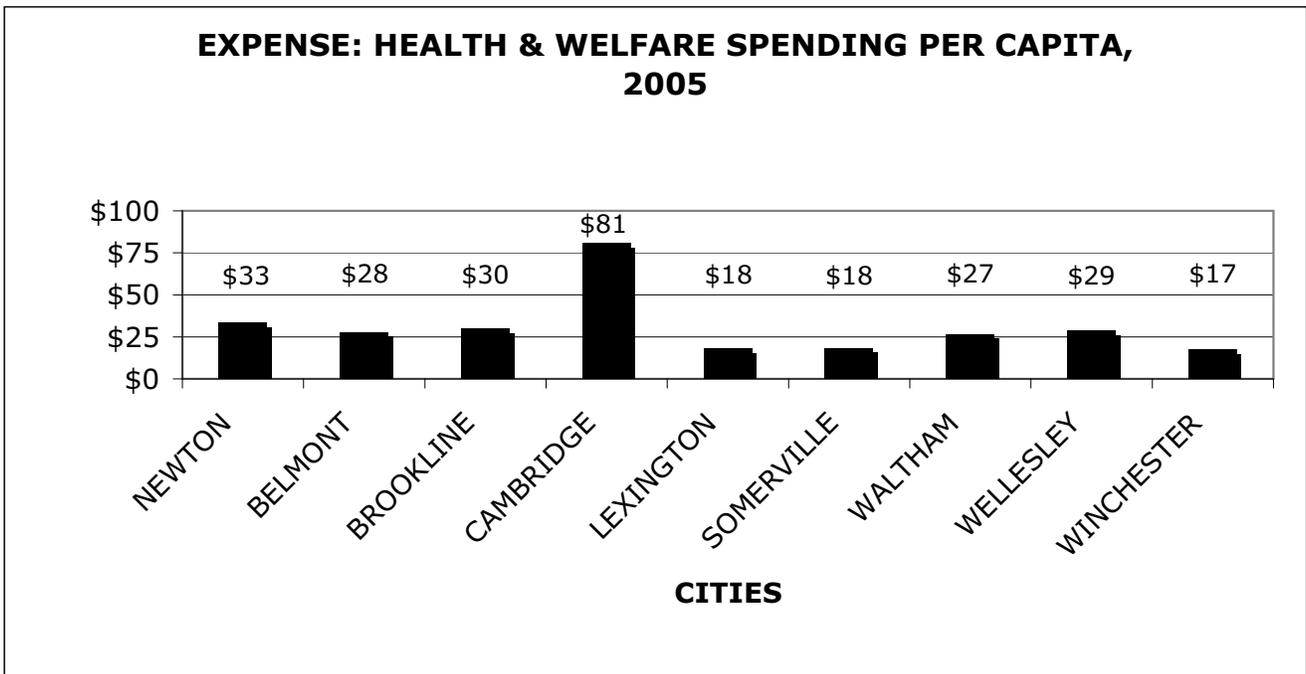
1. Health and Welfare Spending includes Health Services, Clinical Services, Special Programs, Veteran's Services and Other.

**EXPENSE: HEALTH AND WELFARE PER CAPITA, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.dls.state.ma.us/mdmstuf/MunicipalActualExpenditures/GeneralFundExpenditures0005.xls>

<b>MUNICIPALITY</b>	<b>AMOUNT</b>	<b>POPULATION</b>	<b>PER CAPITA</b>
NEWTON	\$2,760,007	83,158	\$33
BELMONT	\$644,285	23,371	\$28
BROOKLINE	\$1,645,013	55,590	\$30
CAMBRIDGE	\$8,079,451	100,135	\$81
LEXINGTON	\$539,078	30,266	\$18
SOMERVILLE	\$1,377,604	74,963	\$18
WALTHAM	\$1,578,813	59,556	\$27
WELLESLEY	\$772,329	26,978	\$29
WINCHESTER	\$362,620	21,181	\$17



**COMMENTS/OBSERVATIONS:**

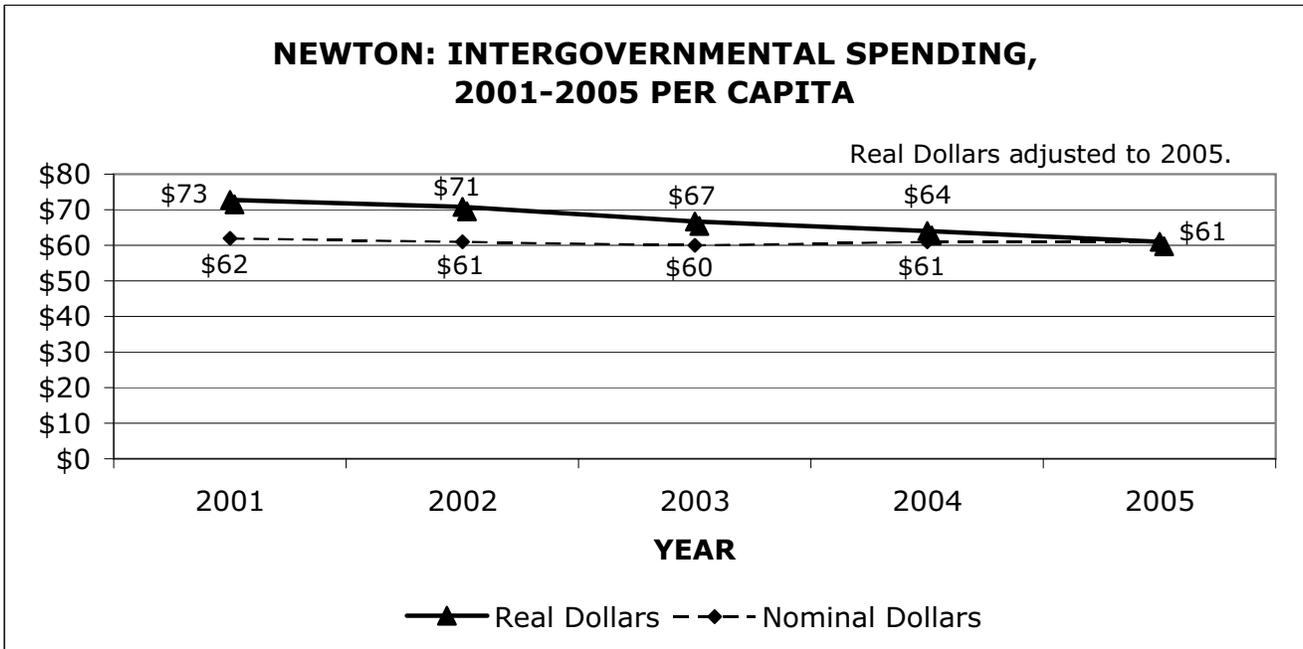
1. Cambridge's high health and welfare spending comes from a large contribution to a local hospital.

**NEWTON: INTERGOVERNMENTAL SPENDING PER CAPITA, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.dls.state.ma.us/mdmstuf/MunicipalActualExpenditures/GeneralFundExpenditures0005.xls>

YEAR	REAL SPENDING	NOMINAL SPENDING	POPULATION	REAL \$ PER CAPITA	NOMINAL \$ PER CAPITA
2001	\$6,109,586	\$5,174,256	83,927	\$73	\$62
2002	\$5,924,346	\$5,142,581	83,686	\$71	\$61
2003	\$5,625,683	\$5,081,422	84,323	\$67	\$60
2004	\$5,400,013	\$5,086,760	83,802	\$64	\$61
2005	\$5,045,783	\$5,045,783	83,158	\$61	\$61



**NOTES:**

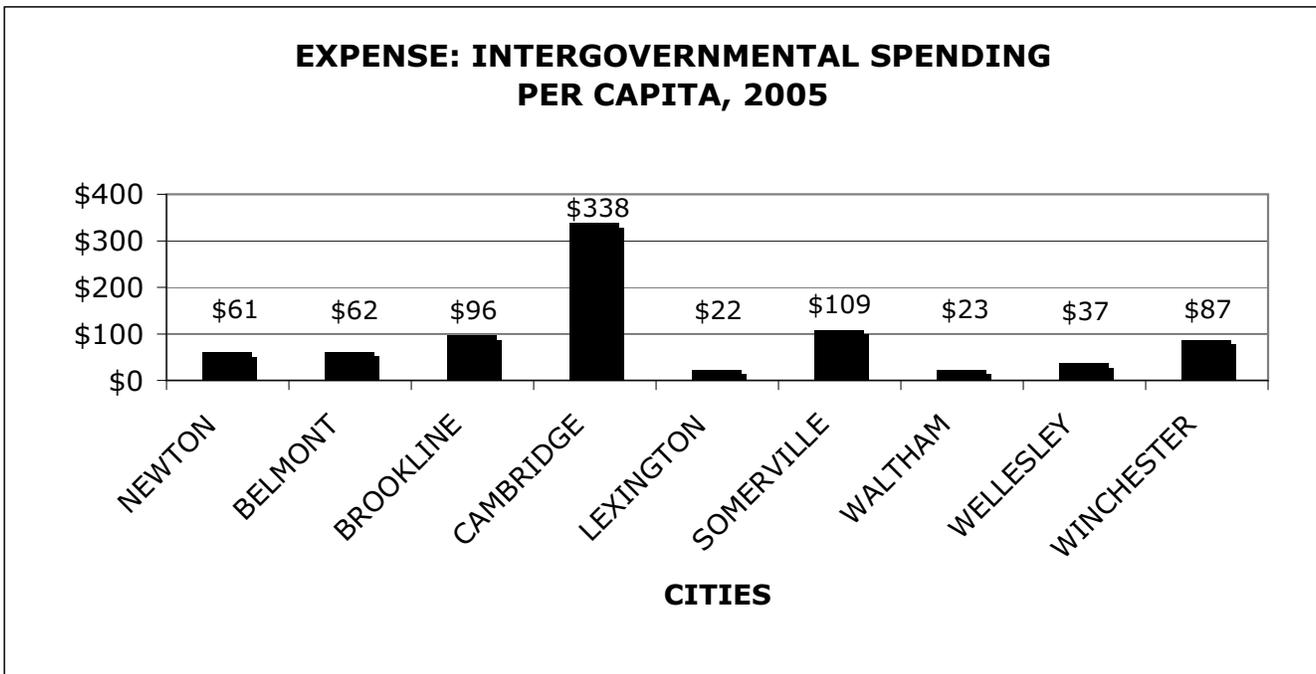
1. Intergovernmental Spending includes any federal assessments and charges, state and county assessments and charges, and assessments and charges from Massachusetts Water Resources Authority and various regional districts.

**EXPENSE: INTERGOVERNMENTAL SPENDING PER CAPITA, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.dls.state.ma.us/mdmstuf/MunicipalActualExpenditures/GeneralFundExpenditures0005.xls>

<b>MUNICIPALITY</b>	<b>AMOUNT</b>	<b>POPULATION</b>	<b>PER CAPITA</b>
NEWTON	\$5,045,783	83,158	\$61
BELMONT	\$1,439,559	23,371	\$62
BROOKLINE	\$5,352,984	55,590	\$96
CAMBRIDGE	\$33,886,544	100,135	\$338
LEXINGTON	\$679,137	30,266	\$22
SOMERVILLE	\$8,134,272	74,963	\$109
WALTHAM	\$1,362,478	59,556	\$23
WELLESLEY	\$989,645	26,978	\$37
WINCHESTER	\$1,850,491	21,181	\$87



**NOTE:** See detail in Appendix B

# EXPENSE NOTES

Spending variables do not include capital outlay. All data are taken from the Schedule A from the Department of Local Services. Only education spending figures were drawn from the Department of Education.

Except for MCAS results, no outcome indicators were analyzed. The figures therefore do not reflect adequacy of spending in terms of the cities' needs and do not intend to judge effectiveness.

It seems that especially for expenses the instructions in the Schedule A are subjective. Towns and cities have therefore differently classified cost figures. Cities made the following comments on the different variables.

## **PUBLIC SAFETY**

1. Major expenditures were mostly made under Police and Fire whereas under "Other Public Safety," only small expenditures were made.
2. Cambridge supplies a lot of services that other communities do not – in part because of its dense, urban nature and in part because residents are willing to pay for such services. For example, Cambridge has a Class 1 Fire Rating – the only community in New England with such a rating. According to officials, It is also one of the few communities in the country whose emergency responders have Advanced Life Support capabilities. The city has also invested heavily in emergency communications systems.
3. Belmont's high spending may be explainable by the fact that it includes E-911, which is often rolled into police spending, and school crossing guards, which are sometimes paid for from the education account.
4. Winchester classifies all public safety spending under police and fire (e.g. also emergency medical services). Therefore there is no cost classified as "Other Public Safety".

## **POLICE**

1. Belmont's spending on police per capita is lower because it is a town, not a city. Crime is low, and Belmont is not adjacent to high-crime jurisdictions. Also, expenses for E-911 dispatch are included in the "Other Public Safety" line item, rather than police.
2. Brookline has spent the highest amount on Police and explained this with high political emphasis on security.

## **OTHER PUBLIC SAFETY**

1. Cambridge's high per capita spending in this category comes from parking enforcement and inspectional services (food safety, etc.)

## **PUBLIC WORKS**

1. Cambridge and Somerville both mentioned that the apparent low spending relative to others is likely a reporting issue – officials say they spend as much on public works as other communities, but some of this spending is accounted for in separate enterprise funds.

# EXPENSE NOTES (Cont.)

## EDUCATION

1. Spending seems to be negatively correlated with pupil performance. Cities at the lower end of spending such as Belmont and Winchester have the highest scores on the Composite Performance Index based on MCAS results. Cambridge scores significantly below the state-wide target. Potential explanation for the negative correlation may be that cities spend the most where students are not performing well in order to improve schooling. See Page 6 on MCAS results for further information.
2. Cambridge: Education spending said to be high because of small schools, small class sizes, and support services.
3. Somerville tries to spend a lot on education relative to its revenue. The city's school enrollment is declining slightly. It tends to take care of its own special education students, but does not generally "import" any from other cities and towns.
4. Lexington has historically supported high levels of school spending. Maintenance of school capital assets is included in the education budget.
5. Belmont: Maintenance of school capital assets is included in the education budget.

## HEALTH & WELFARE

1. Cambridge: High health and welfare spending comes from a large contribution to a local hospital.
2. Belmont: All health insurance costs for school employees are paid through the school operating budget.

## INTERGOVERNMENTAL SPENDING

1. For most cities this is only MBTA spending.
2. The formula for MBTA changed recently to require higher payments from communities that are not adjacent to Boston. This may have changed intergovernmental expenditures for several communities.

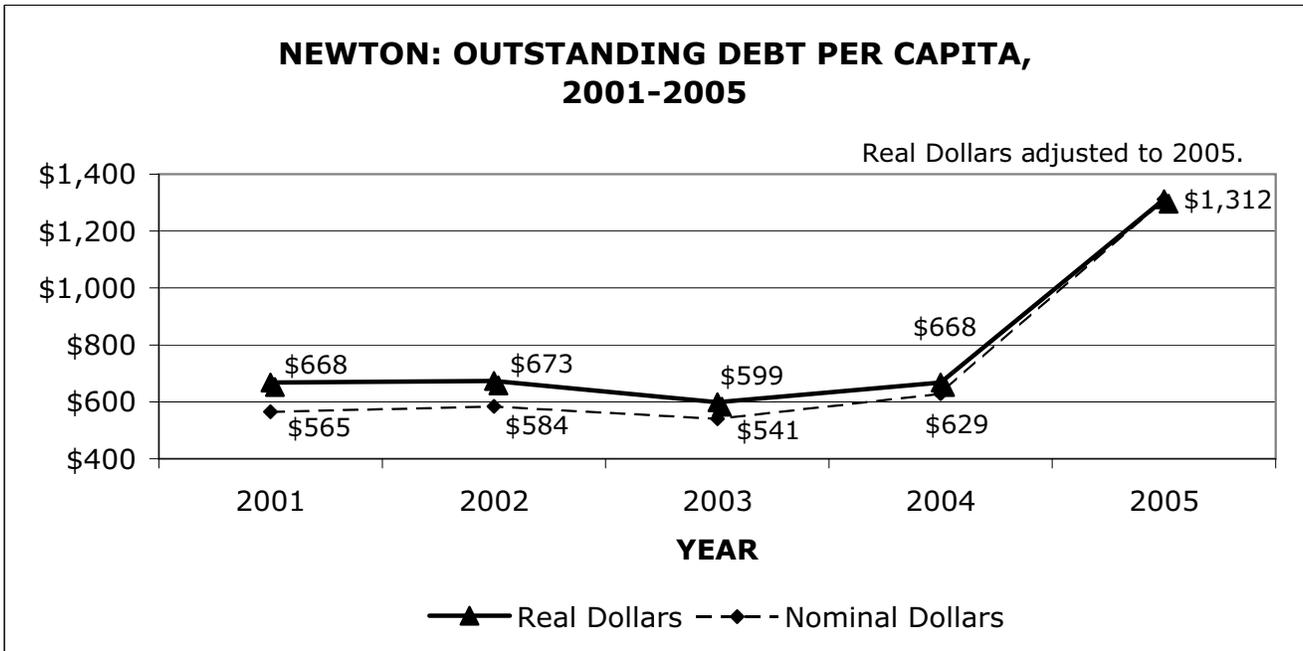
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**DEBT**

**NEWTON: OUTSTANDING DEBT PER CAPITA, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/debt.htm>

YEAR	REAL AMOUNT	NOMINAL AMOUNT	POPULATION	REAL \$ PER CAPITA	NOMINAL \$ PER CAPITA
2001	\$56,022,570	\$47,445,969	83,927	\$668	\$565
2002	\$56,333,205	\$48,899,595	83,686	\$673	\$584
2003	\$50,514,991	\$45,627,892	84,323	\$599	\$541
2004	\$55,980,696	\$52,733,287	83,802	\$668	\$629
2005	\$109,108,798	\$109,108,798	83,158	\$1,312	\$1,312



**NOTES:**

1. Total Outstanding Debt refers to the remaining principal payments that have not been paid off as of July 1 of the current fiscal year.

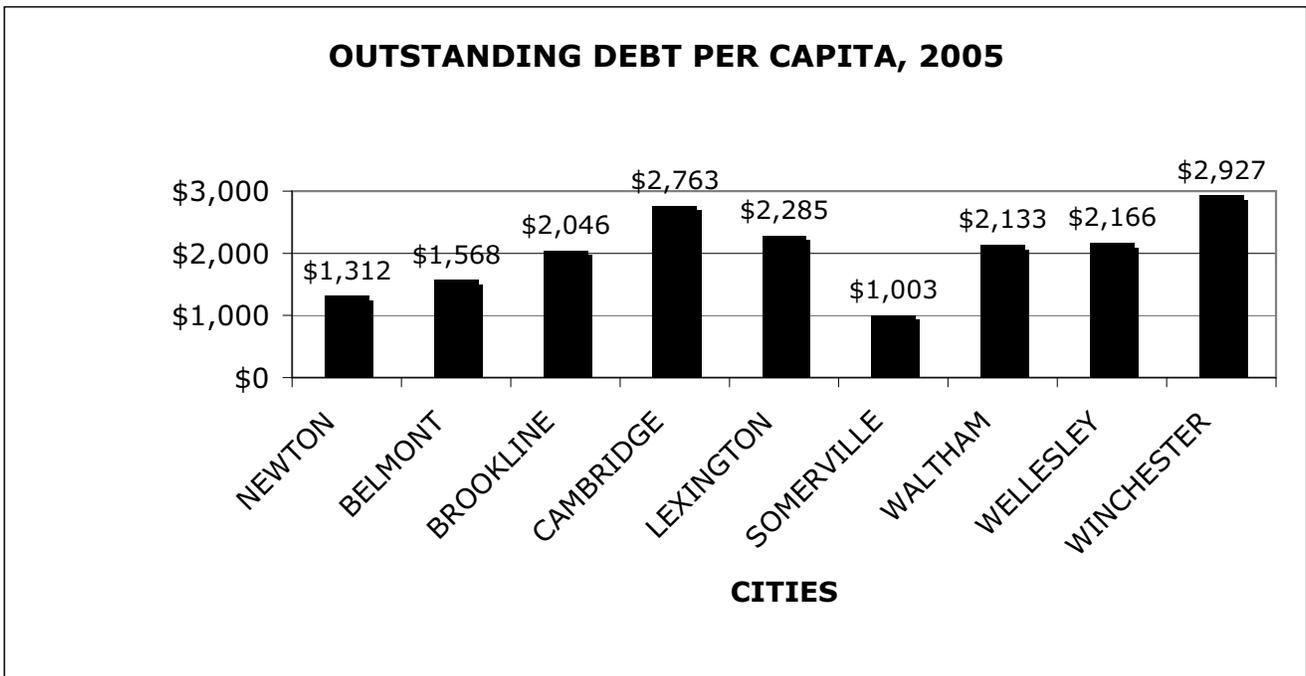
**COMMENTS/OBSERVATIONS:**

1. Increased in FY 2005 because of issued debt for the high school project (\$10 million).

**OUTSTANDING DEBT PER CAPITA, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/debt.htm>

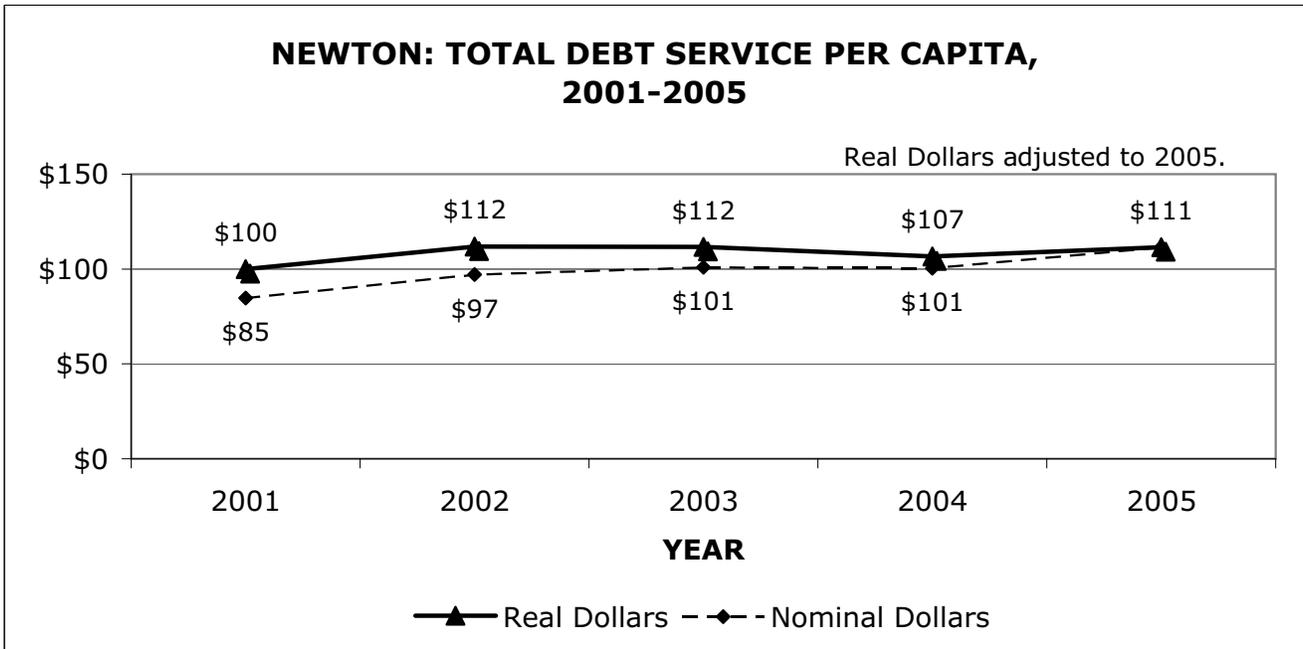
<b>MUNICIPALITY</b>	<b>AMOUNT</b>	<b>POPULATION</b>	<b>PER CAPITA</b>
NEWTON	\$109,108,798	83,158	\$1,312
BELMONT	\$36,642,476	23,371	\$1,568
BROOKLINE	\$113,749,348	55,590	\$2,046
CAMBRIDGE	\$276,696,981	100,135	\$2,763
LEXINGTON	\$69,145,059	30,266	\$2,285
SOMERVILLE	\$75,199,988	74,963	\$1,003
WALTHAM	\$127,030,439	59,556	\$2,133
WELLESLEY	\$58,430,474	26,978	\$2,166
WINCHESTER	\$62,002,542	21,181	\$2,927



**NEWTON: TOTAL DEBT SERVICE PER CAPITA, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/debt.htm>

YEAR	REAL AMOUNT	NOMINAL AMOUNT	POPULATION	REAL \$ PER CAPITA	NOMINAL \$ PER CAPITA
2001	\$8,391,393	\$7,106,739	83,927	\$100	\$85
2002	\$9,358,068	\$8,123,197	83,686	\$112	\$97
2003	\$9,421,640	\$8,510,139	84,323	\$112	\$101
2004	\$8,941,507	\$8,422,815	83,802	\$107	\$101
2005	\$9,268,477	\$9,268,477	83,158	\$111	\$111



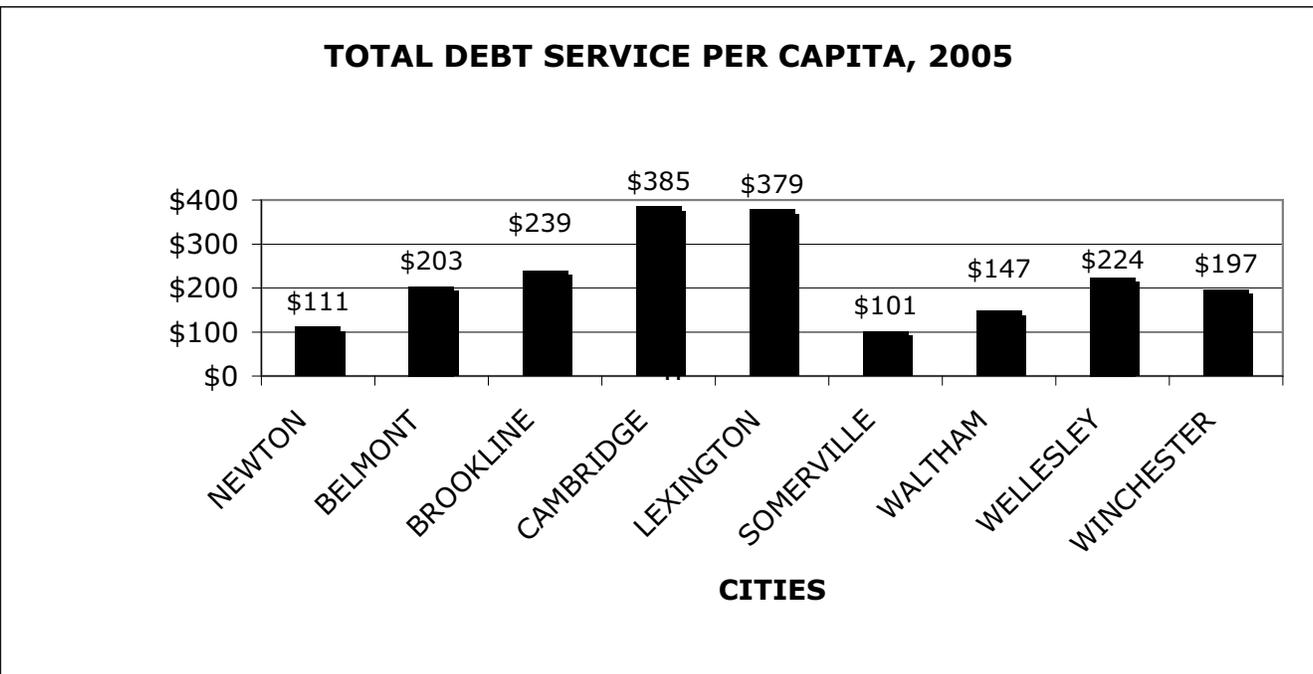
**NOTES:**

1. Total Debt Service refers to the repayment cost, during the relevant fiscal year, of the principal and interest on all bonds issued by the city.

**TOTAL DEBT SERVICE PER CAPITA, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/debt.htm>

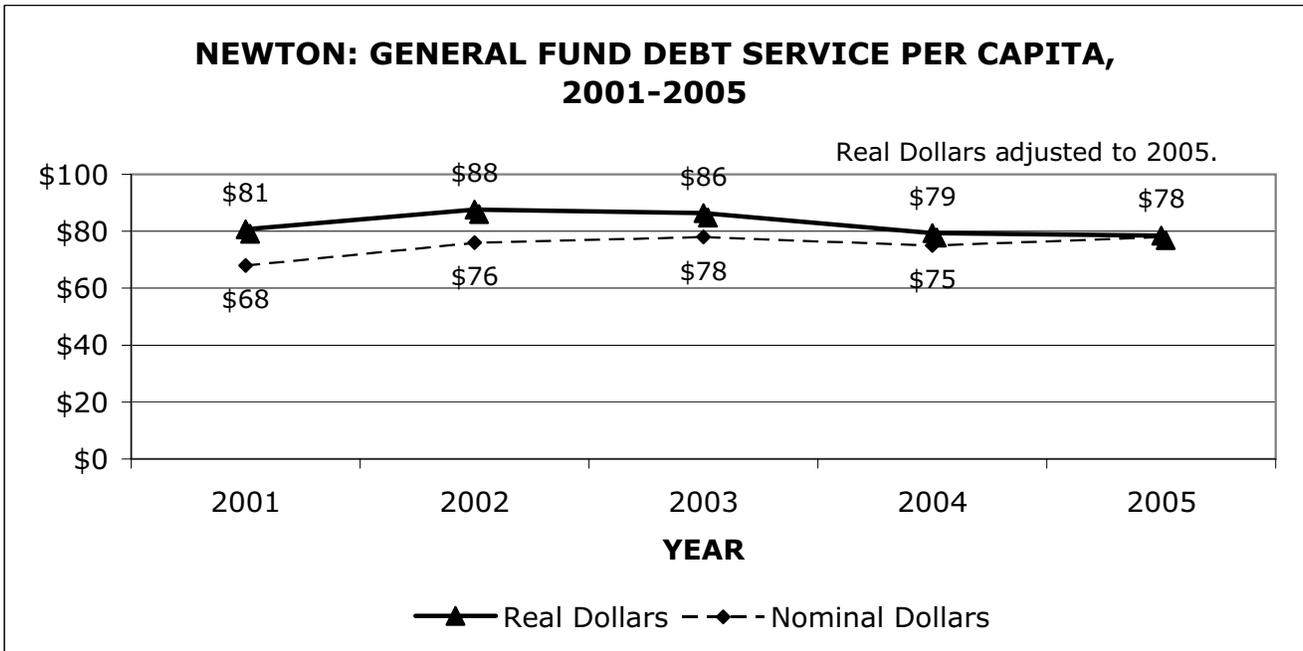
<b>MUNICIPALITY</b>	<b>AMOUNT</b>	<b>POPULATION</b>	<b>PER CAPITA</b>
NEWTON	\$9,268,477	83,158	\$111
BELMONT	\$4,753,898	23,371	\$203
BROOKLINE	\$13,297,623	55,590	\$239
CAMBRIDGE	\$38,540,434	100,135	\$385
LEXINGTON	\$11,456,346	30,266	\$379
SOMERVILLE	\$7,597,795	74,963	\$101
WALTHAM	\$8,764,748	59,556	\$147
WELLESLEY	\$6,037,175	26,978	\$224
WINCHESTER	\$4,164,645	21,181	\$197



**NEWTON: GENERAL FUND DEBT SERVICE PER CAPITA, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/debt.htm>

YEAR	REAL AMOUNT	NOMINAL AMOUNT	POPULATION	REAL \$ PER CAPITA	NOMINAL \$ PER CAPITA
2001	\$6,767,706	\$5,731,625	83,927	\$81	\$68
2002	\$7,334,168	\$6,381,077	83,686	\$88	\$76
2003	\$7,280,289	\$6,591,148	84,323	\$86	\$78
2004	\$6,647,735	\$6,276,573	83,802	\$79	\$75
2005	\$6,527,805	\$6,527,805	83,158	\$78	\$78



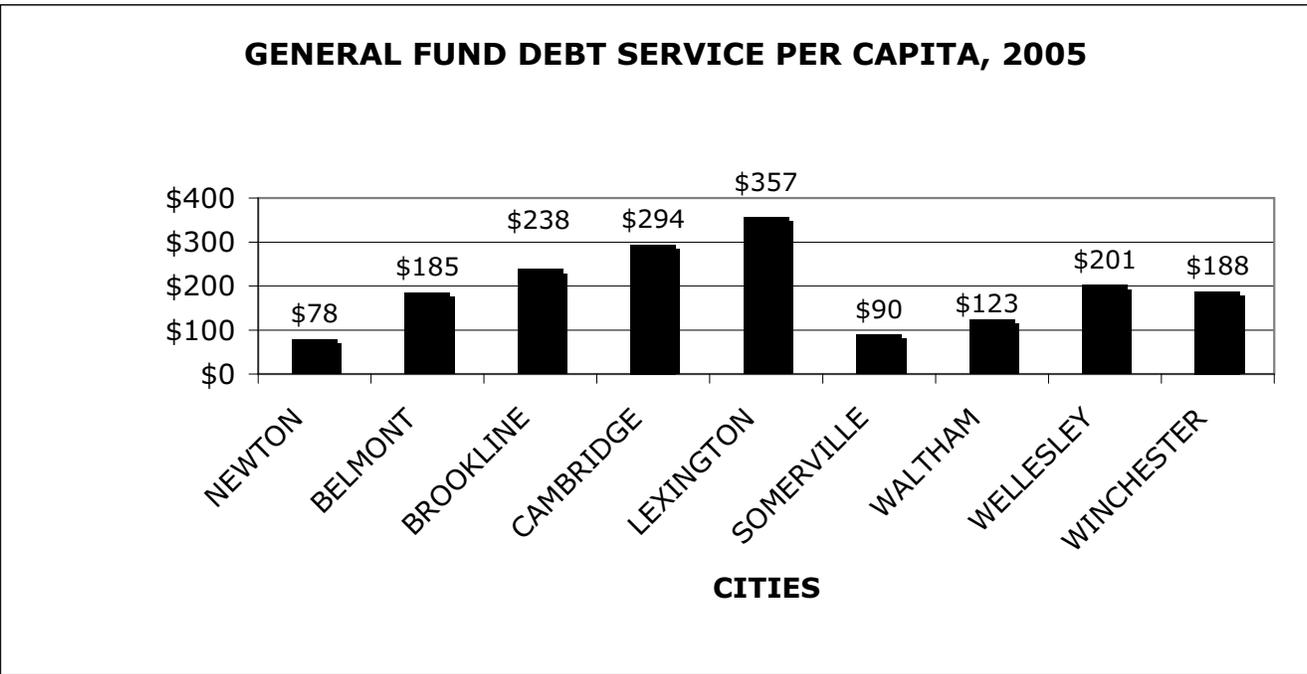
**NOTES:**

1. General Fund Debt Service refers to the repayment cost, during the relevant fiscal year, of the principal and interest on all particular bonds paid for using the General Fund.

**GENERAL FUND DEBT SERVICE PER CAPITA, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/debt.htm>

<b>MUNICIPALITY</b>	<b>AMOUNT</b>	<b>POPULATION</b>	<b>PER CAPITA</b>
NEWTON	\$6,527,805	83,158	\$78
BELMONT	\$4,325,412	23,371	\$185
BROOKLINE	\$13,247,416	55,590	\$238
CAMBRIDGE	\$29,393,201	100,135	\$294
LEXINGTON	\$10,796,150	30,266	\$357
SOMERVILLE	\$6,715,755	74,963	\$90
WALTHAM	\$7,336,486	59,556	\$123
WELLESLEY	\$5,428,940	26,978	\$201
WINCHESTER	\$3,980,796	21,181	\$188

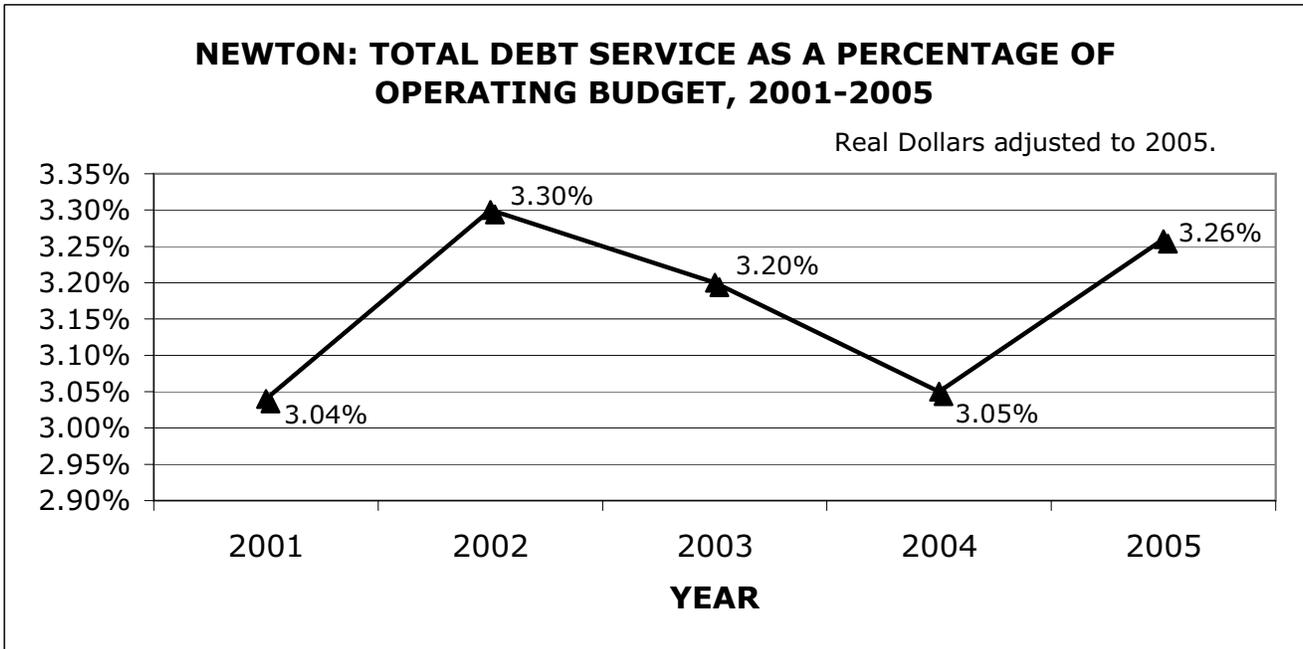


**NEWTON: TOTAL DEBT SERVICE AS A PERCENTAGE OF OPERATING BUDGET, 2001-2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.dls.state.ma.us/mdmstuf/debt.htm>

<b>YEAR</b>	<b>PERCENTAGE</b>
2001	3.04%
2002	3.30%
2003	3.20%
2004	3.05%
2005	3.26%



**NOTES:**

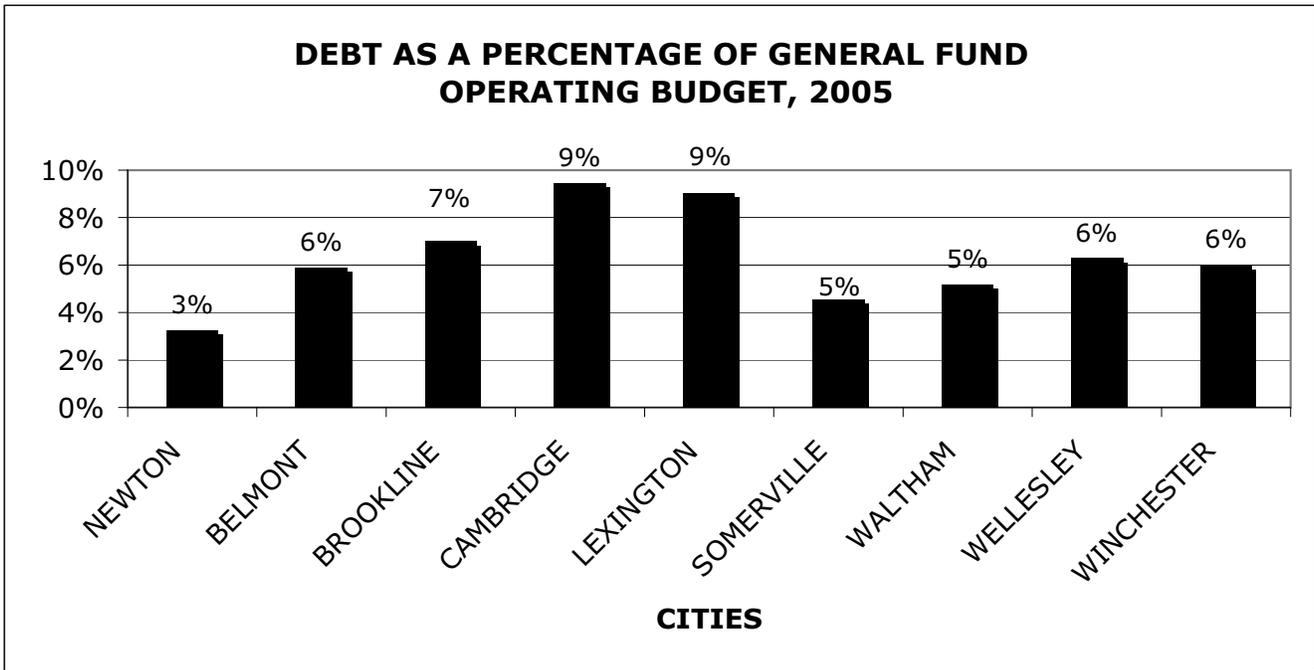
1. Debt as a Percentage of General Fund refers to the Total Debt Service for a fiscal year divided by that year's operating budget.

**TOTAL DEBT SERVICE AS A PERCENTAGE OF GENERAL FUND OPERATING BUDGET, 2005**

**Sources:** Massachusetts Department of Revenue, Division of Local Services

<http://www.dls.state.ma.us/mdmstuf/debt.htm>

<b>MUNICIPALITY</b>	<b>PERCENTAGE</b>
NEWTON	3.26%
BELMONT	5.90%
BROOKLINE	7.00%
CAMBRIDGE	9.47%
LEXINGTON	9.03%
SOMERVILLE	4.57%
WALTHAM	5.19%
WELLESLEY	6.29%
WINCHESTER	6.01%



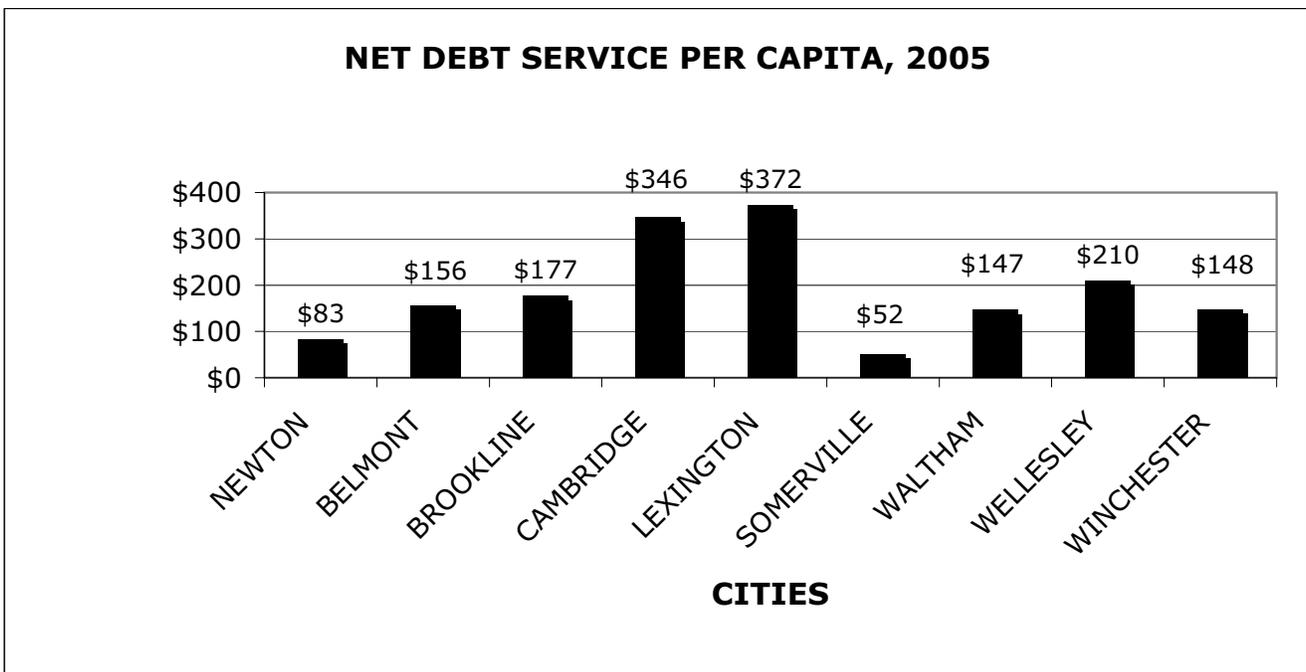
**NOTES:**

1. See Note on Final Page of Appendix

### NET DEBT SERVICE PER CAPITA, 2005

Sources: Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/debt.htm>

MUNICIPALITY	AMOUNT	POPULATION	PER CAPITA
NEWTON	\$6,890,634	83,158	\$83
BELMONT	\$3,654,112	23,371	\$156
BROOKLINE	\$9,854,829	55,590	\$177
CAMBRIDGE	\$34,647,683	100,135	\$346
LEXINGTON	\$11,268,651	30,266	\$372
SOMERVILLE	\$3,861,419	74,963	\$52
WALTHAM	\$8,764,748	59,556	\$147
WELLESLEY	\$5,672,046	26,978	\$210
WINCHESTER	\$3,125,868	21,181	\$148



**NOTES:**

1. Net Debt Service refers to the Total Debt Service minus reimbursements from the state's school building reimbursement fund.

# DEBT NOTES

1. *Newton's* debt increased significantly in FY 2005 because of issued debt for the high school project (\$10 million). Newton traditionally has kept its debt levels low and used shorter-term bonds. Cash is normally used to finance capital projects. Newton traditionally issued mostly short-term debt in order to turn debt over and be able to borrow more; used cash to finance capital projects.

2. *Belmont* has a policy of funding capital expenses through the annual operating budget and attempt to maintain annual capital spending of approximately \$2.2 million. Approximately \$1 million is dedicated to roads, and the remainder is distributed among buildings and other infrastructure projects.

3. *Cambridge's* large tax base gives it enormous flexibility when it comes to debt. The city is nowhere near its debt limits. Except for major projects, it follows a rapid repayment plan than pays off debts in 10 years. In previous good times, it filled up a debt stabilization fund which it uses to smooth out debt service payments.

4. *Lexington's* debt is primarily a result of schools projects from the 1990s (including two high schools and a middle school). SBA is not included in the debt and Lexington only issued long-term debt for the town share of school projects. Lexington has a history of using tax overrides for both operating expenses and debt exclusion.

5. *Somerville* has very low debt per capita (both in absolute value and in debt service payments) because (compared with other surveyed cities) it does not have a very rich tax base. The city tries to ensure that it can meet its debt service payments within the constraints of its operating budget and it often has to forego proposed small capital improvements to keep within budget.

6. Even with its relatively low debt, Somerville has an A1 rating. This is primarily because of the low tax base, but also because, until recently, Somerville's financial management was out of date. Over the past few years, Somerville has drastically improved its management and the bond rating agencies have responded by raising Somerville's bond rating.

## DEBT NOTES (Cont.)

6. *Waltham* is in the middle of a major school construction program, which involves building of 6 new elementary schools and 2 new middle schools. The program began in 1999 and six schools have been completed. The city was one of the last communities to receive a 90% reimbursement rate from the state. The actual reimbursement rate, excluding ineligible costs, is about 75%. The program did not involve a proposition 2 ½ override. The city set aside money in its stabilization fund to pay for the debt. Due to the large commercial tax base, *Waltham* has a lot of excess capacity, which allows them to build reserves. This, combined with the generous state reimbursement rate, allowed them to avoid an override for a very large school capital program.

7. SBA funds are figured into debt for *Waltham*. The city sells short-term debt to fund the entire cost of the school projects, and reimbursement from the SBA pays off the notes.

8. *Waltham* recently sold \$23,555,000 of general obligation bonds. This was times to coincide with payoff from SBA for the schools that were recently completed. The new bond issue will pay for the remaining schools, as well as several water and sewer projects.

9. *Waltham* does not have a policy on a target level of indebtedness. The community has a very good bond rating—AA+, and has historically had low levels of debt. Mr. Quinn explained that the blue-collar demographics of the city drive a fiscally conservative policy, because voters are less likely to support Proposition 2 ½ overrides than in wealthier communities.

10. *Winchester* has a fairly large amount of outstanding debt. It typically amortizes the debt mostly over 20-year period, and this longer than usual payback period might explain the smaller debt servicing costs for *Winchester*.

# **APPENDICES**

**DEFLATOR TABLE****Sources:** US Department of Commerce, Bureau of Economic Analysis

Table 3.9.4. Price Indexes for Government Consumption Expenditures and Gross Investment

Bureau of Economic Analysis

Downloaded on 12/3/2006 At 10:42:25 PM Last Revised November 29, 2006

<http://bea.gov/bea/dn/nipaweb>

Line	2001	2002	2003	2004	2005
1 Government consumption expenditures and gross investment	102.544	105.507	109.849	114.718	121.183
2 Consumption expenditures (1)	102.779	106.139	111.172	116.248	122.768
3 Gross investment (2)	101.46	102.61	103.817	107.736	113.947
4 Structures	103.449	106.387	108.894	115.179	125.497
5 Equipment and software	98.195	96.437	95.588	95.994	96.58
6 Federal	101.907	105.631	110.094	115.249	120.726
7 Consumption expenditures	102.314	106.777	111.947	117.695	123.792
8 Gross investment	99.337	98.416	98.488	99.994	101.776
9 Structures	103.742	106.03	109.067	114.151	121.97
10 Equipment and software	98.501	97.009	96.559	97.495	98.436
11 National defense	102.002	105.792	110.751	115.954	121.855
12 Consumption expenditures	102.495	107.018	112.731	118.472	125.071
13 Gross investment	98.763	97.835	98.033	99.911	101.628
14 Structures	103.91	106.463	110.094	115.424	122.288
15 Equipment and software	98.231	97	96.918	98.529	99.901
16 Nondefense	101.739	105.345	108.898	113.963	118.606
17 Consumption expenditures	101.986	106.342	110.509	116.274	121.381
18 Gross investment	100.272	99.364	99.211	100.007	101.913
19 Structures	103.647	105.8	108.553	113.512	121.819
20 Equipment and software	99.047	96.992	95.701	95.009	94.902
<b>21 State and Local</b>	<b>102.8680</b>	<b>105.4350</b>	<b>109.7120</b>	<b>114.4170</b>	<b>121.4630</b>
22 Consumption expenditures	103.034	105.774	110.726	115.388	122.177
23 Gross investment	102.199	104.081	105.711	110.587	118.679
24 Structures	103.428	106.411	108.88	115.249	125.737
25 Equipment and software	97.782	95.655	94.212	93.789	93.793

1. Government consumption expenditures are services (such as education and national defense) produced by government that are valued at their cost of production. Excludes government sales to other sectors and government own-account investment (construction and software).

2. Gross government investment consists of general government and government enterprise expenditures for fixed assets.

Deflator Used:	2001	2002	2003	2004	2005
<b>21 State and Local</b>	<b>102.868</b>	<b>105.435</b>	<b>109.712</b>	<b>114.417</b>	<b>121.463</b>
Deflator 2005 Base	<b>0.8469081</b>	<b>0.868042</b>	<b>0.903254</b>	<b>0.941991</b>	<b>1</b>

**STATE AID ACCOUNTS ASSESSMENT, 2005**

Sources: Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/StateAid/CsTotalByProgMUN.xls>

APPENDIX A

<b>MUNICIPALITIES</b>	Newton	Belmont	Brookline	Cambridge	Lexington	Somerville	Waltham	Wellesley	Winchester
County Assessment, County Tax	\$0	\$0	\$547,767	\$0	\$0	\$0	\$0	\$401,647	\$0
<b>State Assessments and Charges:</b>									
Motor Vehicle Excise	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retired Employees Health Insurance	\$16,408	\$11,568	\$10,458	\$9,707	\$1,859	\$21,967	\$9,923	\$25,838	\$1,606
Retired Teachers Health Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mosquito Control Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Air Pollution Districts	\$31,500	\$8,163	\$20,085	\$36,930	\$11,904	\$17,192	\$17,357	\$12,763	\$7,902
Metropolitan Area Planning Council	\$22,129	\$6,343	\$15,046	\$26,858	\$8,089	\$20,293	\$15,584	\$7,036	\$5,565
Old Colony Planning Council	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RMV Non-Renewal Surcharge	\$192,060	\$36,760	\$202,720	\$468,680	\$20,900	\$327,160	\$70,160	\$72,260	\$11,200
<b>Sub-Total, State Assessments</b>	\$262,097	\$62,834	\$248,309	\$542,175	\$42,752	\$386,612	\$113,024	\$117,897	\$26,273
<b>Transportation Authorities:</b>									
MBTA	\$4,742,915	\$1,351,163	\$4,445,753	\$7,418,110	\$623,478	\$4,397,366	\$1,180,359	\$515,954	\$424,280
Boston Metro. Transit District	\$2,688	\$657	\$1,654	\$3,092	\$0	\$941	\$0	\$0	\$0
Regional Transit Authority	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Sub-Total, Transportation Assessments</b>	\$4,745,603	\$1,351,820	\$4,447,407	\$7,421,202	\$623,478	\$4,398,307	\$1,180,359	\$515,954	\$424,280
<b>Annual Charges Against Receipts:</b>									
Multi-Year Repayment Program	\$0	\$18,169	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Special Education	\$14,238	\$10,656	\$16,743	\$9,568	\$3,040	\$19,768	\$23,239	\$0	\$6,222
Energy Conservation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
STRAP Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Sub-Total, Charges Against Receipts</b>	\$14,238	\$28,825	\$16,743	\$9,568	\$3,040	\$19,768	\$23,239	\$0	\$6,222
<b>Tuition Assessments:</b>									
School Choice Sending Tuition	\$0	\$0	\$2,451	\$79,349	\$4,861	\$6,446	\$23,383	\$0	\$0
Charter School Sending Tuition	\$11,035	\$27,591	\$0	\$4,993,977	\$0	\$4,143,580	\$24,657	\$0	\$9,149
Essex County Sending Tuition	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Sub-Total, Tuition Assessments</b>	\$11,035	\$27,591	\$2,451	\$5,073,326	\$4,861	\$4,150,026	\$48,040	\$0	\$9,149
<b>Total Estimated Charges</b>	\$5,032,973	\$1,471,070	\$5,262,677	\$13,046,271	\$674,131	\$8,954,713	\$1,364,662	\$1,035,498	\$465,924

**STATE AID ACCOUNT RECEIPTS, 2005**

Sources: Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/StateAid/CsTotalByProgMUN.xls>

	Newton	Belmont	Brookline	Cambridge	Lexington	Somerville	Waltham	Wellesley	Winchester
<b>Education Programs</b>									
Chapter 70	\$9,115,550	\$2,824,519	\$4,922,047	\$6,791,105	\$4,895,754	\$19,441,989	\$5,727,143	\$2,949,947	\$2,953,621
School Transportation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School Construction	\$2,771,504	\$1,099,786	\$3,442,794	\$5,808,723	\$187,696	\$3,736,376	\$0	\$365,128	\$1,038,777
Retired Teachers' Pensions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tuition of State Wards	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Charter Tuition Assessment Reimbursement	\$10,513	\$23,340	\$0	\$1,718,820	\$0	\$0	\$2,341	\$0	\$3,491
Charter School Capital Facility Reimburseme	\$742	\$2,226	\$0	\$209,244	\$0	\$300,510	\$1,484	\$0	\$742
<b>Education Offset Items</b>									
Racial Equality	\$1,961,228	\$500,508	\$1,056,407	\$0	\$1,263,144	\$0	\$0	\$692,704	\$0
School Lunch	\$43,719	\$11,867	\$17,721	\$29,599	\$27,156	\$35,679	\$26,131	\$14,429	\$11,507
Aid to Reduce Class Size	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School Choice Receiving Tuition	\$0	\$299,491	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Sub-Total, All Education Programs</b>	<b>\$13,903,256</b>	<b>\$4,761,737</b>	<b>\$9,438,969</b>	<b>\$14,557,491</b>	<b>\$6,373,750</b>	<b>\$23,514,554</b>	<b>\$5,757,099</b>	<b>\$4,022,208</b>	<b>\$4,008,138</b>
<b>General Government Programs</b>									
Lottery	\$4,428,398	\$1,520,795	\$3,380,871	\$6,820,267	\$1,392,955	\$10,692,616	\$4,764,032	\$1,163,702	\$1,124,847
Additional Assistance	\$1,377,012	\$827,483	\$3,497,741	\$17,956,060	\$0	\$16,219,924	\$5,458,868	\$96,838	\$344,404
Highway Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Local Share of Racing Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Regional Public Libraries	\$61,025	\$0	\$0	\$0	\$0	\$0	\$0	\$210,860	\$0
Police Career Incentive	\$603,886	\$186,909	\$610,381	\$1,015,293	\$188,765	\$601,367	\$587,500	\$133,277	\$164,448
Urban Renewal Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Veterans Benefits	\$24,835	\$0	\$54,499	\$153,159	\$0	\$38,367	\$57,635	\$0	\$0
Exempt: Vets, Blind Persons & Surv Spouses	\$110,039	\$24,475	\$25,448	\$95,969	\$50,382	\$225,029	\$53,629	\$24,005	\$22,675
Exempt: Elderly	\$50,200	\$17,570	\$3,012	\$40,160	\$21,586	\$72,790	\$42,670	\$11,052	\$19,076
State Owned Land	\$0	\$0	\$0	\$0	\$0	\$0	\$132,917	\$0	\$0
<b>General Government Offset Item</b>									
Public Libraries	\$129,784	\$34,483	\$83,109	\$114,833	\$31,723	\$95,482	\$76,743	\$28,048	\$33,131
<b>Sub-Total, All General Government</b>	<b>\$6,785,179</b>	<b>\$2,611,715</b>	<b>\$7,655,061</b>	<b>\$26,195,741</b>	<b>\$1,685,411</b>	<b>\$27,945,575</b>	<b>\$11,173,994</b>	<b>\$1,667,782</b>	<b>\$1,708,581</b>
<b>Total Estimated Receipts</b>	<b>\$20,688,435</b>	<b>\$7,373,452</b>	<b>\$17,094,030</b>	<b>\$40,753,232</b>	<b>\$8,059,161</b>	<b>\$51,460,129</b>	<b>\$16,931,093</b>	<b>\$5,689,990</b>	<b>\$5,716,719</b>

**COMMUNITY PRESERVATION ACT (CPA) STATUS AND MATCHING FUNDS BY TOWN, DECEMBER 2006**

Sources: Community Preservation Act Website, [www.communitypreservation.org](http://www.communitypreservation.org)

Massachusetts Department of Revenue, <http://www.dls.state.ma.us/mdmstuf/CPA.htm>

MUNICIPALITY	CPA ADOPTED	DATE OF CPA VOTE	OUTCOME	SURCHARGE		EXEMPTIONS	STATE MATCHING FUNDS	STATE MATCHING FUNDS	% OF TOTAL
				RATE			FY 2003-2005	FY 2003-2007	
Newton	Yes	11/7/2005	Passed	1%		None	\$5,174,725	\$9,048,018	5.00%
Belmont	No	None	N/A	N/A		N/A			
Brookline	No	11/8/2010	Failed	3%		Low income, first 100,000			
Cambridge	Yes	11/7/2005	Passed	3%		Low income, first 100,000	\$15,873,061	\$27,728,667	15.33%
Lexington	Yes	6/7/2010	Passed	3%		Low income, first 100,000			
Somerville	No	None	N/A	N/A		N/A			
Waltham	Yes	11/9/2009	Passed	2%		Low income, first 100,000		\$1,813,306	1.00%
Wellesley	Yes	11/6/2006	Passed	1%		Low income, first 100,000	\$1,071,000	\$2,298,272	1.27%
Winchester	No	None	N/A	N/A		N/A			
<b>TOTAL STATE MATCHING FUNDS</b>							\$75,837,980	\$180,842,154	22.61%

**NOTES:**

1. The Community Preservation Act is a local option law that allows communities to approve a local surcharge of up to 3% of the property tax to fund affordable housing, open space protection and historic preservation. Approval by voters is required. Municipalities that adopt the surcharge are eligible to receive state matching funds, which are generated by deed registry fees statewide.
2. Cambridge has excess capacity so CPA matching funds essentially reduce the tax rate.
3. Somerville and Belmont report no plan to adopt the CPA.

**BOND RATINGS**

**Sources:** Massachusetts Department of Revenue, Division of Local Services  
<http://www.dls.state.ma.us/mdmstuf/debt.htm>

<b>MUNICIPALITY</b>	<b>Moody's Bond Rating</b>	<b>S&amp;P Bond Rating</b>
NEWTON	AAA	AAA
BELMONT	AAA	AAA
BROOKLINE	AAA	AAA
CAMBRIDGE	AAA	AAA
LEXINGTON	AAA	AAA
SOMERVILLE	A1	A+
WALTHAM	AA1	AA+
WELLESLEY	AAA	AAA
WINCHESTER	AAA	AAA

**NOTES:**

1. As of June 2006

**OVERRIDE HISTORY**

<b>FY</b>	<b>BELMONT</b>	<b>BROOKLINE</b>	<b>LEXINGTON</b>	<b>NEWTON</b>	<b>WELLESLEY</b>	<b>WINCHESTER</b>
91			\$1,097,829		\$617,900	
92	\$2,094,946				\$325,000	
93			\$2,718,092			
94						
95		\$2,960,000				
96			\$1,500,000			
97						
98						
99						
00						
01			\$3,440,829		\$750,000	
02	\$3,000,000				\$1,967,821	
03	\$2,400,000			\$11,500,000	\$2,539,201	\$4,550,000
04					\$2,895,436	
05			\$4,224,340		\$2,596,851	
06			\$1,858,435			
07					\$3,158,618	
<b>TOTAL</b>	<b>\$7,494,946</b>	<b>\$2,960,000</b>	<b>\$14,839,525</b>	<b>\$11,500,000</b>	<b>\$14,850,827</b>	<b>\$4,550,000</b>

**NOTE:**

1. Information given for all AAA Municipalities within the benchmarking sample.