

# **CITY OF NEWTON MASSACHUSETTS**



## **Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2003**

*Prepared by: Comptroller's Office – City of Newton, Massachusetts*

## **DEDICATED TO ROBERT L. MAGNI**

**June 21, 1945 – January 6, 2003**

Bob was born on June 21, 1945 to Daniel and Margaret Magni. He graduated from Newton North High School in 1964. His first employment with the City of Newton was with the Department of Public Works in October of 1966. He was later appointed to the Newton Police Department in May of 1969. His willingness and enthusiasm to help out and be involved were apparent from the beginning of his career. Bob was the President of his Police Academy class and then served in a number of different capacities during his thirty-one years of service on the Police Department. Some of the positions he held were President of the Patrolmen's Association, Grievance Officer, the Negotiating Committee, Insurance Advisory Committee and he was a Board Member on the Newton Police Memorial Association. He also was the Chairman for the City of Newton Retirement Board and he was a Director with the Newton Municipal Credit Union. Bob was also actively involved with the Newton Son's of Italy and the Newton Knights of Columbus.

Bob was married to Karen Kelly and they have two sons, Daniel and Kevin. He was a devoted husband and father. Bob always put others before himself both professionally and personally and he never hesitated to get involved when someone needed his help. Bob lost his battle to cancer on January 6, 2003. Bob will be sadly missed by everyone.



*Special thanks to Captain Tim Sbordone, Newton Police Department for preparing this tribute.*

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# INTRODUCTORY SECTION



# CITY OF NEWTON, MASSACHUSETTS

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DAVID C. WILKINSON  
COMPTROLLER

June 18, 2004

Members of the Board of Aldermen  
Mayor David B. Cohen  
Citizens & Taxpayers of the City of Newton

I am pleased to transmit to you the City of Newton's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2003. This report has been prepared by the Comptroller's Office of the City in conformity with generally accepted accounting principles (GAAP) as prescribed by the Government Accounting Standards Board (GASB).

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

The City's financial statements have been audited by KPMG LLP, a firm of licensed certified public accountants, who are hired by and report to the City's Board of Aldermen. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## History and Profile

The City of Newton was settled in 1639 and incorporated as a City in 1873. The City is located approximately seven miles from downtown Boston and is bordered by the Cities of Boston and Waltham, and the Towns of Wellesley, Needham, and Watertown. The City's 18.33 square miles of land is principally

suburban residential in character and consists of 13 distinct villages – Auburndale; Chestnut Hill; Newton Centre; Newton Corner; Newton Highlands; Newton Lower Falls; Newton Upper Falls; Newtonville; Nonantum; Oak Hill; Thompsonville; Waban; and West Newton. Open space comprises 19.6% of the City's total land area, of which 55% is publicly owned.

Of the 23,962 residential structures accounted for by the City's Board of Assessors, 70.5% are listed as single family dwellings; 13.6% as two family dwellings; 1.3% as three family dwellings; 0.7% as dwellings of four or more units; and 13.9% as condominiums.

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

### **Organizational Structure**

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

### **Services**

The City provides a complete range of municipal services including education, public safety, public works, recreation, library, cultural and health and human services. Although the MBTA has primary responsibility for providing public transportation services, the City supplements this service with a local bus transit system. The Massachusetts Water Resources Authority provides public water supply and sewerage treatment services.

### **Reporting Entity**

The basic financial statements along with the combining statements and schedules included in this report relate to the activities under the direction and control of the Mayor, Board of Aldermen and School Committee. Accordingly, the activities of the Newton Community Development Authority and Newton Commonwealth Foundation are included in this report as they are considered blended component units as prescribed by GAAP. The Newton Housing Authority is excluded from this report because it falls outside the direction and control of the Mayor and Board of Aldermen

### **Financial Management**

The Mayor is responsible for the preparation of the City's financial plan, which includes a multi-year financial forecast and capital improvement plan, and annually recommended capital and operating budgets. The Board of Aldermen is responsible for reviewing and approving financial policy recommendations from the Mayor. An eight member Finance Committee of the Board of Aldermen oversees financial policy and serves as the City's Audit Committee.

The City's senior financial management team consists of the Chief Administrative and Budget Officers, who serve on the Mayor's staff; the Treasurer/Collector and Chief Assessor who are appointed by the Mayor and



approved by the Board of Aldermen, and the Comptroller who is appointed by the Board of Aldermen.

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

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

The Comptroller is responsible for maintaining the City's accounting records, and reporting the City's financial activity and position. Detailed monthly revenue and expenditure information is provided on-line to operating departments. Quarterly comparative financial management reports are issued to the Mayor, Board of Aldermen and public. Unaudited budgetary basis year-end financial reports are issued within 60 days of the close of the fiscal year, and audited financial statements are generally issued prior to the end of the calendar year. The issuance of this report has been delayed as a result of unanticipated delays in the reconciliation of June 30, 2003 treasurer's cash.

### **Economic Condition and Outlook**

While Newton is not immune to regional and national economic development trends, the City is characterized as a self-sustaining and stable local economy. Historically, Newton has housed a myriad of economic activities ranging from manufacturing to high-tech industries that have served not only local residents, but also the Greater Boston area, and in some cases national and international markets. The City's proximity to Boston; location on major regional highway systems; existing building stock; and solid and extensive physical infrastructure make Newton an attractive place for metro-area regional and national investments ranging from corporate headquarters to light manufacturing and regional retail.

The majority of the City's business establishments are located in the 13 village centers, as well as in some of the principal traffic corridors such as Needham, Boylston, and California Streets. There are two major concentrations of light manufacturing and non-service related industries, both of which are located on the edges of the City; one in Nonantum along the Watertown line, and a second in Newton Upper Falls, along the Needham line.

### **Accounting System and Budgetary Control**

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

- Properly safeguard assets.
- Provide reasonable assurance on the accuracy and reliability of the accounting records used in the preparation of the basic financial statements.
- Provide reasonable assurance relative to compliance with legal and contractual constraints on the custody and use of assets.

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

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

An analysis of all legally adopted operating and capital budgets is presented on pages 71-83 of this report.

On January 7, 2004 the Massachusetts Department of Revenue certified the City's July 1, 2003 free cash position at \$6,153,294. The City's previous year free cash certification was \$5,601,675.

### **Cash Management**

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

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

The Retirement System's assets are segregated from other City assets and are managed by a variety of professional investment managers who have been selected by the Retirement Board in order to achieve the Board's asset allocation policy. An independent custodian bank holds all of the System's investments.

### **Risk Management**

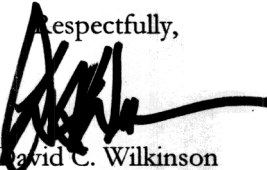
The City is self-insured for group health, workers' compensation, and general liability insurance. Individual Internal Service Funds are maintained for purposes of accumulating sufficient assets to meet fund liabilities. The City purchases property insurance from a commercial insurance company but funds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

### **Collective Bargaining Agreements**

All collective bargaining contracts expired on either June 30, 2003 or August 31, 2003.

### **Acknowledgments**

Before concluding, I would like to take this opportunity to acknowledge the exceptional work and professional commitment of the staff of the Comptroller's Office and the Retirement Office: Kelly Byrne; Donna Cadman; Ann-Marie Daley; Eileen Frail; Helen Ho; Bob Perruzzi; Julie Zakak; and Regina Zegarelli.

Respectfully,  
  
David C. Wilkinson  
Comptroller

# FINANCIAL SECTION



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## **INDEPENDENT AUDITORS' REPORT**

The Honorable Board of Aldermen and Mayor  
City of Newton, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts (the City), as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Newton Commonwealth Foundation, Inc. (the Foundation), which represent 51% and 28% of the assets and revenues, respectively, of the major enterprise golf fund and 1% and .4% of the assets and revenues, respectively, of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Foundation are based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and community preservation fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 13 (unaudited) to the basic financial statements, net assets of the governmental activities, the business-type activities, the sewer fund and the internal service funds, and the fund balance of the non-major governmental funds as of June 30, 2002 have been restated.

The management's discussion and analysis on pages xiv through xxvi and the pension schedules on page 47 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



The Honorable Board of Aldermen and Mayor  
City of Newton, Massachusetts

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining financial statements, supplementary information and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining financial statements and the supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2004, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

KPMG LLP

June 18, 2004

# CITY OF NEWTON, MASSACHUSETTS

## Management's Discussion and Analysis

As management of the City of Newton (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page vii of this report.

### **Financial Highlights:**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$166.5 million (*net assets*). Of this amount, \$41.7 million is considered unrestricted (*unrestricted net assets*). The unrestricted net assets of the City's governmental activities are \$26.6 million and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net assets of the City's business-type activities are \$15.1 million and may be used to meet the ongoing obligations of the city's water; sewer; and golf course business-type activities.
- The City's total net assets increased by \$12.2 million or 7.9% in fiscal 2003. Net assets of governmental activities increased by \$10.1 million, a 9.3% increase from fiscal 2002. Net assets of business-type activities increased by \$2 million or 4.5% from 2002.
- Unrestricted governmental net assets increased by \$5.2 million to \$26.6 million at June 30, 2003.
- Although the City's governmental activities unrestricted net assets have no restrictions on them from parties external to the City, \$18.7 million or 70.3% of these resources have been internally earmarked by the City for specific future uses. These earmarkings consist of: year end encumbrances and continued appropriations - \$4.0 million; fund balances appropriated to support the fiscal year 2004 general fund budget - \$3.0 million; revolving fund and receipts reserved fund resources designated by vote of the board of alderman or school committee for specific services - \$3.5 million; capital stabilization fund balances designated for future high school renovations - \$3.5 million; self-insurance funds - \$2.1 million and an insurance structured settlement designated for retirement of state pension loan - \$2.6 million.
- The total cost of all City services for fiscal 2003 was \$286.8 million, \$259.8 million (90.6%) of which was for governmental services, and \$27 million (9.4%) of which was for business-type activities.
- A total of \$66.7 million or 25.7% of governmental services were financed from program revenue, leaving 74.3% to be financed from general revenues of the City. Property taxes and property tax surcharge revenue represented the single largest source of general revenue - financing 69.6% of governmental service expenses.
- At June 30, 2003, the City's governmental funds reported a combined ending fund balance of \$11 million. The combined governmental funds fund balance decreased by \$9 million or 45.2% from the prior year's ending fund balance as a result of the use of temporary financing for the renovation of the City's two high schools. The High School Renovation Fund ended the year with \$29.5 million in negative fund balance. All governmental funds, except for the High School Renovation fund have a combined fund balance of \$40.5 million.
- The City's general fund reported a fund balance of \$17.2 million at the end of fiscal 2003. The undesignated fund balance for the general fund was \$10.9 million or 4.5% of total general fund revenues. There was a \$1.7 million or 11.2% increase in total general fund balance for the year. A total of \$2.2 million of the unreserved fund balance was designated for funding the fiscal year 2004 budget, an increase of \$500,000 from the prior year.
- The City's total long-term debt increased by \$31.7 million or 61.5% during the year, primarily as a result of the issuance of \$29.3 million in bond anticipation notes for high school renovations.

## Overview of the Financial Statements:

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

**Government-wide financial statements:** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. The *statement of net assets* (pages 1 and 2) presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* (pages 3 and 4) presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the cash flows*. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions and activities of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions and activities that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the City include the broad functions of general government; public safety; education; public works; public transportation; health & human services; culture and recreation; and the major services provided within each functional category. The business-type activities of the City include three enterprise activities: the water system; the sanitary sewer system; and the Newton Commonwealth golf course.

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

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

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

The City maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the community preservation fund; and the high school renovation fund, all of which are considered to be major funds. Data from the other 18 funds are combined into a single, aggregated presentation under the caption *non-major governmental funds*. A brief description and individual fund data for each of the non-major governmental funds is provided in the form of *combining statements* on pages 49-58 of this report. The governmental fund financial statements can be found on pages 5-10 of this report.

**Proprietary funds:** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water, sanitary sewer, and golf course activities. *Internal service funds* are an accounting device used to accumulate

and allocate the costs internally among the City's various functions, including employee health benefits, workers compensation; and general liability self-insurance activities. The services provided by these funds predominately benefit the governmental rather than the business-type functions. Accordingly, the internal service funds have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sanitary sewer, and golf course activities, all of which are considered major funds of the City. Conversely, all internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements. A brief description of each fund and individual fund data for the internal service funds is provided in the form of *combining statements* on pages 59-62 of this report. The basic proprietary fund financial statements can be found on pages 11-13 of this report.

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

The fiduciary fund financial statements provide separate information for the pension trust fund of the City. All other fiduciary funds, except for the agency fund, are combined into a single, aggregate presentation in the fiduciary fund financial statements under the caption private purpose trust funds. A brief description of each fund and individual fund data for the private purpose trust funds is provided in the form of *combining statements* on pages 63-67 of this report. The fiduciary fund financial statements can be found on pages 15 and 16 of this report.

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-46 of this report.

**Government-wide Financial Analysis:**

**Net Assets:** The City's total assets exceeded total liabilities by \$166.5 million at June 30, 2003. This represents a \$12.2 million or 7.9% increase over the restated total net assets at June 30, 2002. Please refer to note 13 on pages 44 - 46 of this report for detailed information on the nature of the restatements.

**City of Newton, Massachusetts  
Net Assets**

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	2002		2002		2002	
	2003	(restated)	2003	(restated)	2003	(restated)
Current assets	\$ 76,005,903	\$ 76,707,900	\$ 21,552,522	\$ 22,559,155	\$ 97,558,425	\$ 99,267,055
Non current assets (except capital assets)	13,244,346	11,488,348	1,092,299	-	14,336,645	11,488,348
Capital assets	134,820,829	112,432,598	49,073,212	45,178,043	183,894,041	157,610,641
<b>Total assets</b>	<b>224,071,078</b>	<b>200,628,846</b>	<b>71,718,033</b>	<b>67,737,198</b>	<b>295,789,111</b>	<b>268,366,044</b>
Current liabilities	35,422,796	54,214,299	4,587,287	4,108,720	40,010,083	58,323,019
Long term liabilities	69,254,622	37,162,110	20,002,400	18,518,546	89,257,022	55,680,656
<b>Total liabilities</b>	<b>104,677,418</b>	<b>91,376,409</b>	<b>24,589,687</b>	<b>22,627,266</b>	<b>129,267,105</b>	<b>114,003,675</b>
Net assets:						
Invested in capital, net of related debt	78,182,079	75,932,040	31,291,183	25,071,997	109,473,262	101,004,037
Restricted	14,578,954	11,859,289	732,707	-	15,311,661	11,859,289
Unrestricted	26,632,627	21,461,108	15,104,456	20,037,935	41,737,083	41,499,043
<b>Total net assets</b>	<b>\$ 119,393,660</b>	<b>\$ 109,252,437</b>	<b>\$ 47,128,346</b>	<b>\$ 45,109,932</b>	<b>\$ 166,522,006</b>	<b>\$ 154,362,369</b>



The largest portion of the City's total net assets (65.7%) represents the investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens therefore; these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay debt must be provided from other sources, since capital assets themselves, cannot be used to liquidate these liabilities. Capital assets accounted for almost 2/3 of the growth in total net assets during the year. This is largely a function of the City's long standing policy of financing most long term capital assets with debt having terms of not more than ten years.

An additional portion of the City's net assets (9.2%) represents resources that are subject to restrictions placed on how they may be used by parties external to the City. A summary of the major components of the restricted net assets may be found on page 2 of this report. Community Preservation Fund resources restricted for future open space, community housing, and historic preservation activities account for the growth in restricted net assets.

The remaining balance of unrestricted net assets, \$41.7 million (25.1% of total net assets) may be used to meet the government's on-going obligations to citizens and creditors. A total of \$15.1 million or 36.2% of this sum may only be used for the support of the City's business-type activities - water, sewer, and golf course activities.

Total unrestricted net assets available for the support of governmental activities amounted to \$26.6 million at June 30, 2003, an increase of \$5.2 million or 24.1% over the re-stated June 30, 2002 balance. The growth in unrestricted net assets is a result of management efforts undertaken by the City during the year to off-set the impact of anticipated reductions in state aid to local government and other economically sensitive revenue sources, while at the same time establishing adequate reserves for extraordinary and unforeseen events.

**Changes in net assets:** The City's total revenues increased by \$37.1 million or 14.2%, to \$299 million during the past fiscal year. Of this sum, 60.4% of total revenue was derived from property taxes; another 3.7% came from other taxes (motor excise and hotel room occupancy); 16.2% was realized from user charges; 1.2% came from miscellaneous local sources; and the remaining 18.5% from grants and contributions.

**City of Newton, Massachusetts  
Changes in Net Assets**

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	2002		2002		2002	
	2003	(restated)	2003	(restated)	2003	(restated)
<b>Revenues:</b>						
Program revenues						
Charges for service	\$ 19,697,646	\$ 18,114,260	\$ 28,775,807	\$ 31,953,346	\$ 48,473,453	\$ 50,067,606
Operating grants and contributions	44,359,902	21,744,059	910,623	943,439	45,270,525	22,687,498
Capital grants and contributions	2,686,298	3,614,093	609,076	300,075	3,295,374	3,914,168
General revenues						
Property taxes	180,705,105	162,145,046	-	-	180,705,105	162,145,046
Other taxes	11,158,677	11,400,290	-	-	11,158,677	11,400,290
Grants and contributions - not restricted	6,447,414	7,319,604	-	-	6,447,414	7,319,604
All other	3,628,200	4,382,431	-	-	3,628,200	4,382,431
<b>Total revenues</b>	<b>\$ 268,683,242</b>	<b>\$ 228,719,783</b>	<b>\$ 30,295,506</b>	<b>\$ 33,196,860</b>	<b>\$ 298,978,748</b>	<b>\$ 261,916,643</b>
<b>Expenses:</b>						
General government	\$ 20,149,255	\$ 17,526,412	\$ -	\$ -	\$ 20,149,255	\$ 17,526,412
Public safety	40,635,284	37,891,485	-	-	40,635,284	37,891,485
Education	157,020,633	145,594,782	-	-	157,020,633	145,594,782
Public Works	18,987,391	17,231,366	-	-	18,987,391	17,231,366
Public Transportation	5,259,802	5,397,335	-	-	5,259,802	5,397,335
Health and human services	3,859,531	3,715,775	-	-	3,859,531	3,715,775
Culture and recreation	11,805,253	10,986,983	-	-	11,805,253	10,986,983
Interest	2,055,115	2,122,459	-	-	2,055,115	2,122,459
Water	-	-	9,138,695	8,144,940	9,138,695	8,144,940
Sewer	-	-	17,749,399	17,206,366	17,749,399	17,206,366
Golf course	-	-	158,753	208,971	158,753	208,971
<b>Total expenses</b>	<b>259,772,264</b>	<b>240,466,597</b>	<b>27,046,847</b>	<b>25,560,277</b>	<b>286,819,111</b>	<b>266,026,874</b>
<b>Increase in net assets before transfers</b>	<b>8,910,978</b>	<b>(11,746,814)</b>	<b>3,248,659</b>	<b>7,636,583</b>	<b>12,159,637</b>	<b>(4,110,231)</b>
Transfers	1,230,245	999,141	(1,230,245)	(999,141)	-	-
Increase in net assets	10,141,223	(10,747,673)	2,018,414	6,637,442	12,159,637	(4,110,231)
Net assets -Beginning of the year, as restated	109,252,437	120,000,110	45,109,932	38,472,490	154,362,369	158,472,600
Net assets - End of the year	<b>\$ 119,393,660</b>	<b>\$ 109,252,437</b>	<b>\$ 47,128,346</b>	<b>\$ 45,109,932</b>	<b>\$ 166,522,006</b>	<b>\$ 154,362,369</b>

Total expenses increased by \$20.8 million or 7.8% during the year. Education represented the largest single category of spending, at 54.7% of total expenses, unchanged from the percentage of total expenditures for the previous fiscal year. Spending growth for the year was in line with the plans presented to the City electorate in the early 2002 in support of the \$11.5 million Proposition 2 1/2 tax override.

**Governmental activities** – Governmental activities increased the City's net assets by \$10.1 million or 9.3% during fiscal 2003. A summary of revenues and major functional expenses is presented in the table presented above.

In order to assist the reader in understanding more completely the full cost of the specific major services provided by the City within each of the broad functional classifications identified above, the Statement of Activities, presented on pages 3 and 4 of this report, provides a detailed accounting of all major services.

All governmental activity services, except for planning and development and inspectional services, relied on subsidies from general revenues to one degree or another during fiscal 2003. Inspectional service department revenues exceeded total program expenses by \$2.4 million for the year as a result of strong permit revenue performance.

**Business-type activities** – Business type activities increased the City’s net assets by \$2 million or 4.5% during 2003.

**Financial Analysis of Governmental Funds:**

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

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

As of June 30, 2003, the City’s governmental funds reported combined ending fund balances of \$11 million, a decrease of \$9 million or 45.2% in comparison with the prior year. This decline in total governmental funds fund balance is directly the result of the City’s use of bond anticipation note financing for \$20.9 million in high school renovation expenditures. Excluding the High School Renovation Fund, all other governmental funds ended the fiscal year with positive fund balances.

The general fund is the chief operating fund of the City. At June 30, 2003 the general fund reported a total fund balance of \$17.2 million – a \$1.7 million or 11.2% increase over the total fund balance for the previous fiscal year. The unreserved and undesignated portion of fund balance increased by \$1.3 million to \$10.9 million. Undesignated fund balance represents 4.5% of total general fund revenues.

**City of Newton, Massachusetts  
General Fund  
Fund Balance Trends – Fiscal Year 2003 and (5) previous fiscal years**

	2003	2002	2001	2000	1999	1998
Total fund balance	\$ 17,160,502	\$ 15,438,743	\$ 16,798,424	\$ 16,458,671	\$ 17,541,502	\$ 21,646,946
Less: Fund balance reserved for:						
Encumbrances	772,599	1,301,183	688,442	509,074	774,165	1,020,897
Continued appropriations	3,255,408	2,760,972	3,289,791	2,481,295	3,991,663	5,521,423
Other purposes	21,307	27,141	-	-	-	-
Unreserved fund balance	<u>13,111,188</u>	<u>11,349,447</u>	<u>12,820,191</u>	<u>13,468,302</u>	<u>12,775,674</u>	<u>15,104,626</u>
Less: Fund balance designated to support following year budget	<u>2,200,000</u>	<u>1,700,000</u>	<u>2,200,000</u>	<u>2,700,000</u>	<u>3,200,000</u>	<u>3,550,000</u>
Undesignated fund balance	<u>10,911,188</u>	<u>9,649,447</u>	<u>10,620,191</u>	<u>10,768,302</u>	<u>9,575,674</u>	<u>11,554,626</u>
Total revenue & transfers from other funds	\$ <u>243,859,374</u>	\$ <u>221,622,942</u>	\$ <u>217,785,789</u>	\$ <u>204,933,088</u>	\$ <u>180,830,635</u>	\$ <u>173,967,140</u>
Total fund balance as % total revenue	<u>7.0%</u>	<u>7.0%</u>	<u>7.7%</u>	<u>8.0%</u>	<u>9.7%</u>	<u>12.4%</u>
Unreserved fund balance as % total revenue	<u>5.4%</u>	<u>5.1%</u>	<u>5.9%</u>	<u>6.6%</u>	<u>7.1%</u>	<u>8.7%</u>
Undesignated fund balance as % total revenue	<u>4.5%</u>	<u>4.4%</u>	<u>4.9%</u>	<u>5.3%</u>	<u>5.3%</u>	<u>6.6%</u>

Total fiscal year 2003 general fund revenues and transfers from other funds increased by \$22.2 million or 10%, to \$243.9 million.

Source	Amount	% of Total	Increase/ (Decrease)	% Change
Real estate and personal property taxes	\$ 179,025,142	73.4%	\$ 18,795,079	11.7%
Motor excise taxes	10,645,450	4.3%	796,891	8.1%
Hotel room occupancy taxes	1,151,838	0.5%	(140,112)	-10.8%
Penalties and interest on taxes	1,027,184	0.4%	235,624	29.8%
Licenses and permits	4,307,738	1.8%	151,815	3.7%
Intergovernmental	37,736,088	15.4%	637,369	1.7%
Charges for service	1,860,918	0.8%	557,174	42.7%
Fines and forfeitures	1,706,197	0.7%	127,890	8.1%
Investment income	1,050,543	0.4%	(708,089)	-40.3%
Payments in lieu of taxes	377,867	0.2%	68,172	22.0%
Miscellaneous	1,137,164	0.5%	381,785	50.5%
<b>Total revenues</b>	<b>240,026,129</b>	<b>98.4%</b>	<b>20,903,598</b>	<b>9.5%</b>
Transfers from other funds	3,833,245	1.6%	1,332,834	53.3%
<b>Total revenues and transfers</b>	<b>\$ 243,859,374</b>	<b>100.0%</b>	<b>\$ 22,236,432</b>	<b>10.0%</b>

All major revenue sources experienced growth during fiscal year 2003 except for the economically sensitive hotel/motel room occupancy tax and investment income. At year end, Massachusetts Municipal Depository Trust short term interest rates stood at 1.06%.

Eighty-five percent of the total revenue growth occurred in the property tax. Property tax growth resulted from a combination of the 2.5% annual increase allowed in the levy under Proposition 2 ½; growth in the City's tax base; and an \$11.5 million increase in the tax levy that was approved by the voters at a special election in May 2002.

Motor vehicle excise tax revenue increased by 8.1% for the year as a result of new car sales and leases.

The continued decline in hotel room occupancy tax revenues is a result of declining business travel.

Despite a mid-year state aid reduction of \$638,600 the City was able to realize a \$637,369 increase in total state and federal assistance during the year as a result of efforts made by the Newton Public Schools to catch up on special education Medicaid reimbursement billings and an increase in the reported level of teacher's retirement "on behalf payments" by the Commonwealth of Massachusetts.

A total of 83% of the growth in charges for service revenue resulted from a combination of increased municipal lien certificate activity and income from the rental of City property. Total municipal lien certificate revenue surged along with the mortgage refinancing boom of the past year and totaled \$457,715, a 107.5% increase over the revenue for the prior year. Rental income increased by \$227,387 during the year, principally as a result of the temporary rental of the former Carr Elementary School building.

The 40% reduction in investment income is the result of a year of declining interest rates.

Total general fund expenditures and transfers to other funds totaled \$242.1 million, an increase of \$19.2 million or 8.6% over the previous fiscal year.

	Amount	% of Total	Increase/ (Decrease)	% Change
General government	12,098,331	5.0%	470,076	4.0%
Public safety	29,927,438	12.4%	2,007,658	7.2%
Education	123,110,892	50.8%	9,752,249	8.6%
Public works	18,208,553	7.5%	1,632,811	9.9%
Health and human services	2,914,968	1.2%	277,941	10.5%
Culture and recreation	9,122,449	3.8%	915,943	11.2%
Retirement benefits	29,194,857	12.1%	3,200,617	12.3%
Property and liability insurance	261,758	0.1%	155,444	146.2%
Workers compensation	1,202,870	0.5%	(44,000)	-3.5%
Claims and judgements	118,032	0.0%	(71,477)	-37.7%
State assessments - public transportation	4,885,263	2.0%	(63,405)	-1.3%
State assessments all other	196,159	0.1%	2,246	1.2%
Debt service				
Principal	4,878,900	2.0%	(5,900)	-0.1%
Interest	1,929,122	0.8%	212,432	12.4%
Total expenditures	<u>238,049,592</u>	<u>98.3%</u>	<u>18,442,635</u>	<u>8.4%</u>
Transfers to other funds	<u>4,088,023</u>	<u>1.7%</u>	<u>712,357</u>	<u>21.1%</u>
Total expenditures and transfers	<u>\$ 242,137,615</u>	<u>100.0%</u>	<u>\$ 19,154,992</u>	<u>8.6%</u>

The growth in Education and Culture and Recreation spending is a direct result of the priorities that the City places on public education and library services.

Property insurance premiums increased by 52.2% from the previous fiscal year as a result of the need to purchase excess insurance for several clusters of public buildings and the policy decision to purchase terrorism coverage for all public buildings.

A total of \$1.4 million or 89% of the increase in public works expenditures was in snow and ice removal program costs. Federal FEMA reimbursements in the amount of \$337,312 were received during the spring of 2003 as partial reimbursement of the unforeseen snow and ice control costs.

Commonwealth of Massachusetts “on behalf payments” for teacher’s retirement benefits accounted for \$1.7 million or 52% of the increase in retirement expenditures. Retiree health contributions account for an additional \$950,000 - 29.6% of the increase. The City’s general fund actuarially determined contribution to the contributory retirement system represented the balance of the increase in retirement expenditures.

Debt service expenditure growth is related to interest on temporary borrowings for the high school renovation project.

The voters of the City elected to implement the Community Preservation Act (CPA), with a 1% surcharge on all real estate tax bills in November 2001. During the fiscal year ended June 30, 2003, the City realized \$3.4 million in CPA fund revenue, \$1.8 million from the property tax surcharges and \$1.6 million Commonwealth of Massachusetts matching funds for property tax surcharges billed during the previous fiscal year. A total of \$549,958 in fund balance was unreserved at year end.

The high school renovation fund ended fiscal 2003 with a negative fund balance of \$29.5 million, a decline of \$14.5 million from the previous fiscal year, due to the fact that interim financing is being accomplished with bond anticipation notes. A total of \$29.3 million in bond anticipation notes were outstanding at June 30, 2003.

**Proprietary funds** - The City's proprietary funds provide the same information found in the government-wide statements, but in slightly more detail. Unrestricted net assets amounted to \$8.6 million for the sewer fund; \$5.7 million for the water fund; and \$732,523 for the commonwealth golf fund. Restricted proprietary net assets represent capital grant funds whose purposes are restricted for improvements to the physical infrastructure of the City's water and sewer systems. Proprietary fund net assets invested in capital assets, net of related debt represents principally the City's water supply and distribution system and the sanitary sewer collection system.

Water and sewer utility operating activity for the year was in line with City plans. Sewer fund total net assets increased by \$793,321 (3.1%). Water fund total net assets increased by \$1,090,765 (5.9%). Golf fund total assets increased by \$134,328 (13.4%).

**Fiduciary funds** – The net assets of the City's contributory retirement system declined by \$28.2 million (13%) to \$190.8 million during the system's fiscal year that ended December 31, 2002.

**Pension Trust Fund  
Summary of Changes in Net Assets**

	Year Ended 12/31/2002	Year Ended 12/31/2001	Year Ended 12/31/2000
<b>ADDITIONS:</b>			
Employers contributions	\$ 7,740,395	\$ 7,175,058	\$ 7,334,010
Employees contributions	5,714,029	4,826,404	4,567,534
Total contributions	<u>13,454,424</u>	<u>12,001,462</u>	<u>11,901,544</u>
Investment earnings:			
Interest & dividends	5,973,790	6,795,813	6,001,450
Net (decrease) in fair value of investments	<u>(26,267,269)</u>	<u>(16,756,869)</u>	<u>(1,466,284)</u>
Total Investment earnings	<u>(20,293,479)</u>	<u>(9,961,056)</u>	<u>4,535,166</u>
Less: investment expense	<u>(912,983)</u>	<u>(933,635)</u>	<u>(1,147,275)</u>
Net investment income	<u>(21,206,462)</u>	<u>(10,894,691)</u>	<u>3,387,891</u>
Intergovernmental	1,258,280	1,390,472	1,587,709
Transfers from other systems	<u>-</u>	<u>584,118</u>	<u>453,187</u>
Total Additions	<u>(6,493,758)</u>	<u>3,081,361</u>	<u>17,330,331</u>
<b>DEDUCTIONS:</b>			
Retirement benefits	20,080,964	18,415,607	18,113,536
Refunds & transfers to other systems	1,409,636	1,308,032	899,269
Administrative expense	<u>223,255</u>	<u>188,222</u>	<u>178,493</u>
Total Deductions	<u>21,713,855</u>	<u>19,911,861</u>	<u>19,191,298</u>
Change in Net Assets	<u>(28,207,613)</u>	<u>(16,830,500)</u>	<u>(1,860,967)</u>
Net Assets - Beginning of Year	<u>218,994,539</u>	<u>235,825,039</u>	<u>237,686,006</u>
Net Assets - End of Year	<u>\$ 190,786,926</u>	<u>\$ 218,994,539</u>	<u>\$ 235,825,039</u>

The composite investment return for this period was -9.3% and the funded status of the plan declined from 74.6% to 67.2%. Since the most recent investment decline began in calendar year 2000, the system's net assets have declined by \$46.9 million or 19.7%.

Information on the City's Retirement System funding progress and the major assumptions used for purposes of the most recent actuarial valuation may be found on page 47 of this report.

### General Fund Budgetary Highlights:

The difference between the original budget of \$226.4 million and the final amended budget of \$232 million amounts to 2.5% and can be summarized as follows:

Capital stabilization fund contributions:	
High School renovation project	\$ 1,544,893
Capital outlay and improvements:	1,608,513
Snow and ice control	1,248,738
Insurance/self-insurance	145,953
Legal settlements	218,753
CATV local access programming grants	440,375
Public safety salaries	117,079
Local transportation system subsidy	157,000
Other miscellaneous	<u>103,763</u>
Total supplemental appropriations	\$ <u><u>5,585,067</u></u>

Of this increase, \$1.7 million was funded with revenue in excess of available estimates at the time that the original budget was adopted; and the balance was funded with a combination of transfers from other funds and available fund balances in the general fund.

It is the City's long standing policy to approach the annual budget in two cycles each year – one for operations and the other for capital purposes. For this reason, the \$1.5 million contribution to the Capital Stabilization Fund and funding of \$1.6 million in pay-as-you-go capital outlay and improvement funding were not included in the original budget. Other supplemental appropriations were not anticipated at the time that the original budget was adopted.

## Capital Asset and Debt Administration

**Capital assets** – The City’s investment in capital assets for governmental and business-type activities, net of accumulated depreciation of \$96.2 million, as of June 30, 2003, amounts to \$183.9 million. The investment in capital assets includes land; buildings; systems; improvements; machinery and equipment; park facilities; streets, sidewalks, storm drains; and water and sewer systems. Governmental activity infrastructure includes only those improvements that were put in service after the fiscal year ended June 30, 2001.

	Governmental activities		Business-type activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$ 9,559,101	\$ 9,534,101	\$ 284,785	\$ 284,785	\$ 9,843,886	\$ 9,818,886
Buildings and improvements	77,017,808	74,204,997	3,329,214	3,348,510	80,347,022	77,553,507
Equipment and machinery	9,741,934	8,494,920	1,789,334	1,302,461	11,531,268	9,797,381
Infrastructure	2,553,688	1,232,920	43,669,879	40,242,287	46,223,567	41,475,207
Construction in progress	35,948,298	18,965,660	-	-	35,948,298	18,965,660
Total capital assets	\$ 134,820,829	\$ 112,432,598	\$ 49,073,212	\$ 45,178,043	\$ 183,894,041	\$ 157,610,641

Major capital asset events during 2003 included the following:

- Total capital assets, net of accumulated depreciation increased by \$26.3 million or 16.7%.
- Business-type activity net capital assets increased by \$3.9 million due to: \$2.9 million in water system improvements and \$1.0 million in sewer system improvements.
- Governmental activity net capital assets increased by \$22.4 million, \$20.9 million, or 93% of which was related to high school renovation project improvements.

Additional information on the City’s capital assets may be found in Note 5 to the financial statements.

**Debt outstanding** – At June 30, 2003, the City had total long term debt outstanding of \$83.2 million, \$61.5 million for governmental activities and \$21.7 million for business-type activities. The governmental activity debt includes \$32.2 million in bonds and \$29.3 million in bond anticipation notes. All debt is a general obligation of the City, although water and sewer debt service payments are made from the resources of the enterprise funds.

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

	Governmental activities		Business-type activities		Total	
	2003	2002	2003	2002	2003	2002
Education buildings	\$ 56,478,750	\$ 25,842,925	\$ -	\$ -	\$ 56,478,750	\$ 25,842,925
Municipal buildings	105,000	475,825	-	-	105,000	475,825
Public safety equipment	30,000	60,000	-	-	30,000	60,000
Landfill closure	2,225,900	2,364,800	-	-	2,225,900	2,364,800
Street reconstruction	25,000	50,000	-	-	25,000	50,000
State pension funding loan	2,600,000	2,600,000	-	-	2,600,000	2,600,000
Water system	-	-	7,346,451	5,622,730	7,346,451	5,622,730
Sanitary sewer system	-	-	14,366,792	14,483,316	14,366,792	14,483,316
Total long term debt	\$ 61,464,650	\$ 31,393,550	\$ 21,713,243	\$ 20,106,046	\$ 83,177,893	\$ 51,499,596

During the year just ended, the City added \$9 million in new bonds and \$29.3 million in new education building bond anticipation notes, and retired \$6.6 million in existing bonds. General fund interest and principal payments on long term debt amounted to \$6.2 million or 2.6% of total revenues and transfers from other funds.



All existing long term debt, except for subsidized landfill closure and sanitary sewer obligations to the Massachusetts Water Pollution Abatement Trust, will be retired within the next ten years. All landfill and sanitary sewer debt will be repaid in full by the year 2023.

At June 30, 2003 the City's authorized and unissued long term debt amounted to \$104.1 million and consisted of the following:

Description	July 1, 2002 Unissued Balance	New/ (Rescissions)	Bonds Issued	June 30, 2003 Unissued Balance
High school renovations	\$ 94,970,527	\$ -	\$ (5,700,000)	\$ 89,270,527
Sewer system	803,383	1,244,039	(624,140)	1,423,282
Sewer system - MWPAT	3,264,941	-	(120,584)	3,144,357
Water system improvements	7,883,247	-	(2,586,019)	5,297,228
Kessler woods land acquisition	-	5,000,000	-	5,000,000
Total	\$ 106,922,098	\$ 6,244,039	\$ (9,030,743)	\$ 104,135,394

A total of \$29.2 million of the high school renovation authorization was outstanding in the form of bond anticipation notes at June 30, 2003. Subsequent to year end, an additional \$16.7 million in short term debt was issued for high school renovations. Total General Fund interest expenditures on short-term debt were \$588,277.

New debt authorizations were voted for continuation of the sanitary sewer infiltration and inflow reduction program, and for open space land acquisition.

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

Additional information on the City's long-term debt can be found in Note 8 to the financial statements.

### Economic Factors and Next Year's Budget and Rates

- According to the U.S. Census Bureau, the median family income for the City for calendar year 2000 was \$105,289. This compares with the state and national median family incomes of \$61,664 and \$50,046 respectively. The City's 2000 per capita income was \$45,708, compared with \$25,952 for the state and \$21,587 for the nation as a whole.
- According to the Commonwealth of Massachusetts Division of Employment and Training, the unemployment rate for the City for calendar year 2002 was 3.5%, which also compares with state and national unemployment rates of 5.3% and 5.8% respectively.
- According to the City's Board of Assessors, the average 2003 single family home in Newton was valued at \$593,537 (median value is \$525,000); the average two-family home is valued at \$441,439 (median value is \$426,600); the average commercial property is valued at \$1,722,509 (median value is \$571,200); and the average industrial property is valued at \$1,667,066 (median value is \$654,000).

The Mayor and Board of Aldermen have approved a fiscal year 2004 general fund operating budget of \$230.1 million, \$4 million of which consists of appropriations brought forward from the fiscal year ended June 30, 2003. This represents a \$1.8 million (0.8%) decrease from the final fiscal year 2003 budget.

## **Request for Information**

This financial report is designed to provide a general overview of the City's finances for all of those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to: either: Comptroller's Office, City of Newton, 1000 Commonwealth Avenue, Newton, Massachusetts 02459 or [dwilkinson@ci.newton.ma.us](mailto:dwilkinson@ci.newton.ma.us).

CITY OF NEWTON, MASSACHUSETTS  
STATEMENT OF NET ASSETS  
JUNE 30, 2003

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	\$ 57,173,805	\$	11,492,349	\$ 68,666,154
Investments	4,543,545		-	4,543,545
Receivables, net of allowance for uncollectibles:				
Real estate and personal property taxes	6,299,170		-	6,299,170
Tax and utility liens	969,622		-	969,622
Motor vehicle excise	890,676		-	890,676
Charges for service	317,027		9,818,595	10,135,622
Departmental and other	1,436,401		70,699	1,507,100
Intergovernmental	3,168,368		-	3,168,368
Special assessments	579,867		167,535	747,402
Interest & dividends	491,077		-	491,077
Loans	69,538		-	69,538
Other assets	66,807		3,344	70,151
<b>Total Current Assets</b>	<b>76,005,903</b>		<b>21,552,522</b>	<b>97,558,425</b>
Non current assets:				
Cash and cash equivalents	923,702		1,092,299	2,016,001
Investments	3,172,168		-	3,172,168
Receivables, net of allowance for uncollectibles:				
Structured settlement contract	2,850,000		-	2,850,000
Departmental and other	3,458,505		-	3,458,505
Loans	2,839,971		-	2,839,971
Capital assets:				
Nondepreciable	45,507,399		284,785	45,792,184
Depreciable, net of accumulated depreciation	89,313,430		48,788,427	138,101,857
<b>Total Non Current Assets</b>	<b>148,065,175</b>		<b>50,165,511</b>	<b>198,230,686</b>
<b>Total Assets</b>	<b>224,071,078</b>		<b>71,718,033</b>	<b>295,789,111</b>
<b>LIABILITIES:</b>				
Current liabilities:				
Warrants payable	6,243,286		979,184	7,222,470
Accrued liabilities	4,402,351		1,119,190	5,521,541
Accrued payroll	6,736,862		18,739	6,755,601
Revenue refunds payable	1,872,562		-	1,872,562
Health claims payable	4,653,348		-	4,653,348
Other Liabilities	1,571,543		-	1,571,543
Accrued interest	978,652		95,812	1,074,464
Landfill closure	33,400		-	33,400
Bonds payable	4,281,100		1,899,525	6,180,625
Compensated absences	2,546,282		115,245	2,661,527
Claims and judgments	50,000		-	50,000
Workers compensation benefits	2,053,410		-	2,053,410
Liabilities payable from restricted assets	-		359,592	359,592
<b>Total Current Liabilities</b>	<b>35,422,796</b>		<b>4,587,287</b>	<b>40,010,083</b>
Non current liabilities:				
Bond anticipation notes payable	29,250,000		-	29,250,000
Claims and judgments	721,389		-	721,389
Bonds payable	27,933,550		19,813,718	47,747,268
Compensated absences	5,750,566		188,682	5,939,248
Workers compensation benefits	4,797,517		-	4,797,517
Landfill closure	801,600		-	801,600
<b>Total Non Current Liabilities</b>	<b>69,254,622</b>		<b>20,002,400</b>	<b>89,257,022</b>
<b>Total Liabilities</b>	<b>\$ 104,677,418</b>	\$	<b>24,589,687</b>	<b>\$ 129,267,105</b>

CITY OF NEWTON, MASSACHUSETTS  
STATEMENT OF NET ASSETS (continued)  
JUNE 30, 2003

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	\$ 78,182,079	\$ 31,291,183	\$ 109,473,262
Restricted for:			
Street & sidewalk improvements	132,459	-	132,459
Water & sewer system improvements	-	732,707	732,707
Community development activities	3,933,264	-	3,933,264
Community preservation activities	6,677,391	-	6,677,391
Education activities	1,040,076	-	1,040,076
Perpetual funds:			
Expendable	923,315	-	923,315
Non-expendable	396,933	-	396,933
Other Purposes	1,475,516	-	1,475,516
Unrestricted	<u>26,632,627</u>	<u>15,104,456</u>	<u>41,737,083</u>
<b>Total Net Assets</b>	<b>\$ <u>119,393,660</u></b>	<b>\$ <u>47,128,346</u></b>	<b>\$ <u>166,522,006</u></b>

CITY OF NEWTON, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES:</b>					
<b>General Government</b>					
Legislative & Executive	\$ 1,825,312	\$ 207,402	\$ -	\$ -	\$ (1,617,910)
Elections	630,583	5,868	20,315	-	(604,400)
Financial administration	3,066,209	523,467	-	-	(2,542,742)
Administrative support	4,046,798	305,669	35,234	-	(3,705,895)
Planning & development	7,256,721	472,181	6,792,264	-	7,724
Public building maintenance & operation	3,323,632	564,604	21,546	-	(2,737,482)
<b>Public Safety</b>					
Police	20,842,148	3,259,192	730,389	-	(16,852,567)
Fire	18,456,141	387,451	88,237	-	(17,980,453)
Inspectional services	1,282,459	3,680,350	-	-	2,397,891
Other public safety	54,536	20,805	5,518	-	(28,213)
				-	
<b>Education</b>	157,020,633	6,114,998	35,201,635	1,681,936	(114,022,064)
<b>Public Works</b>					
Streets & sidewalks	8,738,371	1,373,780	-	642,477	(6,722,114)
Control of snow & ice	2,471,129	-	337,312	-	(2,133,817)
Collection & disposal of solid waste	6,811,878	337,719	343,102	-	(6,131,057)
Engineering	966,013	7,947	13,530	-	(944,536)
<b>Public Transportation (including MBTA assessment)</b>	5,259,802	50,794	-	-	(5,209,008)
<b>Health &amp; Human Services</b>					
Public health	2,380,652	132,745	230,314	-	(2,017,593)
Human services	1,275,231	34,651	161,490	-	(1,079,090)
Veteran services	203,648	48,585	11,638	-	(143,425)
<b>Culture &amp; recreation</b>					
Libraries	5,535,805	475,620	129,949	-	(4,930,236)
Parks & recreation	6,052,612	1,688,391	20,555	-	(4,343,666)
Jackson Homestead museum	216,836	5,427	-	-	(211,409)
<b>Interest</b>	2,055,115	-	216,874	361,885	(1,476,356)
Total Governmental Activities	259,772,264	19,697,646	44,359,902	2,686,298	(193,028,418)
<b>BUSINESS-TYPE ACTIVITIES:</b>					
<b>Water</b>	9,138,695	10,273,238	251,839	81,046	1,467,428
<b>Sewer</b>	17,749,399	18,110,473	658,784	528,030	1,547,888
<b>Newton Commonwealth Golf Course</b>	158,753	392,096	-	-	233,343
Total Business - type Activities	27,046,847	28,775,807	910,623	609,076	3,248,659
<b>Total City of Newton</b>	<b>\$ 286,819,111</b>	<b>\$ 48,473,453</b>	<b>\$ 45,270,525</b>	<b>\$ 3,295,374</b>	<b>\$ (189,779,759)</b>

CITY OF NEWTON, MASSACHUSETTS  
STATEMENT OF ACTIVITIES (continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Governmental Activities	Business - type Activities	Total
Changes in net assets:			
Net (expense)/revenue (see previous page)	\$ (193,028,418)	\$ 3,248,659	\$ (189,779,759)
General revenues:			
Real estate & personal property taxes, levied for general purposes	178,891,217	-	178,891,217
Real estate & personal property taxes, levied for community preservation purposes	1,813,888	-	1,813,888
Motor vehicle & other excise taxes	10,006,839	-	10,006,839
Hotel room occupancy taxes	1,151,838	-	1,151,838
Interest & penalties on taxes	1,027,184	-	1,027,184
Payments in lieu of taxes	449,556	-	449,556
Grants & contributions not restricted to specific programs	6,447,414	-	6,447,414
Unrestricted investment income	1,485,848	-	1,485,848
Miscellaneous revenue	665,612	-	665,612
Transfers, net	1,230,245	(1,230,245)	-
Total general revenues and transfers	203,169,641	(1,230,245)	201,939,396
Change in net assets	10,141,223	2,018,414	12,159,637
Net Assets - beginning, as restated	109,252,437	45,109,932	154,362,369
<b>Net Assets - ending</b>	<b>\$ 119,393,660</b>	<b>\$ 47,128,346</b>	<b>\$ 166,522,006</b>

CITY OF NEWTON, MASSACHUSETTS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2003

	<u>General</u>	<u>Community Preservation</u>	<u>High School Renovations</u>	<u>Non Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 30,982,170	\$ 4,904,907	\$ 2,224,685	\$ 13,130,530	\$ 51,242,292
Receivables, net of allowance for uncollectibles:					
Real estate and personal property taxes	6,235,393	63,777	-	-	6,299,170
Tax/utility liens	969,622	-	-	-	969,622
Motor vehicle excise	890,676	-	-	-	890,676
Charges for service	-	-	-	317,027	317,027
Departmental and other	4,507,901	-	-	24,357	4,532,258
Intergovernmental	734,348	1,758,952	-	675,068	3,168,368
Special assessments	579,867	-	-	-	579,867
Structured settlement contract	2,850,000	-	-	-	2,850,000
Interest and dividends	-	-	-	491,077	491,077
Loans	-	-	-	2,909,509	2,909,509
Other assets	14,307	-	-	5,000	19,307
Restricted:					
Cash and cash equivalents	-	-	-	634,443	634,443
Investments	-	-	-	3,172,168	3,172,168
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	47,764,284	6,727,636	2,224,685	21,359,179	78,075,784
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES:</b>					
Warrants payable	3,982,941	44,285	1,472,905	703,083	6,203,214
Accrued liabilities	2,100,890	5,960	1,033,078	1,238,701	4,378,629
Accrued payroll	6,341,373	-	-	395,489	6,736,862
Revenue refunds payable	1,872,562	-	-	-	1,872,562
Notes payable	-	-	29,250,000	-	29,250,000
Other liabilities	1,571,543	-	-	-	1,571,543
Deferred revenue	14,734,473	1,814,595	-	548,523	17,097,591
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	30,603,782	1,864,840	31,755,983	2,885,796	67,110,401
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>FUND BALANCES (DEFICITS):</b>					
Reserved for:					
Encumbrances and continued appropriations	4,028,007	4,312,838	21,554,820	-	29,895,665
Loans	-	-	-	2,549,509	2,549,509
Perpetual permanent funds	-	-	-	396,933	396,933
Other specified purposes	21,307	-	-	2,528,335	2,549,642
Unreserved:					
Designated for subsequent year expenditures	2,200,000	-	-	802,832	3,002,832
Undesignated, reported in:					
General fund	10,911,188	-	-	-	10,911,188
Special revenue funds	-	549,958	-	7,065,663	7,615,621
Capital project funds	-	-	(51,086,118)	4,206,796	(46,879,322)
Permanent funds	-	-	-	923,315	923,315
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances (deficits):	17,160,502	4,862,796	(29,531,298)	18,473,383	10,965,383
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total Liabilities and Fund Balances (deficits)	\$ 47,764,284	\$ 6,727,636	\$ 2,224,685	\$ 21,359,179	\$ 78,075,784

CITY OF NEWTON, MASSACHUSETTS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2003

Total governmental fund balances (page 5) \$ 10,965,383

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources  
and, therefore, are not reported in the funds 134,820,829

Other assets not available to pay for current period  
expenditures and, therefore, are deferred in the funds:

Real estate & personal property taxes	6,168,011
Motor excise taxes	554,525
Parking violation fines	858,283
121A Urban redevelopment deferred in lieu of tax payments	2,017,011
Special assessments	579,867
Warren school ground lease	1,500,000
Starck structured settlement	2,850,000
Community preservation fund property tax surcharges	45,663
Community preservation state matching funds	1,768,932
Other state grants	183,949
Other miscellaneous	571,350
	<u>17,097,591</u>

Internal service funds are used by management to account for health,  
workers compensation, property and liability insurance activities  
The assets and liabilities of the internal service funds are included  
in governmental activities in the Statement of Net Assets (393,604)

In the statement of activities, interest is accrued on outstanding long-term debt,  
whereas in the governmental funds interest is not reported until due (978,652)

Long term liabilities are not due and payable in the current period and,  
therefore, are not reported in the governmental funds.

Bonds and notes payable	(32,214,650)
Landfill closure liability	(835,000)
Claims and judgments	(771,389)
Compensated absences	(8,296,848)
	<u>(42,117,887)</u>

Net assets of governmental activities (page 2) \$ 119,393,660



CITY OF NEWTON, MASSACHUSETTS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>General</u>	<u>Community Preservation</u>	<u>High School Renovations</u>	<u>Non Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Real estate and personal property taxes	\$ 179,025,142	\$ 1,768,225	\$ -	\$ -	\$ 180,793,367
Motor vehicle excise taxes	10,645,450	-	-	-	10,645,450
Hotel room occupancy taxes	1,151,838	-	-	-	1,151,838
Penalties and interest on taxes	1,027,184	-	-	-	1,027,184
Licenses and permits	4,307,738	-	-	258,447	4,566,185
Intergovernmental	37,736,088	1,585,478	-	13,922,586	53,244,152
Charges for service	1,860,918	4	-	9,381,689	11,242,611
Fines and forfeitures	1,706,197	-	-	11,003	1,717,200
Investment income	1,050,543	45,128	-	345,453	1,441,124
Contributions and donations	-	1,200	-	1,367,599	1,368,799
Payments in lieu of taxes	377,867	-	-	-	377,867
Miscellaneous	1,137,164	-	-	141,603	1,278,767
Total revenues	<u>240,026,129</u>	<u>3,400,035</u>	<u>-</u>	<u>25,428,380</u>	<u>268,854,544</u>
<b>EXPENDITURES</b>					
General Government:					
Legislative & Executive	1,586,951	-	-	751	1,587,702
Elections	532,953	-	-	14,298	547,251
Financial administration	2,582,884	-	-	-	2,582,884
Administrative support	3,772,705	-	-	22,929	3,795,634
Planning & development	823,341	69,362	-	6,173,085	7,065,788
Public building maintenance & operations	2,799,497	-	-	2,600	2,802,097
Public Safety:					
Police	14,560,627	-	-	1,772,254	16,332,881
Fire	14,242,881	-	-	201,044	14,443,925
Inspectional services	1,054,857	-	-	-	1,054,857
Other public safety	69,073	-	-	-	69,073
Education	123,110,892	-	20,911,690	14,382,438	158,405,020
Public Works:					
Streets & sidewalks	6,101,647	-	-	719,635	6,821,282
Control of snow & ice	2,202,045	-	-	-	2,202,045
Collection & disposal of solid waste	5,631,270	-	-	267,213	5,898,483
Vehicle maintenance	1,986,088	-	-	-	1,986,088
Engineering	668,318	-	-	-	668,318
Administration & support	1,619,185	-	-	-	1,619,185
Public Transportation (includes MBTA charges)	4,885,263	-	-	374,539	5,259,802
Health & Human Services					
Public health	1,747,986	-	-	288,024	2,036,010
Human services	966,960	-	-	185,800	1,152,760
Veteran services	200,022	-	-	-	200,022
Culture & Recreation					
Libraries	4,256,125	-	-	476,653	4,732,778
Parks & recreation	4,679,235	2,000	-	860,815	5,542,050
Jackson Homestead museum	187,089	-	-	112	187,201
Retirement benefits	29,194,857	-	-	49,667	29,244,524
Property & liability insurance	261,758	-	-	-	261,758
Workers compensation insurance	1,202,870	-	-	-	1,202,870
Claims & judgments	118,032	-	-	-	118,032
State assessments & charges (excluding MBTA)	196,159	-	-	-	196,159
Debt service					
Principal	4,878,900	-	-	-	4,878,900
Interest	1,929,122	-	-	-	1,929,122
Total expenditures	<u>238,049,592</u>	<u>71,362</u>	<u>20,911,690</u>	<u>25,791,857</u>	<u>284,824,501</u>
Excess/(deficiency) of revenues over expenditures	<u>1,976,537</u>	<u>3,328,673</u>	<u>(20,911,690)</u>	<u>(363,477)</u>	<u>(15,969,957)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	3,833,245	-	717,000	3,703,790	8,254,035
Transfers out	(4,088,023)	-	-	(2,935,767)	(7,023,790)
Proceeds from general obligation bonds	-	-	5,700,000	-	5,700,000
Total other financing sources and uses	<u>(254,778)</u>	<u>-</u>	<u>6,417,000</u>	<u>768,023</u>	<u>6,930,245</u>
Net change in fund balances	<u>1,721,759</u>	<u>3,328,673</u>	<u>(14,494,690)</u>	<u>404,546</u>	<u>(9,039,712)</u>
Fund balances (deficits) - beginning of the year, as restated	<u>15,438,743</u>	<u>1,534,123</u>	<u>(15,036,608)</u>	<u>18,068,837</u>	<u>20,005,095</u>
Fund balances (deficits) - end of the year	<u>\$ 17,160,502</u>	<u>\$ 4,862,796</u>	<u>\$ (29,531,298)</u>	<u>\$ 18,473,383</u>	<u>\$ 10,965,383</u>

CITY OF NEWTON, MASSACHUSETTS  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

Net change in fund balances - total governmental funds (page 7 )	\$	(9,039,712)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which net capital outlay additions (\$27,409,570) exceeded depreciation (\$5,021,339) in the current period. (see note 5)</p>		
		22,388,231
<p>Revenues in the Statement of Activities that are not reported as revenue in the governmental funds</p>		
		(434,503)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayments of the principal of long term debt consumes financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of the difference between bond maturities (\$4,878,900) and new debt issuance (\$5,700,000) (see note 8)</p>		
		(821,100)
<p>In the Statement of Activities, interest is accrued on outstanding long-term debt whereas in governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable</p>		
		(125,993)
<p>Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount represents the net change in the following liabilities:</p>		
Compensated absences		(304,494)
Claims and judgments		(771,389)
Landfill post closure liability		(185,000)
<p>Internal service funds are used by management to account for health insurance, workers compensation, liability and property insurance activities. The net activity of internal service funds is reported with Governmental Activities</p>		
		(564,817)
<hr style="border: 1px solid black;"/>		
Change in net assets of governmental activities (page 4 )	\$	10,141,223

CITY OF NEWTON, MASSACHUSETTS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETARY BASIS  
BUDGET TO ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/(Negative)
<b>REVENUES</b>				
Real estate and personal property taxes	\$ 176,733,897	\$ 177,652,048	\$ 179,656,942	\$ 2,004,894
Motor vehicle excise taxes	9,804,103	9,848,559	10,645,450	796,891
Hotel room occupancy taxes	1,345,000	1,345,000	1,151,838	(193,162)
Penalties and interest on taxes	800,000	800,000	1,027,184	227,184
Licenses and permits	2,888,000	2,883,815	4,307,738	1,423,923
Intergovernmental	20,780,484	21,547,844	21,497,872	(49,972)
Charges for service	1,248,079	1,310,211	1,860,918	550,707
Fines and forfeitures	1,474,109	1,573,887	1,706,197	132,310
Investment income	2,467,500	1,700,000	1,050,543	(649,457)
Contributions and donations	-	-	-	-
Payments in lieu of taxes	360,000	310,000	377,867	67,867
Miscellaneous	533,354	1,135,718	1,137,164	1,446
Total revenues	<u>218,434,526</u>	<u>220,107,082</u>	<u>224,419,713</u>	<u>4,312,631</u>
<b>EXPENDITURES</b>				
General Government:				
City Clerk/Clerk of the Board of Aldermen	958,616	992,576	961,097	31,479
Mayor's Office	634,613	632,280	618,354	13,926
Comptroller/Property & Liability Insurance	706,366	753,238	656,795	96,443
Purchasing/General Services	517,363	527,164	500,944	26,220
Assessing	1,678,025	1,668,398	1,147,582	520,816
Treasury/Collections/Parking Violations	1,011,800	1,011,282	940,265	71,017
City Solicitor/Judgements & Settlements	1,181,962	1,425,052	1,399,959	25,093
Human Resources	755,626	747,874	719,228	28,646
City Physician	20,450	20,450	15,479	4,971
Information Technology	1,002,774	1,004,920	953,921	50,999
Election Commission	566,380	565,023	532,953	32,070
Licensing	1,896	1,896	1,253	643
Planning & Development	851,079	843,440	780,079	63,361
Public Buildings	2,205,094	2,198,554	2,055,166	143,388
Public Safety:				
Police	13,942,212	14,621,727	14,398,848	222,879
Fire	13,569,403	13,975,629	13,759,313	216,316
Inspection Services	1,034,889	1,048,162	1,041,315	6,847
Civil Defense	14,648	15,158	8,851	6,307
Sealer of Weights & Measures	58,226	61,360	58,222	3,138
Ambulance Service	11,000	11,000	2,000	9,000
Education	123,524,382	122,473,621	121,555,447	918,174
Public Works	17,541,710	19,204,651	18,155,841	1,048,810
Health and Human Services:				
Public Health	1,742,400	1,765,585	1,736,921	28,664
Human Services	999,790	988,852	902,493	86,359
Veteran Services	170,900	175,910	172,040	3,870
Culture and Recreation:				
Newton Public Library	4,201,742	4,241,987	4,237,781	4,206
Parks & Recreation	3,988,633	4,454,270	4,340,131	114,139
Jackson Homestead Museum	197,586	190,371	187,089	3,282
Undistributed Employee/Retiree Benefits	741,842	755,842	734,749	21,093
Debt maturities & interest	6,621,472	6,621,472	6,571,462	50,010
Retirement benefits	13,272,496	13,417,448	13,342,928	74,520
Budget reserve (contingency)	1,673,300	139,404	-	139,404
Wage and salary reserve	628,359	-	-	-
State assessments and charges	5,057,971	5,068,555	5,081,422	(12,867)
Special appropriations (capital outlay and special purposes)	2,792,635	4,944,626	2,249,653	2,694,973
Total expenditures	<u>223,877,640</u>	<u>226,567,777</u>	<u>219,819,581</u>	<u>6,748,196</u>
Excess/(deficiency) of revenues over expenditures	<u>(5,443,114)</u>	<u>(6,460,695)</u>	<u>4,600,132</u>	<u>11,060,827</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,180,996	3,694,933	4,032,245	(337,312)
Transfers out	(2,500,037)	(5,394,967)	(5,390,893)	4,074
Total other financing sources and uses	<u>(319,041)</u>	<u>(1,700,034)</u>	<u>(1,358,648)</u>	<u>341,386</u>
Net change in fund balance	<u>(5,762,155)</u>	<u>(8,160,729)</u>	<u>3,241,484</u>	<u>11,402,213</u>
Budgetary fund balance - beginning of year	<u>16,634,540</u>	<u>16,634,540</u>	<u>16,634,540</u>	<u>-</u>
Budgetary fund balance - end of year	<u>\$ 10,872,385</u>	<u>\$ 8,473,811</u>	<u>\$ 19,876,024</u>	<u>\$ 11,402,213</u>

CITY OF NEWTON, MASSACHUSETTS  
COMMUNITY PRESERVATION FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETARY BASIS - GAAP  
BUDGET TO ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/(Negative)
<b>REVENUES</b>				
Real estate and personal property taxes	\$ 1,762,000	\$ 1,762,000	\$ 1,768,225	\$ 6,225
Intergovernmental	1,585,478	1,585,478	1,585,478	-
Charges for service	-	-	4	4
Investment income	802	802	45,128	44,326
Contributions and donations	-	-	1,200	1,200
Total revenues	<u>3,348,280</u>	<u>3,348,280</u>	<u>3,400,035</u>	<u>51,755</u>
<b>EXPENDITURES</b>				
General Government:				
Planning & Development				
Administration & operations	50,000	50,000	21,830	28,170
Open space				
Kessler Woods land acquisition	-	50,000	46,282	3,718
Elgin Street conservation land	-	245,000	-	245,000
Flowed Meadow improvements	-	74,250	-	74,250
Forte conservation land	-	732,600	-	732,600
Community housing:				
Nonantum Village Place	-	850,000	-	850,000
Cambria Road Rental Housing	-	200,000	-	200,000
Christina Street Housing	-	378,000	1,250	376,750
Forte conservation land	-	377,400	-	377,400
Public Buildings				
Historic resources				
City Hall window replacement	-	119,400	-	119,400
City Hall balustrade replacement	-	175,660	-	175,660
City Hall lighting improvement	-	96,200	-	96,200
Newton Corner Library improvements	-	195,129	-	195,129
Education				
Recreation use				
Memorial-Spaulding outdoor classroom	-	23,718	-	23,718
Culture and Recreation:				
Parks & Recreation				
Recreation use				
Forte Park improvements	-	500,000	-	500,000
Albemarle community classroom	-	99,931	-	99,931
Bowen field irrigation	-	56,805	2,000	54,805
Jackson Homestead Museum				
Historic resources				
Historical burial grounds restoration	-	188,277	-	188,277
Budget reserve	3,348,280	457,277	-	457,277
Total expenditures	<u>3,398,280</u>	<u>4,869,647</u>	<u>71,362</u>	<u>4,798,285</u>
Excess/(deficiency) of revenues over expenditures	<u>(50,000)</u>	<u>(1,521,367)</u>	<u>3,328,673</u>	<u>4,850,040</u>
Net change in fund balance	<u>(50,000)</u>	<u>(1,521,367)</u>	<u>3,328,673</u>	<u>4,850,040</u>
Budgetary fund balance - beginning of year	<u>1,534,123</u>	<u>1,534,123</u>	<u>1,534,123</u>	<u>-</u>
Budgetary fund balance - end of year	<u>\$ 1,484,123</u>	<u>\$ 12,756</u>	<u>\$ 4,862,796</u>	<u>\$ 4,850,040</u>

CITY OF NEWTON, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2003

	Business type activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Sewer Fund	Water Fund	Newton Commonwealth Golf Fund (As of 12/31/2002)	Total	
<b>ASSETS:</b>					
Current assets:					
Cash and cash equivalents	\$ 4,165,939	\$ 6,666,618	\$ 659,792	\$ 11,492,349	\$ 6,220,772
Investments	-	-	-	-	4,543,545
Receivables, net of allowance for uncollectibles:					
Charges for service	6,474,929	3,343,666	-	9,818,595	-
Departmental and other	-	-	70,699	70,699	362,648
Special assessments	167,535	-	-	167,535	-
Other assets	637	675	2,032	3,344	-
<b>Total Current Assets</b>	<u>10,809,040</u>	<u>10,010,959</u>	<u>732,523</u>	<u>21,552,522</u>	<u>11,126,965</u>
Non current assets:					
Restricted:					
Cash and cash equivalents	397,874	694,425	-	1,092,299	-
Other assets	-	-	-	-	47,500
Capital assets:					
Nondepreciable	26,245	258,540	-	284,785	-
Depreciable, net of accumulated depreciation	31,007,203	17,373,559	407,665	48,788,427	-
<b>Total Non Current Assets</b>	<u>31,431,322</u>	<u>18,326,524</u>	<u>407,665</u>	<u>50,165,511</u>	<u>47,500</u>
<b>Total Assets</b>	<u>42,240,362</u>	<u>28,337,483</u>	<u>1,140,188</u>	<u>71,718,033</u>	<u>11,174,465</u>
<b>LIABILITIES:</b>					
Current liabilities:					
Warrants payable	642,571	336,613	-	979,184	40,072
Accrued liabilities	477,822	641,368	-	1,119,190	23,722
Accrued payroll	1,000	17,739	-	18,739	-
Health claims payable	-	-	-	-	4,653,348
Accrued interest	90,430	5,382	-	95,812	-
Bonds and notes payable	1,001,619	897,906	-	1,899,525	-
Compensated absences	64,194	51,051	-	115,245	-
Workers compensation benefits	-	-	-	-	2,053,410
Liabilities payable from restricted assets:					
Customer deposits payable	243,543	116,049	-	359,592	-
<b>Total Current Liabilities</b>	<u>2,521,179</u>	<u>2,066,108</u>	<u>-</u>	<u>4,587,287</u>	<u>6,770,552</u>
Non current liabilities:					
Bonds and notes payable	13,365,173	6,448,545	-	19,813,718	-
Workers compensation benefits	-	-	-	-	4,797,517
Compensated absences	75,215	113,467	-	188,682	-
<b>Total Non Current Liabilities</b>	<u>13,440,388</u>	<u>6,562,012</u>	<u>-</u>	<u>20,002,400</u>	<u>4,797,517</u>
<b>Total Liabilities</b>	<u>15,961,567</u>	<u>8,628,120</u>	<u>-</u>	<u>24,589,687</u>	<u>11,568,069</u>
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	17,500,750	13,382,768	407,665	31,291,183	-
Restricted for Water & Sewer system improvements	154,331	578,376	-	732,707	-
Unrestricted	8,623,714	5,748,219	732,523	15,104,456	(393,604)
<b>Total Net Assets</b>	<u>\$ 26,278,795</u>	<u>\$ 19,709,363</u>	<u>\$ 1,140,188</u>	<u>\$ 47,128,346</u>	<u>\$ (393,604)</u>

CITY OF NEWTON, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Business type activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Sewer Fund	Water Fund	Newton Commonwealth Golf Fund (As of 12/31/2002)	Total	
<b>Operating revenues</b>					
Charges for service	\$ 17,967,712	\$ 10,255,076	\$ 382,279	\$ 28,605,067	\$ -
Employer contributions	-	-	-	-	24,471,205
Employees contributions	-	-	-	-	6,006,053
Miscellaneous	142,761	18,162	-	160,923	-
Total operating revenues	<u>18,110,473</u>	<u>10,273,238</u>	<u>382,279</u>	<u>28,765,990</u>	<u>30,477,258</u>
<b>Operating expenses</b>					
Salaries, wages, and employee benefits	1,501,915	2,193,962	-	3,695,877	1,878,346
Other operating expenses	510,040	491,348	114,834	1,116,222	2,020,592
MWRA charges	14,031,148	5,503,691	-	19,534,839	-
Self insurance claims	97,406	127,000	-	224,406	27,406,338
Depreciation	858,560	547,388	43,919	1,449,867	-
Total operating expenses	<u>16,999,069</u>	<u>8,863,389</u>	<u>158,753</u>	<u>26,021,211</u>	<u>31,305,276</u>
<b>Operating Income/(Loss)</b>	<u>1,111,404</u>	<u>1,409,849</u>	<u>223,526</u>	<u>2,744,779</u>	<u>(828,018)</u>
<b>Non Operating Revenues (Expenses)</b>					
Intergovernmental	658,784	251,839	-	910,623	-
Investment income	-	-	9,817	9,817	263,201
Interest expense	(750,330)	(275,306)	-	(1,025,636)	-
Total non operating revenue (expenses)	<u>(91,546)</u>	<u>(23,467)</u>	<u>9,817</u>	<u>(105,196)</u>	<u>263,201</u>
<b>Income/(loss) before capital contributions &amp; transfers</b>	<u>1,019,858</u>	<u>1,386,382</u>	<u>233,343</u>	<u>2,639,583</u>	<u>(564,817)</u>
Capital contributions	528,030	81,046	-	609,076	-
Transfers out	(754,567)	(376,663)	(99,015)	(1,230,245)	-
<b>Change in Net Assets</b>	<u>793,321</u>	<u>1,090,765</u>	<u>134,328</u>	<u>2,018,414</u>	<u>(564,817)</u>
Net Assets - beginning of the year, as restated	25,485,474	18,618,598	1,005,860	45,109,932	171,213
<b>Net Assets - end of the year</b>	<u>\$ 26,278,795</u>	<u>\$ 19,709,363</u>	<u>\$ 1,140,188</u>	<u>\$ 47,128,346</u>	<u>\$ (393,604)</u>

CITY OF NEWTON, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Business type activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Sewer Fund	Water Fund	Newton Commonwealth Golf Fund (As of 12/31/2002)	Total	
<b>Cash Flows from Operating Activities</b>					
Receipts from customers and users	\$ 17,123,323	\$ 9,417,290	\$ 341,243	\$ 26,881,856	\$ 6,006,053
Receipts from interfund services provided	-	-	-	-	24,471,205
Payments to vendors/providers	(14,078,062)	(5,705,706)	(116,866)	(19,900,634)	(29,995,987)
Payments to employees	(1,463,242)	(2,174,008)	-	(3,637,250)	-
Payments for interfund services used	(97,406)	(127,000)	-	(224,406)	-
<b>Net cash provided by operating activities</b>	<u>1,484,613</u>	<u>1,410,576</u>	<u>224,377</u>	<u>3,119,566</u>	<u>481,271</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers out	(754,567)	(376,663)	(99,015)	(1,230,245)	-
Intergovernmental subsidies	658,784	251,839	-	910,623	-
<b>Net cash (used for) noncapital financing activities</b>	<u>(95,783)</u>	<u>(124,824)</u>	<u>(99,015)</u>	<u>(319,622)</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Proceeds from issuance of bonds and notes	1,578,772	2,586,019	-	4,164,791	-
Intergovernmental subsidies	528,030	81,046	-	609,076	-
Acquisition and construction of capital assets	(1,895,375)	(3,415,920)	(33,741)	(5,345,036)	-
Principal payments on bonds and notes	(861,248)	(862,298)	-	(1,723,546)	-
Interest expense	(726,275)	(272,445)	-	(998,720)	-
<b>Net cash (used for) capital and related financing activities</b>	<u>(1,376,096)</u>	<u>(1,883,598)</u>	<u>(33,741)</u>	<u>(3,293,435)</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>					
Sale of investments	-	-	11,119	11,119	459,213
Investment income	-	-	9,817	9,817	263,201
<b>Net cash provided by investment activities</b>	<u>-</u>	<u>-</u>	<u>20,936</u>	<u>20,936</u>	<u>722,414</u>
<b>Net Change in Cash and cash equivalents</b>	<u>12,734</u>	<u>(597,846)</u>	<u>112,557</u>	<u>(472,555)</u>	<u>1,203,685</u>
<b>Cash and cash equivalents - Beginning</b>	<u>4,551,079</u>	<u>7,958,889</u>	<u>547,235</u>	<u>13,057,203</u>	<u>5,017,087</u>
<b>Cash and cash equivalents - Ending</b>	<u>4,563,813</u>	<u>7,361,043</u>	<u>659,792</u>	<u>12,584,648</u>	<u>6,220,772</u>
<b>Reconciliation of operating income/(loss) to net cash provided by operating activities:</b>					
Operating income (loss)	1,111,404	1,409,849	223,526	2,744,779	(828,018)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	858,560	547,388	43,919	1,449,867	-
Changes in assets and liabilities					
Charges for service	(740,233)	(619,450)	(41,036)	(1,400,719)	-
Other assets	(637)	-	(2,032)	(2,669)	(362,648)
Warrants payable	476,079	(45,909)	-	430,170	(8,137)
Accrued liabilities	(321,055)	97,702	-	(223,353)	1,680,074
Accrued payroll	(1,987)	(1,701)	-	(3,688)	-
Compensated absences	40,660	21,655	-	62,315	-
Liabilities due depositors	61,822	1,042	-	62,864	-
Total adjustments	<u>373,209</u>	<u>727</u>	<u>851</u>	<u>374,787</u>	<u>1,309,289</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 1,484,613</u>	<u>\$ 1,410,576</u>	<u>\$ 224,377</u>	<u>\$ 3,119,566</u>	<u>\$ 481,271</u>



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CITY OF NEWTON, MASSACHUSETTS  
 FIDUCIARY FUNDS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2003

	Pension Trust Fund (As of 12/31/2002)	Private Purpose Trust Funds	Agency Fund
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 18,469,589	\$ 2,445,246	\$ 1,343,585
Investments, at fair value			
U.S. government treasury securities	6,936,732	2,511,505	-
U.S. government agency securities	28,581,307	-	-
Other fixed income securities	25,034,824	106,182	-
Domestic equity securities	82,316,246	3,104,687	-
Real estate	12,854,461	-	-
International equity securities	16,536,873	-	-
Total investments	<u>172,260,443</u>	<u>5,722,374</u>	<u>-</u>
Receivables, net of allowance for uncollectibles:			
Interest and dividends	14,481	-	-
Other accounts receivable and contributions	48,024	-	-
Loans	-	294,958	612,619
Other Assets	<u>3,071</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>190,795,608</u>	<u>8,462,578</u>	<u>1,956,204</u>
<b>LIABILITIES:</b>			
Warrants payable	-	2,296	76,723
Payroll withholdings	-	-	733,692
Accrued liabilities	8,682	-	-
Other liabilities	<u>-</u>	<u>19,058</u>	<u>1,145,789</u>
<b>Total Liabilities</b>	<u>8,682</u>	<u>21,354</u>	<u>1,956,204</u>
<b>NET ASSETS:</b>			
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 190,786,926</u>	<u>\$ 8,441,224</u>	<u>\$ -</u>

CITY OF NEWTON, MASSACHUSETTS  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Pension Trust Fund (As of 12/31/2002)	Private Purpose Trust Funds
<b>ADDITIONS:</b>		
Contributions:		
Employers	\$ 7,740,395	\$ -
Employees	5,714,029	-
Private Donations	-	123,956
<b>Total contributions</b>	<u>13,454,424</u>	<u>123,956</u>
Investment Earnings:		
Interest & dividends	5,973,790	118,831
Net increase (decrease) in fair value of investments	<u>(26,267,269)</u>	<u>395,441</u>
<b>Total Investment earnings</b>	<u>(20,293,479)</u>	<u>514,272</u>
Less: investment expense	<u>912,983</u>	<u>-</u>
<b>Net investment income</b>	<u>(21,206,462)</u>	<u>514,272</u>
Intergovernmental (cost of living adjustment-state share)	<u>1,258,280</u>	<u>-</u>
<b>Total Additions</b>	<u>(6,493,758)</u>	<u>638,228</u>
<b>DEDUCTIONS:</b>		
Retirement benefits	20,080,964	-
Refunds of contributions & Transfers to other systems	1,409,636	-
Administrative expense	84,502	27,364
Salaries, wages, and employee benefits	138,753	-
Educational scholarships & awards	-	288,470
Public assistance	<u>-</u>	<u>75,640</u>
<b>Total Deductions</b>	<u>21,713,855</u>	<u>391,474</u>
<b>Change in Net Assets</b>	<u>(28,207,613)</u>	<u>246,754</u>
<b>Net Assets - Beginning of Year</b>	<u>218,994,539</u>	<u>8,194,470</u>
<b>Net Assets - End of Year</b>	<u>\$ 190,786,926</u>	<u>\$ 8,441,224</u>



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## CITY OF NEWTON, MASSACHUSETTS

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

### Note 1 - Summary of Significant Accounting Policies.

#### A. Reporting Entity

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

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

The accompanying financial statements present the activities of the City and its component units, legally separate organizations for which the City is financially accountable or integrated. The following component units provide services or benefits exclusively or almost exclusively to the City or its employees and are therefore blended and reported as if they were part of the City.

#### Non-Major Governmental Funds:

The Newton Community Development Authority (the Authority) was established in 1975 pursuant to Chapter 705 of the Massachusetts General Laws to develop housing programs for low and moderate income families, the elderly and handicapped residents of the City. The Authority is governed solely by the City's Director of Planning and Development, who is appointed by the Mayor, subject to confirmation approval by a majority of the Board of Aldermen.

#### Proprietary Funds:

The Newton Commonwealth Foundation, Inc. (the Foundation) was established for the management of the Newton Commonwealth Golf Course on the site formerly known as the Chestnut Hill Country Club. The Foundation is governed by a (15) member board appointed by the Mayor and subject to confirmation approval by a majority of the Board of Aldermen. The annual operating budget of the Foundation is subject to approval by the Mayor.

#### Fiduciary Funds

The Newton Contributory Retirement System (the System) was established to provide retirement benefits to City employees and their beneficiaries. The System is governed by a five member board comprised of the City Comptroller (ex officio); an appointee of the Mayor; two members elected by the active and retired members of the System, and one member appointed by the other four members.

#### B. Basis of Presentation, Basis of Accounting

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each major function/ service program of the City's governmental activities. Direct expenses are those that are specifically associated with a program and, therefore, are clearly identifiable to a particular service. Vehicle maintenance; pension benefit; property and liability insurance; claims and judgments; and state assessments and charge costs have been allocated to major functions/programs in order to present a more accurate and complete picture of the cost of City services. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the major

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

Internal service funds of the City (which provide services primarily to other funds of the City) are presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of the internal service funds are presented in the governmental activities column when presented at the government-wide level. The costs of these services are allocated to the appropriate function/program (Police, Fire, Control of Snow & Ice, Human Services).

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

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

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

The Board of Aldermen has appropriation authority over all community preservation funds, however, all appropriation recommendations must originate with a nine member community preservation committee.

High School Renovation Fund: This fund accounts for major renovations that are being made to the City's two high schools, and are being financed by the sale of long term debt and state grants.

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

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and permanent funds).

The *permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

The City also reports the following major enterprise funds:

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

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

Newton Commonwealth Golf Fund: This fund accounts for the operation and maintenance of the Newton Commonwealth Golf Course by the Newton Commonwealth Golf Foundation, Inc., a component unit of the City.

The City reports the following fund types:

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

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

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

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

For the government-wide financial statements, and proprietary fund accounting, all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, are applied, unless those pronouncements conflict with or contradict GASB pronouncements.

### **Measurement Focus, Basis of Accounting**

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers revenues reported in the governmental funds to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days after year-end, except for grants, entitlements, and

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

donations for which the availability period is one year. Property taxes, motor excise taxes, charges for service, investment income, and in lieu of tax payments are considered to be susceptible to accrual. Revenue from grants, entitlements, and donations is recognized when all eligibility requirements have been satisfied and they are measurable and available.

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

### C. Assets, Liabilities, and Equity

#### Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

#### Restricted Cash and Investments

Permanent fund cash and investments and cash associated with certain development and water and sewer utility deposits are classified as restricted assets.

#### Receivables

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

Based upon an analysis of water and sewer receivable activity over the past three years, 3% of outstanding water and sewer user charges receivable have been assigned to an allowance for doubtful collections. Real estate taxes receivable are secured by tax liens, and therefore considered to be collectable in full.

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

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

expenditure driven grants, receivables are recognized when the qualifying expenditures are incurred and all other eligibility requirements have been met.

**Inventories**

Since the amount of inventories are not material in total to the financial statements of the City, inventories are recorded as expenditures at the time of purchase.

**Capital Assets**

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets consist of those acquired subsequent to July 1, 2001. Infrastructural capital assets put in place prior to July 1, 2001 must be recorded by June 30, 2006. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' useful lives are not capitalized.

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

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

**Inter-fund Transactions**

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

**Deferred Revenue**

Deferred revenue at the governmental fund financial statement level represents receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue, if appropriate, is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

**Net Assets and Fund Equity**

Government – wide financial statements – Net assets are reported as restricted when constraints placed on net asset use are either: externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Net assets have been reported as restricted for the following purposes:

- Streets and sidewalks represent amounts received /earned from the Commonwealth of Massachusetts under the Chapter 90 program for repair and/or reconstruction of streets and sidewalks.
- Water and sewer system improvements represent amounts received/earned from the Massachusetts Water Resources Authority and Massachusetts Water Pollution Abatement Trust for capital improvements to the City's water distribution and sanitary sewer collection systems.



## CITY OF NEWTON, MASSACHUSETTS

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

- Community development activities represents amounts received/earned by the U.S. Department of Housing and Community Development for community development activities.
- Community preservation activities represent amounts restricted by state statute for open space; historic preservation, and affordable housing under the Community Preservation program.
- Education activities represent amounts received/ earned from the U.S. Department of Education, the Commonwealth of Massachusetts, and various private donors for public education services.
- Perpetual funds – expendable represents amounts held in trust for which the expenditures are restricted by various trust agreements.
- Perpetual funds – non-expendable represents amounts held in trust for which only investment earnings may be expended.
- Other Purposes represents restrictions placed on assets by other outside parties.

Fund financial statements – Fund balances are reserved for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designations of fund balance represent management plans that are subject to change. Fund balances have been reserved for the following purposes:

- Encumbrances and continued appropriations represent amounts obligated under purchase orders, contracts, or other commitments for expenditure that are being carried forward to the ensuing fiscal year.
- Loans represent outstanding loans receivable with continuing compliance requirements.
- Perpetual permanent funds represent amounts held in trust for which only investment earnings may be expended.
- Other specified purposes represent restrictions placed on assets by outside parties.

Fund balances have been designated for the following:

- Subsequent year expenditures represent amounts appropriated by the Mayor and Board of Aldermen for the fiscal year 2004 budget.

### **Long term debt**

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

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

### **Investment Income**

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

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

### **Compensated Absences**

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

### **Post Retirement Benefits**

In addition to providing pension benefits, the City provides health and life insurance coverage for all retired employees and their survivors, including those retired under the Massachusetts Teachers Retirement System (MTRS). The City funds 80% of retiree health insurance premiums, including the reimbursement of 80% of Medicare part B premiums and 50% of a \$5,000 term life insurance premium. The City recognizes its share of the cost of providing such benefits on a pay-as-you-go basis. For the fiscal year ended June 30, 2003 this expenditure totaled \$8.9 million for 2,305 eligible retirees and or survivors.

### **Use of Estimates**

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

## **Note 2 - Stewardship, Compliance, and Accountability**

### **A. Budget Information**

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

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

Although unobligated annual appropriation balances generally lapse at year-end, it is the City's policy to continue certain appropriations into the following year under certain limited circumstances. These are limited to amounts voted as special (multi-year) appropriations (generally capital outlay and improvements), capital maintenance funds, and property tax revaluation program appropriations.

An annual budget is adopted in conformity with the guidelines described above. The original fiscal year 2003 General Fund budget authorized \$226,377,677 in appropriations and other amounts to be raised. During the fiscal year, the Mayor and Board of Aldermen authorized supplemental appropriations totaling \$5,585,067 for a total budget of \$231,962,744.

Total expenditures and transfers to other funds totaled \$225,210,474 and \$4,028,007 in appropriation balances were carried forward into fiscal year 2004 to support encumbrances and continuing appropriations.

A fiscal year 2004 General Fund budget in the amount of \$226,068,214 was approved by the Board of Aldermen on June 2, 2003. An additional \$4,028,007 in encumbrances and continuing appropriations brought forward from June 30, 2003 were added to this sum for a total original fiscal year 2004 General Fund budget of \$230,096,221.

**B. Budget to GAAP Reconciliation**

Accounting principles followed for purposes of preparing the financial statements on a budgetary basis differ from those used to present financial statements in accordance with generally accepted accounting principles (GAAP). A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the fiscal years ended June 30, 2003 is presented below:

Excess/(deficiency) of revenues and other financing sources/(uses) over expenditures - budgetary basis	\$	3,241,484
Basis of accounting differences:		
Net (decrease)/increase in revenue from recording tax refunds payable		(631,800)
Recognition of intergovernmental revenue "on-behalf" payments		16,238,216
Net (increase)/ decrease in expenditures - accrued expenses		(887,925)
Recognition of expenditures for "on-behalf" payments		<u>(16,238,216)</u>
Excess/(deficiency) of revenues and other financing sources/(uses) over expenditures - GAAP basis	\$	<u>1,721,759</u>

The Commonwealth of Massachusetts made the following "on behalf payments" for the City of Newton for the fiscal year ended June 30, 2003:

Teachers retirement contributions	\$	15,147,772
Special education tuition payments		853,884
Landfill closure debt service subsidy		100,060
Pension loan interest subsidy		<u>136,500</u>
Total	\$	<u>16,238,216</u>

In addition to the General Fund, the City adopts an annual budget for the Community Preservation Fund. Since the Community Preservation Fund's budgetary basis is the same as those required by generally accepted accounting principles, there is no budget to GAAP reconciliation presented for the Community Preservation Fund.

**C. Excess of Expenditures over Appropriations**

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

For the fiscal year ended June 30, 2003, state assessments exceeded the amount that the Commonwealth authorized the City to budget for this purpose by \$12,867. There were no appropriation deficits in municipal or school budgets.

### **D. Deficit Fund Equity**

The High School Renovation Fund had an accumulated deficit of \$29,531,298 at June 30, 2003 as a result of the fact that interim project financing is being accomplished with bond anticipation notes. The City intends to fund this accumulated deficit through the issuance of long term bonds in future years.

The Workers Compensation Self-Insurance Fund had an accumulated deficit of \$1,199,897 at June 30, 2003, based upon a June 30, 2003 actuarial valuation of fund liabilities. The City intends to fund this deficit with a combination of General Fund contributions and investment earnings on fund assets in future years.

### **Note 3 - Deposits and Investments**

#### **A. Summary of Deposit and Investment Balances**

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

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

Pension trust fund investments, more fully described in note 10, include a combination of public and private real estate limited partnership investments, when combined total 5% of Pension Fund investments. The structure, risk profile, return potential and marketability of these investments differ from traditional equity and fixed income investments. Determination of the value of these investments involves subjective judgment because the actual market value can be determined only by negotiation between the parties to a sales transaction. The City has determined the value of these investments from investment advisors, based upon independent year end appraisals.

Investments for the City are reported at fair value. The MMDT operates in accordance with applicable state laws and regulations and the reported value of the pool is the same as the fair value of pool shares.

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

At June 30, 2003, the carrying amount of the City's deposits totaled \$44,754,529 and the bank balance was \$50,348,779. Of the bank balance, \$1,543,000 was covered by Federal Depository Insurance, and \$48,805,779 was uninsured and uncollateralized. Investments are categorized into three levels of custodial credit risk:

- (1) Insured or registered, or securities held by the government or its agent in the City's name.
- (2) Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the City's name.
- (3) Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent, but not in the City's name.

MMDT, other mutual funds, and real estate investments are not subject to categorization because they are not evidenced by physical securities.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

The following details the carrying amount of cash and cash equivalents, and investments as reported in the basic financial statements at June 30, 2003.

**Newton Contributory Retirement System (System):**

	Cash and cash equivalents	Investments	Total
<u>Investments not subject to categorization:</u>			
MMDT accounts	\$ 1,972,184	\$ -	\$ 1,972,184
Money market mutual funds	16,497,405	-	16,497,405
Real estate investments	-	12,854,461	12,854,461
<u>Investments subject to categorization (Category 3)</u>			
U.S. government treasury securities	-	6,936,732	6,936,732
U.S. government agency securities	-	28,581,307	28,581,307
Other fixed income securities	-	25,034,824	25,034,824
Domestic equity securities	-	82,316,246	82,316,246
International equity securities	-	16,536,873	16,536,873
Total investments	<u>18,469,589</u>	<u>172,260,443</u>	<u>190,730,032</u>
Total cash and cash equivalents and investments as reported in the basic financial statements	\$ <u>18,469,589</u>	\$ <u>172,260,443</u>	\$ <u>190,730,032</u>

**All other (excluding Newton Contributory Retirement System):**

	Cash and cash equivalents	Investments	Total
Checking, savings and NOW accounts	\$ 5,865,819	\$ -	\$ 5,865,819
Certificates of deposit	20,572,363	-	20,572,363
Money market deposits	18,316,347	-	18,316,347
Total carrying amount of cash	<u>44,754,529</u>	<u>-</u>	<u>44,754,529</u>
<u>Investments not subject to categorization:</u>			
MMDT accounts	12,766,288	-	12,766,288
Money market mutual funds	16,950,169	-	16,950,169
<u>Investments subject to categorization (Category 3)</u>			
U.S. government securities	-	6,399,305	6,399,305
Other fixed income securities	-	830,161	830,161
Equity securities	-	6,208,621	6,208,621
Total investments	<u>29,716,457</u>	<u>13,438,087</u>	<u>43,154,544</u>
Total cash and cash equivalents and investments as reported in the basic financial statements	\$ <u>74,470,986</u>	\$ <u>13,438,087</u>	\$ <u>87,909,073</u>

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

**Note 4 - Receivables**

At June 30, 2003, receivables for individual major and non-major governmental funds, including applicable allowances for amounts estimated to be uncollectible are as follows:

<b>General Fund</b>	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate taxes	\$ 5,975,680	\$ -	\$ 5,975,680
Personal property taxes	431,825	172,112	259,713
Total Real estate and personal property taxes	<u>6,407,505</u>	<u>172,112</u>	<u>6,235,393</u>
Tax liens and foreclosures	1,065,688	96,066	969,622
Motor excise taxes	1,555,276	664,600	890,676
Departmental and other	6,326,818	1,818,917	4,507,901
Intergovernmental	734,348	-	734,348
Special assessments	579,867	-	579,867
Structured settlement contract	2,850,000	-	2,850,000
Total General Fund receivables:	<u>\$ 19,519,502</u>	<u>\$ 2,751,695</u>	<u>\$ 16,767,807</u>

Amounts not expected to be collected during subsequent year

\$ 6,308,505

The departmental and other receivable includes \$1,958,505 in deferred 121A in lieu of tax payments; \$1,500,000 in deferred ground lease payments receivable in connection with the former Warren Junior High School; and \$858,283 in parking violations. The intergovernmental receivable includes \$550,399 in state school bus transportation reimbursements. Please refer to note 8 for information on the \$2,850,000 Structured settlement contract receivable.

<b>Community Preservation Fund</b>	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate taxes	\$ 63,777	\$ -	\$ 63,777
Intergovernmental	1,758,952	-	1,758,952
Total Community Preservation Fund receivables:	<u>\$ 1,822,729</u>	<u>\$ -</u>	<u>\$ 1,822,729</u>

The Intergovernmental receivable represents state matching fund reimbursements for the fiscal year ended June 30, 2003.

<b>Non Major Governmental Funds</b>	Gross Amount	Allowance for Uncollectibles	Net Amount
Charges for service	332,322	15,295	317,027
Departmental and other	24,357	-	24,357
Intergovernmental	675,068	-	675,068
Interest and dividends	491,077	-	491,077
Loans	2,909,509	-	2,909,509
Total Non Major Governmental Fund receivables:	<u>\$ 4,432,333</u>	<u>\$ 15,295</u>	<u>\$ 4,417,038</u>

Amounts not expected to be collected during subsequent year

\$ 2,839,971

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

**Internal Service Fund Receivables:**

<b>Internal Service Funds</b>	Gross Amount	Allowance for Uncollectibles	Net Amount
Departmental and other	362,648	-	362,648
Total Internal Service fund receivables:	\$ 362,648	\$ -	\$ 362,648

At June 30, 2003, receivables for the Proprietary Funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<b>Water and Sewer:</b>			
User fees	\$ 10,164,328	\$ 345,733	\$ 9,818,595
Special assessments	167,535	-	167,535
Sub-total	10,331,863	345,733	9,986,130
<b>Golf Course:</b>			
Department & other	70,699	-	70,699
Sub-total	70,699	-	70,699
Total Enterprise fund receivables:	\$ 10,402,562	\$ 345,733	\$ 10,056,829

June 30, 2003 Fiduciary Fund receivables consist of the following:

<b>Fiduciary Funds</b>	Gross Amount	Allowance for Uncollectibles	Net Amount
Interest and dividends	14,481	-	14,481
Other accounts receivable	48,024	-	48,024
Loans	907,577	-	907,577
Total Fiduciary fund receivables:	\$ 970,082	\$ -	\$ 970,082

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2003, the various components of deferred revenue reported in the governmental funds were:

Receivable type	General Fund	Community Preservation Fund	Non-major Governmental Funds	Total
Real estate and personal property taxes	\$ 5,198,389	\$ 45,663	\$ -	\$ 5,244,052
Tax liens and foreclosures	969,622	-	-	969,622
Motor excise tax	554,525	-	-	554,525
Charges for service	-	-	188,523	188,523
Departmental and other	4,398,121	-	-	4,398,121
Intergovernmental	183,949	1,768,932	-	1,952,881
Special assessments	579,867	-	-	579,867
Structured settlement contract	2,850,000	-	-	2,850,000
Loans	-	-	360,000	360,000
Total deferred revenue:	\$ 14,734,473	\$ 1,814,595	\$ 548,523	\$ 17,097,591

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

**Note 5 – Capital Assets**

Capital asset activity for the year ended June 30, 2003 was as follows:

	<u>Beginning Balances</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending Balances</u>
<b>Governmental activities:</b>							
<b>Capital assets not being depreciated:</b>							
Land	\$ 9,534,101	\$	25,000	\$	-	\$	9,559,101
Construction in progress	18,965,660		21,504,552		(4,521,914)		35,948,298
Sub-total	<u>28,499,761</u>		<u>21,529,552</u>		<u>(4,521,914)</u>		<u>45,507,399</u>
<b>Capital assets being depreciated:</b>							
Buildings and improvements	129,764,062		5,721,397		-		135,485,459
Equipment and machinery	25,432,478		3,307,855		(37,028)		28,703,305
Road network	1,280,372		1,409,708		-		2,690,080
Sub-total	<u>156,476,912</u>		<u>10,438,960</u>		<u>(37,028)</u>		<u>166,878,844</u>
<b>Less: accumulated depreciation:</b>							
Buildings and improvements	(55,559,065)		(2,908,586)		-		(58,467,651)
Equipment and machinery	(16,937,558)		(2,023,813)		-		(18,961,371)
Road network	(47,452)		(88,940)		-		(136,392)
Sub-total	<u>(72,544,075)</u>		<u>(5,021,339)</u>		<u>-</u>		<u>(77,565,414)</u>
Governmental capital assets, net	\$ <u>112,432,598</u>	\$	\$ <u>26,947,173</u>	\$	\$ <u>(4,558,942)</u>	\$	\$ <u>134,820,829</u>

Construction in progress represents \$34,142,141 in on-going improvements to Newton South High School and \$1,806,157 in on-going improvements to Newton North High School.

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

Administrative support	\$ 254,971
Public building maintenance and operations	63,489
Police	550,406
Fire	206,402
Other public safety	1,541
Education	2,658,662
Streets and sidewalks	397,604
Control of snow and ice	20,895
Solid waste collection & disposal	22,072
Engineering	2,989
Public health	4,115
Human services	15,000
Libraries	728,443
Parks and recreation	89,160
Jackson Homestead museum	5,590
Total depreciation expense	\$ <u>5,021,339</u>



**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 284,785	\$ -	\$ -	\$ 284,785
Sub-total	<u>284,785</u>	<u>-</u>	<u>-</u>	<u>284,785</u>
Capital assets being depreciated:				
Land improvements	593,098	26,954		620,052
Buildings and improvements	4,074,791	65,841	-	4,140,632
Equipment and machinery	3,872,002	668,785	-	4,540,787
Water & sewer system infrastructure	53,583,941	4,583,456	-	58,167,397
Sub-total	<u>62,123,832</u>	<u>5,345,036</u>	<u>-</u>	<u>67,468,868</u>
Less: accumulated depreciation:				
Land improvements	(241,183)	(35,235)		(276,418)
Buildings and improvements	(1,078,195)	(76,857)	-	(1,155,052)
Equipment and machinery	(2,569,541)	(181,912)	-	(2,751,453)
Water & sewer system infrastructure	<u>(13,341,655)</u>	<u>(1,155,863)</u>	<u>-</u>	<u>(14,497,518)</u>
Sub-total	<u>(17,230,574)</u>	<u>(1,449,867)</u>	<u>-</u>	<u>(18,680,441)</u>
Business-type capital assets, net	\$ <u>45,178,043</u>	\$ <u>3,895,169</u>	\$ <u>-</u>	\$ <u>49,073,212</u>

Capital asset activity for individual Enterprise Funds is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Water system:</b>				
Capital assets not being depreciated:				
Land	\$ 258,540	\$ -	\$ -	\$ 258,540
Sub-total	<u>258,540</u>	<u>-</u>	<u>-</u>	<u>258,540</u>
Capital assets being depreciated:				
Buildings and improvements	2,203,492	-	-	2,203,492
Equipment and machinery	3,342,475	182,159	-	3,524,634
Water system	16,428,026	3,233,761	-	19,661,787
Sub-total	<u>21,973,993</u>	<u>3,415,920</u>	<u>-</u>	<u>25,389,913</u>
Less: accumulated depreciation:				
Buildings and improvements	(749,568)	(33,163)	-	(782,731)
Equipment and machinery	(2,352,420)	(124,899)	-	(2,477,319)
Water system	<u>(4,366,978)</u>	<u>(389,326)</u>	<u>-</u>	<u>(4,756,304)</u>
Sub-total	<u>(7,468,966)</u>	<u>(547,388)</u>	<u>-</u>	<u>(8,016,354)</u>
Water system capital assets, net	\$ <u>14,763,567</u>	\$ <u>2,868,532</u>	\$ <u>-</u>	\$ <u>17,632,099</u>

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Sewer system:</b>				
<u>Capital assets not being depreciated:</u>				
Land	\$ 26,245	\$ -	\$ -	\$ 26,245
Sub-total	<u>26,245</u>	<u>-</u>	<u>-</u>	<u>26,245</u>
 <u>Capital assets being depreciated:</u>				
Buildings and improvements	1,808,605	59,054	-	1,867,659
Equipment and machinery	500,718	486,626	-	987,344
Sanitary sewer sytem	37,155,915	1,349,695	-	38,505,610
Sub-total	<u>39,465,238</u>	<u>1,895,375</u>	<u>-</u>	<u>41,360,613</u>
 <u>Less: accumulated depreciation:</u>				
Buildings and improvements	(311,888)	(39,125)	-	(351,013)
Equipment and machinery	(208,285)	(52,898)	-	(261,183)
Sanitary sewer system	(8,974,677)	(766,537)	-	(9,741,214)
Sub-total	<u>(9,494,850)</u>	<u>(858,560)</u>	<u>-</u>	<u>(10,353,410)</u>
 Sewer system capital assets, net	 <u>\$ 29,996,633</u>	 <u>\$ 1,036,815</u>	 <u>\$ -</u>	 <u>\$ 31,033,448</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Golf course:</b>				
<u>Capital assets being depreciated:</u>				
Land improvements	\$ 593,098	\$ 26,954	\$ -	\$ 620,052
Buildings and improvements	62,694	6,787	-	69,481
Equipment and machinery	28,809	-	-	28,809
Sub-total	<u>684,601</u>	<u>33,741</u>	<u>-</u>	<u>718,342</u>
 <u>Less: accumulated depreciation:</u>				
Land improvements	(241,183)	(35,235)	-	(276,418)
Buildings and improvements	(16,739)	(4,569)	-	(21,308)
Equipment and machinery	(8,836)	(4,115)	-	(12,951)
Sub-total	<u>(266,758)</u>	<u>(43,919)</u>	<u>-</u>	<u>(310,677)</u>
 Golf course, net	 <u>\$ 417,843</u>	 <u>\$ (10,178)</u>	 <u>\$ -</u>	 <u>\$ 407,665</u>

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

**Note 6 – Inter-fund Balances & Activity**

Net inter-fund transfer activity for the fiscal year ended June 30, 2003 consisted of the following:

	<u>Governmental funds</u>			<u>Proprietary funds</u>		
	<u>General Fund</u>	<u>High School Renovation Fund</u>	<u>Non-major Governmental Funds</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Commonwealth Golf Fund</u>
Water fund administrative overhead	\$ 376,663	\$ -	\$ -	\$ (376,663)	\$ -	\$ -
Sewer fund administrative overhead	754,567	-	-	-	(754,567)	-
Permanent fund investment income	-	-	49,015	-	-	(49,015)
Conservation/park land maintenance	-	-	50,000	-	-	(50,000)
Parking meter receipts-street lighting	858,738	-	(858,738)	-	-	-
Sale of recyclables-solid waste disposal	100,000	-	(100,000)	-	-	-
CATV license fees-local access programs	440,375	-	(440,375)	-	-	-
BAA marathon gifts-playground maint.	42,500	-	(42,500)	-	-	-
E-rate reimbursements-technology	69,338	-	(69,338)	-	-	-
FEMA snow/ice reimbursement	337,312	-	(337,312)	-	-	-
Capital outlay financing	(1,611,370)	717,000	894,370	-	-	-
School lunch program subsidy	(642,511)	-	642,511	-	-	-
Student athletic program subsidy	(848,337)	-	848,337	-	-	-
Local transportation program subsidy	(291,080)	-	291,080	-	-	-
Federal grant matching funds	(1,926)	-	1,926	-	-	-
Property insurance premiums	160,953	-	(160,953)	-	-	-
<b>Net transfers:</b>	<b>\$ (254,778)</b>	<b>\$ 717,000</b>	<b>\$ 768,023</b>	<b>\$ (376,663)</b>	<b>\$ (754,567)</b>	<b>\$ (99,015)</b>

**Note 7 – Notes Payable**

Short term debt may be authorized and issued to fund current operating costs prior to the collection of revenues through the issuance of revenue or tax anticipation notes (TAN's), or to finance capital project expenditures prior to the issuance of permanent long-term debt, through the issuance of bond (BAN's) or grant anticipation notes (GAN's). Details of short-term debt activity for the fiscal year ended June 30, 2003 is as follows:

<u>Loan Type</u>	<u>Purpose/Fund</u>	<u>Interest Rate</u>	<u>Balance July 1, 2002</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2003</u>
BAN	High school renovations	1.6%	\$ 5,700,000	\$ -	\$ (5,700,000)	\$ -
BAN	High school renovations	3.1%	16,950,000	-	(16,950,000)	-
BAN	High school renovations	1.37%	-	34,950,000	(5,700,000)	29,250,000
Totals			<u>\$ 22,650,000</u>	<u>\$ 34,950,000</u>	<u>\$ (28,350,000)</u>	<u>\$ 29,250,000</u>

The reported balance of bond anticipation notes payable is net of \$5,700,000 in BAN's which were outstanding at June 30, 2003, but which were retired through the issuance of long term bonds on August 15, 2003. Subsequent to June 30, 2003, the City rolled over the \$29,250,000 in outstanding notes and issued an additional \$16,700,000 in bond anticipation notes for the high school renovation project. A total of \$25,000,000 of this sum matures on August 27, 2004 and \$20,950,000 comes due on August 15, 2005.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

**Note 8 - Long-Term Debt**

Massachusetts General Laws Chapter 44, Section 10 authorizes indebtedness of up to a limit of 2 ½% of the equalized valuation of the City. Debt issued in accordance with this section of the law is designated as being “inside the debt limit.” Debt may also be issued for additional purposes, “outside the debt limit.” The City’s long term debt at June 30, 2003, along with future year debt service requirements is as follows:

**Bonds Payable – Governmental Funds:**

<u>General</u>	<u>Date of Issue</u>	<u>Interest Rate (%)</u>	<u>Outstanding July 1, 2002</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding June 30, 2003</u>
School remodeling	04/13/1993	3.50-4.50	294,175	-	(294,175)	-
Municipal remodeling	04/13/1993	3.50-4.50	305,825	-	(305,825)	-
School remodeling	06/08/1994	4.00-5.20	300,000	-	(150,000)	150,000
Municipal remodeling	06/08/1994	4.00-5.20	50,000	-	(25,000)	25,000
Street reconstruction	06/08/1994	4.00-5.20	50,000	-	(25,000)	25,000
Public Safety equipment	06/08/1994	4.00-5.20	60,000	-	(30,000)	30,000
School remodeling	03/29/1995	4.70-5.25	930,000	-	(310,000)	620,000
Landfill closure	03/29/1995	4.70-5.25	75,000	-	(25,000)	50,000
Municipal renovations	03/29/1995	4.70-5.25	120,000	-	(40,000)	80,000
School renovations	03/29/1995	4.25-4.70	1,930,000	-	(470,000)	1,460,000
Pension funding loan (House bill 6209)	08/31/1996		2,600,000		-	2,600,000
School renovations	02/26/1997	4.50-4.80	2,793,750	-	(560,000)	2,233,750
MWPAT landfill closure	02/15/1998	4.60	2,289,800	-	(113,900)	2,175,900
School renovations	03/10/1998	4.23	2,100,000	-	(350,000)	1,750,000
Carr school repurchase	03/15/1999	3.91	1,470,000	-	(210,000)	1,260,000
School renovations	03/15/1999	3.91	7,255,000	-	(1,040,000)	6,215,000
School renovations	07/15/2000	4.40-4.85	3,860,000	-	(430,000)	3,430,000
School renovations	08/15/2001	3.65	4,910,000	-	(500,000)	4,410,000
School renovations	08/15/2003	3.06	-	5,700,000	-	5,700,000
<b>Total</b>			<u>\$ 31,393,550</u>	<u>\$ 5,700,000</u>	<u>\$ (4,878,900)</u>	<u>\$ 32,214,650</u>

During 1996 the Commonwealth of Massachusetts approved Chapter 204, Section 146 of the Acts of 1996, a home rule petition of the City of Newton, which authorized the immediate retirement of (11) Newton firefighters who were injured in a 1993 explosion of molten sodium at the H.C. Starck Inc. plant in the City, at an enhanced level of retirement benefits. The legislation also granted the City a ten year, interest-free loan in the amount of \$2,600,000, to help lessen the financial impact of the enhanced retirement benefits and extraordinary medical costs on the City.

In 1997 the City and H.C. Starck, Inc. entered into an out of court settlement agreement that required H.C. Starck to purchase a structured annuity contract that pays the City \$2,850,000 on August 31, 2006. The \$2,850,000 structured settlement has been recorded as a receivable and deferred revenue in the City’s General Fund and the City intends to liquidate the \$2,600,000 interest -free loan liability with these proceeds during the fiscal year that will end June 30, 2007.

During 1998 the City entered into a twenty-year loan agreement with the Massachusetts Water Pollution Abatement Trust (MWPAT) to provide \$2,675,000 in funding for the closure of the City’s remaining sanitary landfill. The loan agreement provides for both principal and interest subsidies over the term of the loan. At June 30, 2003, a balance of \$2,175,900 was outstanding on this loan. A principal subsidy of \$80,374 and an interest subsidy of \$19,686 have been recorded in the general fund.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

On August 15, 2003 the City sold \$5,700,000 in school renovation bonds for ongoing high school renovations at interest rates ranging from 2.0% to 3.80%, with serial maturities through August 15, 2013. The bonds were used to retire a like amount of BAN's maturing on August 29, 2003. Accordingly the City has presented the refinanced BAN's as long-term debt at June 30, 2003.

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

Fiscal Year Ending	Principal	Interest	Total
2004	\$ 4,281,100	\$ 1,080,162	\$ 5,361,262
2005	4,618,200	974,854	5,593,054
2006	4,295,500	793,660	5,089,160
2007	6,372,050	624,232	6,996,282
2008	3,221,900	473,491	3,695,391
2009	2,875,100	347,343	3,222,443
2010	1,628,500	233,118	1,861,618
2011	1,632,500	167,854	1,800,354
2012	1,121,700	112,956	1,234,656
2013	645,500	147,416	792,916
2014	717,200	55,098	772,298
2015	151,700	36,969	188,669
2016	156,300	29,076	185,376
2017	161,000	20,946	181,946
2018	165,800	12,675	178,475
2019	170,600	4,265	174,865
Total	<u>\$ 32,214,650</u>	<u>\$ 5,114,115</u>	<u>\$ 37,328,765</u>

The Commonwealth of Massachusetts has approved school building assistance grant reimbursements for a number of school projects financed with long-term debt. This assistance program, administered by the School Building Assistance Bureau of the Massachusetts Department of Education, provides resources for future debt service on school debt.

During the fiscal year ended June 30, 2003 the City received \$2,043,821 of such assistance and an additional \$14,457,440 in principal and \$3,145,669 in interest has been committed for future years, subject to appropriation by the state legislature.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

**Bonds Payable – Business-type activities:**

		Interest Rate (%)	Outstanding July 1, 2002	Issued	Redeemed	Outstanding June 30, 2003
Water/sewer garage	04/15/1996	4.25-4.70	\$ 390,000	\$ -	\$ (130,000)	\$ 260,000
Sewer construction	02/26/1997	4.50	256,250	-	(50,000)	206,250
Water/sewer garage	03/10/1998	3.89	225,000	-	(35,000)	190,000
Sewer construction	03/10/1998	4.01	70,000	-	(10,000)	60,000
MWRA Water	05/10/1998	-	222,994	-	(222,994)	-
MWRA Sewer	11/11/1998	-	161,190	-	(80,595)	80,595
MWRA Sewer	05/27/1999	-	8,532	-	(4,266)	4,266
MWPAT Sewer	10/06/1999	5.16	5,989,512	-	(266,747)	5,722,765
MWRA Sewer	08/26/2000	-	73,755	-	(24,585)	49,170
MWRA Water	09/28/2000	-	967,343	-	(107,483)	859,860
MWPAT Sewer	11/10/2000	5.20	7,420,432	-	(307,166)	7,113,266
MWRA Water	02/15/2001	-	1,360,074	-	(151,119)	1,208,955
MWRA Sewer	09/24/2001	-	61,170	-	(12,234)	48,936
MWRA Water	02/15/2002	-	2,586,019	-	(258,602)	2,327,417
MWRA Sewer	02/22/2002	-	242,880	-	(48,576)	194,304
MWRA Sewer	05/31/2002	-	70,895	-	(14,179)	56,716
MWPAT Sewer	07/03/2002	-	-	120,584	-	120,584
MWRA Water	08/15/2002	-	-	2,586,019	-	2,586,019
MWRA Sewer	11/12/2002	-	-	352,275	-	352,275
MWRA Sewer	02/20/2003	-	-	112,365	-	112,365
MWRA Sewer	05/22/2003	-	-	159,500	-	159,500
Total			\$ 20,106,046	\$ 3,330,743	\$ (1,723,546)	\$ 21,713,243

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

Debt service requirements for future principal and interest is as follows:

Fiscal Year Ending	Principal	Interest	Total
2004	1,899,525	696,382	2,595,907
2005	1,833,706	659,903	2,493,609
2006	1,679,665	622,705	2,302,370
2007	1,700,268	589,049	2,289,317
2008	1,586,525	552,970	2,139,495
2009	1,479,407	519,246	1,998,653
2010	1,454,771	483,509	1,938,280
2011	1,472,437	447,813	1,920,250
2012	1,228,681	414,267	1,642,948
2013	995,258	372,916	1,368,174
2014	761,000	332,474	1,093,474
2015	781,000	289,567	1,070,567
2016	806,000	245,877	1,051,877
2017	831,000	200,321	1,031,321
2018	866,000	152,133	1,018,133
2019	896,000	102,099	998,099
2020	916,000	52,097	968,097
2021	506,000	14,270	520,270
2022	10,000	750	10,750
2023	10,000	250	10,250
Total	\$ 21,713,243	\$ 6,748,598	\$ 28,461,841

**Bonds Payable – Water Enterprise Fund:**

		Interest Rate (%)	Outstanding July 1, 2002	Issued	Redeemed	Outstanding June 30, 2003
Water/sewer garage	04/15/1996	4.25-4.70	\$ 261,300	\$ -	\$ (87,100)	\$ 174,200
Water/sewer garage	03/10/1998	3.89	225,000	-	(35,000)	190,000
MWRA Water	05/10/1998	-	222,994	-	(222,994)	-
MWRA Water	09/28/2000	-	967,343	-	(107,483)	859,860
MWRA Water	02/15/2001	-	1,360,074	-	(151,119)	1,208,955
MWRA Water	02/15/2002	-	2,586,019	-	(258,602)	2,327,417
MWRA Water	08/15/2002	-	-	2,586,019	-	2,586,019
Total			\$ 5,622,730	\$ 2,586,019	\$ (862,298)	\$ 7,346,451

The Massachusetts Water Resources Authority (MWRA) offers water system rehabilitation and sanitary sewer infiltration and inflow reduction financial assistance programs to member communities in order to assist with the on-going maintenance of water and sewer system infrastructure.

During the fiscal year ended June 30, 2003, the City was the recipient of a \$2,586,019 ten-year interest free water system rehabilitation loan. At June 30, 2003, the City had \$6,982,251 in MWRA water rehabilitation loans outstanding.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

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

Fiscal Year Ending	Principal	Interest	Total
2004	897,906	15,461	913,367
2005	897,906	10,229	908,135
2006	805,806	4,875	810,681
2007	805,806	3,690	809,496
2008	805,806	2,475	808,281
2009	805,806	1,245	807,051
2010	775,805	-	775,805
2011	775,805	-	775,805
2012	517,204	-	517,204
2013	258,601	-	258,601
<b>Total</b>	<b>\$ 7,346,451</b>	<b>\$ 37,975</b>	<b>\$ 7,384,426</b>

**Bonds Payable – Sewer Enterprise Fund**

		Interest Rate (%)	Outstanding July 1, 2002	Issued	Redeemed	Outstanding June 30, 2003
Water/sewer garage	04/15/1996	4.25-4.70	\$ 128,700	\$ -	\$ (42,900)	\$ 85,800
Sewer construction	02/26/1997	4.50	256,250	-	(50,000)	206,250
Sewer construction	03/10/1998	4.01	70,000	-	(10,000)	60,000
MWRA Sewer	05/27/1999	-	8,532	-	(4,266)	4,266
MWRA Sewer	11/11/1998	-	161,190	-	(80,595)	80,595
MWRA Sewer	08/26/2000	-	73,755	-	(24,585)	49,170
MWRA Sewer	09/24/2001	-	61,170	-	(12,234)	48,936
MWRA Sewer	02/22/2002	-	242,880	-	(48,576)	194,304
MWRA Sewer	05/31/2002	-	70,895	-	(14,179)	56,716
MWRA Sewer	11/12/2002	-	-	352,275	-	352,275
MWRA Sewer	02/20/2003	-	-	112,365	-	112,365
MWRA Sewer	05/22/2003	-	-	159,500	-	159,500
MWPAT Sewer	10/06/1999	5.16	5,989,512	-	(266,747)	5,722,765
MWPAT Sewer	11/10/2000	5.20	7,420,432	-	(307,166)	7,113,266
MWPAT Sewer	07/03/2002	-	-	120,584	-	120,584
<b>Total Bonds</b>			<b>\$ 14,483,316</b>	<b>\$ 744,724</b>	<b>\$ (861,248)</b>	<b>\$ 14,366,792</b>

The MWRA's sanitary sewer infiltration/inflow reduction financial assistance program provides financial assistance for eligible projects in the form of a combination of grants and five-year interest-free loans. During the fiscal year ended June 30, 2003, the City received \$624,140 in new sewer system improvement loans from the MWRA. At June 30, 2003, the City had \$1,058,127 in MWRA sewer infiltration/inflow reduction loans outstanding.

The City has also entered into (3) ten-year subsidized loan agreements with the MWPAT for additional sanitary sewer system infiltration and inflow reduction projects. At June 30, 2003 the City had \$12,956,615 in loans outstanding under this project. Interest and principal subsidies on these loans for the year ended June 30, 2003 were \$531,991 and \$107,349 respectively.



**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

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

Fiscal Year Ending	Principal	Interest	Total
2004	1,001,619	680,921	1,682,540
2005	935,800	649,674	1,585,474
2006	873,859	617,830	1,491,689
2007	894,462	585,359	1,479,821
2008	780,719	550,495	1,331,214
2009	673,601	518,001	1,191,602
2010	678,966	483,509	1,162,475
2011	696,632	447,813	1,144,445
2012	711,477	414,267	1,125,744
2013	736,657	372,916	1,109,573
2014	761,000	332,474	1,093,474
2015	781,000	289,567	1,070,567
2016	806,000	245,877	1,051,877
2017	831,000	200,321	1,031,321
2018	866,000	152,133	1,018,133
2019	896,000	102,099	998,099
2020	916,000	52,097	968,097
2021	506,000	14,270	520,270
2022	10,000	750	10,750
2023	10,000	250	10,250
Total	\$ 14,366,792	\$ 6,710,623	\$ 21,077,415

Subsequent to June 30, 2003, the City has also entered into a (2) year capital lease agreement for \$671,033 in school computer hardware and software.

At June 30, 2003 the City had a total of \$104,135,394 in authorized and unissued debt:

Description	July 1, 2002 Unissued Balance	New/ (Rescissions)	Bonds Issued	June 30, 2003 Unissued Balance
High school renovations	\$ 94,970,527	\$ -	\$ (5,700,000)	\$ 89,270,527
Sewer system	803,383	1,244,039	(624,140)	1,423,282
Sewer system - MWPAT	3,264,941	-	(120,584)	3,144,357
Water system improvements	7,883,247	-	(2,586,019)	5,297,228
Kessler woods land acquisition	-	5,000,000	-	5,000,000
Total	\$ 106,922,098	\$ 6,244,039	\$ (9,030,743)	\$ 104,135,394

Water and sewer debt is expected to be funded from water and sewer enterprise fund revenue. The Kessler Woods land acquisition debt is expected to be funded from the Community Preservation Fund property tax surcharge revenue.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

During the fiscal year ended June 30, 2003, the following changes occurred in long-term liabilities:

	<u>Beginning</u> <u>Balance</u>		<u>Additions</u>		<u>Reductions</u>		<u>Ending</u> <u>Balance</u>		<u>Current</u> <u>Portion</u>
<b>Governmental activities:</b>									
Bonds payable	\$ 31,393,550	\$	5,700,000	\$	(4,878,900)	\$	32,214,650	\$	4,281,100
Bond anticipation notes payable	-		29,250,000		-		29,250,000		-
Landfill closure	650,000		212,400		(27,400)		835,000		33,400
Workers compensation	6,327,220		523,707		-		6,850,927		2,053,410
Claims and judgments	-		771,389		-		771,389		50,000
Compensated absences	7,992,354		628,494		(324,000)		8,296,848		2,546,282
<b>Total</b>	<u>46,363,124</u>		<u>37,085,990</u>		<u>(5,230,300)</u>		<u>78,218,814</u>		<u>8,964,192</u>

The governmental activities long term liabilities are generally liquidated by the General fund.

	<u>Beginning</u> <u>Balance</u>		<u>Additions</u>		<u>Reductions</u>		<u>Ending</u> <u>Balance</u>		<u>Current</u> <u>Portion</u>
<b>Business-type activities:</b>									
Bonds payable									
Sewer Fund	\$ 14,483,316	\$	744,724	\$	(861,248)	\$	14,366,792	\$	1,001,619
Water Fund	5,622,730		2,586,019		(862,298)		7,346,451		897,906
<b>Total Bonds payable</b>	<u>20,106,046</u>		<u>3,330,743</u>		<u>(1,723,546)</u>		<u>21,713,243</u>		<u>1,899,525</u>
Compensated absences									
Sewer Fund	98,749		40,660		-		139,409		64,194
Water Fund	142,863		21,665		-		164,528		51,051
<b>Total Compensated absences</b>	<u>241,612</u>		<u>62,325</u>		<u>-</u>		<u>303,937</u>		<u>115,245</u>
<b>Total</b>	\$ <u>20,347,658</u>	\$	\$ <u>3,393,068</u>	\$	\$ <u>(1,723,546)</u>	\$	\$ <u>22,017,180</u>	\$	\$ <u>2,014,770</u>

**Note 9 – Risk Financing**

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

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

At June 30, 2003, the City's health claims liability totaled \$4,653,348. Changes in the reported liability since July 1, 2002 are as follows:

Fiscal Year Ended June 30,	Beginning Balance	Current Year Claims and Change in Estimate	Claims Payments	Ending Balance
2002	\$ 3,284,316	\$ 23,090,967	\$ (23,076,574)	\$ 3,298,709
2003	\$ 3,298,709	\$ 27,310,113	\$ (25,955,474)	\$ 4,653,348

Workers compensation claims are administered by the City's Personnel Department and are funded on a pay-as-you-go basis from annual appropriations. The City contracts for an annual actuarial valuation of the program, and based on this study, has recorded a liability of \$6,850,927 at June 30, 2003, of which \$2.1 million has been recorded as a current liability based upon the City's expectation that this amount will be paid within the fiscal year ending June 30, 2004. The liability includes an estimate of the IBNR claims.

The June 30, 2003 plan valuation is based upon the use of a combination of the paid loss development method and the Bornhutter-Ferguson Paid Loss method. US Life Tables 1992 Vital Statistics for Males and Females have been used to determine annuity values for long term claims, using a 5.5% annual rate of interest.

Changes in the reported liability since July 1, 2002 are as follows:

Fiscal Year Ended June 30,	Beginning Balance	Current Year Claims and Change in Estimate	Claims Payments	Ending Balance
2002	\$ 6,730,363	\$ 1,220,078	\$ (1,623,221)	\$ 6,327,220
2003	\$ 6,327,220	\$ 1,974,571	\$ (1,450,864)	\$ 6,850,927

**Note 10 – Pension Plan**

**A – Plan Description and Membership**

The City contributes to the System, a cost-sharing multiple-employer defined benefit pension plan administered by the Newton Contributory Retirement Board (NCRB). The NCRB does not issue separate audited stand alone financial statements. Substantially all employees of the City are members of the System, except for public school teachers and certain school administrative personnel who are members of the Massachusetts Teachers Retirement System (MTRS). Employees of the Newton Housing Authority also participate in the NCRB. Pension benefits and administrative expenses paid by the MTRS are funded by the Commonwealth of Massachusetts and the amount of these on-behalf payments totaled \$15,147,772 for the fiscal year ended June 30, 2003. This pension cost is reported in the government wide Statement of Activities as an educational expense and an operating grant. It is reported as an education expenditure and intergovernmental revenue in the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance.

The System provides retirement, disability and death benefits to plan members and beneficiaries, pursuant to Massachusetts General Law Chapter 32, up to a maximum of 80% of the average of a member's three highest consecutive years' regular compensation. In addition to regular compensation, benefits are based upon a member's age, length of creditable service and group classification. Members become vested after ten years of creditable service. A normal retirement allowance may be received after the completion of 20 years of service or upon reaching age 55, with 10 years of service. Normal retirement for most employees occurs at age 65, except for certain hazardous duty and public safety employees who attain normal retirement age at age 55. Benefits and member contribution rates are determined by Chapter 32 of the Massachusetts General Laws.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

A retirement allowance consists of two parts, an annuity and a pension. A member's accumulated total retirement deductions, plus interest, constitutes the annuity. The difference between the total retirement benefit and the annuity is the pension. At December 31, 2002, the System's membership consisted of the following:

Retirees and beneficiaries currently receiving benefits:	
Accidental disability	129
Ordinary disability	16
All others	1,132
Sub-total	<u>1,277</u>
Terminated (inactive) members:	
Vested	25
Non-vested	492
Sub-total	<u>517</u>
Current employees:	
Vested	800
Non-vested	906
Sub-total	<u>1,706</u>
Total members	<u><u>3,500</u></u>

**B – Basis of Accounting**

The System's financial statements are prepared using the full accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable.

Investments of the System are stated at fair value.

**C - Funding Policy**

In 1984 the City began funding the System on an actuarial reserve basis. This funding includes both current year service and the amortization of past service liability. It is the policy of the NCRB to contract for an annual actuarial valuation of the System to determine whether the contributions are sufficient to meet accruing liabilities and to demonstrate what adjustments, if any, are necessary on the basis of actual experience. Active member contribution rates are based upon date of hire: Prior to January 1, 1975 - 5% of regular compensation; January 1, 1975-December 31, 1984 - 7% of regular compensation; January 1, 1985-June 30, 1996 - 8% of regular compensation and July 1, 1996 to date - 9% of regular compensation.

Members hired on or after January 1, 1979 contribute an additional 2% of annual regular compensation in excess of \$30,000. Cost of living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth during this time period are funded by annual contributions from the Commonwealth of Massachusetts. Cost of living adjustments granted after 1997 must be approved annually by the NCRB and the costs are borne entirely by the System. These adjustments may not exceed 3% on the first \$12,000 in benefits.

**D – Annual Pension Cost**

The City's contributions to the System for the fiscal years ended June 30, 2003, 2002, and 2001 were \$7,253,846; \$6,681,516; and \$6,798,514 respectively, and equaled the actuarially required contribution for each fiscal year. At June 30, 2003 the City

## **CITY OF NEWTON, MASSACHUSETTS**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

did not have a net pension obligation. The City's total annual contribution to the System includes both the actuarially required contribution and System administrative costs.

### **D – Investment Policy**

The NCRB is responsible for the adoption of a formal asset allocation policy, the selection of professional investment managers to execute the investment policies, and the appointment of an investment consultant to assist with the evaluation of investment manager performance. All investment activities of the NCRB are subject to oversight by the Commonwealth of Massachusetts Public Employee Retirement Commission (PERAC).

Up to 70% of the investment portfolio may be invested in equity securities, including international equities, which may not exceed 13% of the market value of the portfolio. At least 30%, but no more than 80% of the portfolio must be invested in fixed income securities. The NCRB investment policy allows for a maximum 5% allocation to high yield fixed income securities. Prohibited investments include futures contracts other than currency futures, calls and forward contracts which may be written against securities in the international portfolio to a maximum of 50% of the international portfolio's non dollar holdings at market value. Speculative currency positions unrelated to underlying portfolio holdings are strictly prohibited. Summary level information on the investment portfolio at December 31, 2002 is presented in note 3.

### **E - Non Contributory Retirement Allowances**

City employees with World War II military veteran status, at least 30 years of service to the City, and who began work prior to July 1, 1939, are entitled to a non-contributory pension benefit equal to 72% of their highest annual rate of regular compensation. Retirement benefits for these individuals are funded on a pay-as-you-go basis by the City, and there is no estimate of the actuarial liability for these benefits because the City deems the amount to be immaterial to the financial statements. Expenditures for non-contributory retirement benefits for the fiscal years ended June 30, 2003; 2002; and 2001 respectively were: \$781,699; \$848,431 and \$931,203 respectively. Non contributory retirees are eligible for an annual cost of living adjustment of not more than 3% on the first \$12,000 of their annual retirement benefit.

### **Note 11 – Landfill Closure and Post-closure Care Costs**

State and federal laws and regulations mandated that the City close its old landfill site when it ceases accepting waste and to perform certain maintenance and monitoring activities at the site after closure. On June 28, 1996 the City signed a consent agreement with the Commonwealth of Massachusetts Department of Environmental Protection that established a schedule for closure of the Rumford Avenue landfill. This landfill ceased operations in 1976 and was capped during 1998, which was in compliance with the consent agreement. The City recorded a June 30, 2002 liability of \$650,000 or \$25,000 per year for future year landfill site monitoring and maintenance. During the fiscal year ended June 30, 2003, the City revised this estimate of future year landfill closure monitoring costs to \$27,400 for the year ended June 30, 2003 and \$33,400 per year for each of the next 25 years. The current estimate is based upon current costs and may require modification in future years due to price inflation, changes in technology or changes in state/federal law and regulations.

### **Note 12 – Commitments**

The City is currently engaged in a major renovation project at the City's two high schools. It is expected that contracts amounting to \$139 million will be necessary to complete both projects. This represents an increase of \$44 million from prior year estimates and is the result of certain design changes in renovation requirements at the Newton North High School. As of June 30, 2003, the City has spent a total of \$35,948,298 on both projects.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

**Note 13 – Restatements (Unaudited):**

As a result of a comprehensive review of the City’s implementation of Governmental Accounting Standards Board (GASB) Statements 33 and 34, it has been necessary to restate net assets/fund balance reported as of June 30, 2002 as follows:

**Governmental Activities/Funds:**

	Governmental Activities/ Net Assets	Non-major Governmental Funds/ Fund Balance
June 30, 2002 net assets/ fund balances as previously reported	\$ 131,527,133	\$ 15,559,803
Less:		
School Building Assistance Grants {A}	(14,038,232)	-
Landfill Closure Loan Subsidy Grants {B}	(484,326)	-
Chapter 90 Highway Improvement Grants {C}	(2,805,935)	-
Community Development Block Grants (CDBG) {D}	(3,078,828)	-
HOME/Emergency Shelter Grants {E}	(1,867,375)	-
Plus:		
Building Insurance Fund {F}	-	2,509,034
June 30, 2002 total net assets/fund balances, as restated	\$ 109,252,437	\$ 18,068,837

**{A} School Building Assistance Grants:** At June 30, 2002, the City had been awarded \$14,038,232 in future year school building assistance grants for school construction projects that had been completed prior to June 30, 2002. An intergovernmental receivable in this amount was recorded in both the government-wide and fund financial statements and revenue was deferred in the fund financial statements only. The reimbursements are subject to annual appropriation by the Commonwealth of Massachusetts.

Since the \$14 million in future grant payments had not been appropriated by the Commonwealth of Massachusetts at June 30, 2002, revenue should not have been accrued by the City in the government-wide financial statements.

**{B} Landfill Closure Loan Subsidy Grants:** In 1998, the Commonwealth of Massachusetts, through the Massachusetts Water Pollution Abatement Trust, made a \$2,618,600 loan to the City for purposes of financing the final closure of the Rumford Avenue sanitary landfill. Under the terms of the loan agreement, \$551,983 of the loan repayment is to be subsidized by the Commonwealth, subject to annual appropriation. An intergovernmental receivable in the amount of \$484,326, was recorded in both the government-wide and fund financial statements and revenue was deferred in the fund financial statements only.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

Since the City had not incurred expenditures that were eligible for reimbursement from these grant awards at June 30, 2002, eligibility criteria had not been met and revenue should not have been accrued in the government-wide financial statements.

**{C} Chapter 90 Highway Improvement Grants:** At June 30, 2002 the City had been awarded \$2,805,935 in future Commonwealth of Massachusetts highway improvement grants. The Chapter 90 highway improvement program provides for reimbursement of eligible costs upon submission of supporting documentation to the Massachusetts Highway Department. An intergovernmental receivable in the amount of \$2,805,935 was recorded in both the government-wide and fund financial statements and revenue was deferred in the fund financial statements only.

Since the City had not incurred expenditures that were eligible for reimbursement from these grant awards at June 30, 2002, eligibility criteria had not been met and revenue should not have been accrued in the government-wide financial statements.

**(D) Community Development Block Grants (CDBG):** At June 30, 2002 the City had \$3,078,828 in unexpended federal Community Development Block grant awards. The U.S Department of Housing and Urban Development allows the City to draw down on a grant letter of credit for the financing of eligible grant expenditures as they are disbursed from the City treasury. An intergovernmental receivable in the amount of \$3,078,828 was recorded in both the government-wide and fund financial statements and revenue was deferred in the fund financial statements only.

Since the City had not incurred expenditures that were eligible for reimbursement from these grant awards at June 30, 2002, eligibility criteria had not been met and revenue should not have been accrued in the government-wide financial statements.

**(E) HOME/Emergency Shelter Grants:** At June 30, 2002 the City had \$1,867,375 in unexpended federal HOME and Emergency Shelter grant awards. The U.S Department of Housing and Urban Development allows the City to draw down on a grant letter of credit for the financing of eligible grant expenditures as they are disbursed from the City treasury. An intergovernmental receivable in the amount of \$1,867,375 was recorded in both the government-wide and fund financial statements and revenue was deferred in the fund financial statements only.

Since the City had not incurred expenditures that were eligible for reimbursement from these grant awards at June 30, 2002, eligibility criteria had not been met and revenue should not have been accrued in the government-wide financial statements.

**(F) Building Insurance Fund:** At June 30, 2002 the City reported the Building Insurance Fund as an Internal Service Fund. This fund, however, does not provide goods and services to other funds and is not financed from premiums on participating funds. Accordingly, the Building Insurance Fund is now reported as a non-major governmental fund.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2003

**Business-type Activities/Proprietary Funds:**

	Business-type Activities	Sewer Fund	Internal Service Funds
June 30, 2002, net assets as previously reported	\$ 48,344,573	\$ 28,720,115	\$ 2,680,247
Less:			
Sanitary Sewer Infiltration/Inflow Reduction Loan Subsidy Grants {G}	(3,234,641)	(3,234,641)	
Building Insurance Fund {F}	-	-	(2,509,034)
June 30, 2002 total net assets, as restated	\$ 45,109,932	\$ 25,485,474	\$ 171,213

**(G) Sanitary Sewer Infiltration/Inflow Reduction Loan Subsidy Grants:** Between 1999 and 2002, the Commonwealth of Massachusetts, through the Massachusetts Water Pollution Abatement Trust, made \$13,409,944 in loans to the City for purposes of financing the sanitary sewer system infiltration and inflow reduction efforts. Under the terms of the loan agreements, \$3,234,641 of the loan repayments are to be subsidized by the Commonwealth, subject to annual appropriation. An intergovernmental receivable and revenue in the amount of \$3,234,641, was recorded in both the government wide and fund financial statements.

Since the City had not incurred expenditures that were eligible for reimbursement from these grant awards at June 30, 2002, eligibility criteria had not been met and revenue should not have been accrued in the government-wide and fund financial statements.



**CITY OF NEWTON, MASSACHUSETTS**  
 Required Supplementary Information – Historical Pension Funding Information  
 Fiscal Year Ended June 30, 2003

**Schedule of Funding Progress**  
 (Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (/C)	UAAAL as % of Covered Payroll ((B-A)/C)
January 1, 2003	\$ 227,126	\$ 338,172	\$ 111,046	67.2%	\$ 64,636	171.8%
January 1, 2002	228,239	306,123	77,884	74.6%	61,438	126.8%
January 1, 2001	219,102	268,660	49,558	81.6%	60,769	81.6%
January 1, 2000	201,766	256,096	54,330	78.8%	54,975	98.8%
January 1, 1999	176,284	239,946	63,662	73.5%	50,845	125.2%
January 1, 1998	158,714	233,458	74,744	68.0%	47,955	155.9%

**Schedule of City Contributions**

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2002	\$ 7,235,846	100%
2001	6,681,516	100%
2000	6,798,514	100%
1999	6,897,546	100%
1998	6,682,835	100%
1997	6,641,130	100%

**Notes to the Schedules**

Additional information as of the latest actuarial valuation follows:

Valuation date:	January 1, 2003
Actuarial cost method:	Individual entry age normal cost method
Amortization method:	Payments increase at 4.5% per year
Remaining amortization period:	25 years from December 31, 2002
Asset valuation method:	Five year smoothing of investment returns greater/(less) than expected. Valuation must be within 20% of market value.
Actuarial assumptions:	
Investment rate of return	8% net of expenses
Inflation rate	3%
Projected salary increases	3% for next four years; 4% for each of the following four years; and 4.75% annually thereafter
Cost-of-living adjustments	3% on the first \$12,000 of retirement income

# Combining Financial Statements



# Description of Non Major Governmental Funds

## School Lunch Fund:

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

## Highway Improvement Fund

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

## Revolving Fund

The Revolving Fund is used to account for a variety of functions that are expected to be self- supporting, such as departmental private duty details, school athletics, summer school, drivers education, creative arts, pre-school and creative arts. All revolving funds, except for statutory school funds and private duty detail funds,, are authorized annually by vote of the Board of Aldermen under Massachusetts General Law Chapter 44, Section 53E ½. This fund is also used to account for damage recoveries of less than \$20,000 and for police asset forfeitures. Fund expenditures are limited to the lesser of actual available resources or the annual spending limit authorized by the Board of Aldermen.

## Receipts Reserved Fund

This fund is used to account for a variety of local revenues whose use is legally restricted to a specific purpose and can only be spent with the prior appropriation of the Board of Aldermen. The fund is used to account for proceeds from the sale of surplus real estate, parking meter receipts, traffic mitigation funds, and revenues generated from cable television license agreements and the sale of recyclable materials. No expenditures can be made directly from the fund, rather, resources are appropriated and transferred to the City's general fund for expenditure.

## Community Development Fund

This fund is used to account for activities undertaken with federal Community Development Block Grant funds. The Mayor and Board of Aldermen approve each year's grant budget.

## Municipal Federal Grant Fund

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

## Municipal State Grant Fund

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

## School State Grant Fund

This fund is used to account for all categorical public education state grants. The School Committee approves annual grant budgets and grant budget obligations are limited to the lesser of actual available resources or the annual spending limit authorized by the Committee.

#### School Federal Grant Fund

This fund is used to account for all categorical public education federal grants. The School Committee approves annual grant budgets and grant budget obligations are limited to the lesser of actual available resources or the annual spending limit authorized by the Committee.

#### Local Transportation Fund

This fund was established in 1997 to account for the operation of the City's local transportation system. Revenues are derived from private donations and rider fares. The City subsidizes the cost of operating the transportation system with subsidies from the General Fund and state and federal senior service grants. The service has been eliminated effective June 30, 2003.

#### Gift Fund

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

#### Newton Community Development Authority Fund

This fund is used to account for the housing and economic development activities of the Newton Community Development Authority (the authority). The Director of Planning and Development serves as Chairman of the Authority, which is staffed by Planning and Development employees.

#### Municipal Permanent Fund

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

#### Library Common Permanent Fund

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

#### Building Insurance Fund

This fund is used to generate annual income, which is used to finance the City's annual property insurance premiums. Funds are transferred to the General Fund, based upon an annual authorization vote of the Board of Aldermen.

#### Public Building Improvement Fund

This fund is used to account for the acquisition, construction, reconstruction, and/or major renovation of City buildings for which the City has not established a separate capital project fund. Renovation projects of less than \$500,000 are accounted for in the City's General Fund. Financing is generally derived from the issuance of bonds or notes. Board of Aldermen appropriations are for the term of the project. The Public Building Commissioner is responsible for all projects accounted for in this fund.

#### Street Improvement Fund

This fund is used to account for major public works street and sidewalk improvement projects that are not accounted for in another fund.

#### Capital Stabilization Fund

The Capital Stabilization Fund is used to accumulate resources for future capital project financing. No expenditures are made directly from the fund. Funds are instead appropriated and transferred to another capital project fund or to the general fund for capital improvements and/or maintenance. Completed capital improvement and maintenance budget balances are closed out to this fund along with certain state and federal grants for capital purposes that have been funded originally with local resources.

CITY OF NEWTON, MASSACHUSETTS  
NON MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2003

	School Lunch Fund	Highway Improvement Fund	Revolving Fund	Receipts Reserved Fund	Community Development Block Grant Fund	Municipal Federal Grant Fund
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 370,816	\$ 128,079	\$ 2,489,917	\$ 2,110,310	\$ 86,257	\$ 25,554
Receivables, net of allowance for uncollectables						
Charges for service	-	-	317,027	-	-	-
Departmental and other	-	-	-	24,233	124	-
Intergovernmental	75,676	165,667	-	-	6,949	77,509
Interest and dividends	-	-	-	-	-	-
Loans	-	-	-	360,000	-	-
Other assets	-	-	-	-	-	-
Cash and cash equivalents - restricted	-	-	-	-	-	-
Investments - restricted	-	-	-	-	-	-
<b>Total Assets</b>	<b>446,492</b>	<b>293,746</b>	<b>2,806,944</b>	<b>2,494,543</b>	<b>93,330</b>	<b>103,063</b>
<b>LIABILITIES:</b>						
Warrants payable	43,913	50,670	285,411	-	44,063	20,133
Accrued liabilities	273,360	110,617	106,960	-	45,906	8,451
Accrued payroll	126,819	-	-	-	3,111	-
Deferred revenue	-	-	188,523	360,000	-	-
<b>Total Liabilities</b>	<b>444,092</b>	<b>161,287</b>	<b>580,894</b>	<b>360,000</b>	<b>93,080</b>	<b>28,584</b>
<b>FUND BALANCES:</b>						
Reserved for:						
Loans	-	-	-	-	-	-
Perpetual permanent funds	-	-	-	-	-	-
Other specified purposes	2,400	-	500	-	250	-
Unreserved:						
Designated for subsequent year expenditures	-	-	-	802,832	-	-
Special revenue funds	-	132,459	2,225,550	1,331,711	-	74,479
Capital project funds	-	-	-	-	-	-
Permanent funds	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>2,400</b>	<b>132,459</b>	<b>2,226,050</b>	<b>2,134,543</b>	<b>250</b>	<b>74,479</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 446,492</b>	<b>\$ 293,746</b>	<b>\$ 2,806,944</b>	<b>\$ 2,494,543</b>	<b>\$ 93,330</b>	<b>\$ 103,063</b>

CITY OF NEWTON, MASSACHUSETTS  
NON MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2003

	Municipal State Grant Fund	School State Grant Fund	School Federal Grant Fund	Local Transportation Fund	Gift Fund
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 925,343	\$ 285,469	\$ 474,726	\$ 64,238	\$ 1,073,960
Receivables, net of allowance for uncollectables					
Charges for service	-	-	-	-	-
Departmental and other	-	-	-	-	-
Intergovernmental	15,953	62,099	271,215	-	-
Interest and dividends	-	-	-	-	-
Loans	-	-	-	-	-
Other assets	-	-	-	-	5,000
Cash and cash equivalents - restricted	-	-	-	-	-
Investments - restricted	-	-	-	-	-
	<u>941,296</u>	<u>347,568</u>	<u>745,941</u>	<u>64,238</u>	<u>1,078,960</u>
<b>Total Assets</b>					
	<u>941,296</u>	<u>347,568</u>	<u>745,941</u>	<u>64,238</u>	<u>1,078,960</u>
<b>LIABILITIES:</b>					
Warrants payable	102,239	31,448	43,645	64,238	14,716
Accrued liabilities	223,091	3,679	101,411	-	70,608
Accrued payroll	-	73,874	166,373	-	25,312
Deferred revenue	-	-	-	-	-
	<u>325,330</u>	<u>109,001</u>	<u>311,429</u>	<u>64,238</u>	<u>110,636</u>
<b>Total Liabilities</b>					
	<u>325,330</u>	<u>109,001</u>	<u>311,429</u>	<u>64,238</u>	<u>110,636</u>
<b>FUND BALANCES:</b>					
Reserved for:					
Loans	-	-	-	-	-
Perpetual permanent funds	-	-	-	-	-
Other specified purposes	-	-	-	-	5,000
Unreserved:					
Designated for subsequent year expenditures	-	-	-	-	-
Special revenue funds	615,966	238,567	434,512	-	963,324
Capital project funds	-	-	-	-	-
Permanent funds	-	-	-	-	-
	<u>615,966</u>	<u>238,567</u>	<u>434,512</u>	<u>-</u>	<u>968,324</u>
<b>Total Fund Balances</b>					
	<u>615,966</u>	<u>238,567</u>	<u>434,512</u>	<u>-</u>	<u>968,324</u>
<b>Total Liabilities and Fund Balances</b>					
	<u>\$ 941,296</u>	<u>\$ 347,568</u>	<u>\$ 745,941</u>	<u>\$ 64,238</u>	<u>\$ 1,078,960</u>

CITY OF NEWTON, MASSACHUSETTS  
NON MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2003

	Community Development Authority Fund	Municipal Permanent Fund	Library Common Permanent Fund	Building Insurance Fund	Public Building Improvement Fund
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 887,751	\$ -	\$ -	\$ -	\$ 92,361
Receivables, net of allowance for uncollectables					
Charges for service	-	-	-	-	-
Departmental and other	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Interest and dividends	455,048	-	3,587	32,442	-
Loans	2,549,509	-	-	-	-
Other assets	-	-	-	-	-
Cash and cash equivalents - restricted	-	433,685	116,495	84,263	-
Investments - restricted	-	236,122	532,566	2,403,480	-
<b>Total Assets</b>	<b>3,892,308</b>	<b>669,807</b>	<b>652,648</b>	<b>2,520,185</b>	<b>92,361</b>
<b>LIABILITIES:</b>					
Warrants payable	-	2,207	-	-	400
Accrued liabilities	293,704	-	-	-	914
Accrued payroll	-	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>Total Liabilities</b>	<b>293,704</b>	<b>2,207</b>	<b>-</b>	<b>-</b>	<b>1,314</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Loans	2,549,509	-	-	-	-
Perpetual permanent funds	-	396,933	-	-	-
Other specified purposes	-	-	-	2,520,185	-
Unreserved:					
Designated for subsequent year expenditures	-	-	-	-	-
Special revenue funds	1,049,095	-	-	-	-
Capital project funds	-	-	-	-	91,047
Permanent funds	-	270,667	652,648	-	-
<b>Total Fund Balances</b>	<b>3,598,604</b>	<b>667,600</b>	<b>652,648</b>	<b>2,520,185</b>	<b>91,047</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,892,308</b>	<b>\$ 669,807</b>	<b>\$ 652,648</b>	<b>\$ 2,520,185</b>	<b>\$ 92,361</b>

CITY OF NEWTON, MASSACHUSETTS  
NON MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2003

	<u>Street Improvement Fund</u>	<u>Capital Stabilization Fund</u>	<u>Total Non-Major Governmental Funds</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 4,705	\$ 4,111,044	\$ 13,130,530
Receivables, net of allowance for uncollectables			
Charges for service	-	-	317,027
Departmental and other	-	-	24,357
Intergovernmental	-	-	675,068
Interest and dividends	-	-	491,077
Loans	-	-	2,909,509
Other assets			5,000
Cash and cash equivalents - restricted	-	-	634,443
Investments - restricted	-	-	3,172,168
	<u>4,705</u>	<u>4,111,044</u>	<u>21,359,179</u>
<b>Total Assets</b>	<u>4,705</u>	<u>4,111,044</u>	<u>21,359,179</u>
<b>LIABILITIES:</b>			
Warrants payable	-	-	703,083
Accrued liabilities	-	-	1,238,701
Accrued payroll	-	-	395,489
Deferred revenue	-	-	548,523
	<u>-</u>	<u>-</u>	<u>2,885,796</u>
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>2,885,796</u>
<b>FUND BALANCES:</b>			
Reserved for:			
Loans	-	-	2,549,509
Perpetual permanent funds	-	-	396,933
Other specified purposes	-	-	2,528,335
Unreserved:			
Designated for subsequent year expenditures	-	-	802,832
Special revenue funds	-	-	7,065,663
Capital project funds	4,705	4,111,044	4,206,796
Permanent funds	-	-	923,315
	<u>4,705</u>	<u>4,111,044</u>	<u>18,473,383</u>
<b>Total Fund Balances</b>	<u>4,705</u>	<u>4,111,044</u>	<u>18,473,383</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 4,705</u>	<u>\$ 4,111,044</u>	<u>\$ 21,359,179</u>



CITY OF NEWTON, MASSACHUSETTS  
NON MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	School Lunch Fund	Highway Improvement Fund	Revolving Fund	Receipts Reserved Fund	Community Development Block Grant	Municipal Federal Grant Fund
<b>REVENUES</b>						
Licenses and permits	\$	\$ -	\$	\$ 258,447	\$ -	\$ -
Intergovernmental	408,461	642,477	-	-	2,776,497	2,609,778
Charges for service	2,677,574	-	5,457,717	1,239,854	-	-
Fines and forfeitures	-	-	11,003	-	-	-
Investment income	5,195	-	352	3,888	-	333
Contributions and donations	-	-	-	50,000	-	-
Miscellaneous	-	-	91,849	32,678	6,898	-
Total revenues	<u>3,091,230</u>	<u>642,477</u>	<u>5,560,921</u>	<u>1,584,867</u>	<u>2,783,395</u>	<u>2,610,111</u>
<b>EXPENDITURES</b>						
Current:						
General Government:						
Legislative & Executive	-	-	751	-	-	-
Elections	-	-	-	-	-	-
Administrative support	-	-	-	-	-	-
Planning & development	-	-	57,462	-	2,733,728	2,142,578
Public building maintenance & operations	-	-	2,600	-	-	-
Public Safety:			-			
Police	-	-	1,670,266	-	-	24,411
Fire	-	-	112,826	-	-	10,500
Education	3,748,424	-	3,549,885	-	-	-
Public Works:			-			
Streets & sidewalks	-	642,477	77,158	-	-	-
Collection & disposal of solid waste	-	-	3,018	-	-	-
Public Transportation	-	-	-	-	-	-
Health & Human Services						
Public health	-	-	-	-	-	-
Human services	-	-	46,278	-	-	30,000
Libraries	-	-	38,401	-	-	3,563
Parks & recreation	-	-	787,012	-	-	-
Jackson Homestead museum	-	-	112	-	-	-
Pension benefits	-	-	-	-	49,667	-
Total expenditures	<u>3,748,424</u>	<u>642,477</u>	<u>6,345,769</u>	<u>-</u>	<u>2,783,395</u>	<u>2,211,052</u>
Excess/(deficiency) of revenues over expenditures	<u>(657,194)</u>	<u>-</u>	<u>(784,848)</u>	<u>1,584,867</u>	<u>-</u>	<u>399,059</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	642,511	-	898,337	-	-	1,926
Transfers out	-	-	-	(1,510,951)	-	(350,644)
Total other financing sources and uses	<u>642,511</u>	<u>-</u>	<u>898,337</u>	<u>(1,510,951)</u>	<u>-</u>	<u>(348,718)</u>
Net change in fund balances	(14,683)	-	113,489	73,916	-	50,341
Fund balances - beginning of the year, as restated	<u>17,083</u>	<u>132,459</u>	<u>2,112,561</u>	<u>2,060,627</u>	<u>250</u>	<u>24,138</u>
Fund balances - end of the year	<u>\$ 2,400</u>	<u>\$ 132,459</u>	<u>\$ 2,226,050</u>	<u>\$ 2,134,543</u>	<u>\$ 250</u>	<u>\$ 74,479</u>

CITY OF NEWTON, MASSACHUSETTS  
NON MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Municipal State Grant Fund	School State Grant Fund	School Federal Grant Fund	Local Transportation Fund	Gift Fund
<b>REVENUES</b>					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,112,111	2,881,526	3,466,736	-	-
Charges for service	-	-	-	6,544	-
Fines and forfeitures	-	-	-	-	-
Investment income	151	-	-	-	3,445
Contributions and donations	-	-	-	44,250	991,711
Miscellaneous	4,118	4,632	1,323	-	-
Total revenues	<u>1,116,380</u>	<u>2,886,158</u>	<u>3,468,059</u>	<u>50,794</u>	<u>995,156</u>
<b>EXPENDITURES</b>					
Current:					
General Government:					
Legislative & Executive	-	-	-	-	-
Elections	14,298	-	-	-	-
Administrative support	13,345	-	-	-	9,584
Planning & development	63,473	-	-	-	148,770
Public building maintenance & operations	-	-	-	-	-
Public Safety:					
Police	77,577	-	-	-	-
Fire	77,718	-	-	-	-
Education	-	2,860,984	3,367,723	-	384,264
Public Works:					
Streets & sidewalks	-	-	-	-	-
Collection & disposal of solid waste	264,195	-	-	-	-
Public Transportation	-	-	-	374,539	-
Health & Human Services					
Public health	288,024	-	-	-	-
Human services	79,294	-	-	-	30,228
Libraries	119,949	-	-	-	-
Parks & recreation	31,960	-	-	-	13,225
Jackson Homestead museum	-	-	-	-	-
Pension benefits	-	-	-	-	-
Total expenditures	<u>1,029,833</u>	<u>2,860,984</u>	<u>3,367,723</u>	<u>374,539</u>	<u>586,071</u>
Excess/(deficiency) of revenues over expenditures	<u>86,547</u>	<u>25,174</u>	<u>100,336</u>	<u>(323,745)</u>	<u>409,085</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	332,628	-
Transfers out	(28,217)	-	-	-	-
Total other financing sources and uses	<u>(28,217)</u>	<u>-</u>	<u>-</u>	<u>332,628</u>	<u>-</u>
Net change in fund balances	58,330	25,174	100,336	8,883	409,085
Fund balances - beginning of the year, as restated	<u>557,636</u>	<u>213,393</u>	<u>334,176</u>	<u>(8,883)</u>	<u>559,239</u>
Fund balances - end of the year	<u>\$ 615,966</u>	<u>\$ 238,567</u>	<u>\$ 434,512</u>	<u>\$ -</u>	<u>\$ 968,324</u>

CITY OF NEWTON, MASSACHUSETTS  
NON MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Community Development Authority Fund	Municipal Permanent Fund	Library Common Permanent Fund	Building Insurance Fund
<b>REVENUES</b>				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental	25,000	-	-	-
Charges for service	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	125,562	23,097	11,326	172,104
Contributions and donations	-	2,450	279,188	-
Miscellaneous	105	-	-	-
Total revenues	<u>150,667</u>	<u>25,547</u>	<u>290,514</u>	<u>172,104</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Legislative & Executive	-	-	-	-
Elections	-	-	-	-
Administrative support	-	-	-	-
Planning & development	1,016,684	10,390	-	-
Public building maintenance & operations	-	-	-	-
Public Safety:				
Police	-	-	-	-
Fire	-	-	-	-
Education				
-	-	-	-	-
Public Works:				
Streets & sidewalks	-	-	-	-
Collection & disposal of solid waste	-	-	-	-
Public Transportation				
-	-	-	-	-
Health & Human Services				
Public health	-	-	-	-
Human services	-	-	-	-
Libraries	-	-	314,740	-
Parks & recreation	-	28,618	-	-
Jackson Homestead museum	-	-	-	-
Pension benefits				
-	-	-	-	-
Total expenditures	<u>1,016,684</u>	<u>39,008</u>	<u>314,740</u>	<u>-</u>
Excess/(deficiency) of revenues over expenditures	<u>(866,017)</u>	<u>(13,461)</u>	<u>(24,226)</u>	<u>172,104</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	49,015	-	-
Transfers out	-	-	-	(160,953)
Total other financing sources and uses	<u>-</u>	<u>49,015</u>	<u>-</u>	<u>(160,953)</u>
Net change in fund balances	(866,017)	35,554	(24,226)	11,151
Fund balances - beginning of the year, as restated	<u>4,464,621</u>	<u>632,046</u>	<u>676,874</u>	<u>2,509,034</u>
Fund balances - end of the year	<u>\$ 3,598,604</u>	<u>\$ 667,600</u>	<u>\$ 652,648</u>	<u>\$ 2,520,185</u>

CITY OF NEWTON, MASSACHUSETTS  
NON MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Public Building Improvement Fund	Street Improvement Fund	Park Improvement Fund	Capital Stabilization Fund	Total Non-Major Governmental Funds
<b>REVENUES</b>					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ 258,447
Intergovernmental	-	-	-	-	13,922,586
Charges for service	-	-	-	-	9,381,689
Fines and forfeitures	-	-	-	-	11,003
Investment income	-	-	-	-	345,453
Contributions and donations	-	-	-	-	1,367,599
Miscellaneous	-	-	-	-	141,603
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,428,380</u>
<b>EXPENDITURES</b>					
Current:					
General Government:					
Legislative & Executive	-	-	-	-	751
Elections	-	-	-	-	14,298
Administrative support	-	-	-	-	22,929
Planning & development	-	-	-	-	6,173,085
Public building maintenance & operations	-	-	-	-	2,600
Public Safety:					
Police	-	-	-	-	1,772,254
Fire	-	-	-	-	201,044
Education	471,158	-	-	-	14,382,438
Public Works:					
Streets & sidewalks	-	-	-	-	719,635
Collection & disposal of solid waste	-	-	-	-	267,213
Public Transportation	-	-	-	-	374,539
Health & Human Services					
Public health	-	-	-	-	288,024
Human services	-	-	-	-	185,800
Libraries	-	-	-	-	476,653
Parks & recreation	-	-	-	-	860,815
Jackson Homestead museum	-	-	-	-	112
Pension benefits	-	-	-	-	49,667
Total expenditures	<u>471,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,791,857</u>
Excess/(deficiency) of revenues over expenditures	<u>(471,158)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(363,477)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	1,779,373	3,703,790
Transfers out	(77,061)	-	(50,000)	(757,941)	(2,935,767)
Total other financing sources and uses	<u>(77,061)</u>	<u>-</u>	<u>(50,000)</u>	<u>1,021,432</u>	<u>768,023</u>
Net change in fund balances	(548,219)	-	(50,000)	1,021,432	404,546
Fund balances - beginning of the year, as restated	<u>639,266</u>	<u>4,705</u>	<u>50,000</u>	<u>3,089,612</u>	<u>18,068,837</u>
Fund balances - end of the year	<u>\$ 91,047</u>	<u>\$ 4,705</u>	<u>\$ -</u>	<u>\$ 4,111,044</u>	<u>\$ 18,473,383</u>

## Description of Internal Service Funds

### Group Health Self- Insurance:

This fund is used to account for group health benefits for active and retired employees of the City.

The City funds 80% of group health benefits, and employees contribute 20% of the cost through payroll deductions. The City maintains separate sub-funds for plans administered by Tufts Associated Health Plan and Harvard-Pilgrim Health.

### Workers Compensation Self -Insurance Fund

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

### Liability Self-Insurance Fund

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

CITY OF NEWTON, MASSACHUSETTS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2003

	Health Insurance	Workers Compensation Insurance	Liability Insurance	Total
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	\$ 4,776,263	\$ 1,171,279	\$ 273,230	\$ 6,220,772
Investments	-	4,543,545	-	4,543,545
Receivables, net of allowance for uncollectables	362,648	-	-	362,648
<b>Total Current Assets</b>	<u>5,138,911</u>	<u>5,714,824</u>	<u>273,230</u>	<u>11,126,965</u>
Non current assets:				
Other assets	47,500	-	-	47,500
<b>Total Non Current Assets</b>	<u>47,500</u>	<u>-</u>	<u>-</u>	<u>47,500</u>
<b>Total Assets</b>	<u>5,186,411</u>	<u>5,714,824</u>	<u>273,230</u>	<u>11,174,465</u>
<b>LIABILITIES:</b>				
Current liabilities:				
Warrants payable	-	40,072	-	40,072
Accrued liabilities	-	23,722	-	23,722
Health claims payable	4,653,348	-	-	4,653,348
Workers compensation benefits payable	-	2,053,410	-	2,053,410
<b>Total Current Liabilities</b>	<u>4,653,348</u>	<u>2,117,204</u>	<u>-</u>	<u>6,770,552</u>
Non current liabilities:				
Workers compensation benefits payable	-	4,797,517	-	4,797,517
<b>Total Non Current Liabilities</b>	<u>-</u>	<u>4,797,517</u>	<u>-</u>	<u>4,797,517</u>
<b>Total Liabilities</b>	<u>4,653,348</u>	<u>6,914,721</u>	<u>-</u>	<u>11,568,069</u>
<b>NET ASSETS:</b>				
Unrestricted	533,063	(1,199,897)	273,230	(393,604)
<b>Total Net Assets</b>	<u>\$ 533,063</u>	<u>\$ (1,199,897)</u>	<u>\$ 273,230</u>	<u>\$ (393,604)</u>

CITY OF NEWTON, MASSACHUSETTS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Health Insurance	Workers Compensation Insurance	Liability Insurance	Total
<b>Operating revenues</b>				
Employer contributions	\$ 22,943,929	\$ 1,427,276	\$ 100,000	\$ 24,471,205
Employees contributions	6,006,053	-	-	6,006,053
Total operating revenues	<u>28,949,982</u>	<u>1,427,276</u>	<u>100,000</u>	<u>30,477,258</u>
<b>Operating expenses</b>				
Change in incurred but unreported liability	1,354,639	523,707	-	1,878,346
Self insurance fund claims	25,955,474	1,450,864	-	27,406,338
Insurance premiums	263,074	-	-	263,074
Administrative expenses	1,678,679	78,839	-	1,757,518
Total operating expenses	<u>29,251,866</u>	<u>2,053,410</u>	<u>-</u>	<u>31,305,276</u>
<b>Operating Income/(Loss)</b>	<u>(301,884)</u>	<u>(626,134)</u>	<u>100,000</u>	<u>(828,018)</u>
<b>Non Operating Revenues (Expenses)</b>				
Investment income	64,814	207,741	(9,354)	263,201
Total non operating revenue (expenses)	<u>64,814</u>	<u>207,741</u>	<u>(9,354)</u>	<u>263,201</u>
<b>Change in Net Assets</b>	<u>(237,070)</u>	<u>(418,393)</u>	<u>90,646</u>	<u>(564,817)</u>
<b>Net Assets - beginning of the year, as restated</b>	<u>770,133</u>	<u>(781,504)</u>	<u>182,584</u>	<u>171,213</u>
<b>Net Assets - end of the year</b>	<u>\$ 533,063</u>	<u>\$ (1,199,897)</u>	<u>\$ 273,230</u>	<u>\$ (393,604)</u>

CITY OF NEWTON, MASSACHUSETTS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Health <u>Insurance</u>	Workers Compensation <u>Insurance</u>	Liability <u>Insurance</u>	<u>Total</u>
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$ 6,006,053	\$ -	\$ -	\$ 6,006,053
Receipts from interfund services provided	22,943,929	1,427,276	100,000	24,471,205
Payments to vendors/providers	<u>(28,262,441)</u>	<u>(1,534,546)</u>	<u>(199,000)</u>	<u>(29,995,987)</u>
<b>Net cash provided by (used for) operating activities</b>	<u>687,541</u>	<u>(107,270)</u>	<u>(99,000)</u>	<u>481,271</u>
<b>Cash Flows from Investing Activities</b>				
Sale of investments	-	190,571	268,642	459,213
Investment income	<u>64,814</u>	<u>207,741</u>	<u>(9,354)</u>	<u>263,201</u>
Net cash provided by investing activities	64,814	398,312	259,288	722,414
<b>Net Change in Cash and cash equivalents</b>	<u>752,355</u>	<u>291,042</u>	<u>160,288</u>	<u>1,203,685</u>
<b>Cash and cash equivalents - Beginning</b>	<u>4,023,908</u>	<u>880,237</u>	<u>112,942</u>	<u>5,017,087</u>
<b>Cash and cash equivalents - Ending</b>	<u>4,776,263</u>	<u>1,171,279</u>	<u>273,230</u>	<u>6,220,772</u>
<b>Reconciliation of operating income to net cash provided by (used) for operating activities:</b>				
Operating income (loss)	(301,884)	(626,134)	100,000	(828,018)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Other assets	(362,648)	-		(362,648)
Warrants payable	(2,566)	(5,571)		(8,137)
Accrued liabilities	<u>1,354,639</u>	<u>524,435</u>	<u>(199,000)</u>	<u>1,680,074</u>
Total adjustments	<u>989,425</u>	<u>518,864</u>	<u>(199,000)</u>	<u>1,309,289</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>\$ 687,541</u>	<u>\$ (107,270)</u>	<u>\$ (99,000)</u>	<u>\$ 481,271</u>



## Description of Private Purpose Trust Funds

### Chaffin Education Fund:

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

### Scovell Education Fund

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

### Gorin Education Fund

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

### Cousens Welfare Fund

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

### School Scholarship Fund

This fund is used to account for a variety of public school scholarship funds. Detailed fund information is available from the City Comptroller's Office.

### Kendrick Welfare Fund

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

### Read Charity Fund

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

### Spear Infirmary Fund

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

### Mabel Riley Senior Fund

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

CITY OF NEWTON, MASSACHUSETTS  
PRIVATE PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2003

	Chaffin Education Fund	Scovell Education Fund	Gorin Education Fund	Cousens Welfare Fund	School Scholarship Fund	Kendrick Welfare Fund
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 433,953	\$ 130,957	\$ 24,880	\$ 1,067,827	\$ 695,403	\$ 3,247
Investments, at fair value						
U.S. government treasury securities	1,922,736	486,267	-	-	102,502	-
Other fixed income securities	-	-	-	106,182	-	-
Domestic equity securities	2,065,453	261,876	-	644,120	133,238	-
Total investments	<u>3,988,189</u>	<u>748,143</u>	<u>-</u>	<u>750,302</u>	<u>235,740</u>	<u>-</u>
Receivables, net of allowance for uncollectables:						
Student Loans	275,158	-	-	-	19,800	-
<b>Total Assets</b>	<u>4,697,300</u>	<u>879,100</u>	<u>24,880</u>	<u>1,818,129</u>	<u>950,943</u>	<u>3,247</u>
<b>LIABILITIES:</b>						
Warrants payable	-	-	-	-	2,296	-
Other liabilities	19,058	-	-	-	-	-
<b>Total Liabilities</b>	<u>19,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,296</u>	<u>-</u>
<b>NET ASSETS:</b>						
Held in Trust	<u>\$ 4,678,242</u>	<u>\$ 879,100</u>	<u>\$ 24,880</u>	<u>\$ 1,818,129</u>	<u>\$ 948,647</u>	<u>\$ 3,247</u>

CITY OF NEWTON, MASSACHUSETTS  
PRIVATE PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2003

	Read Charity Fund	Spear Infirmary Fund	Mabel Riley Senior Fund	Total
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 49,246	\$ 3,840	\$ 35,893	\$ 2,445,246
Investments, at fair value				
U.S. government treasury securities	-	-	-	2,511,505
Other fixed income securities	-	-	-	106,182
Domestic equity securities	-	-	-	3,104,687
Total investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,722,374</u>
Receivables, net of allowance for uncollectables:				
Student Loans	<u>-</u>	<u>-</u>	<u>-</u>	<u>294,958</u>
<b>Total Assets</b>	<u>49,246</u>	<u>3,840</u>	<u>35,893</u>	<u>8,462,578</u>
<b>LIABILITIES:</b>				
Warrants payable	-	-	-	2,296
Other liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,058</u>
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,354</u>
<b>NET ASSETS:</b>				
Held in Trust	<u>\$ 49,246</u>	<u>\$ 3,840</u>	<u>\$ 35,893</u>	<u>\$ 8,441,224</u>

CITY OF NEWTON, MASSACHUSETTS  
PRIVATE PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Chaffin Education Fund	Scovell Education Fund	Gorin Education Fund	Cousens Welfare Fund	School Scholarship Fund	Kendrick Welfare Fund	Read Charity Fund
<b>ADDITIONS</b>							
Private Donations	\$ 1,375	\$ -	\$ -	\$ 8,421	\$ 114,160	\$ -	\$ -
Total contributions	<u>1,375</u>	<u>-</u>	<u>-</u>	<u>8,421</u>	<u>114,160</u>	<u>-</u>	<u>-</u>
Investment Earnings:							
Interest & dividends	8,665	279	330	56,727	51,356	53	859
Net increase (decrease) in fair value of investments	<u>33,421</u>	<u>48,033</u>	<u>-</u>	<u>300,672</u>	<u>13,315</u>	<u>-</u>	<u>-</u>
Total Investment earning	<u>42,086</u>	<u>48,312</u>	<u>330</u>	<u>357,399</u>	<u>64,671</u>	<u>53</u>	<u>859</u>
Less: investment expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net investment income</b>	<u>42,086</u>	<u>48,312</u>	<u>330</u>	<u>357,399</u>	<u>64,671</u>	<u>53</u>	<u>859</u>
<b>Total Additions</b>	<u>43,461</u>	<u>48,312</u>	<u>330</u>	<u>365,820</u>	<u>178,831</u>	<u>53</u>	<u>859</u>
<b>DEDUCTIONS</b>							
Administrative expense	2,580	-	-	24,784	-	-	-
Educational scholarships & awards	103,900	28,263	-	-	154,756	-	1,551
Public assistance	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,625</u>	<u>-</u>	<u>200</u>	<u>2,815</u>
<b>Total Deductions</b>	<u>106,480</u>	<u>28,263</u>	<u>-</u>	<u>97,409</u>	<u>154,756</u>	<u>200</u>	<u>4,366</u>
<b>Change in Net Assets</b>	<u>(63,019)</u>	<u>20,049</u>	<u>330</u>	<u>268,411</u>	<u>24,075</u>	<u>(147)</u>	<u>(3,507)</u>
<b>Net Assets - Beginning of Year</b>	<u>4,741,261</u>	<u>859,051</u>	<u>24,550</u>	<u>1,549,718</u>	<u>924,572</u>	<u>3,394</u>	<u>52,753</u>
<b>Net Assets - End of Year</b>	<u>\$ 4,678,242</u>	<u>\$ 879,100</u>	<u>\$ 24,880</u>	<u>\$ 1,818,129</u>	<u>\$ 948,647</u>	<u>\$ 3,247</u>	<u>\$ 49,246</u>

CITY OF NEWTON, MASSACHUSETTS  
PRIVATE PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Spear Infirmary Fund	Mabel Riley Senior Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ADDITIONS</b>			
Private Donations	\$ -	\$ -	\$ 123,956
Total contributions	<u>          </u>	<u>          </u>	<u>123,956</u>
Investment Earnings:			
Interest & dividends	54	508	118,831
Net increase (decrease) in fair value of investments	<u>          </u>	<u>          </u>	<u>395,441</u>
Total Investment earning	54	508	514,272
Less: investment expense	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net investment income</b>	<u>54</u>	<u>508</u>	<u>514,272</u>
<b>Total Additions</b>	<u>54</u>	<u>508</u>	<u>638,228</u>
<b>DEDUCTIONS</b>			
Administrative expense	-	-	27,364
Educational scholarships & awards	-	-	288,470
Public assistance	<u>          </u>	<u>          </u>	<u>75,640</u>
<b>Total Deductions</b>	<u>          </u>	<u>          </u>	<u>391,474</u>
<b>Change in Net Assets</b>	<u>54</u>	<u>508</u>	<u>246,754</u>
<b>Net Assets - Beginning of Year</b>	<u>3,786</u>	<u>35,385</u>	<u>8,194,470</u>
<b>Net Assets - End of Year</b>	<u>\$ 3,840</u>	<u>\$ 35,893</u>	<u>\$ 8,441,224</u>

CITY OF NEWTON, MASSACHUSETTS  
 AGENCY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
<b>ASSETS:</b>				
Cash and short term investments	\$ 2,505,316	\$ 111,333,364	\$ (112,495,095)	\$ 1,343,585
Receivables, net of allowance for uncollectables:				
Other Loans	589,027	23,592	-	612,619
<b>Total Assets</b>	3,094,343	111,356,956	(112,495,095)	1,956,204
<b>LIABILITIES:</b>				
Warrants payable	360,056	112,049,672	(112,333,005)	76,723
Payroll withholdings	1,711,522	110,007,107	(110,984,937)	733,692
Other liabilities	1,022,765	1,471,095	(1,348,071)	1,145,789
<b>Total Liabilities</b>	\$ 3,094,343	\$ 223,527,874	\$ (224,666,013)	\$ 1,956,204



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# SUPPLEMENTARY INFORMATION

(Budgetary Basis Budget to Actual Reporting – Legal Level of Control)



CITY OF NEWTON, MASSACHUSETTS  
 APPROPRIATION BUDGET TO ACTUAL COMPARISON SCHEDULE - LEGAL LEVEL OF CONTROL  
 FISCAL YEAR ENDED JUNE 30, 2003

	Continued Appropriations	FY 2003 Original Budget	FY 2003 Budget Revisions	FY 2003 Budget As Amended	Total Revised FY 2003 Budget	Expended	Encumbered	Continued Appropriations	Closed to Fund Balance
<b>City Clerk/Clerk of the Board</b>									
Personal Services	\$ -	\$ 770,269	\$ 10,200	\$ 780,469	\$ 780,469	\$ 780,015	\$ -	\$ -	\$ 454
Expenses	7,475	63,143	402	63,545	71,020	40,224	-	12,000	18,796
Fringe Benefits	-	117,729	23,358	141,087	141,087	140,858	-	-	229
Total	7,475	951,141	33,960	985,101	992,576	961,097	-	12,000	19,479
<b>Mayor</b>									
Personal Services	-	522,416	-	522,416	522,416	522,410	-	-	6
Expenses	-	52,400	-	52,400	52,400	38,480	-	-	13,920
Fringe Benefits	-	59,797	(2,333)	57,464	57,464	57,464	-	-	-
Total	-	634,613	(2,333)	632,280	632,280	618,354	-	-	13,926
<b>Comptroller</b>									
Personal Services	-	423,978	-	423,978	423,978	395,724	-	-	28,254
Expenses	56,186	185,106	44,153	229,259	285,445	217,672	45,000	8,881	13,892
Capital Outlay	-	-	1,800	1,800	1,800	1,384	-	416	-
Fringe Benefits	-	41,096	919	42,015	42,015	42,015	-	-	-
Total	56,186	650,180	46,872	697,052	753,238	656,795	45,000	9,297	42,146
<b>Purchasing/General Services</b>									
Personal Services	-	339,774	-	339,774	339,774	321,706	-	-	18,068
Expenses	-	142,200	-	142,200	142,200	134,245	-	-	7,955
Capital Outlay	-	3,036	-	3,036	3,036	2,839	-	-	197
Fringe Benefits	-	32,353	9,801	42,154	42,154	42,154	-	-	-
Total	-	517,363	9,801	527,164	527,164	500,944	-	-	26,220
<b>Assessing</b>									
Personal Services	-	962,052	-	962,052	962,052	888,684	-	-	73,368
Expenses	542,320	58,623	-	58,623	600,943	153,495	-	431,518	15,930
Fringe Benefits	-	115,030	(9,627)	105,403	105,403	105,403	-	-	-
Total	542,320	1,135,705	(9,627)	1,126,078	1,668,398	1,147,582	-	431,518	89,298
<b>Treasury &amp; Collections</b>									
Personal Services	-	508,622	-	508,622	508,622	495,868	-	-	12,754
Expenses	1,177	445,394	-	445,394	446,571	388,326	6,972	12,319	38,954
Fringe Benefits	-	56,607	(518)	56,089	56,089	56,071	-	-	18
Total	1,177	1,010,623	(518)	1,010,105	1,011,282	940,265	6,972	12,319	51,726
<b>City Solicitor/Judgments &amp; Settlements</b>									
Personal Services	-	811,099	8,500	819,599	819,599	818,989	-	-	610
Expenses	6,169	278,900	233,854	512,754	518,923	494,440	5,000	-	19,483
Fringe Benefits	-	85,794	736	86,530	86,530	86,530	-	-	-
Total	6,169	1,175,793	243,090	1,418,883	1,425,052	1,399,959	5,000	-	20,093
<b>Human Resources</b>									
Personal Services	-	538,709	-	538,709	538,709	536,755	-	1,250	704
Expenses	5,250	164,215	(7,000)	157,215	162,465	137,473	4,500	-	20,492
Capital Outlay	-	1,700	-	1,700	1,700	-	-	667	1,033
Fringe Benefits	-	45,752	(752)	45,000	45,000	45,000	-	-	-
Total	\$ 5,250	\$ 750,376	\$ (7,752)	\$ 742,624	\$ 747,874	\$ 719,228	\$ 4,500	\$ 1,917	\$ 22,229

CITY OF NEWTON, MASSACHUSETTS  
 APPROPRIATION BUDGET TO ACTUAL COMPARISON SCHEDULE - LEGAL LEVEL OF CONTROL  
 FISCAL YEAR ENDED JUNE 30, 2003

	Continued Appropriations	FY 2003 Original Budget	FY 2003 Budget Revisions	FY 2003 Budget As Amended	Total Revised FY 2003 Budget	Expended	Encumbered	Continued Appropriations	Closed to Fund Balance
<b>Information Technology</b>									
Personal Services	\$ -	\$ 747,787	\$ -	\$ 747,787	\$ 747,787	\$ 715,423	\$ -	\$ -	\$ 32,364
Expenses	4,512	172,480	-	172,480	176,992	158,741	37	-	18,214
Capital Outlay	526	11,973	-	11,973	12,499	12,293	-	-	206
Fringe Benefits	-	65,496	2,146	67,642	67,642	67,464	-	-	178
Total	<u>5,038</u>	<u>997,736</u>	<u>2,146</u>	<u>999,882</u>	<u>1,004,920</u>	<u>953,921</u>	<u>37</u>	<u>-</u>	<u>50,962</u>
<b>Elections</b>									
Personal Services	2,596	433,567	-	433,567	436,163	423,647	-	-	12,516
Expenses	46	86,767	-	86,767	86,813	67,644	-	2,500	16,669
Fringe Benefits	43,404	43,404	(1,357)	42,047	42,047	41,662	-	-	385
Total	<u>2,642</u>	<u>563,738</u>	<u>(1,357)</u>	<u>562,381</u>	<u>565,023</u>	<u>532,953</u>	<u>-</u>	<u>2,500</u>	<u>29,570</u>
<b>Licensing</b>									
Expenses	-	1,896	-	1,896	1,896	1,253	-	-	643
Total	<u>-</u>	<u>1,896</u>	<u>-</u>	<u>1,896</u>	<u>1,896</u>	<u>1,253</u>	<u>-</u>	<u>-</u>	<u>643</u>
<b>Planning &amp; Development</b>									
Personal Services	-	686,174	-	686,174	686,174	661,384	-	-	24,790
Expenses	60,307	42,427	-	42,427	102,734	64,208	5,284	30,000	3,242
Fringe Benefits	-	62,171	(7,639)	54,532	54,532	54,487	-	-	45
Total	<u>60,307</u>	<u>790,772</u>	<u>(7,639)</u>	<u>783,133</u>	<u>843,440</u>	<u>780,079</u>	<u>5,284</u>	<u>30,000</u>	<u>28,077</u>
<b>Public Buildings</b>									
Personal Services	-	1,505,233	-	1,505,233	1,505,233	1,446,232	-	-	59,001
Expenses	31,693	447,104	-	447,104	478,797	395,674	25,854	-	57,269
Capital Outlay	-	7,500	-	7,500	7,500	7,500	-	-	-
Fringe Benefits	-	213,564	(6,540)	207,024	207,024	205,760	-	-	1,264
Total	<u>31,693</u>	<u>2,173,401</u>	<u>(6,540)</u>	<u>2,166,861</u>	<u>2,198,554</u>	<u>2,055,166</u>	<u>25,854</u>	<u>-</u>	<u>117,534</u>
<b>City Physician</b>									
Personal Services	-	-	-	-	-	-	-	-	-
Expenses	-	20,450	-	20,450	20,450	15,479	-	-	4,971
Total	<u>-</u>	<u>20,450</u>	<u>-</u>	<u>20,450</u>	<u>20,450</u>	<u>15,479</u>	<u>-</u>	<u>-</u>	<u>4,971</u>
<b>GENERAL GOVERNMENT TOTAL</b>	<b>718,257</b>	<b>11,373,787</b>	<b>300,103</b>	<b>11,673,890</b>	<b>12,392,147</b>	<b>11,283,075</b>	<b>92,647</b>	<b>499,551</b>	<b>516,874</b>
<b>Police</b>									
Personal Services	-	11,632,715	657,538	12,290,253	12,290,253	12,183,012	-	-	107,241
Expenses	-	718,350	29,100	747,450	747,450	721,964	7,510	2,400	15,576
Capital Outlay	-	198,000	80,500	278,500	278,500	197,923	-	80,500	77
Fringe Benefits	-	1,393,147	(87,623)	1,305,524	1,305,524	1,295,949	-	-	9,575
Total	<u>-</u>	<u>13,942,212</u>	<u>679,515</u>	<u>14,621,727</u>	<u>14,621,727</u>	<u>14,398,848</u>	<u>7,510</u>	<u>82,900</u>	<u>132,469</u>
<b>Fire</b>									
Personal Services	-	11,665,240	470,000	12,135,240	12,135,240	11,993,005	-	-	142,235
Expenses	3,331	403,920	9,227	413,147	416,478	374,332	112	10,648	31,386
Capital Outlay	11,623	60,104	(9,227)	50,877	62,500	50,098	7,881	-	4,521
Fringe Benefits	-	1,425,185	(63,774)	1,361,411	1,361,411	1,341,878	-	-	19,533
Total	<u>\$ 14,954</u>	<u>\$ 13,554,449</u>	<u>\$ 406,226</u>	<u>\$ 13,960,675</u>	<u>\$ 13,975,629</u>	<u>\$ 13,759,313</u>	<u>\$ 7,993</u>	<u>\$ 10,648</u>	<u>\$ 197,675</u>

CITY OF NEWTON, MASSACHUSETTS  
 APPROPRIATION BUDGET TO ACTUAL COMPARISON SCHEDULE - LEGAL LEVEL OF CONTROL  
 FISCAL YEAR ENDED JUNE 30, 2003

	Continued Appropriations	FY 2003 Original Budget	FY 2003 Budget Revisions	FY 2003 Budget As Amended	Total Revised FY 2003 Budget	Expended	Encumbered	Continued Appropriations	Closed to Fund Balance
<b>Inspectional Services</b>									
Personal Services	\$ -	\$ 869,262	\$ 11,535	\$ 880,797	\$ 880,797	\$ 877,977	\$ -	\$ -	\$ 2,820
Expenses	2,242	44,323	2,503	46,826	49,068	45,042	-	-	4,026
Capital Outlay	-	-	-	-	-	-	-	-	-
Fringe Benefits	-	119,062	(765)	118,297	118,297	118,296	-	-	1
Total	2,242	1,032,647	13,273	1,045,920	1,048,162	1,041,315	-	-	6,847
<b>Civil Defense</b>									
Personal Services	-	4,000	-	4,000	4,000	4,000	-	-	-
Expenses	1,337	4,513	-	4,513	5,850	-	-	-	5,850
Fringe Benefits	-	4,798	510	5,308	5,308	4,851	-	-	457
Total	1,337	13,311	510	13,821	15,158	8,851	-	-	6,307
<b>Weights &amp; Measures</b>									
Personal Services	-	50,824	-	50,824	50,824	50,823	-	-	1
Expenses	-	3,510	-	3,510	3,510	1,704	-	-	1,806
Fringe Benefits	-	3,892	3,134	7,026	7,026	5,695	-	-	1,331
Total	-	58,226	3,134	61,360	61,360	58,222	-	-	3,138
<b>Ambulance Service</b>									
Expenses	1,000	10,000	-	10,000	11,000	2,000	-	-	9,000
Total	1,000	10,000	-	10,000	11,000	2,000	-	-	9,000
<b>PUBLIC SAFETY TOTAL</b>	<b>19,533</b>	<b>28,610,845</b>	<b>1,102,658</b>	<b>29,713,503</b>	<b>29,733,036</b>	<b>29,268,549</b>	<b>15,503</b>	<b>93,548</b>	<b>355,436</b>
<b>Public Works</b>									
Personal Services	-	6,659,002	593,017	7,252,019	7,252,019	6,790,647	-	-	461,372
Expenses	135,055	9,202,440	1,011,521	10,213,961	10,349,016	9,869,654	108,327	71,480	299,555
Capital Outlay	1,680	500,110	72,393	572,503	574,183	497,266	7,675	44,200	25,042
Fringe Benefits	-	1,043,423	(13,990)	1,029,433	1,029,433	998,274	-	-	31,159
Total	136,735	17,404,975	1,662,941	19,067,916	19,204,651	18,155,841	116,002	115,680	817,128
<b>PUBLIC WORKS</b>	<b>136,735</b>	<b>17,404,975</b>	<b>1,662,941</b>	<b>19,067,916</b>	<b>19,204,651</b>	<b>18,155,841</b>	<b>116,002</b>	<b>115,680</b>	<b>817,128</b>
<b>Public Health</b>									
Personal Services	-	1,499,244	100	1,499,344	1,499,344	1,498,242	-	-	1,102
Expenses	-	54,907	4,500	59,407	59,407	52,737	-	-	6,670
Fringe Benefits	-	188,249	18,585	206,834	206,834	185,942	-	-	20,892
Total	-	1,742,400	23,185	1,765,585	1,765,585	1,736,921	-	-	28,664
<b>Human Services</b>									
Personal Services	-	657,319	-	657,319	657,319	583,414	-	-	73,905
Expenses	-	273,186	-	273,186	273,186	261,212	-	-	11,974
Fringe Benefits	-	69,285	(10,938)	58,347	58,347	57,867	-	-	480
Total	\$ -	\$ 999,790	\$ (10,938)	\$ 988,852	\$ 988,852	\$ 902,493	\$ -	\$ -	\$ 86,359

CITY OF NEWTON, MASSACHUSETTS  
 APPROPRIATION BUDGET TO ACTUAL COMPARISON SCHEDULE - LEGAL LEVEL OF CONTROL  
 FISCAL YEAR ENDED JUNE 30, 2003

	Continued Appropriations	FY 2003 Original Budget	FY 2003 Budget Revisions	FY 2003 Budget As Amended	Total Revised FY 2003 Budget	Expended	Encumbered	Continued Appropriations	Closed to Fund Balance
Veteran Services									
Personal Services	\$ -	\$ 120,755	\$ -	\$ 120,755	\$ 120,755	\$ 120,752	\$ -	\$ -	\$ 3
Expenses	-	42,792	5,000	47,792	47,792	43,925	-	-	3,867
Fringe Benefits	-	7,353	10	7,363	7,363	7,363	-	-	-
Total	-	170,900	5,010	175,910	175,910	172,040	-	-	3,870
<b>HEALTH &amp; HUMAN SERVICES TOTAL</b>	<b>-</b>	<b>2,913,090</b>	<b>17,257</b>	<b>2,930,347</b>	<b>2,930,347</b>	<b>2,811,454</b>	<b>-</b>	<b>-</b>	<b>118,893</b>
Public Library									
Personal Services	-	3,062,119	40,000	3,102,119	3,102,119	3,101,424	-	-	695
Expenses	4,017	795,505	-	795,505	799,522	796,454	2,025	-	1,043
Capital Outlay	4,706	7,500	-	7,500	12,206	12,052	-	-	154
Fringe Benefits	-	327,895	245	328,140	328,140	327,851	-	-	289
Total	8,723	4,193,019	40,245	4,233,264	4,241,987	4,237,781	2,025	-	2,181
Parks & Recreation									
Personal Services	-	2,310,331	60,278	2,370,609	2,370,609	2,313,719	-	-	56,890
Expenses	-	1,428,814	396,684	1,825,498	1,825,498	1,778,783	-	-	46,715
Capital Outlay	-	13,900	-	13,900	13,900	13,709	-	-	191
Fringe Benefits	-	235,588	8,675	244,263	244,263	233,920	-	-	10,343
Total	-	3,988,633	465,637	4,454,270	4,454,270	4,340,131	-	-	114,139
Jackson Homestead Museum									
Personal Services	-	158,867	-	158,867	158,867	158,867	-	-	-
Expenses	-	19,688	-	19,688	19,688	16,611	-	-	3,077
Fringe Benefits	-	19,031	(7,215)	11,816	11,816	11,611	-	-	205
Total	-	197,586	(7,215)	190,371	190,371	187,089	-	-	3,282
<b>CULTURE &amp; RECREATION TOTAL</b>	<b>8,723</b>	<b>8,379,238</b>	<b>498,667</b>	<b>8,877,905</b>	<b>8,886,628</b>	<b>8,765,001</b>	<b>2,025</b>	<b>-</b>	<b>119,602</b>
Undistributed Employee/Retiree Benefits									
Expenses	-	40,500	-	40,500	40,500	30,592	-	-	9,908
Fringe Benefits	-	701,342	14,000	715,342	715,342	704,157	-	-	11,185
Total	-	741,842	14,000	755,842	755,842	734,749	-	-	21,093
Debt & Interest									
Debt Service	-	6,621,472	-	6,621,472	6,621,472	6,571,462	-	-	50,010
Total	-	6,621,472	-	6,621,472	6,621,472	6,571,462	-	-	50,010
Retirement									
Expenses	-	8,208,159	-	8,208,159	8,208,159	8,134,972	-	-	73,187
Fringe Benefits	-	5,064,337	144,952	5,209,289	5,209,289	5,207,956	-	-	1,333
Total	\$ -	\$ 13,272,496	\$ 144,952	\$ 13,417,448	\$ 13,417,448	\$ 13,342,928	\$ -	\$ -	\$ 74,520

CITY OF NEWTON, MASSACHUSETTS  
 APPROPRIATION BUDGET TO ACTUAL COMPARISON SCHEDULE - LEGAL LEVEL OF CONTROL  
 FISCAL YEAR ENDED JUNE 30, 2003

	Continued Appropriations	FY 2003 Original Budget	FY 2003 Budget Revisions	FY 2003 Budget As Amended	Total Revised FY 2003 Budget	Expended	Encumbered	Continued Appropriations	Closed to Fund Balance
<b>Budgetary Reserves</b>									
Wage & Salary Reserve	\$ -	\$ 628,359	\$ (628,359)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Fund (Budget Reserve)	-	1,673,300	(1,533,896)	139,404	139,404	-	-	-	139,404
Total	-	2,301,659	(2,162,255)	139,404	139,404	-	-	-	139,404
<b>Education (1)</b>	<b>386,272</b>	<b>123,138,110</b>	<b>(1,050,761)</b>	<b>122,087,349</b>	<b>122,473,621</b>	<b>121,555,447</b>	<b>398,078</b>	<b>-</b>	<b>520,096</b>
<b>State Assessments</b>	<b>-</b>	<b>5,057,971</b>	<b>10,584</b>	<b>5,068,555</b>	<b>5,068,555</b>	<b>5,081,422</b>	<b>-</b>	<b>-</b>	<b>(12,867)</b>
<b>Special Appropriations (2)</b>	<b>2,792,635</b>	<b>-</b>	<b>2,151,991</b>	<b>2,151,991</b>	<b>4,944,626</b>	<b>2,249,653</b>	<b>148,344</b>	<b>2,546,629</b>	<b>-</b>
<b>TOTAL EXPENDITURE BUDGETS</b>	<b>4,062,155</b>	<b>219,815,485</b>	<b>2,690,137</b>	<b>222,505,622</b>	<b>226,567,777</b>	<b>219,819,581</b>	<b>772,599</b>	<b>3,255,408</b>	<b>2,720,189</b>
<b>Transfers to Other Funds:</b>									
Workers Compensation Self Insurance Fund - City	-	822,870	-	822,870	822,870	822,870	-	-	-
Workers Compensation Self Insurance Fund - School	-	350,000	30,000	380,000	380,000	380,000	-	-	-
Liability Self Insurance Fund	-	-	100,000	100,000	100,000	100,000	-	-	-
School Athletic Revolving Fund	-	813,337	35,000	848,337	848,337	848,337	-	-	-
School Lunch Fund	-	373,750	268,761	642,511	642,511	642,511	-	-	-
Municipal Federal Grant Special Revenue Fund	-	6,000	-	6,000	6,000	1,926	-	-	4,074
High School Renovation Fund - School	-	-	717,000	717,000	717,000	717,000	-	-	-
Capital Stabilization Fund	-	-	1,587,169	1,587,169	1,587,169	1,587,169	-	-	-
Local Transportation Special Revenue Fund	-	134,080	157,000	291,080	291,080	291,080	-	-	-
Total Transfers to Other Funds	-	2,500,037	2,894,930	5,394,967	5,394,967	5,390,893	-	-	4,074
<b>TOTAL: GENERAL FUND</b>	<b>\$ 4,062,155</b>	<b>\$ 222,315,522</b>	<b>\$ 5,585,067</b>	<b>\$ 227,900,589</b>	<b>\$ 231,962,744</b>	<b>\$ 225,210,474</b>	<b>\$ 772,599</b>	<b>\$ 3,255,408</b>	<b>\$ 2,724,263</b>

(1) Excludes school inter-fund transfers - see total school budget footnote below.

(2) Please refer to special appropriation status report for detail.

	Continuing Appropriations	FY 2003 Original Budget	FY 2003 Budget Revisions	FY 2003 Budget As Amended	Total FY 2003 Budget	Expended	Encumbered	Continued Appropriations	Closed to Fund Balance
<b>FY 2003 School Budget Re-Cap:</b>									
Operating Budget	\$ 386,272	\$ 123,138,110	\$ (1,050,761)	\$ 122,087,349	\$ 122,473,621	\$ 121,555,447	\$ 398,078	\$ -	\$ 520,096
Transfer to School Lunch Fund	-	373,750	268,761	642,511	642,511	642,511	-	-	-
Transfer to Workers Compensation Self Insurance Fund	-	350,000	30,000	380,000	380,000	380,000	-	-	-
Transfer to High School Renovation Fund	-	-	717,000	717,000	717,000	717,000	-	-	-
Transfer to Athletic Revolving Fund	-	813,337	35,000	848,337	848,337	848,337	-	-	-
Total School Budget	<u>\$ 386,272</u>	<u>\$ 124,675,197</u>	<u>\$ -</u>	<u>\$ 124,675,197</u>	<u>\$ 125,061,469</u>	<u>\$ 124,143,295</u>	<u>\$ 398,078</u>	<u>\$ -</u>	<u>\$ 520,096</u>

CITY OF NEWTON, MASSACHUSETTS  
GENERAL FUND  
DETAILED BUDGET TO ACTUAL REPORT FOR SPECIAL APPROPRIATIONS  
FISCAL YEAR ENDED JUNE 30, 2003

	Continued Appropriations	FY 2003 Appropriations	Transfers	Total Final Revised Budget	Expended	Encumbered	Continued Appropriation
<b>City Clerk/Clerk of the Board of Aldermen</b>							
Archivist Project	\$ -	\$ -	8,200	8,200	\$ 7,500	\$ -	\$ 700
Total Clerk/Clerk of the Board of Aldermen	-	-	8,200	8,200	7,500	-	700
<b>Purchasing/Central Services</b>							
City-Wide Telecommunications Study/Equipment - FY 1999 & 2002	445,937	-	-	445,937	357,929	56,401	31,607
Municipal Vehicle Replacement Program - FY 1998 & 2002	44,703	-	(8,720)	35,983	35,983	-	-
Photocopier Replacement Program - FY 2002	48,700	-	(30)	48,670	48,670	-	-
Total Purchasing Department	539,340	-	(8,750)	530,590	442,582	56,401	31,607
<b>Treasurer/Collections</b>							
City Hall ATM Machine - FY 1995	40,000	-	-	40,000	-	-	40,000
Total Treasurer's Office	40,000	-	-	40,000	-	-	40,000
<b>City Solicitor</b>							
Ordinance Recodification - FY 2000	1,930	-	-	1,930	-	-	1,930
Total City Solicitor's Office	1,930	-	-	1,930	-	-	1,930
<b>Information Technology</b>							
Municipal Computer Technology Program - FY 1999-2002	64,708	-	-	64,708	25,779	-	38,929
Pentamation Software Upgrade - FY 2003	-	140,000	-	140,000	-	-	140,000
City-wide .Network Improvements - FY 2003	-	15,200	-	15,200	-	-	15,200
Geographic Information System Program - FY 1995	28,244	-	-	28,244	-	-	28,244
Total MIS Department	92,952	155,200	-	248,152	25,779	-	222,373
<b>Elections</b>							
Voting Machine Replacement - FY 2003	-	285,000	-	285,000	-	-	285,000
<b>Planning &amp; Development</b>							
Community Preservation Committee Administration	8,362	-	(8,362)	-	-	-	-
Deer Park Improvements - FY 1996	17,741	-	-	17,741	-	-	17,741
Houghton Garden Improvements - FY 1998	48,590	-	-	48,590	35,812	-	12,778
Bicycle Master Plan - FY 1999	2,750	-	-	2,750	2,750	-	-
Conservation Signs - FY 1999	2,000	-	-	2,000	-	-	2,000
CATV Access Fees - NCAC Grants - 2003	-	440,375	-	440,375	-	-	440,375
Historic Preservation - FY 2003	-	14,000	-	14,000	4,700	9,300	-
Marty Sender Path - FY 2003	-	5,000	-	5,000	-	-	5,000
CATV Licensing - FY 1999	777	-	-	777	-	-	777
Total Planning & Development Department	80,220	459,375	(8,362)	531,233	43,262	9,300	478,671
<b>Public Buildings</b>							
Fire Station Ventilation System - FY 2002	-	140,000	(829)	139,171	139,171	-	-
City Hall Window Repairs - FY 1997	50,255	-	-	50,255	-	-	50,255
IT Dept HVAC Improvements - FY 2003	-	30,000	-	30,000	19,769	-	10,231
City Hall Basement HVAC Improvements - FY 1999	15,978	-	-	15,978	-	-	15,978
City Hall Basement Asbestos Removal - FY 2001	977	-	(977)	-	-	-	-
Jackson Homestead Renovations - FY 1998	\$ 52,351	\$ -	\$ (8,440)	\$ 43,911	\$ -	\$ -	\$ 43,911

CITY OF NEWTON, MASSACHUSETTS  
GENERAL FUND  
DETAILED BUDGET TO ACTUAL REPORT FOR SPECIAL APPROPRIATIONS  
FISCAL YEAR ENDED JUNE 30, 2003

	Continued Appropriations	FY 2003 Appropriations	Transfers	Final Revised Budget	Expended	Encumbered	Continued Appropriation
Gath Pool Repairs - FY 2001	\$ 11,000	\$	\$	\$ 11,000	\$ 2,099	\$ -	\$ 8,901
DPW Garage Oil/Gas Separators - FY 1999	11,785			11,785		-	11,785
Municipal Building Electrical Upgrades - FY 1994	37,897		(6,096)	31,801		-	31,801
Municipal Bldg. Handicapped Accessibility Study - FY 1997	3,000			3,000	(20,250)	20,250	3,000
Energy Conservation Improvements - FY 1999	24,393			24,393	21,475	2,240	678
Underground Fuel Tank Removal & Replacement - FY 1999-2002	110,001			110,001	18,520	-	91,481
Police Station Handicapped Access Improvements - FY 2003		77,236		77,236		-	77,236
Underwood School Boiler Replacement - FY 2002	110,000			110,000	73,834	15,690	20,476
NSHS Modular Classroom Rental - FY 2001	16,154			16,154	16,154	-	-
Angier School Roof Repair - FY 2000	6,800			6,800	6,800	-	-
Angier School Handicapped Access - FY 2001	5,987		(4,024)	1,963	1,963	-	-
Cabot School Masonry Repairs - FY 2003	-	99,750		99,750	95,000	-	4,750
Zervas/Pierce Energy Conservation Improvement - FY 2003	-	14,000		14,000	14,000	-	-
Horace Mann Modular Classroom Relocation - FY 2003	-	91,000		91,000	89,975	5	1,020
Brown Middle School Science Room Improvements - FY 2003	-	25,000		25,000	7,185	-	17,815
School Lighting System Upgrades - FY 2003	-	25,000		25,000		-	25,000
School Lavatory Repairs - FY 2003	-	55,000		55,000		-	55,000
Public Bldg. Vehicle Replacement - FY 2002	127,000	-	(33)	126,967	126,967	-	-
City-Wide Environmental Remediation - FY 2000- 2002	353,632	93,179		446,811	252,751	100	193,960
City Clerk's Office Flooring Replacement - FY 2003	-	27,987		27,987		4,938	23,049
<b>Total Public Building Department</b>	<b>937,210</b>	<b>678,152</b>	<b>(20,399)</b>	<b>1,594,963</b>	<b>865,413</b>	<b>43,223</b>	<b>686,327</b>
<b>Police</b>							
Police Mobile Data Terminals - FY 1998	21,298			21,298	21,298	-	-
Police Cruiser Replacement - FY 2002	54,104	26,685		80,789	80,789	-	-
Police Reaccreditations - FY 2001	10,406			10,406	3,700	-	6,706
Dispatch Server Replacement - FY 2003	-	56,272	(280)	55,992	55,992	-	-
<b>Total Police Department</b>	<b>85,808</b>	<b>82,957</b>	<b>(280)</b>	<b>168,485</b>	<b>161,779</b>	<b>-</b>	<b>6,706</b>
<b>Fire</b>							
Fire Equipment Refurbishment - FY 1998 & 2002	100,507	25,500		126,007	126,007	-	-
Emergency Medical Supplies - FY 2003	-	20,000	-	20,000		-	20,000
Fire Management Information System Upgrade - FY 2003	-	23,575	(7)	23,568	23,568	-	-
HAZMAT Equipment - FY 2003	-	30,000	-	30,000	26,071	3,929	-
<b>Total Fire Department</b>	<b>100,507</b>	<b>99,075</b>	<b>(7)</b>	<b>199,575</b>	<b>175,646</b>	<b>3,929</b>	<b>20,000</b>
<b>Inspectional Services</b>							
Archival System - FY 1993	22,794	-	-	22,794	1,296	20,500	998
Emergency Building Demolition/Boarding - FY 1995	50,000	-	-	50,000	-	-	50,000
<b>Total Inspection Services Department</b>	<b>72,794</b>	<b>-</b>	<b>-</b>	<b>72,794</b>	<b>1,296</b>	<b>20,500</b>	<b>50,998</b>
<b>Education</b>							
School Technology Improvement Program - FY 2000-2002	63,700	-	(24)	63,676	63,676	-	-
School Technology Lease/Purchase - FY 2003	-	230,102					230,102
School Communications Equipment Replacement - FY 1996	28,957			28,957	28,957	-	-
<b>Total Newton Public Schools</b>	<b>92,657</b>	<b>230,102</b>	<b>(24)</b>	<b>322,735</b>	<b>92,633</b>	<b>-</b>	<b>230,102</b>
<b>Public Works</b>							
Jackson Homestead Parking Area Improvements - FY 1999	\$ 7,026	\$	\$	\$ 7,026	\$	\$	\$ 7,026

CITY OF NEWTON, MASSACHUSETTS  
GENERAL FUND  
DETAILED BUDGET TO ACTUAL REPORT FOR SPECIAL APPROPRIATIONS  
FISCAL YEAR ENDED JUNE 30, 2003

	Continued Appropriations	FY 2003 Appropriations	Transfers	Final Revised Budget	Expended	Encumbered	Continued Appropriation
Betterment Sidewalks - FY 2001	\$ 2,229		\$ (2,229)	\$ -		\$ -	\$ -
Washington Street Drainage Improvements - FY 2002	50,000			-	47,059	2,941	-
Eliot Street Salt/Sand Shed Repairs - FY 2001	31,289			31,289	5,653	-	25,636
Total Public Works Department	<u>90,544</u>	<u>-</u>	<u>(2,229)</u>	<u>88,315</u>	<u>52,712</u>	<u>2,941</u>	<u>32,662</u>
<b>Public Health</b>							
Mosquito Control Program - FY 2001	11,075	24,206		35,281	11,065		24,216
Total Health Department	<u>11,075</u>	<u>24,206</u>	<u>-</u>	<u>35,281</u>	<u>11,065</u>	<u>-</u>	<u>24,216</u>
<b>Human Services</b>							
Sewer Emergency Relief - FY 1999	9,098			9,098			9,098
Total Human Services Department	<u>9,098</u>	<u>-</u>	<u>-</u>	<u>9,098</u>	<u>-</u>	<u>-</u>	<u>9,098</u>
<b>Veteran Services</b>							
Flags & Poles - FY 2002	3,000		(18)	2,982	2,982		-
Veteran Grave Sites - FY 2002	25,000			25,000	25,000		-
Total Veteran Services Department	<u>28,000</u>	<u>-</u>	<u>(18)</u>	<u>27,982</u>	<u>27,982</u>	<u>-</u>	<u>-</u>
<b>Public Library</b>							
Main Library Carpet Replacement - FY 2002	15,000		(50)	14,950	2,900	12,050	-
Total Newton Public Library	<u>15,000</u>	<u>-</u>	<u>(50)</u>	<u>14,950</u>	<u>2,900</u>	<u>12,050</u>	<u>-</u>
<b>Parks &amp; Recreation</b>							
Field Renovation Program - FY 1999 & 2000	56,736			56,736	41,161	-	15,575
Albemarle Playfield Improvements - FY 2003		25,000		25,000	25,000		-
Burr Park Improvements - FY 2000 & 2001	39,637			39,637	16,307	-	23,330
Davis School Playground Improvements - FY 2001	13,377			13,377	341	-	13,036
Turf Upgrade Program - FY 2000-2002	90,912			90,912	14,277	-	76,635
Weeks Park Playground Improvements - FY 2001	12,500			12,500			12,500
Playground Safety Audit/Equipment Replacement Program - FY 2001-2002	32,785			32,785	16,413	-	16,372
Playground Equipment - FY 2003		30,000		30,000			30,000
Lincoln-Warren Playground Improvements - FY 2002	12,500			12,500	-		12,500
Memorial-Spaulding School Playground Improvements - FY 2002	12,500			12,500	12,500		-
Albemarle Playfield Improvements - FY 2003		12,500		12,500			12,500
Parks Vehicle Replacement Program - FY 2002	171,000			171,000	160,820	-	10,180
NNHS Irrigation Well - FY 2000	16,873			16,873	16,873	-	-
Tree Planting Program - FY 2000-2002	46,080			46,080	34,980	-	11,100
Tennis Court Repairs - FY 1999-2002	63,561			63,561	-	-	63,561
Lower Falls Playground Landscaping - FY 1996	4,418			4,418	432	-	3,986
Crystal Lake Cove Improvements - FY 1997 & 2001	1,093			1,093			1,093
Nahanton Park Improvements - FY 1997	16,866			16,866			16,866
Crystal Lake Dock Replacement - FY 2003	-	92,000		92,000			92,000
Total Parks & Recreation Department	<u>590,838</u>	<u>159,500</u>	<u>-</u>	<u>750,338</u>	<u>339,104</u>	<u>-</u>	<u>411,234</u>
<b>Jackson Homestead Museum</b>							
Jackson Homestead Sign Improvements - FY 2003	-	12,500		12,500			12,500
Jackson Homestead Electrical Improvements - FY 2000	2,505			2,505			2,505
Total Jackson Homestead	<u>2,505</u>	<u>12,500</u>	<u>-</u>	<u>15,005</u>	<u>-</u>	<u>-</u>	<u>15,005</u>
<b>TOTAL GENERAL FUND SPECIAL APPROPRIATIONS</b>	<b>\$ 2,792,635</b>	<b>\$ 2,183,910</b>	<b>\$ (31,919)</b>	<b>\$ 4,944,626</b>	<b>\$ 2,249,653</b>	<b>\$ 148,344</b>	<b>\$ 2,546,629</b>



CITY OF NEWTON, MASSACHUSETTS  
 APPROPRIATION BUDGET TO ACTUAL SCHEDULE - LEGAL LEVEL OF CONTROL  
 SEWER ENTERPRISE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Continued Appropriations	FY 2003 Original Budget	FY 2003 Budget Revisions	FY 2003 Budget As Amended	Total Revised FY 2003 Budget	Expended	Encumbered	Continued Appropriations	Closed to Fund Balance
Sewer Maintenance & Operation									
Personal Services	\$ -	\$ 1,531,056	\$ (9,036)	\$ 1,522,020	\$ 1,522,020	\$ 1,518,972	\$ -	\$ -	\$ 3,048
Expenses	8,442	665,386	-	665,386	673,828	591,545	13,302	-	68,981
Capital Outlay	443,700	497,000	127,668	624,668	1,068,368	697,952	43,083	313,479	13,854
Fringe Benefits	-	191,994	12,493	204,487	204,487	204,444	-	-	43
Total	<u>452,142</u>	<u>2,885,436</u>	<u>131,125</u>	<u>3,016,561</u>	<u>3,468,703</u>	<u>3,012,913</u>	<u>56,385</u>	<u>313,479</u>	<u>85,926</u>
MWRA Sewer Assessment									
Intergovernmental	-	14,304,404	-	14,304,404	14,304,404	14,031,148	-	-	273,256
Total	<u>-</u>	<u>14,304,404</u>	<u>-</u>	<u>14,304,404</u>	<u>14,304,404</u>	<u>14,031,148</u>	<u>-</u>	<u>-</u>	<u>273,256</u>
Debt & Interest	<u>-</u>	<u>928,285</u>	<u>914</u>	<u>929,199</u>	<u>929,199</u>	<u>928,738</u>	<u>-</u>	<u>-</u>	<u>461</u>
Retirement	<u>-</u>	<u>83,728</u>	<u>(8,000)</u>	<u>75,728</u>	<u>75,728</u>	<u>75,728</u>	<u>-</u>	<u>-</u>	<u>-</u>
Employee Benefits	<u>-</u>	<u>9,993</u>	<u>(4,493)</u>	<u>5,500</u>	<u>5,500</u>	<u>5,325</u>	<u>-</u>	<u>-</u>	<u>175</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>75,000</u>	<u>22,406</u>	<u>97,406</u>	<u>97,406</u>	<u>97,406</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfer - Capital Project Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfer - General Fund	<u>-</u>	<u>744,690</u>	<u>9,877</u>	<u>754,567</u>	<u>754,567</u>	<u>754,567</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL: SEWER FUND</b>	<u>\$ 452,142</u>	<u>\$ 19,031,536</u>	<u>\$ 151,829</u>	<u>\$ 19,183,365</u>	<u>\$ 19,635,507</u>	<u>\$ 18,905,825</u>	<u>\$ 56,385</u>	<u>\$ 313,479</u>	<u>\$ 359,818</u>

CITY OF NEWTON, MASSACHUSETTS  
 APPROPRIATION BUDGET COMPARISON SCHEDULE-LEGAL LEVEL OF CONTROL  
 WATER ENTERPRISE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Cont. Approp./ Encumbrances	FY 2003 Original Budget	FY 2003 Budget Revisions	FY 2003 Budget As Amended	Total Revised FY 2003 Budget	Expended	Encumbered	Continued Appropriations	Closed to Fund Balance
<b>Water Maintenance &amp; Operation</b>									
Personal Services	-	1,263,197	126,000	1,389,197	1,389,197	1,373,128	-	-	16,069
Expenses	38,672	498,062	-	498,062	536,734	369,865	104,622	-	62,247
Capital Outlay	189,369	602,000	67,808	669,808	859,177	211,834	498,922	125,642	22,779
Fringe Benefits	-	156,822	-	156,822	156,822	156,435	-	-	387
Total	228,041	2,520,081	193,808	2,713,889	2,941,930	2,111,262	603,544	125,642	101,482
<b>Debt Maturities &amp; Interest</b>	-	882,905	-	882,905	882,905	882,904	-	-	1
<b>Retirement</b>	-	283,527	9,769	293,296	293,296	285,181	-	-	8,115
<b>Employee Benefits</b>	-	54,320	(9,769)	44,551	44,551	14,348	-	-	30,203
<b>MWRA/DEP Assessments &amp; Charges</b>	-	5,598,769	-	5,598,769	5,598,769	5,503,691	-	-	95,078
<b>Transfer - Capital Project Fund</b>	-	-	75,000	75,000	75,000	75,000	-	-	-
<b>Transfer - Sewer Fund</b>	-	435,022	-	435,022	435,022	435,022	-	-	-
<b>Transfer - General Fund</b>	-	366,787	9,876	376,663	376,663	376,663	-	-	-
<b>Transfer - Workers Comp. Fund</b>	-	127,000	-	127,000	127,000	127,000	-	-	-
<b>TOTAL: WATER FUND</b>	<b>\$ 228,041</b>	<b>\$ 10,268,411</b>	<b>\$ 278,684</b>	<b>\$ 10,472,095</b>	<b>\$ 10,775,136</b>	<b>\$ 9,811,071</b>	<b>\$ 603,544</b>	<b>\$ 125,642</b>	<b>\$ 234,879</b>

CITY OF NEWTON, MASSACHUSETTS  
 APPROPRIATION BUDGET COMPARISON SCHEDULE  
 CAPITAL PROJECT FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Continued Appropriations	FY 2003 Appropriations	Transfers	Expended	Encumbered	Continued Appropriations
<b>PUBLIC BUILDING IMPROVEMENT FUND:</b>						
Eliot Street Water/Sewer Yard Improvements (#493-92(6))	\$ 5,528	\$ -	\$ (5,528)	-	-	\$ -
Total Municipal Building Improvements	<u>5,528</u>	<u>-</u>	<u>(5,528)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Elementary School Tier I Renovations (#396-96D2-A)						
Memorial School Technology/Infrastructure Design	-	-	-	-	-	-
Memorial School Tier I Project	447,549	-	-	436,102	8,568	2,879
Bowen School Tier I Project	21,227	-	(21,227)	-	-	-
Williams School Tier I Project	114,655	-	-	35,055	78,878	722
Total Elementary School Tier I Design	<u>583,431</u>	<u>-</u>	<u>(21,227)</u>	<u>471,157</u>	<u>87,446</u>	<u>3,601</u>
Middle School Renovations						
F.A. Day Middle School Renovations (#85-96(B-3))	5,600	-	(5,600)	-	-	-
Total Middle School Renovations	<u>5,600</u>	<u>-</u>	<u>(5,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Middle School Technology						
Oak Hill Middle School Technology (#85-96) Free Cash	360	-	(360)	-	-	-
Bigelow Middle School Technology (#85-96) Free Cash	14,300	-	(14,300)	-	-	-
Brown Middle School Technology (#85-96) Free Cash	1,401	-	(1,401)	-	-	-
Day Middle School Technology (#85-96) Free Cash	1,544	-	(1,544)	-	-	-
Total Middle School Technology	<u>17,605</u>	<u>-</u>	<u>(17,605)</u>	<u>-</u>	<u>-</u>	<u>-</u>
South High School Science Labs (#487-96(C-4)) {4}	<u>27,101</u>	<u>-</u>	<u>(27,101)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Public School Building Improvements	<u>633,737</u>	<u>-</u>	<u>(71,533)</u>	<u>471,157</u>	<u>87,446</u>	<u>3,601</u>
<b>TOTAL PUBLIC BUILDING IMPROVEMENT FUND</b>	<b><u>639,265</u></b>	<b><u>-</u></b>	<b><u>(77,061)</u></b>	<b><u>471,157</u></b>	<b><u>87,446</u></b>	<b><u>3,601</u></b>
<b>HIGH SCHOOL RENOVATION FUND</b>						
Newton South High School Renovations	42,678,453	-	717,000	21,195,471	20,143,857	2,056,125
Newton North High School Renovations	<u>37,848,329</u>	<u>-</u>	<u>-</u>	<u>309,081</u>	<u>1,410,963</u>	<u>36,128,285</u>
<b>TOTAL HIGH SCHOOL RENOVATION FUND</b>	<b><u>\$ 80,526,782</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 717,000</u></b>	<b><u>21,504,552</u></b>	<b><u>21,554,820</u></b>	<b><u>\$ 38,184,410</u></b>

CITY OF NEWTON, MASSACHUSETTS  
 APPROPRIATION BUDGET COMPARISON SCHEDULE  
 CAPITAL PROJECT FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Continued Appropriations	FY 2003 Appropriations	Transfers	Expended	Encumbered	Continued Appropriations
<b>STREET &amp; SIDEWALK IMPROVEMENT FUND</b>						
Street Construction/Reconstruction/Traffic Signals (#591-91(1))	\$ 4,705	\$ -	\$ -	-	4,705	\$ -
<b>TOTAL STREET &amp; SIDEWALK IMPROVEMENT FUND</b>	<b>4,705</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,705</b>	<b>-</b>
<b>PARK IMPROVEMENT FUND</b>						
Forté Park Improvement (#487-95(B-3)/#31-99)	50,000	-	(50,000)	-	-	-
<b>TOTAL PARK IMPROVEMENT FUND</b>	<b>50,000</b>	<b>-</b>	<b>(50,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>WATER SYSTEM IMPROVEMENT FUND</b>						
MWRA - Water System Improvements - Accumulated Interest Inc.	209,520	81,046	(138,975)	-	-	151,591
MWRA - Water System Improvements - 2000	12,227	-	-	-	-	12,227
MWRA - Water System Improvements - 2001	94,578	-	138,975	202,748	-	30,805
MWRA - Water System Improvements - 2002	2,150,774	-	-	1,386,926	432,889	330,959
MWRA - Water System Improvements - 2003	-	2,586,019	-	376,726	122,639	2,086,654
Waban Hill Reservoir Improvements - 2001/2003	1,619,147	-	75,000	1,267,361	83,982	342,804
Water System Improvements - 2002 (MWRA Reimbursement)	80,947	-	-	-	-	80,947
<b>TOTAL WATER IMPROVEMENT FUND</b>	<b>\$ 4,167,193</b>	<b>\$ 2,667,065</b>	<b>\$ 75,000</b>	<b>3,233,761</b>	<b>639,510</b>	<b>\$ 3,035,987</b>
<b>SANITARY SEWER IMPROVEMENT FUND</b>						
Sewer System Improvements - 1997 (City of Newton)	\$ 36,944	\$ -	\$ -	-	10,321	\$ 26,623
Sewer System Improvements - 1998 (City of Newton)	11,049	-	-	11,039	10	-
Lexington Street Sewer Extension - 2002 (City of Newton)	298,900	-	-	159,547	53,077	86,276
Mass Water Pollution Abatement Trust (MWPAAT) - Infiltration/Inflow Projects	375,492	-	-	171,338	123,484	80,670
MWRA - Sewer I&I - Accumulated Interest Income	12,607	17,370	(15,000)	-	-	14,977

CITY OF NEWTON, MASSACHUSETTS  
 APPROPRIATION BUDGET COMPARISON SCHEDULE  
 CAPITAL PROJECT FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Continued Appropriations	FY 2003 Appropriations	Transfers	Expended	Encumbered	Continued Appropriations
MWRA - Infiltration/Inflow Program - 1995	9,303	-	-	-	9,088	215
MWRA - Infiltration/Inflow Program - 1997	14,758	-	-	-	14,758	-
MWRA - Infiltration/Inflow - 2000	90,285	-	-	75,002	10,015	5,268
MWRA - Infiltration/Inflow - 2002 (Longfellow Road)	20	-	-	-	-	20
MWRA - Infiltration/Inflow - 2002 (Longfellow Rd & Jasset Street)	123,530	-	-	97,247	26,184	99
MWRA - Infiltration/Inflow - 2002 (Commonwealth Golf Course - Phase I)	37,952	-	-	13,238	8,249	16,465
MWRA - Infiltration/Inflow - 2002/2003 (Quinobequin Rd Area)	33,140	640,500	-	667,198	6,404	38
MWRA - Private Inflow Removal Plan - 2003	-	-	15,000	9,489	5,511	-
MWRA - Cochituate Aqueduct Investigation - 2003	-	184,720	-	3,628	181,092	-
MWRA - Commonwealth Golf Course Phase II - 2003	-	19,580	-	-	-	19,580
MWRA - Area A&C Smoke & Dye Testing - 2003	-	290,000	-	-	290,000	-
<b>TOTAL SANITARY SEWER IMPROVEMENT FUND</b>	<b>\$ 1,043,980</b>	<b>\$ 1,152,170</b>	<b>\$ -</b>	<b>1,207,726</b>	<b>738,193</b>	<b>\$ 250,231</b>
<b>CAPITAL STABILIZATION FUND</b>						
Reserved for Ordinary Capital Appropriations (1)	\$ 783,812	\$ -	\$ (353,257)	-	-	\$ 430,555
Reserved for Forte Park Development	65,142	-	(65,142)	-	-	-
Reserved for High School Renovations (2)	2,171,993	-	1,380,374	-	-	3,552,367
Reserved for Water/Sewer Appropriations	15,247	-	-	-	-	15,247
Reserved for MGL CH 44 Sec 7& 8 Appropriations (3)	53,418	-	59,457	-	-	112,875
<b>TOTAL CAPITAL STABILIZATION FUND</b>	<b>\$ 3,089,612</b>	<b>\$ -</b>	<b>\$ 1,021,432</b>	<b>-</b>	<b>-</b>	<b>\$ 4,111,044</b>



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# STATISTICAL SECTION

CITY OF NEWTON, MASSACHUSETTS  
GENERAL FUND EXPENDITURES BY FUNCTION  
PAST 10 YEARS

Fiscal Year Ended June 30,	Education	Public Safety	Public Works	General Government	Health & Human Services	Culture & Recreation	Debt & Interest	Pension & Employee Benefits (1)	State/County Charges	Totals
2003	\$ 123,110,892	\$ 29,927,438	\$ 18,208,553	\$ 12,478,121	\$ 2,914,968	\$ 9,122,449	\$ 6,808,022	\$ 30,397,727	\$ 5,081,422	\$ 238,049,592
2002	113,358,643	27,919,780	16,575,742	11,924,078	2,637,027	8,206,506	6,601,490	27,241,110	5,142,581	219,606,957
2001	108,769,727	26,693,813	17,412,798	12,331,118	2,578,073	8,356,657	5,955,645	27,287,117	5,174,256	214,559,204
2000	96,027,484	23,925,437	15,935,232	10,562,626	2,291,133	7,711,295	6,588,747	36,288,984	5,395,937	204,726,875
1999	90,836,341	22,514,579	16,552,073	11,080,965	2,146,137	7,444,798	5,659,239	22,259,735	5,281,663	183,775,530
1998	83,613,676	20,923,160	16,136,420	9,729,665	2,026,379	7,239,129	5,681,910	21,520,889	5,133,700	172,004,928
1997	77,767,337	21,281,043	15,781,415	9,288,116	1,742,275	7,247,685	4,987,776	21,427,765	4,956,379	164,479,791
1996	71,443,398	20,453,699	17,005,554	9,308,730	1,789,187	6,964,966	4,720,240	20,167,648	4,933,508	156,786,930
1995	65,804,584	20,639,328	15,458,755	7,680,349	1,723,403	6,526,655	4,296,916	20,842,057	4,853,274	147,825,321
1994	\$ 64,447,864	\$ 19,503,379	\$ 16,728,100	\$ 8,403,678	\$ 1,587,590	\$ 6,571,813	\$ 4,035,726	\$ 20,726,631	\$ 4,655,551	\$ 146,660,332
<b>Ten Year Change</b>										
\$ change '94-'03	\$ 58,663,028	\$ 10,424,059	\$ 1,480,453	\$ 4,074,443	\$ 1,327,378	\$ 2,550,636	\$ 2,772,296	\$ 9,671,096	\$ 425,871	\$ 91,389,260
% change '94-'03	91.02%	53.45%	8.85%	48.48%	83.61%	38.81%	68.69%	46.66%	9.15%	62.31%
<b>Five Year Change</b>										
\$ change '99-'03	\$ 32,274,551	\$ 7,412,859	\$ 1,656,480	\$ 1,397,156	\$ 768,831	\$ 1,677,651	\$ 1,148,783	\$ 8,137,992	\$ (200,241)	\$ 54,274,062
% change '99-'03	35.53%	32.92%	10.01%	12.61%	35.82%	22.53%	20.30%	36.56%	-3.79%	29.53%
<b>Three Year Change</b>										
\$ change '01-'03	\$ 14,341,165	\$ 3,233,625	\$ 795,755	\$ 147,003	\$ 336,895	\$ 765,792	\$ 852,377	\$ 3,110,610	\$ (92,834)	\$ 23,490,388
% change '01-'03	13.18%	12.11%	4.57%	1.19%	13.07%	9.16%	14.31%	11.40%	-1.79%	10.95%
<b>One Year Change</b>										
\$ change '02-'03	\$ 9,752,249	\$ 2,007,658	\$ 1,632,811	\$ 554,043	\$ 277,941	\$ 915,943	\$ 206,532	\$ 3,156,617	\$ (61,159)	\$ 18,442,635
% change '02-'03	8.60%	7.19%	9.85%	4.65%	10.54%	11.16%	3.13%	11.59%	-1.19%	8.40%

(1) Employee benefits allocated functionally beginning in fiscal year ended June 30, 2001. Health insurance and workers compensation insurance self insurance funds classified as inter-fund transfers prior to fiscal year 1998 have been reclassified as Pension & Employee Benefits for comparative purposes. Reported expenditures include Massachusetts Teachers Retirement System on-behalf payments beginning in 2000



CITY OF NEWTON, MASSACHUSETTS  
GENERAL FUND REVENUES BY MAJOR SOURCE  
PAST 10 YEARS

Fiscal Year Ended June 30,	Real Estate & Pers. Prop. Taxes	Auto Excise Taxes	Hotel/Motel Room Tax	Other Taxes & Penalties	Charges for Service	Licenses & Permits	Fines & Forfeitures	Investment Income	Other Misc. Local Revenue	State & Federal Aid (1)	Totals
2003	\$ 179,025,142	\$ 10,645,450	\$ 1,151,838	\$ 1,405,051	\$ 1,860,918	\$ 4,307,738	\$ 1,706,197	\$ 1,050,543	\$ 1,137,164	\$ 37,736,088	\$ 240,026,129
2002	160,230,063	9,848,559	1,291,950	1,101,255	1,303,744	4,155,923	1,578,307	1,758,632	755,379	37,098,719	219,122,531
2001	155,560,537	9,389,954	1,430,627	1,127,443	1,215,965	3,478,180	1,561,976	2,510,035	380,587	38,214,345	214,869,649
2000	149,793,136	9,339,753	1,399,470	1,327,055	1,147,383	3,425,039	1,595,826	2,147,062	642,456	32,020,251	202,837,431
1999	142,833,964	9,019,248	1,359,213	1,098,767	1,099,717	3,208,308	1,489,623	2,496,364	728,481	15,662,839	178,996,524
1998	138,989,027	8,519,285	1,244,494	1,261,611	1,161,169	4,007,197	1,343,897	2,729,948	779,412	13,931,100	173,967,140
1997	134,807,018	7,144,342	1,135,090	1,335,273	1,265,368	2,301,111	1,419,060	2,988,484	399,996	12,190,280	164,986,022
1996	129,720,225	6,777,736	1,000,643	1,254,872	1,189,754	2,376,067	1,410,841	2,628,910	997,934	11,138,787	158,495,769
1995	125,005,890	7,174,630	949,871	1,145,202	1,314,561	1,980,361	1,672,978	2,271,441	466,393	10,094,337	152,075,664
1994	\$ 120,981,482	\$ 5,669,323	\$ 857,310	\$ 1,076,687	\$ 1,474,722	\$ 2,104,047	\$ 1,419,128	\$ 1,398,752	\$ 161,702	\$ 9,259,410	\$ 144,402,563
<b>Ten Year Change</b>											
\$ Change '94-'03	\$ 58,043,660	\$ 4,976,127	\$ 294,528	\$ 328,364	\$ 386,196	\$ 2,203,691	\$ 287,069	\$ (348,209)	\$ 975,462	\$ 28,476,678	\$ 95,623,566
% Change '94-'03	47.98%	87.77%	34.35%	30.50%	26.19%	104.74%	20.23%	-24.89%	603.25%	307.54%	66.22%
<b>Five Year Change</b>											
\$ Change '99-'03	\$ 36,191,178	\$ 1,626,202	\$ (207,375)	\$ 306,284	\$ 761,201	\$ 1,099,430	\$ 216,574	\$ (1,445,821)	\$ 408,683	\$ 22,073,249	\$ 61,029,605
% Change '99-'03	25.34%	18.03%	-15.26%	27.88%	69.22%	34.27%	14.54%	-57.92%	56.10%	140.93%	34.10%
<b>Three Year Change</b>											
\$ Change '01-'03	\$ 23,464,605	\$ 1,255,496	\$ (278,789)	\$ 277,608	\$ 644,953	\$ 829,558	\$ 144,221	\$ (1,459,492)	\$ 756,577	\$ (478,257)	\$ 25,156,480
% Change '01-'03	15.08%	13.37%	-19.49%	24.62%	53.04%	23.85%	9.23%	-58.15%	198.79%	-1.25%	11.71%
<b>One Year Change</b>											
\$ Change '02-'03	\$ 18,795,079	\$ 796,891	\$ (140,112)	\$ 303,796	\$ 557,174	\$ 151,815	\$ 127,890	\$ (708,089)	\$ 381,785	\$ 637,369	\$ 20,903,598
% Change '02-'03	11.73%	8.09%	-10.85%	27.59%	42.74%	3.65%	8.10%	-40.26%	50.54%	1.72%	9.54%

(1) On behalf payments for teacher retirement and special education tuition included beginning in fiscal year ended June 30, 2000.

	On-behalf Pension contb.	On-behalf SPED tuitions	Total On-behalf
FY 2000	\$ 13,410,649	\$ -	13,410,649
FY 2001	14,483,630	1,195,057	15,678,687
FY 2002	13,488,258	1,261,868	14,750,126
FY 2003	\$ 15,147,772	\$ 853,884	16,001,656

CITY OF NEWTON, MASSACHUSETTS  
TEN YEAR SCHEDULE OF PROPERTY TAX LEVY AND TAX BASE TRENDS

**PROPERTY TAX COLLECTIONS**

Fiscal Year Ended <u>June 30,</u>	Statutory Levy <u>Limit</u>	Actual Tax <u>Levy</u>	Overlay Reserve for <u>Abatements</u>	Net <u>Tax Levy</u>	Total Tax <u>Collections</u>	Total Collections as % of <u>Net Levy</u>	Outstanding <u>Taxes</u>	Outstanding as a % of <u>Net Tax Levy</u>
2003	180,174,491	180,170,220	2,518,172	177,652,048	177,072,455	99.67%	2,683,188	1.51%
2002	162,383,709	162,278,417	2,156,379	160,122,038	158,569,112	99.03%	2,726,742	1.70%
2001	156,144,302	156,140,738	2,191,114	153,949,624	152,952,314	99.35%	2,691,500	1.75%
2000	149,476,084	149,411,520	2,000,817	147,410,703	146,223,264	99.19%	2,337,703	1.59%
1999	144,111,561	144,105,992	2,011,777	142,094,215	142,212,683	100.08%	2,195,179	1.54%
1998	139,008,782	138,923,156	2,489,459	136,433,697	136,902,723	100.34%	1,655,437	1.21%
1997	134,161,649	134,082,167	2,406,769	131,675,398	131,936,218	100.20%	1,332,717	1.01%
1996	129,698,961	129,682,983	3,619,523	126,063,460	126,217,388	100.12%	1,239,745	0.98%
1995	125,342,219	125,293,531	3,255,166	122,038,365	122,012,350	99.98%	1,363,691	1.12%
1994	121,198,833	121,079,222	4,061,914	117,017,308	117,747,413	100.62%	1,360,148	1.16%

**TAXABLE VALUATIONS**

Fiscal Year Ended <u>June 30,</u>	Residential Real <u>Estate</u>	Commercial/Industrial <u>Real Estate</u>	Total Real <u>Estate</u>	Personal <u>Property</u>	Total Taxable <u>Valuation</u>	Residential <u>Tax Rate (1)</u>	Commercial, & Personal Prop. <u>Tax Rate (1)</u>
2003	\$ 13,350,364,729	\$ 1,478,001,571	\$ 14,828,366,300	\$ 188,708,900	\$ 15,017,075,200	\$ 10.92	\$ 20.63
2002	13,232,606,650	1,471,227,850	14,703,834,500	166,827,900	14,870,662,400	9.94	18.77
2001	10,857,798,128	1,239,695,672	12,097,493,800	151,823,400	12,249,317,200	11.57	21.93
2000	9,885,690,995	1,171,451,405	11,057,142,400	142,875,400	11,200,017,800	12.06	22.97
1999	8,978,253,758	1,126,244,342	10,104,498,100	35,370,600	10,139,868,700	12.65	24.20
1998	7,922,932,998	1,000,745,102	8,923,678,100	135,827,100	9,059,505,200	13.75	26.38
1997	7,526,156,935	989,788,965	8,515,945,900	128,835,228	8,644,781,128	13.85	26.68
1996	7,186,395,214	992,813,786	8,179,209,000	120,869,900	8,300,078,900	13.88	26.88
1995	6,685,626,193	994,163,207	7,679,789,400	123,145,400	7,802,934,800	14.18	27.29
1994	\$ 6,511,601,620	\$ 1,000,550,180	\$ 7,512,151,800	\$ 121,199,815	\$ 7,633,351,615	\$ 13.95	\$ 26.96

(1) Tax rates per \$1,000 of taxable valuation.

CITY OF NEWTON, MASSACHUSETTS  
PROPERTY TAX HIGHLIGHTS  
Fiscal Year Ended June 30, 2003

**PROPERTY TAX VALUATION &**

**LEVY BY CLASS**

	<u>Taxable Valuation</u>	% of <u>Total Value</u>	Tax <u>Rate per \$1,000</u>	Tax <u>Levy</u>	% of <u>Total Taxes</u>
Residential	13,350,364,729	88.9%	10.92	145,785,983	80.9%
Commercial	1,349,637,471	9.0%	20.63	27,843,021	15.5%
Industrial	128,364,100	<u>0.9%</u>	20.63	<u>2,648,151</u>	<u>1.5%</u>
Sub total - real estate tax	14,828,366,300	98.7%		176,277,155	97.8%
Personal Property	<u>188,708,900</u>	<u>1.3%</u>	20.63	<u>3,893,065</u>	<u>2.2%</u>
Total Taxable Real Estate & Personal Property	<u><u>15,017,075,200</u></u>	<u><u>100.0%</u></u>		<u><u>180,170,220</u></u>	<u><u>100.0%</u></u>

**TOP 10 REAL ESTATE TAXPAYERS**

	<u>Nature of Business</u>	Assessed <u>Valuation</u>	Total <u>Taxes</u>	% of Total <u>Tax Levy</u>
Riverside Project LLC	Office Building	\$ 82,084,004	\$ 1,693,393	0.94%
Mayflower Atrium LLC	Atrium Mall	65,000,000	1,340,950	0.74%
Chesapeake Hotel Lmt Partnership	Marriott Hotel	45,000,000	928,350	0.52%
Rothenberg, Daniel	Chestnut Hill Mall	41,852,012	863,407	0.48%
Cohen, Julian & Rothenberg D, Trustees	Chestnut Hill Mall	41,711,294	860,504	0.48%
Schroder Newton Lmt Partnership	Office Building	35,388,609	730,067	0.41%
White, Thomas J., Trustees	Office Building & Hotel	34,572,079	713,222	0.40%
Wells Avenue Senior Holding LLC	Office Building	30,524,285	629,716	0.35%
Two Newton Place Acquisitions LLC	Office Building	20,900,000	431,167	0.24%
Lasell College	Senior Independent Living	<u>20,134,804</u>	<u>415,381</u>	<u>0.23%</u>
Total - Top Real Estate Taxpayers		<u><u>\$ 417,167,087</u></u>	<u><u>\$ 8,606,157</u></u>	<u><u>4.78%</u></u>

CITY OF NEWTON, MASSACHUSETTS  
TEN YEAR SCHEDULE OF DEBT RATIOS AND TRENDS

**DEBT RATIOS**

Fiscal Year Ended <u>June 30,</u>	General Obligation <u>Debt</u>	Estimated <u>Population</u>	Assessed <u>Valuation</u>	Per Capita <u>Debt</u>	Debt as a % of Assessed <u>Valuation</u>	Authorized & Unissued <u>Debt</u>	Total <u>Maturing Debt</u>	Total <u>Interest on Maturing Debt</u>	Total <u>Debt Service</u>
2003	\$ 53,927,893	79,515	\$ 15,017,075,200	678	0.36%	\$ 104,135,394	\$ 6,602,446	\$ 2,525,852	\$ 9,128,298
2002	51,499,596	77,517	14,870,662,400	664	0.35%	106,922,098	6,417,338	2,634,338	9,051,676
2001	50,045,970	77,350	12,249,317,200	647	0.41%	109,443,678	5,665,880	2,032,725	7,698,605
2000	39,138,147	79,642	11,200,017,800	491	0.35%	36,746,854	5,988,465	1,889,552	7,878,017
1999	40,463,313	80,831	10,139,868,700	501	0.40%	29,021,253	5,155,083	1,672,965	6,828,048
1998	32,287,091	81,179	9,059,505,200	398	0.36%	17,257,558	4,895,936	1,266,240	6,162,176
1997	29,863,304	84,045	8,644,781,128	355	0.35%	13,639,940	4,535,825	1,216,175	5,752,000
1996	24,948,574	82,450	8,300,078,900	303	0.30%	18,064,775	4,305,825	1,168,337	5,474,162
1995	23,334,399	81,968	7,802,934,800	285	0.30%	9,431,293	3,869,726	1,137,296	5,007,022
1994	\$ 22,663,630	83,226	\$ 7,633,351,615	272	0.30%	\$ 5,788,395	\$ 3,420,000	\$ 1,215,540	\$ 4,635,540

**FUNCTIONAL DEBT**

Fiscal Year Ended <u>June 30,</u>	Education	Public <u>Works</u>	Sanitary <u>Sewer System</u>	Water <u>System</u>	Public <u>Buildings</u>	State Pension <u>Loan</u>	Total <u>Long Term Debt</u>
2003	\$ 27,228,750	\$ 2,270,900	\$ 14,366,792	\$ 7,346,451	\$ 115,000	\$ 2,600,000	\$ 53,927,893
2002	25,842,925	2,458,800	14,483,316	5,622,730	491,825	2,600,000	51,499,596
2001	25,117,100	2,772,600	15,037,214	3,640,406	878,650	2,600,000	50,045,970
2000	24,393,275	3,266,200	6,098,715	1,489,482	1,290,475	2,600,000	39,138,147
1999	28,006,142	3,787,600	2,013,449	1,930,514	2,125,608	2,600,000	40,463,313
1998	18,027,459	4,292,753	2,047,218	2,001,370	3,318,291	2,600,000	32,287,091
1997	16,935,676	2,102,000	2,707,804	1,066,850	4,450,974	2,600,000	29,863,304
1996	13,190,243	2,856,000	2,071,374	1,247,300	5,583,657	-	24,948,574
1995	10,150,167	3,691,000	2,254,499	540,000	6,698,733	-	23,334,399
1994	\$ 8,363,127	\$ 3,505,000	\$ 2,871,730	\$ 630,000	\$ 7,293,773	\$ -	\$ 22,663,630

CITY OF NEWTON, MASSACHUSETTS  
SCHEDULE OF DEMOGRAPHIC AND BUILDING PERMIT ACTIVITY

**DEMOGRAPHIC TRENDS**

Year	City Census Population (1)	Median Age (4)	Median Family Income (4)	Per Capita Income (4)	Unemployment Rate (3)	Public School Enrollment (2)
2003	79,515	n/a	n/a	n/a		11,276
2002	77,517	n/a	n/a	n/a	3.5%	11,250
2001	77,350	n/a	n/a	n/a	2.4%	11,246
2000	79,642	38.7	\$ 105,289	\$ 45,708	1.3%	11,248
1999	80,831	n/a	n/a	n/a	1.7%	11,166
1998	81,179	n/a	n/a	n/a	1.7%	10,944
1997	84,045	n/a	n/a	n/a	2.3%	10,850
1996	82,450	n/a	n/a	n/a	2.2%	10,680
1995	81,968	n/a	n/a	n/a	3.2%	10,571
1994	83,226	n/a	n/a	n/a	3.2%	10,350

- (1) Calendar year population estimate based upon City census.  
(2) School enrollement @ October 1 of each school year.  
(3) Annual unemployment rate for 1993-2001 per Massachusetts Division of Employment & Training  
(4) U.S. Census Bureau estimates.

**BUILDING PERMITS**

Calander Year	<u>Residential - New Construction</u>		<u>Non-Residential - New Construction</u>		<u>Additions &amp; Alterations</u>		Total Value	
	<u># of Permits</u>	<u>Value</u>	<u># of Permits</u>	<u>Value</u>	<u># Permits</u>	<u>Value</u>	<u>Total Permits</u>	<u>All Permits</u>
2002	61	61,260,133	5	45,355,000	1950	96,149,522	2016	\$ 202,764,655
2001	48	17,540,161	1	2,500,000	1795	168,697,179	1844	188,737,340
2000	42	13,020,660	3	5,140,000	1932	128,943,503	1977	147,104,163
1999	74	19,745,163	5	4,078,700	1993	117,498,358	2072	141,322,221
1998	58	11,107,695	8	30,067,000	1631	161,528,874	1697	202,703,569
1997	73	15,864,856	8	2,121,080	1522	75,232,482	1603	93,218,418
1996	44	9,569,134	-	-	1323	55,215,469	1367	64,784,603
1995	26	11,800,869	1	251,000	1485	90,420,042	1512	102,471,911
1994	47	13,826,223	4	2,254,520	1474	55,376,278	1525	71,457,021

CITY OF NEWTON, MASSACHUSETTS  
MISCELLANEOUS STATISTICS

**Year of Incorporation** 1873

**Form of Government** Mayor & 24 Member Board of Aldermen

**Land Area** 18.33 square miles

**Public Education**

(8) Member Elected School Committee  
Appointed Superintendent

	<u>Schools</u>	<u>Students {1}</u>
Elementary (K-5)	15	4,970
Middle Schools (6 - 8)	4	2,688
High Schools (9-12)	<u>2</u>	<u>3,618</u>
Total	21	11,276

**Public Safety**

Appointed Police and Fire Chiefs	2
Uniformed Police Officers	159
Uniformed Firefighters	184
Fire Stations	6

**Public Works**

Miles of Streets	310
Parking Meters	1,681
Street Lights	8,595
Miles of Storm Drains	324

**Parks & Recreation**

Outdoor Swimming Facilities	2
Indoor Swimming Facilities	1
Acres - Parks and Playgrounds	590.2

{1} October, 2002 enrollment.

**CITY OF NEWTON, MASSACHUSETTS  
PRINCIPAL ELECTED AND APPOINTED OFFICIALS**

**June 30, 2003**

**BOARD OF ALDERMEN**

Brooke K. Lipsitt, President  
George E. Mansfield, Vice President  
Robert E. Gerst  
Carleton P. Merrill  
Scott Lennon  
Allan L. Ciccone  
Marcia T. Johnson  
Stephen M. Linsky  
Richard J. Bullwinkle  
Leonard J. Gentile  
Anthony J. Salvucci  
Amy Mah Sangiolo  
John Stewart  
D. Pauline Bryson  
Paul E. Coletti, Finance Committee Chairman  
Brian E. Yates  
Christine Samuelson  
Susan Basham  
Kenneth R.L. Parker  
Sydra Schnipper  
R. Lisle Baker  
Mitchell L. Fishman  
Richard A. Lipoff, Finance Committee Vice Chairman  
Cheryl Lipoff Lappin

**SCHOOL COMMITTEE**

Ann Larner, Chairman  
Susan Albright  
Gail Glick  
Patricia Kellogg  
Marc Laredo  
Nancy Levine  
Leslie Schneider  
Dori Zaleznik  
Jeffrey Young, Superintendent of Schools  
Sandra Guryan, Asst. Supt. Budget & Finance

**EXECUTIVE**

Mayor David B. Cohen  
Michael J. Rourke, Chief Administrative Officer  
Sanford Pooler, Chief Budget Officer  
Karen Griffey, Chief of Policy & Communications  
Maureen Grimaldi, Citizen Assistance Officer

**DEPARTMENT HEADS**

Accounting: David Wilkinson, Comptroller of Accounts  
Assessing: Elizabeth Dromey, Director  
City Clerk/Clerk of Board: Edward English, City Clerk/Clerk of the Board  
Civil Defense: Jay Moskow, Director  
Elections: Peter Karg, Executive Secretary Election Commission  
Fire: Joe LaCroix, Fire Chief  
Health: David Naparstek, Commissioner  
Human Services: Beverly Stachowicz, Director  
Information Technology: Ann Cornaro, Director  
Inspection Services: Mark Gilroy, Commissioner  
Jackson Homestead Museum: David Olson, Director  
Law: Daniel Funk, City Solicitor  
Library: Kathy Glick Weil, Librarian  
Parks & Recreation: Fran Towle, Commissioner  
Personnel: Dolores Hamilton, Director  
Planning & Development: Michael Kruse, Director  
Police: Jose Cordero, Police Chief  
Public Buildings: A. Nicholas Parnell, Commissioner  
Public Works: Robert Rooney, Commissioner  
Purchasing: Rere Cappoli, Purchasing Agent  
Treasury: Edward Spellman, Treasurer & Collector  
Veteran Services: Fred Guzzi, Veterans Agent

**CONTRIBUTORY RETIREMENT BOARD**

Nunzio Piselli, Chairman & Mayor's appointee  
Francis Capello, Vice Chairman & Elected member  
David Wilkinson, Ex Officio Member (Comptroller of Accounts)  
Paul Bianci, Elected Member  
Richard Heidlage, Appointed Member  
Kelly Byrne, Executive Director