

# City of Newton, Massachusetts

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2005



*Prepared by the Comptroller's Office*

CITY OF NEWTON, MASSACHUSETTS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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# *INTRODUCTORY SECTION*



# CITY OF NEWTON, MASSACHUSETTS

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DAVID C. WILKINSON  
COMPTROLLER

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November 15, 2005

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, 2005. This report has been prepared by the Comptroller's Office of the City in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Government Accounting Standards Board (GASB).

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

The City's financial statements have been audited by Sullivan, Rogers & Company, LLC, a firm of licensed certified public accountants, who have been 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 on pages 1 and 2.

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

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

## **History and Profile**

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

The City has a population of 83,829 according to the 2000 federal census and occupies a land area of 18.33 square miles. The City is principally suburban-residential in character and consists of 13 distinct villages – Auburndale; Chestnut Hill; Newton Centre; Newton Corner; Newton Highlands; Newton Lower Falls; Newton Upper Falls; Newtonville; Nonantum; Oak Hill; Thompsonville; Waban; and West Newton. Open space comprises 19.6% of the City's total land area, of which 55% is publicly owned.

Newton has a diversified economic base with 45,500 individuals employed in 3,699 establishments within the boundaries of the City, with an estimated annual payroll of \$2.2 billion. Businesses are generally small and service oriented with retail and wholesale trade and services accounting for 74% of all jobs.

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

## **Organizational Structure**

The City is governed under a home-rule charter, which vested executive authority and responsibility in an elected Mayor, who serves a four-year term. Legislative authority is vested in a 24-member 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. 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 Contributory Retirement System, 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. Pursuant to the reporting requirements of Governmental Accounting Standards Board statement 39, the Newton School Foundation, Inc. is also included as a discretely presented component unit.

## **Financial Management**

The Mayor is responsible for the preparation of the City's capital improvement plan, and annually recommended capital and operating budgets. The Board of Aldermen is responsible for review and approval of all appropriations that are recommended by 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.

### **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, Expenses, Fringe Benefits, Debt Service and Capital Outlay. Line item transfers within an expenditure category may be made with the approval of the Department Head and Comptroller. Transfers between expenditure categories require the approval of the Mayor and 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 governmental operating and capital budgets are presented on pages 80 – 102 of this report.

On September 21, 2005 the Massachusetts Department of Revenue certified the City's June 30, 2005 free cash (General Fund fund balance available for appropriation) at \$3,885,027. The City's previous year free cash certification was \$4,832,778.

### **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.

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

The 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, with the assistance of an investment consultant, in order to achieve the Board's asset allocation policy. An independent custodian bank holds all of the System's investments. The Retirement Board is currently in the process of considering the addition of a variety of asset classes that have not historically been a part of the asset allocation plan, but which appear to be necessary in order to meet our return objectives.

During fiscal year 2005 the City has implemented Governmental Accounting Standards Board (GASB) Statement 40, which provides an enhanced level of disclosure about investment policies and practices. The reader is encouraged to refer to note 3 on pages 39 – 43 of this report for this new information.

### **Risk Management**

The City is self-insured for group health, workers' compensation, building and general liability insurance. Individual Internal Service Funds are maintained for purposes of accumulating sufficient assets to meet fund liabilities.

The City purchases property insurance from a commercial insurance company but funds annual premiums from earnings on the building self insurance fund assets.

Progress continues to be made at strengthening the financial condition of the Group Health Self Insurance Fund. During the year ended June 30, 2005 the fund balance increased by \$1.5 million to \$4.4 million. We are approaching our goal of having (2) months of average claims experience in reserve for extraordinary and unforeseen claims experience.

In order to prepare for the implementation of Governmental Accounting Standards Board (GASB) Statement 45, the City has continued its policy of contracting for an annual actuarial valuation of post retirement health benefits that have been promised to our employees and retirees. As reported on page 37 of this report, the City has accumulated a \$654.2 million liability for post retirement benefits and no funds have yet been accumulated to fund this obligation. The difference between our current pay-as-you go annual funding of these benefits and the "Annual Required Contribution (ARC)" funding that our actuaries have calculated as being necessary to fund these future obligations is \$34.5 million per year.

During the fiscal year ended June 30, 2004 the City achieved full actuarial funding of our outstanding workers compensation liabilities. We remain fully funded at June 30, 2005.



### **Collective Bargaining Agreements**

At June 30, 2005, all collective bargaining agreements except for teachers and city hall clerical and administrative staff remained unresolved retroactive to July 1, 2004 (except for firefighters and public works/public buildings/public grounds maintenance staff, whose contracts remain unresolved retroactive to July 1, 2003). Liabilities have been estimated for all employee groups consistent with the terms of collective bargaining contracts that had been settled at June 30, 2005.

### **Awards and Acknowledgments**

During the fiscal year ended June 30, 2005, the City has maintained a Aaa credit rating with Moody's Investor Service.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2004. This is the first time that the City has made application and received this prestigious award. In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must also satisfy all applicable legal requirements and generally accepted accounting principals.

A Certificate of Achievement is valid for a period of one year only. We believe that the report for the fiscal year ended June 30, 2005 continues to meet the requirements of the award program and it is our intent to make application for the award program once again in order to determine that we continue to meet the highest standards of financial reporting.

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 Peruzzi; Julie Zakak; and Regina Zegarelli. Special thanks also go to the public accounting firm of Sullivan, Rogers & Company for the efficient completion of this year's audit and for all of their advice and assistance in the preparation of this report.

Respectfully,

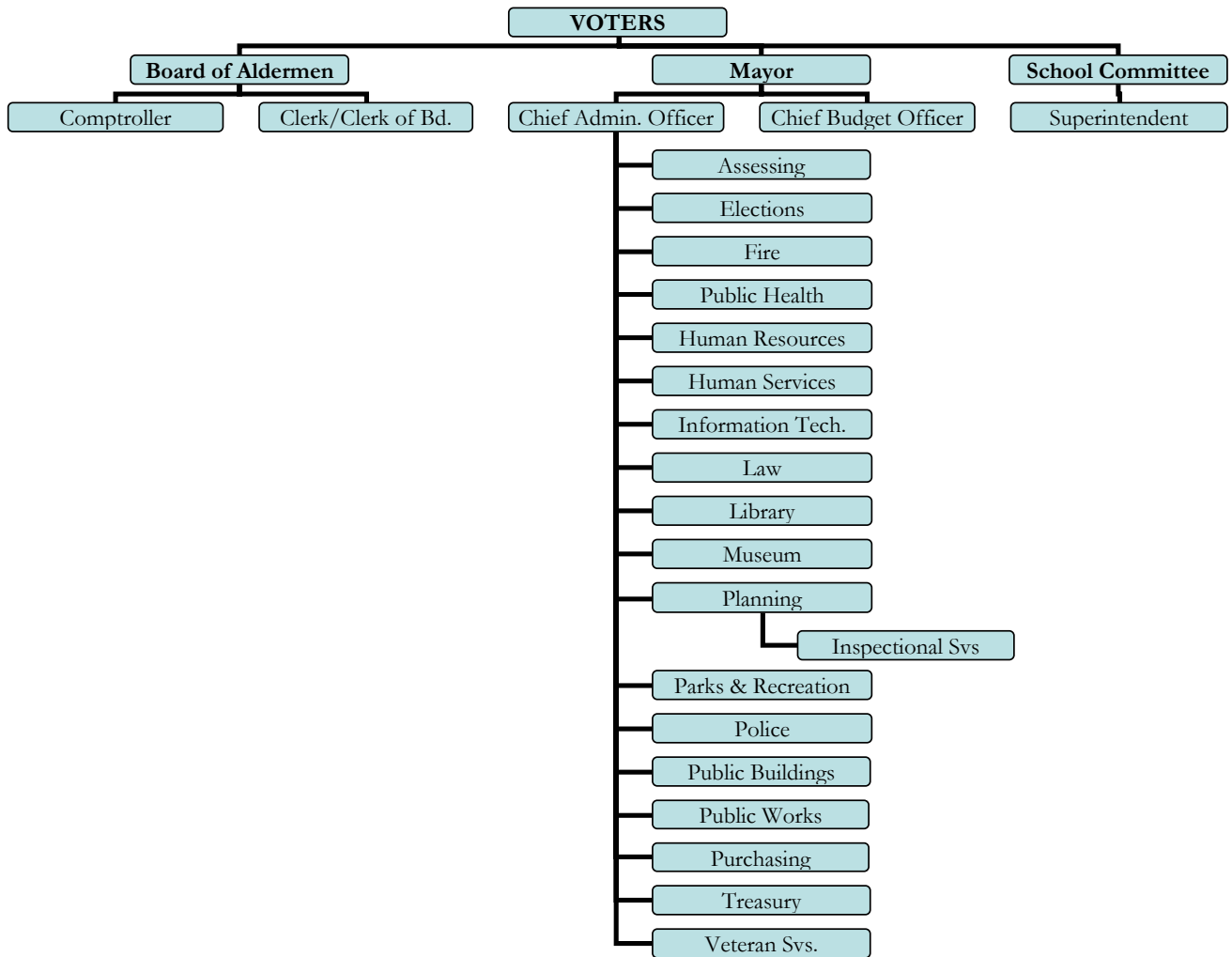
A handwritten signature in black ink, appearing to read 'D. Wilkinson', with a long horizontal stroke extending to the right.

David C. Wilkinson  
Comptroller

CITY OF NEWTON, MASSACHUSETTS

ORGANIZATIONAL CHART

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## CITY OF NEWTON, MASSACHUSETTS

### ELECTED OFFICIALS AND DEPARTMENT HEADS

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#### **BOARD OF ALDERMEN**

R. Lisle Baker, President  
Any Mah Sangiolo, Vice President  
Robert E. Gerst  
Carleton P. Merrill  
Scott Lennon  
Marcia T. Johnson  
Susan Albright  
Stephen M. Linsky  
Ted Hess-Mahan  
Leonard J. Gentile  
Anthony J. Salvucci  
John Stewart, Finance Committee Vice Chairman  
Jay Harney  
Paul E. Coletti, Finance Committee Chairman  
Brian E. Yates  
Christine Samuelson  
George Mansfield  
Kenneth R.L. Parker  
Victoria Danberg  
Sydra Schnipper  
Vern Vance  
Mitchell L. Fishman  
Richard Lipoff  
Cheryl Lipoff Lappin

#### **SCHOOL COMMITTEE**

Ann Larner, Chairman  
Gail Glick  
Reenie Murphy  
Nancy Levine  
Susan Heyman  
Patty Kellogg  
Mark Laredo  
Dori Zaleznik  
Jeffrey Young, Superintendent of Schools  
Sandra Guryan, Assistant Supt. Budget & Finance

#### **EXECUTIVE**

Mayor David B. Cohen  
Michael J. Rourke, Chief Administrative Officer  
Sanford Pooler, Chief Budget Officer  
Jeremy Solomon, 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: Gerald Brown, Commissioner (acting)  
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: J. J. O'Brien, 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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Newton,  
Massachusetts

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



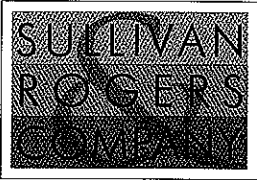
*Nancy L. Zjelke*

President

*Jeffrey R. Enos*

Executive Director

# *FINANCIAL SECTION*



Certified Public Accountants

**SULLIVAN, ROGERS & COMPANY, LLC**

Corporate Place I, Suite 204 • 99 South Bedford Street

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**Independent Auditors' Report**

To 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts, as of and for the fiscal year ended June 30, 2005 (except for the Newton Contributory Retirement System and the Newton Commonwealth Foundation, Inc., which are as of and for the fiscal year ended December 31, 2004, and the Newton Schools Foundation, Inc., which is as of and for the fiscal year ended June 30, 2004), 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 of Newton, Massachusetts' 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., which represents 100% of the assets and revenues of the major enterprise golf fund and 2.2% and 1.5% of the assets and revenues, respectively, of the business-type activities. Those financial statements were furnished to us, and our opinions, insofar as they relate to the amounts included for the Newton Commonwealth Foundation, Inc., are based on the report of the other auditors. We did not audit the financial statements of the Newton Schools Foundation, Inc., which represents 100% of the assets and revenues of the discretely presented component unit. Those financial statements were furnished to us, and our opinions, insofar as they relate to the amounts included for the Newton Schools Foundation, Inc., 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. 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 Newton Commonwealth Foundation, Inc. and the Newton Schools Foundation, Inc. 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 reports of the other auditors provide a reasonable basis for our opinions.

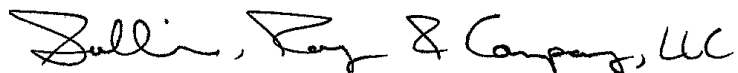
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts, as of June 30, 2005 (except for the Newton Contributory Retirement System and the Newton Commonwealth Foundation, Inc., which are as of and for the fiscal year ended December 31, 2004, and the Newton Schools Foundation, Inc., which is as of and for the fiscal year ended June 30, 2004), and the respective changes in financial position and cash flows, where applicable, thereof and the 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 more fully described in Note 13, the City has restated the beginning net assets of its governmental activities. We have audited the adjustments as described in Note 13 that were applied to restate the fiscal year 2004 basic financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2005, on our consideration of the City of Newton, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis (located on pages 3 through 14) 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 supplementary information. However, we did not audit the information and express no opinion on it.

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

A handwritten signature in cursive script that reads "Sullivan, Roy & Company, LLC".

October 20, 2005

# **Management's Discussion and Analysis**



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Newton (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2005.

### **Financial Highlights:**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$266.3 million (*net assets*). Of this amount, \$64.9 million is considered unrestricted (*unrestricted net assets*). The unrestricted net assets of the City's governmental activities are \$43.7 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 \$21.2 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 \$41.5 million or 18.5% in fiscal year 2005. Net assets of governmental activities increased by \$39.2 million, a 22.4% increase from fiscal year 2004. Net assets of business-type activities increased by \$2.3 million or 4.7% from fiscal year 2004.
- Unrestricted governmental net assets increased by \$7.1 million to \$43.7 million at June 30, 2005.
- Although the City's governmental activities unrestricted net assets have no restrictions on them from parties external to the City, \$30 million or 69% of these resources have been internally earmarked by the City for specific future uses. These earmarkings consist of: year end encumbrances and continued appropriations - \$4.9 million; fund balances appropriated to support the fiscal year 2006 general fund budget - \$2.2 million; revolving fund and receipts reserved fund resources designated by vote of the board of alderman or school committee for specific services - \$5.3 million; capital stabilization fund balances designated for future high school improvements - \$7.8 million; self-insurance funds - \$7.2 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 year 2005 was \$314.1 million, \$286 million (91.1%) of which was for governmental services, and \$28.1 million (8.9%) of which was for business-type activities.
- A total of \$105.5 million or 36.9% of governmental services were financed from program revenue, leaving 63.1% to be financed from general revenues and interfund transfers of the City. Property taxes and property tax surcharge revenue represented the single largest source of general revenue.
- At June 30, 2005, the City's governmental funds reported a combined fund balance of \$24.1 million. The combined governmental funds fund balance increased by \$29.4 million from the prior year's ending fund balance, principally as a result of the receipt of \$26.1 million in state construction reimbursement assistance for the Newton South High School renovation project. The High School Renovation Fund ended the year with a \$17.3 million fund deficit as a result of the City's use of temporary bond anticipation note financing for high school improvements, pending receipt of the balance of state reimbursements and the permanent financing of the balance of the local share of the project costs.
- The City's general fund reported a fund balance of \$13.8 million at the end of fiscal year 2005. The undesignated fund balance for the general fund was \$6.7 million or 2.6% of total general fund revenues and transfers from other funds. There was a \$3.5 million decrease 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 2006 budget, a decrease of \$500,000 or 18.5% from the prior year.
- The City's total debt increased by \$10.4 million or 10.3% during the year, primarily as a result of the sale of \$10 million in Newton South High School renovation bonds.

## 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 15 and 16) presents information on all of the City's non-fiduciary 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 17 and 18) 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; health & human services; culture and recreation; debt service – interest and the major services provided within each functional category. The business-type activities of the City include 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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 20 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, the community preservation fund and the high school improvements fund, all of which are considered to be major funds. Data from the other 17 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 60 - 69 of this report. The governmental funds financial statements can be found on pages 19 – 24 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; public building insurance; and general liability self-insurance activities. The services provided by these funds predominately benefit the governmental rather than the business-type functions. Accordingly, the internal service funds have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sanitary sewer, and 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 70 – 73 of this report. The basic proprietary fund financial statements can be found on pages 25 – 27 of this report.

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

The fiduciary funds financial statements provide separate information for the pension trust fund of the City. All other fiduciary funds are reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions "private purpose trust funds" and "agency funds", respectively. A brief description of each fund and individual fund data for the private purpose trust funds and agency funds are provided in the form of *combining statements* on pages 74 – 80 of this report. The fiduciary funds financial statements can be found on pages 28 and 29 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 30 - 59 of this report.

**Other information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the City's progress in funding its obligation to provide pension benefits to its employees. Such information is located on page 58 of this report.

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

### **Government-wide Financial Analysis:**

**Net Assets:** The City's total assets exceeded total liabilities by \$266.3 million at June 30, 2005. This represents a \$41.5 million or 18.5% increase over the restated total net assets at June 30, 2004. As explained in note 13 on page 59 of this report the prior period adjustment relates to the addition of street and sidewalk infrastructure improvements put in place prior to the fiscal year ended June 30, 2002.

**City of Newton, Massachusetts  
Net Assets**

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2004		2004		2004	
	2005	(restated)	2005	2004	2005	(restated)
<b>Assets</b>						
Current assets.....	\$ 107,434,679	\$ 76,541,061	\$ 15,405,096	\$ 14,777,587	\$ 122,839,775	\$ 91,318,648
Noncurrent assets (excluding capital assets).....	45,749,838	33,057,845	11,367,748	9,476,566	57,117,586	42,534,411
Capital assets (net).....	194,981,965	186,791,327	49,732,740	49,391,797	244,714,705	236,183,124
Total assets.....	<u>348,166,482</u>	<u>296,390,233</u>	<u>76,505,584</u>	<u>73,645,950</u>	<u>424,672,066</u>	<u>370,036,183</u>
<b>Liabilities</b>						
Current liabilities (excluding debt).....	32,697,690	27,632,916	1,704,948	1,575,758	34,402,638	29,208,674
Noncurrent liabilities (excluding debt).....	12,157,696	14,587,641	148,200	220,775	12,305,896	14,808,416
Current debt.....	55,095,500	30,118,200	2,196,869	2,092,308	57,292,369	32,210,508
Noncurrent debt.....	33,719,850	48,765,350	20,696,580	20,307,430	54,416,430	69,072,780
Total liabilities.....	<u>133,670,736</u>	<u>121,104,107</u>	<u>24,746,597</u>	<u>24,196,271</u>	<u>158,417,333</u>	<u>145,300,378</u>
<b>Net Assets</b>						
Invested in capital assets (net of related debt).....	153,522,317	123,155,756	30,171,832	30,030,771	183,694,149	153,186,527
Restricted.....	17,283,859	15,543,141	374,208	214,757	17,658,067	15,757,898
Unrestricted.....	43,689,570	36,587,229	21,212,947	19,204,151	64,902,517	55,791,380
Total net assets.....	<u>\$ 214,495,746</u>	<u>\$ 175,286,126</u>	<u>\$ 51,758,987</u>	<u>\$ 49,449,679</u>	<u>\$ 266,254,733</u>	<u>\$ 224,735,805</u>

The largest portion of the City's total net assets (69.0%) represents the investment in capital assets (e.g., land, buildings and improvements, equipment and machinery, road network, water system, infrastructure and construction in progress) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens therefore; 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. Growth in capital assets, net of related debt accounts for \$30.5 million or 73.5% of the growth in total net assets between fiscal years 2004 and 2005. This is largely the result of the recognition of \$34.8 million in intergovernmental revenue associated with the Newton South High School renovation project.

An additional portion of the City's net assets (6.6%) 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 the face of the Statement of Net Assets, which can be found on page 16 of this report.

The remaining balance of unrestricted net assets, \$64.9 million or 24.4% of total net assets, may be used to meet the City's on-going obligations to citizens and creditors. A total of \$21.2 million or 32.7% of this sum may only be used, however, 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 \$43.7 million at June 30, 2005, an increase of \$7.1 million or 19.4% from the re-stated June 30, 2004 balance. The increase in unrestricted net assets is primarily the result of the City's long standing policy of financing most long-term capital assets with debt having terms significantly less than the useful life of the related assets.

**Changes in net assets:** The City's total revenues increased by \$51.4 million or 16.9%, to \$355.7 million during the past fiscal year. As previously mentioned, \$34.8 million of this sum represents a Commonwealth of Massachusetts grant award for the costs associated with major renovations at the Newton South High School. Because of the size of the high school renovation grant award, property tax revenues, while still the largest single source of revenue of the City, declined from 61.6% to 54.1% of total revenue for the year. Another 3.4% of revenue came from other taxes (motor excise and hotel room occupancy); 14.1% was realized from charges for service; 1.6% came from miscellaneous local sources; and the remaining 26.8% from grants and contributions.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2005	2004 (restated)	2005	2004	2005	2004 (restated)
<b>Revenues</b>						
<i>Program Revenues:</i>						
Fees, fines and charges for services.....	\$ 20,056,263	\$ 19,253,150	\$ 30,100,040	\$ 27,416,421	\$ 50,156,303	\$ 46,669,571
Operating grants and contributions.....	48,847,308	43,501,432	1,414,263	764,107	50,261,571	44,265,539
Capital grants and contributions.....	36,589,529	1,810,615	159,450	51,994	36,748,979	1,862,609
<i>General Revenues:</i>						
Real estate and personal property taxes.....	192,457,450	187,446,868	-	-	192,457,450	187,446,868
Motor vehicle and other excise taxes.....	11,202,714	10,537,142	-	-	11,202,714	10,537,142
Hotel room occupancy taxes.....	979,194	851,157	-	-	979,194	851,157
Penalties and interest on taxes.....	1,166,429	957,072	-	-	1,166,429	957,072
Payments in lieu of taxes.....	529,600	340,010	-	-	529,600	340,010
Community preservation surcharges.....	1,893,219	1,829,757	-	-	1,893,219	1,829,757
Grants and contributions not restricted to specific programs.....	7,988,751	7,572,440	-	-	7,988,751	7,572,440
Unrestricted investment income.....	1,687,125	949,028	-	-	1,687,125	949,028
Premium from issuance of bonds and notes.....	-	375,267	-	-	-	375,267
Gain (loss) on disposal of capital assets.....	36,000	(48,600)	(3,225)	-	32,775	(48,600)
Other.....	554,259	689,905	-	-	554,259	689,905
<b>Total revenues.....</b>	<b>323,987,841</b>	<b>276,065,243</b>	<b>31,670,528</b>	<b>28,232,522</b>	<b>355,658,369</b>	<b>304,297,765</b>
<b>Expenses</b>						
General government.....	19,457,121	20,594,439	-	-	19,457,121	20,594,439
Public safety.....	41,690,193	40,102,814	-	-	41,690,193	40,102,814
Education.....	175,722,669	162,268,826	-	-	175,722,669	162,268,826
Public works.....	23,440,299	19,755,181	-	-	23,440,299	19,755,181
Health and human services.....	8,864,530	8,470,667	-	-	8,864,530	8,470,667
Culture and recreation.....	14,253,032	12,252,669	-	-	14,253,032	12,252,669
Debt service - interest.....	2,570,332	2,121,882	-	-	2,570,332	2,121,882
Water.....	-	-	10,045,997	9,465,285	10,045,997	9,465,285
Sewer.....	-	-	17,888,524	18,167,283	17,888,524	18,167,283
Newton Commonwealth Golf Course.....	-	-	206,744	124,896	206,744	124,896
<b>Total expenses.....</b>	<b>285,998,176</b>	<b>265,566,478</b>	<b>28,141,265</b>	<b>27,757,464</b>	<b>314,139,441</b>	<b>293,323,942</b>
Change in net assets before transfers.....	37,989,665	10,498,765	3,529,263	475,058	41,518,928	10,973,823
Transfers, net.....	1,219,955	1,305,717	(1,219,955)	(1,305,717)	-	-
Change in net assets.....	39,209,620	11,804,482	2,309,308	(830,659)	41,518,928	10,973,823
Net assets - beginning of year, as restated.....	175,286,126	163,481,644	49,449,679	50,280,338	224,735,805	213,761,982
Net assets - end of year.....	\$ 214,495,746	\$ 175,286,126	\$ 51,758,987	\$ 49,449,679	\$ 266,254,733	\$ 224,735,805

Total expenses increased by \$20.8 million or 7.1% during the year. Education expenses accounted for \$13.5 million or 64.9% of the growth in total expenses and continued to represent the largest single category of spending, at 55.9% of total City expenses. Public works expense growth, principally for snow and ice control, accounted for the next largest portion of the growth in total expenses (\$3.7 million or 17.8% of the total 2004 to 2005 expense growth). Federal Emergency Management Agency grant assistance funded \$654,173 of the \$4.8 million in fiscal year 2005 snow and ice control expenses.

**Governmental activities** – Governmental activities increased the City’s net assets by \$39.2 million during fiscal 2005. A summary of revenues and major functional expenses is included in the table presented above.

In order to assist the reader in understanding more completely the full cost of the major services provided by the City within each of the broad functional classifications identified above, the Statement of Activities, presented on pages 17 and 18 of this report, provides a detailed accounting of all major service expenses and related revenues.

All governmental activity services, except for inspectional services, relied on subsidies from general revenues to one degree or another during fiscal year 2005. Inspectional service department program revenues exceeded total program expenses by \$2.8 million for the year as a result of strong permit revenue performance. For the year ended June 30, 2004 inspectional service department program revenues exceeded program expenses by \$2.2 million.

**Business-type activities** – Business-type activities increased the City’s net assets by \$2.3 million during fiscal year 2005. This is primarily the result of the water and sewer rate structure that was implemented during fiscal year 2005, which was designed to off-set the trends in decreased consumption/usage and the resulting impact on the financial condition of the water and sewer utilities.

#### **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, 2005, the City’s governmental funds reported a combined fund balance totaling \$24.1 million, a \$29.4 million increase over the prior year’s reported deficit position of (\$5.3). The improvement in total governmental funds fund balance is the direct result of a \$28.7 million improvement in the financial position of the High School Improvement fund. During the fiscal year ended June 30, 2005, the City issued \$10 million in long term debt and recognized \$26.1 million in intergovernmental revenue associated with the Commonwealth of Massachusetts school construction assistance grant award for the Newton South High School renovation project. At June 30, 2005, a total of \$49.5 million in bond anticipation notes remained outstanding for high school improvement purposes.

The general fund is the chief operating fund of the City. At June 30, 2005 the general fund reported a total fund balance of \$13.8 million – a \$3.5 million (20%) decrease over the total fund balance for the previous fiscal year. The unreserved and undesignated portion of fund balance decreased by \$2.3 million or 25.2% to \$6.7 million. Undesignated fund balance represents 2.6% of total general fund revenues and transfers from other funds.

**City of Newton, Massachusetts**  
**General Fund**  
**Fund Trends – Fiscal year 2005 and (5) previous fiscal years**

	2005	2004	2003	2002	2001	2000
Total fund balance	\$ 13,822,467	\$ 17,286,448	\$ 17,160,502	\$ 15,438,743	\$ 16,798,424	\$ 16,458,671
Less: Fund balance reserved for:						
Encumbrances.....	1,122,558	1,186,735	772,599	1,301,183	688,442	509,074
Continued appropriations.....	3,790,612	4,390,237	3,255,408	2,760,972	3,289,791	2,481,295
Other purposes.....	-	-	21,307	27,141	-	-
Unreserved fund balance.....	8,909,297	11,709,476	13,111,188	11,349,447	12,820,191	13,468,302
Less: Fund balance designated to support following year budget.....	2,200,000	2,738,000	2,200,000	1,700,000	2,200,000	2,700,000
Undesignated fund balance.....	6,709,297	8,971,476	10,911,188	9,649,447	10,620,191	10,768,302
Total revenue & other financing sources.....	\$ 259,574,467	\$ 250,012,404	\$ 243,859,374	\$ 221,622,942	\$ 217,785,789	\$ 204,933,088
Total fund balance as % total revenue and ofs.....	5.3%	6.9%	7.0%	7.0%	7.7%	8.0%
Unreserved fund balance as % total revenue and ofs.....	3.4%	4.7%	5.4%	5.1%	5.9%	6.6%
Undesignated fund balance as % total revenue and ofs.....	2.6%	3.6%	4.5%	4.4%	4.9%	5.3%

Total fiscal year 2005 general fund revenues and other financing sources increased by \$9.6 million or 3.9%, to \$259.6 million.

Source	Amount	% of Total	Increase/ (Decrease)	% Change
Real estate and personal property taxes.....	\$ 192,554,388	74.2%	\$ 5,497,902	3.4%
Motor vehicle excise taxes.....	11,467,867	4.4%	1,209,072	12.3%
Hotel room occupancy taxes.....	979,194	0.4%	128,037	9.9%
Penalties and interest on taxes.....	1,225,224	0.5%	268,152	33.9%
Licenses, permits and fees.....	4,824,994	1.9%	868,480	20.9%
Intergovernmental.....	39,223,195	15.1%	2,537,793	6.8%
Charges for services.....	1,379,194	0.5%	(185,942)	-14.3%
Fines and forfeitures.....	1,968,319	0.8%	67,807	4.3%
Investment income.....	1,529,059	0.6%	649,258	36.9%
Payments in lieu of taxes.....	394,563	0.2%	54,553	17.6%
Miscellaneous.....	233,822	0.1%	(117,309)	-15.5%
Total revenues.....	255,779,819	98.5%	10,977,803	4.6%
Premium from issuance of bonds/notes.....	406,462	0.2%	31,195	10.1%
Transfers from other funds.....	3,388,186	1.3%	(1,446,935)	-57.9%
Total revenues and other financing sources.....	\$ 259,574,467	100.0%	\$ 9,562,063	3.9%

Property tax growth resulted from a combination of the 2.5% annual increase allowed in the levy under Proposition 2½ and \$2.2 million in “new growth.”

Motor vehicle excise tax revenue rebounded from the prior year experience as a result of more timely billings and collection efforts. Building permit revenue growth accounted for 96.2% of the growth in license and permit revenue and prevailing interest rates account for the positive change in investment income revenue. The City’s new payment in lieu of taxes agreement with the Stone Institute accounts for the change in in lieu of tax payment revenue.

The \$1.5 million reduction in transfers from other funds is related to one-time cable television franchise revenue funding for fiber network improvements; changes in the manner in which the City accounts for expenditures

associated with federal snow and ice control reimbursements; and a reduction in size of the solid waste budget subsidy from the Receipts Reserved For Appropriation sale of recyclable materials account.

Total general fund expenditures and transfers to other funds totaled \$263.0 million, an increase of \$13.1 million or 5.3% over the previous fiscal year.

	Amount	%	Increase/ (Decrease)	%
		of Total		Change
General government.....	12,529,775	4.8%	151,174	1.2%
Public safety.....	31,259,345	11.9%	758,975	2.5%
Education.....	130,585,252	49.6%	5,018,603	4.1%
Public works.....	20,726,832	7.9%	2,320,284	12.7%
Health and human services.....	3,140,427	1.2%	112,192	3.8%
Culture and recreation.....	10,048,652	3.8%	835,458	9.2%
Retirement benefits.....	36,643,546	13.9%	4,034,400	13.8%
Workers' compensation insurance.....	1,322,870	0.5%	(62,176)	-5.2%
Property and liability insurance.....	274,053	0.1%	22,019	8.4%
Claims and judgements.....	176,472	0.1%	(113,255)	-96.0%
State assessments and charges.....	5,045,783	1.9%	(40,977)	-20.9%
Debt service				
Principal.....	4,618,200	1.8%	337,100	6.9%
Interest.....	2,357,466	0.9%	(321,487)	-16.7%
Total expenditures.....	258,728,673	98.4%	13,052,310	5.5%
Transfers to other funds.....	4,309,775	1.6%	99,680	2.4%
Total expenditures and transfers..... \$	263,038,448	100.0%	\$ 13,151,990	5.4%

Education spending increased by \$5 million - 38.2% of the total expenditure growth for the year. This level of expenditure growth is a reflection of the priority that the City places on public education services.

Retirement benefits (including post retirement health and life) funding accounted for 30.7% of the total increase in general fund expenditures and transfers to other funds. Massachusetts Teachers' Retirement System on-behalf contributions account for \$2.1 million or 52.5% of the growth in retirement spending, while Newton Contributory Retirement System funding increased by \$1.7 million.

Public works expenditures increased by \$2.3 million - 17.6% of total expenditure growth. This change is a function of the amount of snow fall during the winter of 2005.

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, 2005, the City realized \$4.0 million in CPA fund revenue, half of which came from property tax surcharges and the other half from the Commonwealth of Massachusetts matching funds for property tax surcharges billed during the previous fiscal year. Fund expenditures totaled \$4.1 million for the year, \$2.2 million of which was for the acquisition of the Angino Farm property. A detailed accounting of fund expenditures, classified by the statutory purposes for which CPA funds may be expended is included on pages 92-96. A total of \$2.2 million in fund balance was unreserved at year end.

The high school improvements fund ended fiscal year 2005 with a negative fund balance of \$17.3 million, an improvement of \$29 million from the previous fiscal year, due to the fact that \$10 million in bonds were sold during the year and the City recognized \$26.1 million in intergovernmental revenue related to the Commonwealth of Massachusetts \$34.8 million grant award for improvements to the Newton South High School. A total of \$49,500,000 in bond anticipation notes were outstanding at June 30, 2005 related to Newton South High School renovations and planning for the reconstruction of Newton North High School.



**Proprietary funds** - The City's proprietary funds provide the same information found in the government-wide statements, but in slightly more detail. Total net assets amounted to \$28.2 million for the sewer fund; \$21.9 million for the water fund; and \$1.6 million 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 \$541,528 (2%). Water fund total net assets increased by \$1.5 million (7.4%). Golf fund total assets increased by \$254,097 (18.7%).

**Fiduciary funds** – The net assets of the City's contributory retirement system increased by \$18.5 (8.4%) to \$239.5 million during the system's fiscal year that ended December 31, 2004.

The composite investment return for this period was 12.66% and the funded status of the plan improved from 66.7% to 67.7%.

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 pages 56 and 57 of this report.

**General Fund Budgetary Highlights:**

The difference between the original budget of \$240.6 million and the final amended budget of \$247.5 million amounts to 3% and can be summarized as follows:

Liability self-insurance fund	\$	55,000
Building self-insurance fund		107,331
CATV license receipts		122,045
Parking meter receipts		187,806
Special permits receipts		50,000
Traffic mitigation funds		26,000
Inland waterway fund		2,500
E-rate receipts		29,916
Water surplus		54,621
Capital Stabilization Fund		447,617
Overlay surplus		503,122
Free cash		2,632,778
Revenue of 2005		2,725,755
Supplemental appropriation sources:	\$	<u>6,944,491</u>

Of this increase, \$3.1 million was funded with certified free cash (fund balance available for appropriation) and overlay surplus; \$2.7 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.

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 \$3.2 million in pay-as-you-go capital outlay and improvement funding was 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 \$124.8 million, as of June 30, 2005, amounts to \$244.7 million. The investment in capital assets includes land, buildings and improvements, equipment and machinery, infrastructure and construction in progress. The June 30, 2004 Governmental Activities capital asset balances have been restated for the addition of infrastructural capital assets that were put in place prior to the fiscal year ended June 30, 2002.

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2005	2004 (restated)	2005	2004	2005	2004 (restated)
Land and improvements.....	\$ 17,099,071	\$ 14,615,819	\$ 601,295	\$ 634,625	\$ 17,700,366	\$ 15,250,444
Buildings and improvements.....	128,619,940	74,420,739	2,831,846	2,909,066	131,451,786	77,329,805
Machinery and equipment.....	12,612,357	11,812,145	2,237,067	1,969,836	14,849,424	13,781,981
Infrastructure.....	33,831,641	32,761,396	44,062,532	43,878,270	77,894,173	76,639,666
Construction in progress.....	2,818,956	53,181,228	-	-	2,818,956	53,181,228
<b>Total capital assets.....</b>	<b>\$ 194,981,965</b>	<b>\$ 186,791,327</b>	<b>\$ 49,732,740</b>	<b>\$ 49,391,797</b>	<b>\$ 244,714,705</b>	<b>\$ 236,183,124</b>

Total capital assets, net of accumulated depreciation, increased by \$8.5 million or 3.6%. Major capital asset events during 2005 included the following:

- Business-type activity net capital assets increased by \$340,943 due to water and sewer system improvements.
- Governmental activity capital assets (net) increased by \$8.2 million. \$3.6 million of the increase was related to improvements to existing City buildings, primarily the Newton South High School. \$2.2 million resulted from the acquisition of the Angino Farm property under the Community Preservation Fund.
- A total of \$50.6 million in June 30, 2004 capital assets classified as construction in progress were reclassified to buildings and improvements upon the completion of Newton South High school renovations during the year.

Additional information on the City’s capital assets may be found in Note 5 on pages 46 – 48 of this report.

**Debt outstanding** – At June 30, 2005, the City had total long and short-term debt outstanding of \$111.7 million, \$88.8 million for governmental activities and \$22.9 million for business-type activities. The governmental activity debt includes \$39.3 million in bonds and \$49.5 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 and community preservation fund project debt service payments are made from resources of the community preservation fund.

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

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2005	2004	2005	2004	2005	2004
Education buildings.....	\$ 78,273,750	\$ 69,158,750	\$ -	\$ -	\$ 78,273,750	\$ 69,158,750
Municipal buildings.....	-	40,000	-	-	-	40,000
Public safety equipment.....	-	-	-	-	-	-
Landfill closure.....	1,941,600	2,084,800	-	-	1,941,600	2,084,800
Street reconstruction.....	-	-	-	-	-	-
Land acquisition.....	6,000,000	5,000,000	-	-	6,000,000	5,000,000
State pension funding loan.....	2,600,000	2,600,000	-	-	2,600,000	2,600,000
Water system.....	-	-	10,464,076	9,034,565	10,464,076	9,034,565
Sanitary sewer system.....	-	-	12,429,373	13,365,173	12,429,373	13,365,173
Total bonds and notes.....	\$ <u>88,815,350</u>	\$ <u>78,883,550</u>	\$ <u>22,893,449</u>	\$ <u>22,399,738</u>	\$ <u>111,708,799</u>	\$ <u>101,283,288</u>

During the year just ended, the City added \$14.1 million in new bonds and \$3.5 million in new high school bond anticipation notes, and retired \$7.2 million in existing bonds. General fund interest and principal payments amounted to \$7.0 million or 2.7% of fund revenues. Community Preservation Fund interest and principal payments amounted to \$625,750 or 15.8% of fund revenues.

All existing long term debt, except for the 2005 bond issuance, 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, 2005 the City's authorized and unissued long term debt amounted to \$91.6 million, 93.0% of which is for improvements to the City's two high schools.

A total of \$49.5 million of the high school renovation authorization was outstanding in the form of bond anticipation notes at June 30, 2005. Subsequent to year end, \$27.4 million of the high school bond anticipation notes were retired by the City using a combination of available funds and Commonwealth of Massachusetts school building assistance grant proceeds.

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 on pages 50 – 55 of this report.

## **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 Unemployment Assistance, the unemployment rate for the City for the most recent 13 month period was 3.1%, which also compares with state and national unemployment rate of 4.3% .
- According to the City's Board of Assessors, the average 2005 single family home in Newton was valued at \$743,345 (median value is \$647,400); the average two-family home is valued at \$618,337 (median value is \$592,800); the average commercial property is valued at \$1,861,765 (median value is \$617,750); and the average industrial property is valued at \$1,854,358 (median value is \$730,400).

The Mayor and Board of Aldermen have approved a fiscal year 2006 general fund operating budget of \$250.4 million, \$4.9 million of which consists of appropriations brought forward from the fiscal year ended June 30, 2005. This represents a \$2.9 million or 1.2% increase from the final fiscal year 2005 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 the City Comptroller, City of Newton, 1000 Commonwealth Avenue, Newton, Massachusetts 02459 or [dwilkinson@newtonma.gov](mailto:dwilkinson@newtonma.gov).

# **Basic Financial Statements**

**CITY OF NEWTON, MASSACHUSETTS  
STATEMENT OF NET ASSETS**

JUNE 30, 2005

	Primary Government			Component Unit (as of 06/30/04)
	Governmental	Business-type	Total	
	Activities	Activities		
<b>ASSETS</b>				Newton Schools Foundation, Inc.
<b>Current assets:</b>				
Cash and cash equivalents.....	\$ 58,112,338	\$ 6,302,567	\$ 64,414,905	\$ 60,542
Restricted cash and cash equivalents.....	562,942	362,742	925,684	-
Investments.....	7,882,101	-	7,882,101	1,240,471
Interest and dividends.....	442,751	-	442,751	-
Receivables, net of allowance for uncollectibles:				
Real estate and personal property taxes.....	3,705,756	-	3,705,756	-
Tax and utility liens.....	1,685,031	226,013	1,911,044	-
Motor vehicle excise.....	967,720	-	967,720	-
Community preservation surcharges.....	59,088	-	59,088	-
Charges for service.....	376,593	8,375,234	8,751,827	-
Departmental and other.....	1,030,630	-	1,030,630	-
Intergovernmental.....	31,007,465	134,782	31,142,247	-
Special assessments.....	6,674	1,421	8,095	-
Loans.....	136,037	-	136,037	-
Notes.....	1,100,000	-	1,100,000	-
Other assets.....	-	-	-	48,731
Prepaid expenses.....	15,534	2,337	17,871	-
Working capital deposit.....	344,019	-	344,019	-
Total current assets.....	107,434,679	15,405,096	122,839,775	1,349,744
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents.....	15,540,391	8,035,959	23,576,350	-
Restricted investments.....	972,631	-	972,631	-
Receivables, net of allowance for uncollectibles:				
Real estate tax deferrals.....	2,164,695	-	2,164,695	-
Departmental and other.....	3,724,709	-	3,724,709	-
Intergovernmental.....	16,804,748	3,197,759	20,002,507	-
Special assessments.....	441,943	134,030	575,973	-
Structured settlement contract.....	2,850,000	-	2,850,000	-
Loans.....	3,250,721	-	3,250,721	-
Capital assets:				
Nondepreciable.....	19,918,027	284,785	20,202,812	-
Depreciable, net of accumulated depreciation.....	175,063,938	49,447,955	224,511,893	2,275
Total noncurrent assets.....	240,731,803	61,100,488	301,832,291	2,275
Total assets.....	348,166,482	76,505,584	424,672,066	1,352,019
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Warrants payable.....	4,057,297	379,792	4,437,089	293,400
Accrued liabilities.....	4,086,238	201,212	4,287,450	-
Accrued payroll.....	10,012,963	179,516	10,192,479	-
Revenue refunds payable.....	2,878,274	-	2,878,274	-
Health claims payable.....	5,232,306	-	5,232,306	-
Other liabilities.....	152,000	225,569	377,569	-
Accrued interest.....	1,270,579	243,161	1,513,740	-
Abandoned property.....	901,526	-	901,526	-
Liabilities payable from restricted assets.....	562,942	362,742	925,684	-
Bond anticipation notes payable.....	49,500,000	-	49,500,000	-
Bonds payable.....	5,595,500	2,196,869	7,792,369	-
Landfill closure and other environmental liabilities.....	143,400	-	143,400	-
Compensated absences.....	2,310,798	112,956	2,423,754	-
Workers' compensation benefits.....	906,000	-	906,000	-
Claims & judgments.....	183,367	-	183,367	-
Total current liabilities.....	87,793,190	3,901,817	91,695,007	293,400

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

JUNE 30, 2005

	Primary Government			Component
				Unit
	Governmental Activities	Business-type Activities	Total	(as of 06/30/04)  Newton Schools Foundation, Inc.
<b>Noncurrent liabilities:</b>				
Bonds payable.....	33,719,850	20,696,580	54,416,430	-
Landfill closure and other environmental liabilities.....	1,169,800	-	1,169,800	-
Compensated absences.....	5,946,338	148,200	6,094,538	-
Workers' compensation benefits.....	4,956,173	-	4,956,173	-
Claims & judgments.....	85,385	-	85,385	-
<b>Total noncurrent liabilities.....</b>	<b>45,877,546</b>	<b>20,844,780</b>	<b>66,722,326</b>	<b>-</b>
<b>Total liabilities.....</b>	<b>133,670,736</b>	<b>24,746,597</b>	<b>158,417,333</b>	<b>293,400</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt.....	153,522,317	30,171,832	183,694,149	2,275
Restricted for:				
Water & sewer system improvements.....	-	374,208	374,208	-
Community development activities.....	3,838,322	-	3,838,322	-
Community preservation activities.....	10,131,309	-	10,131,309	-
Education activities.....	240,120	-	240,120	-
Perpetual funds:				
Expendable.....	1,012,798	-	1,012,798	-
Nonexpendable.....	395,818	-	395,818	683,990
Other specific purposes.....	1,665,492	-	1,665,492	-
Unrestricted.....	43,689,570	21,212,947	64,902,517	372,354
<b>Total net assets.....</b>	<b>\$ 214,495,746</b>	<b>\$ 51,758,987</b>	<b>\$ 266,254,733</b>	<b>\$ 1,058,619</b>

See notes to basic financial statements.

**CITY OF NEWTON, MASSACHUSETTS  
STATEMENT OF ACTIVITIES**

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
<b>Governmental activities:</b>					
<b>General government</b>					
Legislative & executive.....	\$ 1,788,818	\$ 274,239	\$ 353,003	\$ 53,503	\$ (1,108,073)
Elections.....	677,983	6,105	22,374	-	(649,504)
Financial administration.....	3,299,155	219,544	-	-	(3,079,611)
Administrative support.....	4,360,839	282,685	24,435	-	(4,053,719)
Planning & development.....	6,468,638	303,585	5,264,137	-	(900,916)
Public building maintenance & operation.....	2,861,688	4,860	55,829	-	(2,800,999)
<b>Public safety</b>					
Police.....	21,966,875	3,753,935	693,966	-	(17,518,974)
Fire.....	18,349,779	369,076	127,254	-	(17,853,449)
Inspectional services.....	1,297,111	4,113,614	-	-	2,816,503
Other public safety.....	76,428	23,695	9,000	-	(43,733)
<b>Education.....</b>	<b>175,722,669</b>	<b>6,362,069</b>	<b>39,442,460</b>	<b>34,831,012</b>	<b>(95,087,128)</b>
<b>Public works</b>					
Streets & sidewalks.....	10,407,779	1,190,574	-	1,599,761	(7,617,444)
Control of snow & ice.....	4,797,195	-	654,173	-	(4,143,022)
Collection & disposal of solid waste.....	6,680,237	384,121	44,368	-	(6,251,748)
Engineering.....	1,555,088	2,817	13,565	-	(1,538,706)
<b>Health &amp; human services</b>					
Public health.....	2,478,544	129,234	242,674	-	(2,106,636)
Human services.....	6,173,833	93,998	214,215	-	(5,865,620)
Veteran services.....	212,153	-	125,172	-	(86,981)
<b>Culture and recreation</b>					
Libraries.....	6,192,849	737,020	193,671	-	(5,262,158)
Parks & recreation.....	7,821,660	1,788,915	72,545	105,253	(5,854,947)
Newton History museum.....	238,523	16,177	38,434	-	(183,912)
Debt service - interest.....	2,570,332	-	1,256,033	-	(1,314,299)
<b>Total governmental activities.....</b>	<b>285,998,176</b>	<b>20,056,263</b>	<b>48,847,308</b>	<b>36,589,529</b>	<b>(180,505,076)</b>
<b>Business-type activities:</b>					
Water.....	10,045,997	11,998,902	357,905	152,119	2,462,929
Sewer.....	17,888,524	17,764,974	931,681	7,331	815,462
Newton Commonwealth Golf Course.....	206,744	336,164	124,677	-	254,097
<b>Total business-type activities.....</b>	<b>28,141,265</b>	<b>30,100,040</b>	<b>1,414,263</b>	<b>159,450</b>	<b>3,532,488</b>
<b>Total Primary Government.....</b>	<b>\$ 314,139,441</b>	<b>\$ 50,156,303</b>	<b>\$ 50,261,571</b>	<b>\$ 36,748,979</b>	<b>\$ (176,972,588)</b>
<b>Component unit (as of 06/30/04):</b>					
Newton Schools Foundation, Inc.....	\$ 425,564	\$ -	\$ 450,896	\$ -	\$ 25,332



**CITY OF NEWTON, MASSACHUSETTS  
STATEMENT OF ACTIVITIES (Continued)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Primary Government			Component Unit (as of 06/30/04)
	Governmental Activities	Business-type Activities	Total	
<b>Changes in net assets:</b>				
Net (expense)/revenue (from previous page).....	\$ (180,505,076)	\$ 3,532,488	\$ (176,972,588)	\$ 25,332
<i>General revenues:</i>				
Real estate and personal property taxes:				
levied for general purposes.....	192,457,450	-	192,457,450	-
levied for community preservation purposes.....	1,893,219	-	1,893,219	-
Motor vehicle and other excise taxes.....	11,202,714	-	11,202,714	-
Hotel room occupancy taxes.....	979,194	-	979,194	-
Penalties and interest on taxes.....	1,166,429	-	1,166,429	-
Payments in lieu of taxes.....	529,600	-	529,600	-
Grants and contributions not restricted to specific programs.....	7,988,751	-	7,988,751	-
Unrestricted investment income.....	1,687,125	-	1,687,125	-
Gain (loss) on sale of assets.....	36,000	(3,225)	32,775	-
Other.....	554,259	-	554,259	-
<i>Transfers, net</i> .....	1,219,955	(1,219,955)	-	-
Total general revenues and transfers.....	219,714,696	(1,223,180)	218,491,516	-
Change in net assets.....	39,209,620	2,309,308	41,518,928	25,332
Net assets - beginning of year (as restated).....	175,286,126	49,449,679	224,735,805	1,033,287
Net assets - end of year.....	\$ 214,495,746	\$ 51,758,987	\$ 266,254,733	\$ 1,058,619

See notes to basic financial statements.

**CITY OF NEWTON, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2005

<b>ASSETS</b>	General	Community Preservation	High School Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 30,793,028	\$ -	\$ -	\$ 16,936,806	\$ 47,729,834
Interest and dividends.....	7,097	-	-	435,654	442,751
Receivables, net of allowance for uncollectibles:					
Real estate and personal property taxes.....	3,705,756	-	-	-	3,705,756
Real estate tax deferrals.....	2,164,695	-	-	-	2,164,695
Tax and utility liens.....	1,685,031	-	-	-	1,685,031
Motor vehicle excise.....	967,720	-	-	-	967,720
Community preservation surcharges.....	-	59,088	-	-	59,088
Charges for services.....	45,709	-	-	330,884	376,593
Departmental and other.....	4,736,064	-	-	19,275	4,755,339
Intergovernmental.....	10,551,080	1,899,326	34,831,012	530,795	47,812,213
Special assessments.....	448,617	-	-	-	448,617
Structured settlement contract.....	2,850,000	-	-	-	2,850,000
Notes.....	-	1,100,000	-	-	1,100,000
Loans.....	-	-	-	3,386,758	3,386,758
Due from other funds.....	211,505	-	-	-	211,505
Other assets.....	12,834	-	-	2,700	15,534
Restricted assets:					
Cash and cash equivalents.....	562,942	7,173,800	7,824,505	542,086	16,103,333
Investments.....	-	-	-	972,631	972,631
<b>TOTAL ASSETS.....</b>	<b>\$ 58,742,078</b>	<b>\$ 10,232,214</b>	<b>\$ 42,655,517</b>	<b>\$ 23,157,589</b>	<b>\$ 134,787,398</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Warrants payable.....	\$ 2,972,233	\$ 56,560	\$ 133,430	\$ 636,878	\$ 3,799,101
Accrued liabilities.....	1,763,516	44,345	1,646,928	615,156	4,069,945
Accrued payroll.....	9,434,717	-	-	578,246	10,012,963
Revenue refunds payable.....	2,878,274	-	-	-	2,878,274
Other liabilities.....	152,000	-	-	-	152,000
Abandoned property.....	901,526	-	-	-	901,526
Liabilities due depositors.....	562,942	-	-	-	562,942
Deferred revenue.....	25,427,146	3,058,414	8,707,753	585,817	37,779,130
Due to other funds.....	-	-	-	211,505	211,505
Accrued short-term interest.....	827,257	-	-	-	827,257
Notes payable.....	-	-	49,500,000	-	49,500,000
<b>TOTAL LIABILITIES.....</b>	<b>44,919,611</b>	<b>3,159,319</b>	<b>59,988,111</b>	<b>2,627,602</b>	<b>110,694,643</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Encumbrances and continuing appropriations.....	4,913,170	4,887,428	-	-	9,800,598
Loans.....	-	-	-	3,026,758	3,026,758
Perpetual permanent funds.....	-	-	-	395,818	395,818
Other specific purposes.....	-	-	-	1,905,612	1,905,612
Unreserved:					
Designated for subsequent year's expenditures.....	2,200,000	-	-	-	2,200,000
Undesignated, reported in:					
General fund.....	6,709,297	-	-	-	6,709,297
Special revenue funds.....	-	2,185,467	-	6,277,878	8,463,345
Capital projects funds.....	-	-	(17,332,594)	7,911,123	(9,421,471)
Permanent funds.....	-	-	-	1,012,798	1,012,798
<b>TOTAL FUND BALANCES.....</b>	<b>13,822,467</b>	<b>7,072,895</b>	<b>(17,332,594)</b>	<b>20,529,987</b>	<b>24,092,755</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 58,742,078</b>	<b>\$ 10,232,214</b>	<b>\$ 42,655,517</b>	<b>\$ 23,157,589</b>	<b>\$ 134,787,398</b>

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Total governmental fund balances (page 19).....	\$	24,092,755
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		194,981,965
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.....		37,779,130
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.....		(443,322)
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.....		(39,315,350)
Court judgments.....		(268,752)
Landfill closure and other environmental liabilities.....		(1,313,200)
Compensated absences.....		(8,257,136)
Internal service funds are used by management to account for health insurance, workers' compensation, building insurance and liability insurance activities. The assets and liabilities of the internal service funds are reported as governmental activities in the statement of net assets.....		7,239,656
Net assets of governmental activities (page 16).....	\$	214,495,746

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	General	Community Preservation	High School Improvements	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Real estate and personal property taxes.....	\$ 192,554,388	\$ -	\$ -	\$ -	\$ 192,554,388
Motor vehicle excise taxes.....	11,467,867	-	-	-	11,467,867
Hotel room occupancy taxes.....	979,194	-	-	-	979,194
Community preservation surcharges.....	-	1,878,091	-	-	1,878,091
Penalties and interest on taxes.....	1,225,224	-	-	-	1,225,224
Licenses, permits and fees.....	4,824,994	-	-	166,495	4,991,489
Intergovernmental.....	39,223,195	1,935,548	26,123,259	18,735,390	86,017,392
Charges for services.....	1,379,194	-	-	10,386,034	11,765,228
Fines and forfeitures.....	1,968,319	-	-	19,497	1,987,816
Investment income.....	1,529,059	158,066	-	403,364	2,090,489
Contributions and donations.....	-	-	-	1,462,588	1,462,588
Payments in lieu of taxes.....	394,563	-	-	-	394,563
Miscellaneous.....	233,822	-	-	354,398	588,220
<b>TOTAL REVENUES.....</b>	<b>255,779,819</b>	<b>3,971,705</b>	<b>26,123,259</b>	<b>31,527,766</b>	<b>317,402,549</b>
<b>EXPENDITURES</b>					
Current:					
General government:					
Legislative & executive.....	1,611,229	-	-	178	1,611,407
Elections.....	559,044	-	-	5,506	564,550
Financial administration.....	2,872,853	-	-	-	2,872,853
Administrative support.....	4,013,480	-	-	1,304	4,014,784
Planning & development.....	941,004	2,506,518	-	5,118,649	8,566,171
Public building maintenance & operations.....	2,532,165	281,560	-	9,917	2,823,642
Public safety:					
Police.....	15,709,002	-	-	1,998,051	17,707,053
Fire.....	14,443,403	-	-	210,379	14,653,782
Inspectional services.....	1,030,834	-	-	-	1,030,834
Other public safety.....	76,106	-	-	-	76,106
Education.....	130,585,252	22,380	7,467,274	18,908,550	156,983,456
Public works:					
Streets & sidewalks.....	6,341,215	-	-	2,080,034	8,421,249
Control of snow & ice.....	3,757,827	-	-	654,172	4,411,999
Collection & disposal of solid waste.....	6,028,891	-	-	112,139	6,141,030
Vehicle maintenance.....	2,167,414	-	-	-	2,167,414
Engineering.....	1,103,351	-	-	1,485	1,104,836
Administration & support.....	1,328,134	-	-	-	1,328,134
Health and human services:					
Public health.....	1,913,862	-	-	209,538	2,123,400
Human services.....	1,058,221	-	-	215,470	1,273,691
Veteran services.....	168,344	-	-	-	168,344
Culture and recreation:					
Libraries.....	4,733,211	-	-	500,741	5,233,952
Parks & recreation.....	5,113,732	630,214	-	1,181,394	6,925,340
Newton History museum.....	201,709	441	-	15,379	217,529
Retirement benefits.....	36,643,546	-	-	-	36,643,546
Workers' compensation insurance.....	1,322,870	-	-	-	1,322,870
Property and liability insurance.....	274,053	-	-	-	274,053
Claims and judgments.....	176,472	-	-	-	176,472
State assessments & charges.....	5,045,783	-	-	-	5,045,783
Debt service:					
Principal.....	4,618,200	500,000	-	-	5,118,200
Interest.....	2,357,466	125,750	-	-	2,483,216
<b>TOTAL EXPENDITURES.....</b>	<b>258,728,673</b>	<b>4,066,863</b>	<b>7,467,274</b>	<b>31,222,886</b>	<b>301,485,696</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(2,948,854)</b>	<b>(95,158)</b>	<b>18,655,985</b>	<b>304,880</b>	<b>15,916,853</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in.....	3,388,186	-	-	4,380,117	7,768,303
Proceeds of general obligation bonds.....	-	1,500,000	10,000,000	-	11,500,000
Premium from issuance of bonds and notes.....	406,462	-	-	-	406,462
Sale of capital assets.....	-	-	-	36,000	36,000
Transfers out.....	(4,309,775)	-	-	(1,926,242)	(6,236,017)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(515,127)</b>	<b>1,500,000</b>	<b>10,000,000</b>	<b>2,489,875</b>	<b>13,474,748</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(3,463,981)</b>	<b>1,404,842</b>	<b>28,655,985</b>	<b>2,794,755</b>	<b>29,391,601</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>17,286,448</b>	<b>5,668,053</b>	<b>(45,988,579)</b>	<b>17,735,232</b>	<b>(5,298,846)</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 13,822,467</b>	<b>\$ 7,072,895</b>	<b>\$ (17,332,594)</b>	<b>\$ 20,529,987</b>	<b>\$ 24,092,755</b>

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Net change in fund balances - total governmental funds (page 21).....	\$	29,391,601
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.</p>		
Capital outlays.....		16,375,741
Depreciation.....		(8,185,104)
<p>Revenues in the statement of activities that do not provide current financial resources are fully deferred in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>		
		6,286,452
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net 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. These amounts represent the related activity of the current period.</p>		
Bond proceeds.....		(11,500,000)
Bond maturities.....		5,118,200
Capital lease maturities.....		223,677
<p>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable.....</p>		
		(87,116)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes in accruals:</p>		
Court judgments.....		401,248
Landfill closure and other environmental liabilities.....		(56,600)
Compensated absences.....		(170,000)
<p>Internal service funds are used by management to account for health insurance, workers' compensation, building insurance and liability insurance activities. The net activity of the internal service funds is reported with governmental activities.....</p>		
		1,411,521
Changes in net assets of governmental activities (page 18).....	\$	39,209,620

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
<b>REVENUES</b>				
Real estate and personal property taxes.....	\$ 191,070,918	\$ 191,516,639	\$ 193,592,662	\$ 2,076,023
Motor vehicle excise taxes.....	10,858,476	10,602,352	11,467,867	865,515
Hotel room occupancy taxes.....	1,345,000	935,000	979,194	44,194
Penalties and interest on taxes.....	800,000	957,072	1,225,224	268,152
Licenses, permits and fees.....	3,483,728	3,624,080	4,824,994	1,200,914
Intergovernmental.....	16,960,031	19,328,093	19,358,020	29,927
Charges for services.....	1,620,211	1,767,872	1,379,194	(388,678)
Fines and forfeitures.....	1,823,887	1,900,512	1,968,319	67,807
Investment income.....	1,100,000	900,000	1,529,059	629,059
Payments in lieu of taxes.....	310,000	340,010	394,563	54,553
Miscellaneous.....	569,670	796,046	233,822	(562,224)
<b>TOTAL REVENUES.....</b>	<b>229,941,921</b>	<b>232,667,676</b>	<b>236,952,918</b>	<b>4,285,242</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Legislative & executive.....	1,638,681	1,652,793	1,611,229	41,564
Elections.....	621,628	622,895	559,044	63,851
Financial administration.....	3,672,314	3,762,597	2,872,853	889,744
Administrative support.....	4,622,182	4,809,124	3,912,754	896,370
Planning & development.....	975,488	1,047,297	934,297	113,000
Public building maintenance & operations.....	3,172,798	3,333,523	2,532,165	801,358
Public safety:				
Police.....	15,362,150	15,519,804	15,490,843	28,961
Fire.....	13,789,544	14,336,533	13,740,796	595,737
Inspectional services.....	1,090,804	1,101,411	1,017,656	83,755
Other public safety.....	78,222	79,447	76,106	3,341
Education.....	131,180,969	130,632,958	130,432,826	200,132
Public works:				
Streets & sidewalks.....	7,117,347	6,395,385	5,979,702	415,683
Control of snow & ice.....	920,740	3,996,965	3,690,396	306,569
Collection & disposal of solid waste.....	6,056,448	6,114,960	5,991,026	123,934
Vehicle maintenance.....	2,182,634	2,204,124	2,167,414	36,710
Engineering.....	1,062,719	1,086,388	1,085,802	586
Administration & support.....	1,289,124	1,469,017	1,328,134	140,883
Health and human services:				
Public health.....	1,978,456	2,020,771	1,890,808	129,963
Human services.....	1,084,056	1,092,512	1,058,221	34,291
Veteran services.....	180,478	183,348	168,344	15,004
Culture and recreation:				
Libraries.....	4,597,975	4,697,916	4,722,848	(24,932)
Parks & recreation.....	4,489,213	5,338,491	5,027,249	311,242
Newton History museum.....	213,214	218,106	201,709	16,397
Retirement benefits.....	16,828,092	17,023,516	17,009,618	13,898
Workers' compensation insurance.....	1,322,870	1,322,870	1,322,870	-
Property and liability insurance.....	181,898	279,229	274,053	5,176
Claims and judgments.....	80,000	176,972	176,472	500
Reserve fund.....	2,399,635	1,218,735	-	1,218,735
Other.....	50,000	50,000	-	50,000
State assessments & charges.....	5,028,154	5,032,973	5,045,783	(12,810)
Debt service:				
Principal.....	4,596,546	4,596,546	4,596,546	-
Interest.....	1,693,680	1,792,569	1,790,824	1,745
<b>TOTAL EXPENDITURES.....</b>	<b>239,558,059</b>	<b>243,209,775</b>	<b>236,708,388</b>	<b>6,501,387</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(9,616,138)</b>	<b>(10,542,099)</b>	<b>244,530</b>	<b>10,786,629</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in.....	2,318,166	3,401,002	3,388,186	(12,816)
Premium from issuance of bonds and notes.....	-	-	406,462	406,462
Transfers out.....	(1,017,000)	(4,309,775)	(4,309,775)	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>1,301,166</b>	<b>(908,773)</b>	<b>(515,127)</b>	<b>393,646</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(8,314,972)</b>	<b>(11,450,872)</b>	<b>(270,597)</b>	<b>11,180,275</b>
<b>FUND BALANCE AT BEGINNING OF YEAR.....</b>	<b>20,010,875</b>	<b>20,010,875</b>	<b>20,010,875</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR.....</b>	<b>\$ 11,695,903</b>	<b>\$ 8,560,003</b>	<b>\$ 19,740,278</b>	<b>\$ 11,180,275</b>

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
<b>REVENUES</b>				
Community preservation surcharges.....	\$ 1,937,839	\$ 1,937,839	\$ 1,878,091	\$ (59,748)
Intergovernmental .....	1,830,295	1,830,295	1,935,548	105,253
Investment income.....	-	-	158,066	158,066
<b>TOTAL REVENUES.....</b>	<b>3,768,134</b>	<b>3,768,134</b>	<b>3,971,705</b>	<b>203,571</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Planning & development.....	1,248,968	5,452,668	2,506,518	2,946,150
Public building maintenance & operations.....	601,429	782,542	281,560	500,982
Education.....	23,233	23,233	22,380	853
Culture and recreation:				
Parks & recreation.....	565,197	1,679,317	630,214	1,049,103
Newton History museum.....	154,002	411,397	441	410,956
Reserve fund.....	3,044,041	1,411,281	-	1,411,281
Debt service:				
Principal.....	500,000	500,000	500,000	-
Interest.....	125,750	125,750	125,750	-
<b>TOTAL EXPENDITURES.....</b>	<b>6,262,620</b>	<b>10,386,188</b>	<b>4,066,863</b>	<b>6,319,325</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(2,494,486)</b>	<b>(6,618,054)</b>	<b>(95,158)</b>	<b>6,522,896</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of bonds and notes.....	-	1,500,000	1,500,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(2,494,486)</b>	<b>(5,118,054)</b>	<b>1,404,842</b>	<b>6,522,896</b>
<b>FUND BALANCE AT BEGINNING OF YEAR.....</b>	<b>5,668,053</b>	<b>5,668,053</b>	<b>5,668,053</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR.....</b>	<b>\$ 3,173,567</b>	<b>\$ 549,999</b>	<b>\$ 7,072,895</b>	<b>\$ 6,522,896</b>

See notes to basic financial statements.

**CITY OF NEWTON, MASSACHUSETTS**  
**PROPRIETARY FUNDS**  
STATEMENT OF FUND NET ASSETS

JUNE 30, 2005

	Business-Type Activities - Enterprise Fund				Governmental Activities - Internal Service Funds
			Newton Commonwealth Golf Fund	Total	
	Sewer	Water	(as of 12/31/2004)		
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents.....	\$ 1,564,757	\$ 3,441,189	\$ 1,296,621	\$ 6,302,567	\$ 10,382,504
Restricted cash and cash equivalents.....	239,788	122,954	-	362,742	-
Investments.....	-	-	-	-	7,882,101
Receivables, net of allowance for uncollectibles:					
Charges for service.....	5,155,557	3,219,677	-	8,375,234	-
Utility liens.....	141,281	84,732	-	226,013	-
Special assessments.....	1,421	-	-	1,421	-
Intergovernmental.....	134,782	-	-	134,782	-
Prepaid expenses.....	-	-	2,337	2,337	-
Working capital deposit.....	-	-	-	-	344,019
<b>Total current assets.....</b>	<b>7,237,586</b>	<b>6,868,552</b>	<b>1,298,958</b>	<b>15,405,096</b>	<b>18,608,624</b>
Noncurrent assets:					
Restricted cash and cash equivalents.....	432,125	7,603,834	-	8,035,959	-
Receivables, net of allowance for uncollectible amounts:					
Special assessments.....	134,030	-	-	134,030	-
Intergovernmental.....	3,197,759	-	-	3,197,759	-
Capital assets:					
Nondepreciable.....	26,245	258,540	-	284,785	-
Depreciable, net of accumulated depreciation.....	30,676,591	18,402,204	369,160	49,447,955	-
<b>Total noncurrent assets.....</b>	<b>34,466,750</b>	<b>26,264,578</b>	<b>369,160</b>	<b>61,100,488</b>	<b>-</b>
<b>Total assets.....</b>	<b>41,704,336</b>	<b>33,133,130</b>	<b>1,668,118</b>	<b>76,505,584</b>	<b>18,608,624</b>
<b>LIABILITIES</b>					
Current liabilities:					
Warrants payable.....	125,568	195,439	58,785	379,792	258,196
Accrued liabilities.....	90,820	110,392	-	201,212	16,293
Accrued payroll.....	82,995	96,521	-	179,516	-
Other liabilities.....	156,797	68,772	-	225,569	-
Liabilities payable from restricted assets.....	239,788	122,954	-	362,742	-
Accrued interest.....	241,732	1,429	-	243,161	-
Accrued health claims payable.....	-	-	-	-	5,232,306
Workers' compensation claims.....	-	-	-	-	906,000
Compensated absences.....	57,058	55,898	-	112,956	-
Long-term bonds and notes payable.....	873,859	1,323,010	-	2,196,869	-
<b>Total current liabilities.....</b>	<b>1,868,617</b>	<b>1,974,415</b>	<b>58,785</b>	<b>3,901,817</b>	<b>6,412,795</b>
Noncurrent liabilities:					
Workers' compensation claims.....	-	-	-	-	4,956,173
Compensated absences.....	66,684	81,516	-	148,200	-
Long-term bonds and notes payable.....	11,555,514	9,141,066	-	20,696,580	-
<b>Total noncurrent liabilities.....</b>	<b>11,622,198</b>	<b>9,222,582</b>	<b>-</b>	<b>20,844,780</b>	<b>4,956,173</b>
<b>Total liabilities.....</b>	<b>13,490,815</b>	<b>11,196,997</b>	<b>58,785</b>	<b>24,746,597</b>	<b>11,368,968</b>
<b>FUND NET ASSETS</b>					
Invested in capital assets, net of related debt.....	21,606,004	8,196,668	369,160	30,171,832	-
Restricted for:					
Water & sewer system improvements.....	27,597	346,611	-	374,208	-
Unrestricted.....	6,579,920	13,392,854	1,240,173	21,212,947	7,239,656
<b>Total net assets.....</b>	<b>\$ 28,213,521</b>	<b>\$ 21,936,133</b>	<b>\$ 1,609,333</b>	<b>\$ 51,758,987</b>	<b>\$ 7,239,656</b>

See notes to basic financial statements.



**CITY OF NEWTON, MASSACHUSETTS**  
**PROPRIETARY FUNDS**  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Business-Type Activities - Enterprise Fund				Governmental Activities - Internal Service Funds
	Newton			Total	
	Sewer	Water	Commonwealth Golf Fund (as of 12/31/2004)		
<b>OPERATING REVENUES</b>					
Charges for services.....	\$ 17,530,128	\$ 11,870,984	\$ 336,164	\$ 29,737,276	\$ -
Utility liens.....	221,152	127,918	-	349,070	-
Special assessments.....	13,694	-	-	13,694	-
Employer contributions.....	-	-	-	-	29,626,780
Employee contributions.....	-	-	-	-	7,263,144
<b>TOTAL OPERATING REVENUES.....</b>	<b>17,764,974</b>	<b>11,998,902</b>	<b>336,164</b>	<b>30,100,040</b>	<b>36,889,924</b>
<b>OPERATING EXPENSES</b>					
Salaries, wages and employee benefits.....	2,035,703	1,951,519	107,961	4,095,183	-
Other operating expenses.....	613,870	469,926	50,000	1,133,796	2,367,023
MWRA assessment.....	13,624,048	6,484,003	-	20,108,051	-
Workers' compensation.....	100,000	127,000	-	227,000	-
Self insurance claims.....	-	-	-	-	33,271,091
Depreciation.....	894,265	581,884	48,783	1,524,932	-
<b>TOTAL OPERATING EXPENSES.....</b>	<b>17,267,886</b>	<b>9,679,087</b>	<b>206,744</b>	<b>27,153,717</b>	<b>35,638,114</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>497,088</b>	<b>2,319,815</b>	<b>129,420</b>	<b>2,946,323</b>	<b>1,251,810</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Intergovernmental.....	931,681	357,905	117,500	1,407,086	-
Investment income.....	7,331	152,119	7,177	166,627	472,042
Interest expense.....	(620,638)	(366,910)	-	(987,548)	-
Gain (loss) on disposal of capital assets.....	(3,225)	-	-	(3,225)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>315,149</b>	<b>143,114</b>	<b>124,677</b>	<b>582,940</b>	<b>472,042</b>
<b>INCOME (LOSS) BEFORE TRANSFERS.....</b>	<b>812,237</b>	<b>2,462,929</b>	<b>254,097</b>	<b>3,529,263</b>	<b>1,723,852</b>
<b>TRANSFERS</b>					
Transfers in.....	510,065	-	-	510,065	-
Transfers out.....	(780,774)	(949,246)	-	(1,730,020)	(312,331)
<b>TOTAL TRANSFERS.....</b>	<b>(270,709)</b>	<b>(949,246)</b>	<b>-</b>	<b>(1,219,955)</b>	<b>(312,331)</b>
<b>CHANGE IN FUND NET ASSETS.....</b>	<b>541,528</b>	<b>1,513,683</b>	<b>254,097</b>	<b>2,309,308</b>	<b>1,411,521</b>
<b>FUND NET ASSETS AT BEGINNING OF YEAR.....</b>	<b>27,671,993</b>	<b>20,422,450</b>	<b>1,355,236</b>	<b>49,449,679</b>	<b>5,828,135</b>
<b>FUND NET ASSETS AT END OF YEAR.....</b>	<b>\$ 28,213,521</b>	<b>\$ 21,936,133</b>	<b>\$ 1,609,333</b>	<b>\$ 51,758,987</b>	<b>\$ 7,239,656</b>

See notes to basic financial statements.

**CITY OF NEWTON, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Business-Type Business - Enterprise Fund				Governmental Activities - Internal Service Funds
	Newton Commonwealth Golf Fund (as of 12/31/2004)			Total	
	Sewer	Water			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users.....	\$ 17,886,441	\$ 11,902,454	\$ 366,326	\$ 30,155,221	\$ 7,263,144
Receipts from interfund services provided.....	-	-	-	-	30,160,560
Payments to vendors/providers.....	(14,840,901)	(7,860,500)	(115,500)	(22,816,901)	(34,901,739)
Payments to employees.....	(1,468,672)	(1,255,772)	-	(2,724,444)	-
NET CASH FROM OPERATING ACTIVITIES.....	1,576,868	2,786,182	250,826	4,613,876	2,521,965
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in.....	510,065	-	-	510,065	-
Transfers out.....	(780,774)	(949,246)	-	(1,730,020)	(312,331)
Intergovernmental subsidy.....	-	-	117,500	117,500	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(270,709)	(949,246)	117,500	(1,102,455)	(312,331)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from the issuance of bonds and notes.....	-	2,586,019	-	2,586,019	-
Acquisition and construction of capital assets.....	(891,658)	(964,907)	(12,535)	(1,869,100)	-
Principal payments on bonds and notes.....	(817,017)	(1,156,508)	-	(1,973,525)	-
Interest expense.....	(131,169)	(10,230)	-	(141,399)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,839,844)	454,374	(12,535)	(1,398,005)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sales and maturities of investments.....	-	-	-	-	(114,973)
Purchase of investments.....	-	-	-	-	(245,511)
Investment income.....	7,331	152,119	7,177	166,627	472,042
NET CASH FROM INVESTING ACTIVITIES.....	7,331	152,119	7,177	166,627	111,558
NET CHANGE IN CASH AND SHORT-TERM INVESTMENTS.....	(526,354)	2,443,429	362,968	2,280,043	2,321,192
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>					
(Includes \$1,018,299 and \$5,722,159 reported as restricted in the sewer and water enterprise funds, respectively).....	2,763,024	8,724,548	933,653	12,421,225	8,061,312
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>					
(Includes \$671,913 and \$7,726,788 reported as restricted in the sewer and water enterprise funds, respectively).....	\$ 2,236,670	\$ 11,167,977	\$ 1,296,621	\$ 14,701,268	\$ 10,382,504
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>					
Operating income (loss).....	\$ 497,088	\$ 2,319,815	\$ 129,420	\$ 2,946,323	\$ 1,251,810
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation.....	894,265	581,884	48,783	1,524,932	-
Changes in assets and liabilities:					
Interest and dividends.....	-	-	-	-	32,443
Utility liens.....	(19,544)	(16,933)	-	(36,477)	-
Water fees.....	-	(79,515)	-	(79,515)	-
Sewer fees.....	125,844	-	-	125,844	-
Special assessments.....	14,030	-	-	14,030	-
Departmental and other.....	-	-	30,161	30,161	501,337
Working capital deposit.....	-	-	-	-	(3,647)
Prepaid expenses.....	1,137	-	1	1,138	-
Warrants payable.....	38,778	49,061	42,461	130,300	205,190
Accrued liabilities.....	(13,145)	(109,328)	-	(122,473)	402
Accrued payroll.....	82,772	80,511	-	163,283	-
Other liabilities.....	(77,138)	(61,311)	-	(138,449)	-
Liabilities due depositors.....	15,430	16,337	-	31,767	-
Accrued health claims payable.....	-	-	-	-	506,200
Workers' compensation.....	-	-	-	-	28,230
Accrued compensated absences.....	17,351	5,661	-	23,012	-
Total adjustments.....	1,079,780	466,367	121,406	1,667,553	1,270,155
NET CASH FROM OPERATING ACTIVITIES	\$ 1,576,868	\$ 2,786,182	\$ 250,826	\$ 4,613,876	\$ 2,521,965
<b>NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Intergovernmental debt subsidies (MWPAT and MWRA).....	\$ 637,852	\$ 357,905	\$ -	\$ 995,757	\$ -

See notes to basic financial statements.

**CITY OF NEWTON, MASSACHUSETTS**  
**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2005

<b>ASSETS</b>	Pension Trust Fund (As of 12/31/04)	Private Purpose Trust Funds	Agency Funds
Cash and cash equivalents.....	\$ 8,394,015	\$ 1,869,609	\$ 1,634,242
Investments.....	230,455,706	6,471,258	-
Interest and dividends.....	1,818	-	-
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	781,743	-	-
Loans.....	-	150,272	661,663
Total assets.....	<u>239,633,282</u>	<u>8,491,139</u>	<u>2,295,905</u>
<b>LIABILITIES</b>			
Warrants payable.....	138,191	-	26,386
Payroll withholdings.....	-	-	1,173,872
Other liabilities.....	-	8,016	1,095,647
Total liabilities.....	<u>138,191</u>	<u>8,016</u>	<u>2,295,905</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits and other purposes.....	<u>\$ 239,495,091</u>	<u>\$ 8,483,123</u>	<u>\$ -</u>

See notes to basic financial statements.

**CITY OF NEWTON, MASSACHUSETTS**  
**FIDUCIARY FUNDS**  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Pension Trust Fund (As of 12/31/04)	Private Purpose Trust Funds
<b>ADDITIONS</b>		
Contributions:		
Employer.....	\$ 9,935,070	\$ -
Plan member.....	5,743,982	-
Private donations.....	-	107,352
Total contributions.....	<u>15,679,052</u>	<u>107,352</u>
Net investment income:		
Net appreciation/(depreciation) in fair value of investments.....	20,000,811	-
Interest.....	5,686,942	252,827
Total investment income (loss).....	25,687,753	252,827
Less investment expense.....	<u>(727,282)</u>	<u>-</u>
Net investment income (loss).....	<u>24,960,471</u>	<u>252,827</u>
Intergovernmental.....	1,509,452	-
Transfers from other systems.....	749,319	-
TOTAL ADDITIONS.....	<u>42,898,294</u>	<u>360,179</u>
<b>DEDUCTIONS</b>		
Retirement benefits.....	23,113,704	-
Refunds of contributions & transfers to other systems.....	1,101,632	-
Administration expense.....	215,568	26,914
Educational scholarships & awards.....	-	355,479
Public assistance.....	-	5,847
TOTAL DEDUCTIONS.....	<u>24,430,904</u>	<u>388,240</u>
CHANGE IN NET ASSETS.....	18,467,390	(28,061)
NET ASSETS AT BEGINNING OF YEAR.....	<u>221,027,701</u>	<u>8,511,184</u>
NET ASSETS AT END OF YEAR.....	<u>\$ 239,495,091</u>	<u>\$ 8,483,123</u>

See notes to basic financial statements.

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

### 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. The Authority does not issue a separate audited financial statement.

#### 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 fifteen member board appointed by the Mayor and are 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. Complete audited financial statements may be obtained by writing to the Foundation's administrative office located at 25 Warwick Road, Newton, Massachusetts 02469.

#### 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.

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

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

The following component unit is discretely presented in the government-wide financial statements:

### **Discrete Presentation**

The Newton Schools Foundation, Inc., a non-profit organization, was established in 1986 to enhance and broaden community support for public education and provide funding for innovative and challenging programs in the Newton Public Schools. Complete audited financial statements may be obtained by writing to the Newton Schools Foundation's administrative office located at 100 Walnut Street, Newton, Massachusetts 02460.

### **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 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, with each displayed in a separate column in their respective governmental fund and proprietary fund financial statements. All remaining governmental funds are aggregated and reported in a separate column.

Internal service funds of the City (which provide services primarily to other funds of the City) are presented, in summary form, as part of the proprietary 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 (general government, public safety, education, public works, health and human services, and culture and recreation) in the statement of activities.

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

The City reports the following major governmental funds:

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

## CITY OF NEWTON, MASSACHUSETTS

### Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

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

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

High School Improvements 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, and not principal, may be used for purposes that support the governmental programs.

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 Foundation, a component unit of the City.

The City also reports the following fund types:

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

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

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.

## CITY OF NEWTON, MASSACHUSETTS

### Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

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

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

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

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 Cash Equivalents and Investments**

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

##### **Restricted Cash and Cash Equivalents and Investments**

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



## CITY OF NEWTON, MASSACHUSETTS

### Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

#### **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 are considered 100% collectible.

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

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

#### **Inventories**

The amount of inventories are not material to the government-wide and fund financial statements of the City and therefore 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. In accordance with GASB Statement #34, the City elected to defer, until the fiscal year ending June 30, 2005, the requirement to record and depreciate general infrastructure assets acquired before the effective implementation date (June 30, 2002). A restatement of net assets of governmental funds at the government wide financial statement level is presented in note 13.

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.

## CITY OF NEWTON, MASSACHUSETTS

### Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

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

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

#### Inter-fund Transactions

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

#### Deferred 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:

- 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.
- Community development activities represents amounts received from 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 from the U.S. Department of Education, the Commonwealth of Massachusetts' Department of Education, 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 specific purposes represent restrictions placed on assets by other outside parties.

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

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 continuing 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 specific purposes represent restrictions placed on assets by outside parties.

Fund balances have been designated for the following:

- Subsequent year's expenditures represent amounts appropriated by the Mayor and Board of Aldermen for the fiscal year 2006 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 (financial administration) expenditures.

### Investment Income

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

### 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). Health insurance coverage is provided in accordance with Massachusetts General Law Chapter 32. 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, 2005 this expenditure totaled approximately \$11,068,742 for 2,429 eligible retirees and/or survivors.

## CITY OF NEWTON, MASSACHUSETTS

### Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

The City has obtained an actuarial valuation of its obligations for post retirement health benefits. As of June 30, 2005 the actuarially determined present value of earned post retirement health benefits is approximately \$654,205,000. The actuarial assumptions included a 2.0% rate of return on investments (net of investment expenses) and an inflationary rate of 9.0% for fiscal year 2006; 8.5% for fiscal year 2007; 8.0% for fiscal year 2008; 7.5% for fiscal year 2009; 7.0% for fiscal year 2010; 6.5% for fiscal year 2011; and 6% annually thereafter. Based upon the June 30, 2005 study, the City's Annual Required Contribution (ARC) for the fiscal year beginning July 1, 2005 is \$45.6 million. There are currently no funds being set aside to fund this liability.

#### **Use of Estimates**

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

#### **Total Column**

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

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

### **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 the General Fund and Community Preservation Fund for personal services (salaries and wages), expenses (supplies and services), debt service and capital outlay/improvements, and fringe benefits. A single bottom-line appropriation budget is recommended and voted for the Newton Public Schools.

Amendments to the original budget; transfers between municipal departments; and transfers between departmental appropriation units require prior approval of the Mayor and 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.

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

(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 2005 General Fund and Community Preservation Fund budgets authorized \$240,575,059 and \$6,262,620, respectively, in appropriations and other amounts to be raised. During the fiscal year, the Mayor and Board of Aldermen authorized supplemental appropriations for the General Fund and Community Preservation Fund totaling \$6,944,491 and \$4,123,568, respectively, for total budgets of \$247,519,550 and \$10,386,188, respectively.

Total General Fund expenditures and transfers to other funds were \$241,018,163, and \$4,913,170 in appropriation balances were carried forward into fiscal year 2006 to support encumbrances and continuing appropriations.

Total Community Preservation Fund expenditures were \$4,066,863, and \$4,887,428 in appropriation balances were carried forward into fiscal year 2006 to support encumbrances and continuing appropriations. A total of \$346,113 in current year open space acquisition set-aside funds were also specifically reserved for future year opens space purposes at year end.

**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 GAAP. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the fiscal year ended June 30, 2005 is presented below:

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary basis as reported on the statement of revenues, expenditures and changes in fund balance - budget to actual	\$ 236,952,918	\$ 236,708,388
<u>Adjustments:</u>		
Net change in recording tax refunds payable	(1,038,274)	-
To record activity of MTRS on-behalf payments	19,633,928	19,633,928
To record activity for landfill closure interest subsidy	94,747	94,747
To record activity for pension loan interest subsidy	136,500	136,500
Net change in short-term interest accrual	-	357,049
Net change in collective bargaining accrual	-	1,571,920
Net change in recording other expenditures	-	226,141
	<u>                    </u>	<u>                    </u>
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances	\$ <u>255,779,819</u>	\$ <u>258,728,673</u>

The Community Preservation Fund's budgetary basis activity is the same as required by GAAP, therefore no budget to GAAP reconciliation is presented.

**C. Excess of Expenditures over Appropriations**

For the fiscal year ended June 30, 2005, state assessments and charges exceeded the amount that the Commonwealth authorized the City to budget for this purpose by \$12,810. Newton public library electricity expenditures also exceeded the budget by \$30,775. This amount was funded prior to setting the final tax rate for fiscal year 2006.

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

### D. Deficit Fund Equity

The High School Improvement Capital Project Fund had an accumulated deficit of \$17,332,594 at June 30, 2005 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 a combination of long term bonds and state school construction reimbursement grants. The Street Improvement Capital Project Fund reports a deficit of \$188,653 at June 30, 2005 as a result of the fact that interim project financing is being provided by an interfund loan from the General Fund. The City intends to fund this accumulated deficit through the issuance of bonds.

### Note 3 - Deposits and Investments

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

*City (Excluding the Pension Trust Fund)*

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

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

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

Investments for the City are reported at fair value.

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

#### Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be recovered. The City does not have a policy for custodial credit risk of deposits. As of June 30, 2005, \$56,033,715 of the City's bank balance of \$79,536,530 was uninsured and uncollateralized.

#### Investments Summary

The City's investments at June 30, 2005 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
<u>Debt Securities:</u>					
U.S. Treasuries.....	\$ 5,620,376	\$ 1,170,731	\$ 1,852,535	\$ 1,881,152	\$ 715,958
U.S. Agencies.....	1,001,348	198,250	803,098	-	-
Corporate bonds.....	573,537	54,394	448,593	49,675	20,875
Money market mutual funds.....	636,407	636,407	-	-	-
Mutual bond funds.....	20,493	20,493	-	-	-
Repurchase agreements.....	3,936,717	3,936,717	-	-	-
Total debt securities.....	<u>11,788,878</u>	<u>\$ 6,016,992</u>	<u>\$ 3,104,226</u>	<u>\$ 1,930,827</u>	<u>\$ 736,833</u>
<u>Other Investments:</u>					
External investment pools.....	16,337,959				
Equity securities.....	<u>8,110,235</u>				
Total other investments.....	<u>24,448,194</u>				
Total investments.....	<u>\$ 36,237,072</u>				

Investments - Interest Rate Risk of Debt Securities

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

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk of investments. As of June 30, 2005, \$19,899,113 of the City's investments of \$36,237,072 was uninsured, not registered in the name of the City and exposed to custodial credit risk as follows:

Investment Type	Fair Value	Held by Counterparty	Held by Counterparty's Trust or Agent
U.S. Treasuries.....	\$ 5,620,376	\$ -	\$ 5,620,376
U.S. Agencies.....	1,001,348	-	1,001,348
Corporate bonds.....	573,537	-	573,537
Money market mutual funds.....	636,407	636,407	-
Mutual bond funds.....	20,493	-	20,493
Repurchase agreements.....	3,936,717	3,936,717	-
Equity securities.....	<u>8,110,235</u>	<u>-</u>	<u>8,110,235</u>
Total.....	<u>\$ 19,899,113</u>	<u>\$ 4,573,124</u>	<u>\$ 15,325,989</u>

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

Investments - Credit Risk of Debt Securities

Credit risk for investments is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The City does not have a policy for credit risk of debt securities. As of June 30, 2005, the credit quality ratings of the City's investment in debt securities are as follows:

Investment Type	Fair Value	Quality Ratings *							
		AAA	A	AA3	A3	A1	BAA2	BAA3	Unrated
Corporate bonds.....	\$ 573,537	\$ 307,292	\$ 52,226	\$ 22,317	\$ 56,682	\$ 31,030	\$ 63,336	\$ 40,654	\$ -
Money market mutual funds.....	636,407	-	-	-	-	-	-	-	636,407
Mutual bond funds.....	20,493	-	-	-	-	-	-	-	20,493
Repurchase agreements.....	3,936,717	3,936,717	-	-	-	-	-	-	-
External investment pools.....	16,337,959	-	-	-	-	-	-	-	16,337,959
Total.....	\$ 21,505,113	\$ 4,244,009	\$ 52,226	\$ 22,317	\$ 56,682	\$ 31,030	\$ 63,336	\$ 40,654	16,994,859

\* Per the rating scale of Standard and Poor's (a national credit rating organization)

*Pension Trust Fund (The System)*

Pension trust fund investments (more fully described in note 11), include a combination of public and private real estate limited partnership investments, which represents 5.8% of the Pension Fund's total 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.

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the System's deposits may not be recovered. The System does not have a policy for custodial credit risk of deposits. As of December 31, 2004, \$8,394,014 of the System's bank balance of \$8,394,014 was uninsured and uncollateralized.

Investments Summary

The System's investments at June 30, 2005 are presented below. All investments are presented by investment type, with debt securities presented by maturity.



**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
<u>Debt Securities:</u>					
Money market mutual funds.....	\$ 1,405,115	\$ 1,405,115	\$ -	\$ -	\$ -
Mutual bond funds.....	69,233,276	4,265,963	9,147,845	19,027,536	36,791,932
Total debt securities.....	70,638,391	\$ 5,671,078	\$ 9,147,845	\$ 19,027,536	\$ 36,791,932
<u>Other Investments:</u>					
External investment pools.....	1,831,542				
Equity securities.....	152,782,079				
Real estate investments.....	13,597,709				
Total other investments.....	168,211,330				
Total investments.....	\$ 238,849,721				

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The System's policy is that at least 30%, but not more than 80% of the total portfolio valued at market shall consist of fixed income investments with a maturity of more than one year.

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System does not have a policy for custodial credit risk of investments. The custodial arrangements are reflective of the fact that System assets are invested in pooled funds as opposed to individual securities. As of June 30, 2005, \$237,018,179 of the System's investments of \$238,849,721 was uninsured, not registered in the name of the System and exposed to custodial credit risk as follows:

Investment Type	Fair Value	Held by Counterparty	Held by Counterparty's Trust or Agent
Money market mutual funds.....	\$ 1,405,115	\$ 1,405,115	\$ -
Mutual bond funds.....	69,233,276	-	69,233,276
Equity securities.....	152,782,079	-	152,782,079
Real estate investments.....	13,597,709	-	13,597,709
Total.....	\$ 237,018,179	\$ 1,405,115	\$ 235,613,064

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

Investments - Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The System's policy is that bonds shall have a minimum quality rating of Baa or equivalent as rated by one or more recognized bond rating services, however, 5% of the total investment portfolio may be invested in bonds with a minimum quality rating of CCC as rated by Standard & Poor's Corporate and Municipal Rating Service. As of June 30, 2005, the credit quality ratings of the System's debt securities are as follows:

<u>Quality Ratings*</u>	<u>Money Market Mutual Funds</u>	<u>Mutual Bond Funds</u>	<u>External Investment Pools</u>	<u>Total Fair Value</u>
AAA.....	\$ 1,405,115	\$ 43,883,457	\$ -	\$ 45,288,572
AA.....	-	2,253,892	-	2,253,892
A.....	-	5,885,162	-	5,885,162
BAA.....	-	9,391,217	-	9,391,217
BA.....	-	375,649	-	375,649
BAA3.....	-	184,431	-	184,431
BAA2.....	-	15,422	-	15,422
BA3.....	-	1,581,794	-	1,581,794
BA2.....	-	969,200	-	969,200
BA1.....	-	624,630	-	624,630
B3.....	-	544,573	-	544,573
B2.....	-	1,430,865	-	1,430,865
B1.....	-	1,136,343	-	1,136,343
CAA1.....	-	104,081	-	104,081
CA1.....	-	9,745	-	9,745
Unrated.....	-	842,815	1,831,542	2,674,357
Total.....	\$ <u>1,405,115</u>	\$ <u>69,233,276</u>	\$ <u>1,831,542</u>	\$ <u>72,469,933</u>

\* Per the rating scale of Standard and Poor's (a national credit rating organization)

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

**Note 4 - Receivables**

At June 30, 2005, receivables for the individual major governmental funds and non-major governmental and fiduciary funds in the aggregate, including applicable allowances for amounts estimated to be uncollectible, are as follows:

	Gross	Allowance	Net
	Amount	for	Amount
	<u>Amount</u>	<u>Uncollectibles</u>	<u>Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 3,994,172	\$ (288,416)	\$ 3,705,756
Real estate tax deferrals.....	2,164,695	-	2,164,695
Tax and utility liens.....	1,685,031	-	1,685,031
Motor vehicle excise taxes.....	1,855,569	(887,849)	967,720
Community preservation surcharges.....	59,088	-	59,088
Charges for service.....	426,756	(50,163)	376,593
Special assessments.....	448,617	-	448,617
Departmental and other.....	6,844,882	(2,089,543)	4,755,339
Notes.....	1,100,000	-	1,100,000
Structured settlement contracts.....	2,850,000	-	2,850,000
Intergovernmental.....	48,593,956	-	48,593,956
Loans.....	4,198,693	-	4,198,693
	<u>\$ 74,221,459</u>	<u>\$ (3,315,971)</u>	<u>\$ 70,905,488</u>

At June 30, 2005, receivables for the Proprietary Funds consist of the following:

	Gross	Allowance	Net
	Amount	for	Amount
	<u>Amount</u>	<u>Uncollectibles</u>	<u>Amount</u>
<u>Receivables:</u>			
Charges for service.....	\$ 8,478,174	\$ (102,940)	\$ 8,375,234
Utility liens.....	226,013	-	226,013
Special assessments.....	135,451	-	135,451
Intergovernmental.....	3,332,541	-	3,332,541
	<u>\$ 12,172,179</u>	<u>\$ (102,940)</u>	<u>\$ 12,069,239</u>

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

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, 2005, the various components of deferred revenue reported in the governmental funds were:

	General Fund	Community Preservation Fund (Major)	High School Improvements Fund (Major)	Nonmajor Governmental Funds	Total
<u>Receivable type:</u>					
Real estate and personal property taxes.....	\$ 2,539,069	\$ -	\$ -	\$ -	\$ 2,539,069
Real estate tax deferrals.....	2,164,695	-	-	-	2,164,695
Tax and utility liens.....	1,685,031	-	-	-	1,685,031
Motor vehicle and other excise taxes.....	567,719	-	-	-	567,719
Community preservation surcharges.....	-	59,088	-	-	59,088
Charges for service.....	-	-	-	210,056	210,056
Special assessments.....	448,617	-	-	-	448,617
Departmental and other.....	4,626,172	-	-	-	4,626,172
Notes.....	-	1,100,000	-	-	1,100,000
Intergovernmental (state school construction).....	9,924,690	-	8,707,753	-	18,632,443
Structured settlement contract.....	2,850,000	-	-	-	2,850,000
Intergovernmental (community development).....	-	-	-	-	-
Intergovernmental (other state and federal).....	621,153	1,899,326	-	15,763	2,536,242
Loans.....	-	-	-	359,998	359,998
<b>Total.....</b>	<b>\$ 25,427,146</b>	<b>\$ 3,058,414</b>	<b>\$ 8,707,753</b>	<b>\$ 585,817</b>	<b>\$ 37,779,130</b>

The Commonwealth of Massachusetts has approved school building assistance grant reimbursements for nine school renovation projects previously financed with long-term debt. This assistance program, administered by the Massachusetts School Building Authority (MSBA), provides resources for future debt service payments for approved projects. During the fiscal year ended June 30, 2005 the City received \$2,771,504 of such assistance and an additional \$9,924,690 related to construction costs and \$2,243,503 in interest has been committed for the period of July 1, 2005 through June 30, 2013. Accordingly, a \$9,924,690 intergovernmental receivable (and corresponding deferred revenue) has been recorded in the General Fund. The deferred revenue has been recognized as revenue in the conversion to the government-wide financial statements.

Subsequent to year-end, the MSBA authorized reimbursement of 75% of the \$34,831,012 school building assistance award for the Newton South High School renovation project. The balance of the award is payable to the City upon final audit of project costs. The City used the \$26,123,259 reimbursement to retire outstanding bond anticipation notes and expects to use the \$8,707,753 balance to retire currently outstanding bond anticipation notes. A receivable in the amount of \$34,831,012 has been recorded in the High School Improvement Fund and \$26,123,259 of this sum has been recognized as intergovernmental revenue. The full amount of the grant award has been recognized as intergovernmental revenue in the government-wide financial statements.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

**Note 5 – Capital Assets**

Capital asset activity for governmental activities for the fiscal year ended June 30, 2005 was as follows:

	Beginning Balances (as restated)*	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land.....	\$ 14,615,819	\$ 2,483,252	\$ -	\$ 17,099,071
Construction in progress.....	53,181,228	254,740	(50,617,012)	2,818,956
Sub-total .....	<u>67,797,047</u>	<u>2,737,992</u>	<u>(50,617,012)</u>	<u>19,918,027</u>
Capital assets being depreciated:				
Buildings and improvements.....	135,819,111	58,171,621	-	193,990,732
Equipment and machinery.....	32,640,481	3,793,673	(65,033)	36,369,121
Road network.....	45,582,265	2,289,448	-	47,871,713
Sub-total.....	<u>214,041,857</u>	<u>64,254,742</u>	<u>(65,033)</u>	<u>278,231,566</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(61,398,372)	(3,972,420)	-	(65,370,792)
Equipment and machinery.....	(20,828,336)	(2,993,461)	65,033	(23,756,764)
Road network.....	(12,820,869)	(1,219,203)	-	(14,040,072)
Sub-total.....	<u>(95,047,577)</u>	<u>(8,185,084)</u>	<u>65,033</u>	<u>(103,167,628)</u>
Total capital assets being depreciated, net.....	<u>118,994,280</u>	<u>56,069,658</u>	<u>-</u>	<u>175,063,938</u>
Governmental capital assets, net.....	\$ <u>186,791,327</u>	\$ <u>58,807,650</u>	\$ <u>(50,617,012)</u>	\$ <u>194,981,965</u>

\* See Note 13

The \$50,617,012 reduction in construction in progress capital assets represents Newton South High School renovation costs that have been reclassified to depreciable building improvements as of June 30, 2005. The remaining construction in progress sum represents a combination of Newton North High School; Forte Park; Newton Senior Center; and Newton Corner Branch Library project costs.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

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

Elections.....	\$	25,861
Administrative support.....		276,909
Public building maintenance and operations.....		70,048
Police.....		852,385
Fire.....		198,462
Other public safety.....		1,541
Education.....		4,233,326
Streets and sidewalks.....		1,556,044
Control of snow and ice.....		13,250
Solid waste.....		998
Public works administration and support.....		61,034
Public health.....		4,115
Human services.....		15,000
Libraries.....		782,413
Parks and recreation.....		88,128
Newton history museum.....		5,590
Total depreciation expense - governmental activities.....	\$	<u>8,185,104</u>

Capital asset activity for individual enterprise funds for the fiscal year ended June 30, 2005 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b><u>Water system:</u></b>				
Capital assets not being depreciated:				
Land.....	\$ 258,540	\$ -	\$ -	\$ 258,540
Capital assets being depreciated:				
Buildings and improvements.....	2,203,492	-	-	2,203,492
Equipment and machinery.....	3,841,931	142,388	-	3,984,319
Water system.....	20,558,809	822,519	-	21,381,328
Sub-total.....	<u>26,604,232</u>	<u>964,907</u>	<u>-</u>	<u>27,569,139</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(815,894)	(33,163)	-	(849,057)
Equipment and machinery.....	(2,610,304)	(132,499)	-	(2,742,803)
Water system.....	<u>(5,158,853)</u>	<u>(416,222)</u>	<u>-</u>	<u>(5,575,075)</u>
Sub-total.....	<u>(8,585,051)</u>	<u>(581,884)</u>	<u>-</u>	<u>(9,166,935)</u>
Total capital assets being depreciated, net.....	<u>18,019,181</u>	<u>383,023</u>	<u>-</u>	<u>18,402,204</u>
Water system capital assets, net.....	\$ <u>18,277,721</u>	\$ <u>383,023</u>	\$ <u>-</u>	\$ <u>18,660,744</u>

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Sewer system</b>				
Capital assets not being depreciated:				
Land.....	\$ 26,245	\$ -	\$ -	\$ 26,245
Capital assets being depreciated:				
Buildings and improvements.....	1,867,659	-	-	1,867,659
Equipment and machinery.....	1,045,566	328,419	(21,500)	1,352,485
Sanitary sewer system.....	38,994,270	563,239	-	39,557,509
Sub-total.....	<u>41,907,495</u>	<u>891,658</u>	<u>(21,500)</u>	<u>42,777,653</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(390,138)	(39,125)	-	(429,263)
Equipment and machinery.....	(318,978)	(69,866)	18,275	(370,569)
Sanitary sewer system.....	(10,515,956)	(785,274)	-	(11,301,230)
Sub-total.....	<u>(11,225,072)</u>	<u>(894,265)</u>	<u>18,275</u>	<u>(12,101,062)</u>
Total capital assets being depreciated, net.....	<u>30,682,423</u>	<u>(2,607)</u>	<u>(3,225)</u>	<u>30,676,591</u>
Sewer system capital assets, net.....	\$ <u>30,708,668</u>	\$ <u>(2,607)</u>	\$ <u>(3,225)</u>	\$ <u>30,702,836</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Golf course:</b>				
Capital assets being depreciated:				
Land improvements.....	\$ 664,067	\$ 5,935	\$ -	\$ 670,002
Buildings and improvements.....	69,481	-	-	69,481
Equipment and machinery.....	28,809	6,600	-	35,409
Sub-total.....	<u>762,357</u>	<u>12,535</u>	<u>-</u>	<u>774,892</u>
Less: accumulated depreciation:				
Land improvements.....	(314,227)	(39,265)	-	(353,492)
Buildings and improvements.....	(25,534)	(4,932)	-	(30,466)
Equipment and machinery.....	(17,188)	(4,586)	-	(21,774)
Sub-total.....	<u>(356,949)</u>	<u>(48,783)</u>	<u>-</u>	<u>(405,732)</u>
Golf course capital assets, net.....	\$ <u>405,408</u>	\$ <u>(36,248)</u>	\$ <u>-</u>	\$ <u>369,160</u>

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

**Note 6 – Inter-fund Receivables, Payables and Transfers**

Receivables and payables between funds at June 30, 2005, are summarized as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Highway Improvement grants - non major governmental fund	\$ 54,219 {1}
General Fund	Street Improvement capital project - non-major governmental fund	157,286 {2}
		<u>\$ 211,505</u>

{1} Advanced funding pending receipt of state highway improvement grant reimbursement.

{2} Advance funding pending issuance of long term debt.

Inter-fund transfer activity for the fiscal year ended June 30, 2005 consisted of the following:

Transfer Purpose	General Fund	Non-major Governmental Funds	Water Enterprise Fund	Sewer Enterprise Fund	Internal Service Fund
School Lunch fund subsidy.....	\$ (748,000)	\$ 748,000	\$ -	\$ -	\$ -
School Athletic revolving fund subsidy.....	(966,048)	966,048	-	-	-
Contribution to Capital Stabilization Fund- High School projects.....	(2,414,410)	2,414,410	-	-	-
Capital outlay financing from Capital Stabilization Fund (CSF).....	335,912	(335,912)	-	-	-
High School project debt issuance cost financing from CSF.....	98,889	(98,889)	-	-	-
Close out capital appropriations to Capital Stabilization Fund.....	(169,317)	169,317	-	-	-
Federal grant local matching requirements.....	(12,000)	12,000	-	-	-
Parking meter receipt financing of street lighting costs.....	702,832	(702,832)	-	-	-
Parking meter receipt financing of traffic signal study.....	7,806	(7,806)	-	-	-
Parking meter receipt financing of parking meter replacement.....	20,000	(20,000)	-	-	-
Parking meter receipt financing of street light/signal maint. vehicle.....	160,000	(160,000)	-	-	-
Traffic mitigation fund financing of traffic study.....	25,000	(25,000)	-	-	-
Traffic mitigation fund financing of school sign.....	1,000	(1,000)	-	-	-
Drainage mitigation fund financing of drainage improvements.....	50,000	(50,000)	-	-	-
Sale of recyclables financing of solid waste disposal costs.....	200,000	(200,000)	-	-	-
CATV licesnse fee financing of planning and legal costs.....	222,045	(222,045)	-	-	-
E-rate reimbursement financing of school technology costs.....	29,916	(29,916)	-	-	-
Inland waterway fund financing of Crystal Lake permitting study.....	2,500	(2,500)	-	-	-
Various nonmajor governemntal fund close-out transfers.....	-	70,342	-	-	-
Various nonmajor governemntal fund close-out transfers.....	-	(70,342)	-	-	-
Building insurance cost financing.....	257,331	-	-	-	(257,331)
Administrative and support service financing.....	1,165,334	-	(384,560)	(780,774)	-
Administrative and support service financing.....	-	-	(510,065)	510,065	-
Police FLSA settlement - water tank private duty details.....	54,621	-	(54,621)	-	-
Legal settlement.....	55,000	-	-	-	(55,000)
<b>Total transfers from other funds.....</b>	<u>\$ 3,388,186</u>	<u>\$ 4,380,117</u>	<u>\$ -</u>	<u>\$ 510,065</u>	<u>\$ -</u>
<b>Total transfers to other funds.....</b>	<u>\$ (4,309,775)</u>	<u>\$ (1,926,242)</u>	<u>\$ (949,246)</u>	<u>\$ (780,774)</u>	<u>\$ (312,331)</u>



**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

**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 (RAN's) or tax anticipation notes (TAN's), or to finance capital project expenditures prior to the issuance of permanent long-term debt, through the issuance of bond (BAN's) or grant anticipation notes (GAN's). Details of short-term debt activity for the fiscal year ended June 30, 2005 is as follows:

<u>Purpose</u>	<u>Issue date</u>	<u>Maturity date</u>	<u>Interest rate</u>	Balance			<u>Balance End of Year</u>
				<u>Beginning of Year</u>	<u>Issued</u>	<u>Redeemed</u>	
BAN High schools	08/15/2003	08/15/2005	2.00%	\$ 20,950,000	\$ -	\$ -	\$ 20,950,000
BAN High schools	08/29/2003	08/27/2004	1.50%	25,000,000	-	(25,000,000)	-
BAN High schools	08/27/2004	02/15/2005	2.00%	-	10,000,000	(10,000,000)	-
BAN High schools	08/27/2004	08/15/2005	3.00%	-	24,750,000	-	24,750,000
BAN High schools	02/25/2005	08/15/2005	2.80%	-	3,800,000	-	3,800,000
				<u>\$ 45,950,000</u>	<u>\$ 38,550,000</u>	<u>\$ (35,000,000)</u>	<u>\$ 49,500,000</u>

Subsequent to June 30, 2005, the City retired \$27,440,000 of the outstanding school construction BAN's with proceeds received from the MSBA totaling \$26,123,259 and available funds from the general fund totaling \$1,316,741. The remaining outstanding BAN's totaling \$22,060,000 was renewed at a net interest cost of 2.749%. The outstanding BAN's mature on February 15, 2006.

**Note 8 - Long-Term Debt**

Massachusetts General Laws Chapter 44, Section 10 authorizes indebtedness of up to a limit of 2 1/2% 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, 2005, along with future year debt service requirements is as follows:

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

**Bonds Payable – Governmental Funds**

	Date of Issue	Interest Rate (%)	Beginning of Year	Issued	Redeemed	End of Year
School remodeling.....	03/29/1995	4.70-5.25	\$ 310,000	\$ -	\$ (310,000)	\$ -
Landfill closure.....	03/29/1995	4.70-5.25	25,000	-	(25,000)	-
Municipal renovations.....	03/29/1995	4.70-5.25	40,000	-	(40,000)	-
School renovations.....	03/29/1995	4.25-4.70	990,000	-	(470,000)	520,000
Pension funding loan						
(House bill 6209).....	08/31/1996	0.00	2,600,000	-	-	2,600,000
School renovations.....	02/26/1997	4.50-4.80	1,673,750	-	(560,000)	1,113,750
MWPAT landfill closure.....	02/15/1998	4.60	2,059,800	-	(118,200)	1,941,600
School renovations.....	03/10/1998	4.23	1,400,000	-	(350,000)	1,050,000
Carr school repurchase.....	03/15/1999	3.91	1,050,000	-	(210,000)	840,000
School renovations.....	03/15/1999	3.91	5,175,000	-	(1,035,000)	4,140,000
School renovations.....	07/15/2000	4.40-4.85	3,000,000	-	(430,000)	2,570,000
School renovations.....	08/15/2001	3.65	3,910,000	-	(500,000)	3,410,000
School renovations.....	08/15/2001	2.0-3.8	5,700,000	-	(570,000)	5,130,000
Land acquisition.....	08/15/2001	2.0-3.4	5,000,000	-	(500,000)	4,500,000
School renovations.....	02/15/2005	3.0-4.0	-	10,000,000	-	10,000,000
Land acquisition.....	02/15/2005	3.0-3.75	-	1,500,000	-	1,500,000
Total.....			<u>\$ 32,933,550</u>	<u>\$ 11,500,000</u>	<u>\$ (5,118,200)</u>	<u>\$ 39,315,350</u>

During fiscal year 2005, the City issued \$11,500,000 in new governmental fund bonds; \$10,000,000 for high school renovation project permanent financing and \$1,500,000 for open space acquisition. The open space acquisition debt will be repaid from the Community Preservation Fund.

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, 2005, a balance of \$1,941,600 was outstanding on this loan. A principal subsidy of \$21,654 and an interest subsidy of \$73,093 have been recorded in the general fund.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

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

Fiscal Year Ending	Principal	Interest	Total
2006	\$ 5,595,500	\$ 1,314,081	\$ 6,909,581
2007	7,672,050	1,110,900	8,782,950
2008	4,521,900	923,411	5,445,311
2009	4,175,100	760,259	4,935,359
2010	2,928,500	604,917	3,533,417
2011	2,632,500	500,265	3,132,765
2012	2,121,700	406,604	2,528,304
2013	1,645,500	413,414	2,058,914
2014	1,717,200	281,400	1,998,600
2015	651,700	240,687	892,387
2016	656,300	215,563	871,863
2017	661,000	190,515	851,515
2018	665,800	161,602	827,402
2019	670,600	139,015	809,615
2020	500,000	116,500	616,500
2021	500,000	98,000	598,000
2022	500,000	79,250	579,250
2023	500,000	60,000	560,000
2024	500,000	40,000	540,000
2025	500,000	20,000	520,000
<b>Total</b>	<b>\$ 39,315,350</b>	<b>\$ 7,676,383</b>	<b>\$ 46,991,733</b>

**Bonds Payable – Water Enterprise Fund**

<b>Water Fund</b>	Date of Issue	Interest Rate (%)	Beginning of Year	Issued	Redeemed	End of Year
Water/sewer garage.....	04/15/1996	4.25-4.70	\$ 87,100	\$ -	\$ (87,100)	\$ -
Water/sewer garage.....	03/10/1998	3.89	155,000	-	(35,000)	120,000
MWRA Water .....	09/28/2000	0.00	752,377	-	(107,483)	644,894
MWRA Water .....	02/15/2001	0.00	1,057,836	-	(151,119)	906,717
MWRA Water .....	02/15/2002	0.00	2,068,816	-	(258,602)	1,810,214
MWRA Water .....	08/15/2002	0.00	2,327,417	-	(258,602)	2,068,815
MWRA Water .....	02/26/2004	0.00	2,586,019	-	(258,602)	2,327,417
MWRA Water .....	11/18/2004	0.00	-	2,586,019	-	2,586,019
Total.....			<u>\$ 9,034,565</u>	<u>\$ 2,586,019</u>	<u>\$ (1,156,508)</u>	<u>\$ 10,464,076</u>

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, 2005, the City was the recipient of a \$2,586,019 ten-year interest free water system rehabilitation loan. At June 30, 2005, the City had \$10,344,076 in MWRA water rehabilitation loans outstanding.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

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

Fiscal Year	Principal	Interest	Total
Ending			
2006	\$ 1,323,010	\$ 4,875	\$ 1,327,885
2007	1,323,010	3,690	1,326,700
2008	1,323,010	2,475	1,325,485
2009	1,323,010	1,245	1,324,255
2010	1,293,009	-	1,293,009
2011	1,293,009	-	1,293,009
2012	1,034,408	-	1,034,408
2013	775,806	-	775,806
2014	517,203	-	517,203
2015	258,601	-	258,601
<b>Total</b>	<b>\$ 10,464,076</b>	<b>\$ 12,285</b>	<b>\$ 10,476,361</b>

**Bonds Payable – Sewer Enterprise Fund**

Sewer Fund	Date of Issue	Interest Rate (%)	Beginning of Year	Issued	Redeemed	End of Year
Water/sewer garage.....	04/15/1996	4.25-4.70	\$ 42,900	\$ -	\$ (42,900)	\$ -
Sewer construction.....	02/26/1997	4.50	156,250	-	(50,000)	106,250
Sewer construction.....	03/10/1998	4.01	50,000	-	(10,000)	40,000
MWRA Sewer.....	08/26/2000	0.00	24,585	-	(24,585)	-
MWRA Sewer.....	09/24/2001	0.00	36,702	-	(12,234)	24,468
MWRA Sewer.....	02/22/2002	0.00	145,728	-	(48,576)	97,152
MWRA Sewer.....	05/31/2002	0.00	42,537	-	(14,179)	28,358
MWRA Sewer.....	11/12/2002	0.00	281,820	-	(70,455)	211,365
MWRA Sewer.....	02/20/2003	0.00	89,892	-	(22,473)	67,419
MWRA Sewer.....	05/22/2003	0.00	127,600	-	(31,900)	95,700
MWPAT Sewer.....	10/06/1999	5.16	5,453,196	-	(278,547)	5,174,649
MWPAT Sewer.....	11/10/2000	5.20	6,798,083	-	(325,199)	6,472,884
MWPAT Sewer.....	07/03/2002	0.00	115,880	-	(4,752)	111,128
<b>Total .....</b>			<b>\$ 13,365,173</b>	<b>\$ -</b>	<b>\$ (935,800)</b>	<b>\$ 12,429,373</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. At June 30, 2005, the City had \$524,462 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, 2005 the City had \$11,758,661 in loans outstanding under this project. Interest and principal subsidies on these loans for the year ended June 30, 2005 were \$493,721 and \$118,781, respectively. Water and sewer debt is expected to be funded from water and sewer enterprise fund revenue.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

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

Fiscal Year Ending	Principal	Interest	Total
2006	\$ 873,859	\$ 596,620	\$ 1,470,479
2007	894,462	571,492	1,465,954
2008	780,719	539,691	1,320,410
2009	673,601	506,355	1,179,956
2010	678,966	478,188	1,157,154
2011	696,632	417,751	1,114,383
2012	711,477	390,909	1,102,386
2013	736,657	343,684	1,080,341
2014	761,000	318,779	1,079,779
2015	781,000	270,286	1,051,286
2016	806,000	226,512	1,032,512
2017	831,000	182,618	1,013,618
2018	866,000	134,991	1,000,991
2019	896,000	92,573	988,573
2020	916,000	50,093	966,093
2021	506,000	14,033	520,033
2022	10,000	750	10,750
2023	10,000	250	10,250
<b>Total</b>	<b>\$ 12,429,373</b>	<b>\$ 5,135,575</b>	<b>\$ 17,564,948</b>

At June 30, 2005 the City had a total of \$91,647,356 in authorized and unissued debt, which is summarized as follows:

	Beginning of Year	Increases	Decreases	End of Year
High school improvements.....	\$ 91,390,527	\$ 3,800,000	\$ (10,000,000)	\$ 85,190,527
Elementary school improvements...	-	1,114,000	-	1,114,000
Sewer waste water facilities.....	179,243	-	-	179,243
Sewer I&I removal.....	1,244,039	-	-	1,244,039
Sewer I&I removal.....	3,144,357	-	-	3,144,357
Water Main Rehab - MWRA.....	2,711,209	-	(2,586,019)	125,190
Street betterment improvements.....	-	650,000	-	650,000
Land acquisition.....	-	1,500,000	(1,500,000)	-
	<b>\$ 98,669,375</b>	<b>\$ 7,064,000</b>	<b>\$ (14,086,019)</b>	<b>\$ 91,647,356</b>

Subsequent to year-end, the City authorized an additional \$260,000 in high school improvement debt for HVAC system improvements at Newton South High School.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

During the fiscal year ended June 30, 2005, the following changes occurred in long-term liabilities:

	Balance June 30, 2004	Increases	Decreases	Balance June 30, 2005	Current Portion
<b>Governmental Activities:</b>					
Bonds and notes payable.....	\$ 32,933,550	\$ 11,500,000	\$ (5,118,200)	\$ 39,315,350	\$ 5,595,500
Capital lease obligations.....	223,677	-	(223,677)	-	-
Landfill closure and other environmental...	1,256,600	90,000	(33,400)	1,313,200	143,400
Workers' compensation.....	5,833,943	1,477,644	(1,449,414)	5,862,173	906,000
Claims and judgments.....	670,000	176,472	(577,720)	268,752	183,367
Compensated absences.....	8,087,136	253,767	(83,767)	8,257,136	2,310,798
Total.....	<u>\$ 49,004,906</u>	<u>\$ 13,497,883</u>	<u>\$ (7,486,178)</u>	<u>\$ 55,016,611</u>	<u>\$ 9,139,065</u>
<b>Business-type Activities:</b>					
Bonds and notes payable.....	\$ 22,399,738	\$ 2,586,019	\$ (2,092,308)	\$ 22,893,449	\$ 2,196,869
Compensated absences.....	238,144	23,555	(543)	261,156	112,956
Total.....	<u>\$ 22,637,882</u>	<u>\$ 2,609,574</u>	<u>\$ (2,092,851)</u>	<u>\$ 23,154,605</u>	<u>\$ 2,309,825</u>

Internal service funds predominantly serve the governmental funds. Accordingly, the internal service fund's long-term liabilities are included as part of the governmental activities totals above. At fiscal year end, \$5,862,173 of the internal service funds accrued liabilities (workers' compensation claims) is included above.

The outstanding long-term debt related to land acquisition (Kessler Woods and Angino Farm) will be funded from the community preservation fund.

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

**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.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

At June 30, 2005, the City's health claims liability totaled \$5,232,306. Changes in the reported liability since July 1, 2003 are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at End of Fiscal Year
Fiscal year 2004.....	\$ 4,653,348	\$ 28,803,422	\$ (28,730,663)	\$ 4,726,107
Fiscal year 2005.....	4,726,107	31,900,038	(31,393,839)	5,232,306

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 \$5,862,173 at June 30, 2005, of which \$906,000 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, 2006. The liability includes an estimate of the IBNR claims.

The June 30, 2005 plan valuation is based upon the use of a combination of the paid loss development method and the Bornhuetter-Ferguson Paid Loss method. US Life Tables 2001 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, 2003 are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at End of Fiscal Year
Fiscal year 2004.....	\$ 6,850,927	\$ 515,180	\$ (1,532,164)	\$ 5,833,943
Fiscal year 2005.....	5,833,943	1,477,644	(1,449,414)	5,862,173

**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). Substantially all employees of the City are members of the System, except for public school teachers and certain school administrative personnel who are members of the MTRS. Employees of the Newton Housing Authority also participate in the System. 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 \$19,633,928 for the fiscal year ended June 30, 2005. This pension cost is reported in the government wide Statement of Activities as an educational expense and an operating grant. It is reported as pension expenditures 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 Basic Financial Statements

Fiscal Year Ended June 30, 2005

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, 2004, the System's membership consisted of the following:

Active members.....	1,763
Inactive members.....	523
Disability retirees.....	150
All other retirees and beneficiaries.....	1,154
Total.....	<u>3,590</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 – 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.



**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

**E – Annual Pension Cost**

The City’s contributions to the System for the fiscal years ended June 30, 2005, 2004, and 2003 were \$9,653,986; \$7,985,281; and \$7,253,846; respectively, and equaled the actuarially required contribution for each fiscal year. At June 30, 2005 the City did not have a net pension obligation. The required contribution was determined as part of the January 1, 2004 actuarial valuation using the individual entry age normal cost method. The actuarial assumptions included an 8.0% rate of return on investments (net of administrative expenses); an inflationary rate of 3.0% and projected salary increases of 3% for the next four years; 4% for each of the following four years; and 4.75% annually thereafter. The actuarial value of the System’s assets was determined using the five-year smoothing of investment returns greater/(less) than expected. The valuation must be within 20% of market value. The System’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll. The remaining amortization period at January 1, 2005, was 23 years and is considered closed.

**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)	UAAL as % of Covered Payroll ((B-A)/C)
January 1, 2005	\$ 244,266	\$ 361,080	\$ 116,814	67.6%	\$ 69,702	167.6%
January 1, 2004	233,888	350,688	116,800	66.7%	68,327	170.9%
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%

Funding progress is reported based on the annual actuarial valuation performed by the System. The City is responsible for approximately 99% of the unfunded liability.

**F - 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, 2005; 2004; and 2003 respectively were: \$698,366; \$736,735; and \$781,699 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 has recorded a liability of \$768,200 at June 30, 2005 for future year landfill site monitoring and maintenance. Estimated costs per year total \$33,400. 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.

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2005

### Note 12 – Commitments

The City has substantially completed renovations at Newton South High School, including addition of a new classroom wing and athletic field house and renovation of the cafeteria and all existing classrooms. The City has begun the process to build a new Newton North High School. It has selected an architectural firm, which has begun design of the new building on a site adjacent to the current North High School building. Construction is expected to take about 2 ½ years and cost approximately \$104.5 million.

### Note 13 – Implementation of GASB Pronouncements/Prior Period Adjustments

During fiscal year 2005, the Town implemented GASB Statement #40 – *Deposit and Investment Risk Disclosures, an amendment to GASB Statement No. 3*, which established and modified disclosure requirements for deposit and investment risks (see Note 3).

During fiscal year 2005, the City completed accumulating information on its infrastructure acquired/constructed prior to June 30, 2002. At June 30, 2004, the net book value of this infrastructure totaled \$28,149,458 (net of accumulated depreciation totaling \$12,536,460). Accordingly, beginning net assets of governmental activities has been restated from \$147,136,668 to \$175,286,126 at June 30, 2004.

### Note 14 – Future Implementation of GASB Pronouncements

The GASB has issued the following statements:

- Statement #42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, which is required to be implemented during fiscal year 2006.
- Statement #43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented during fiscal year 2007.
- Statement #44, *Economic Condition Reporting: The Statistical Section*, which is required to be implemented during fiscal year 2006.
- Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which is required to be implemented during fiscal year 2008.
- Statement #46, *Net Assets Restricted by Enabling Legislation, an amendment of GASB Statement No. 34*, which is required to be implemented during fiscal year 2006.
- Statement #47, *Accounting for Termination Benefits*, which is required to be implemented during fiscal year 2006.

These pronouncements will be implemented by the required year of implementation.

# **Combining and Individual Fund Statements and Schedules**

# Nonmajor Governmental Funds

## *Special Revenue Funds*

### School Lunch Fund:

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

#### 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.

#### Community Development Authority Fund

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

### ***Capital Projects Funds***

#### Public Building Improvements 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 Improvements 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.

### ***Permanent Funds***

#### Municipal Fund

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

#### Library Common Fund

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

**CITY OF NEWTON, MASSACHUSETTS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2005

*Special Revenue Funds*

ASSETS	School Lunch	Highway Improvement	Revolving	Receipts Reserved	Community Development Block Grant
Cash and cash equivalents.....	\$ 541,207	\$ -	\$ 2,704,994	\$ 2,726,002	\$ 773
Interest and dividends.....	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:					
Charges for services.....	-	-	330,884	-	-
Departmental and other.....	-	-	-	-	-
Intergovernmental.....	35,294	262,573	-	-	22,096
Loans.....	-	-	-	360,000	-
Other assets.....	-	-	-	-	-
Restricted assets:					
Cash and cash equivalents.....	-	-	-	-	-
Investments.....	-	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 576,501</b>	<b>\$ 262,573</b>	<b>\$ 3,035,878</b>	<b>\$ 3,086,002</b>	<b>\$ 22,869</b>
 <b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Warrants payable.....	\$ 286,417	\$ 46,583	\$ 125,323	\$ -	\$ 15,666
Accrued liabilities.....	53,034	29,312	77,089	-	6,953
Accrued payroll.....	229,996	-	22,863	-	-
Deferred revenue.....	-	-	210,056	359,998	-
Due to other funds.....	-	54,219	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b>569,447</b>	<b>130,114</b>	<b>435,331</b>	<b>359,998</b>	<b>22,619</b>
 <b>FUND BALANCES:</b>					
Reserved for:					
Loans.....	-	-	-	-	-
Perpetual permanent funds.....	-	-	-	-	-
Other specific purposes.....	-	-	-	-	-
Unreserved:					
Undesignated, reported in:					
Special revenue funds.....	7,054	132,459	2,600,547	2,726,004	250
Capital projects funds.....	-	-	-	-	-
Permanent funds.....	-	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>7,054</b>	<b>132,459</b>	<b>2,600,547</b>	<b>2,726,004</b>	<b>250</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 576,501</b>	<b>\$ 262,573</b>	<b>\$ 3,035,878</b>	<b>\$ 3,086,002</b>	<b>\$ 22,869</b>

*Special Revenue Funds*

	Municipal Federal Grant	Municipal State Grant	School State Grant	School Federal Grant	Gift	Community Development Authority	Sub-total
\$	212,876	\$ 802,158	\$ 99,350	\$ 358,391	\$ 836,364	\$ 572,988	\$ 8,855,103
	-	-	-	-	-	431,590	431,590
	-	-	-	-	-	-	330,884
	-	-	-	-	19,275	-	19,275
	43,406	2,250	33,557	131,619	-	-	530,795
	-	-	-	-	-	3,026,758	3,386,758
	-	-	2,700	-	-	-	2,700
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
\$	<u>256,282</u>	<u>\$ 804,408</u>	<u>\$ 135,607</u>	<u>\$ 490,010</u>	<u>\$ 855,639</u>	<u>\$ 4,031,336</u>	<u>\$ 13,557,105</u>
\$	22,613	\$ 54,525	\$ 12,739	\$ 50,498	\$ 4,170	\$ -	\$ 618,534
	12,484	89,901	27,577	6,529	15,742	193,014	511,635
	-	13,867	72,998	215,156	21,772	-	576,652
	15,763	-	-	-	-	-	585,817
	-	-	-	-	-	-	54,219
	<u>50,860</u>	<u>158,293</u>	<u>113,314</u>	<u>272,183</u>	<u>41,684</u>	<u>193,014</u>	<u>2,346,857</u>
	-	-	-	-	-	3,026,758	3,026,758
	-	-	-	-	-	-	-
	205,422	646,115	22,293	217,827	813,955	-	1,905,612
	-	-	-	-	-	811,564	6,277,878
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	<u>205,422</u>	<u>646,115</u>	<u>22,293</u>	<u>217,827</u>	<u>813,955</u>	<u>3,838,322</u>	<u>11,210,248</u>
\$	<u>256,282</u>	<u>\$ 804,408</u>	<u>\$ 135,607</u>	<u>\$ 490,010</u>	<u>\$ 855,639</u>	<u>\$ 4,031,336</u>	<u>\$ 13,557,105</u>

(Continued)

**CITY OF NEWTON, MASSACHUSETTS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2005

*Capital Projects Funds*

ASSETS	Public Building Improvements	Street Improvements	Capital Stabilization	Sub-total
Cash and cash equivalents.....	\$ -	\$ -	\$ 8,081,703	\$ 8,081,703
Interest and dividends.....	-	-	-	-
Receivables, net of allowance for uncollectible amounts:				
Charges for services.....	-	-	-	-
Departmental and other.....	-	-	-	-
Intergovernmental.....	-	-	-	-
Loans.....	-	-	-	-
Other assets.....	-	-	-	-
Restricted assets:				
Cash and cash equivalents.....	109,723	-	-	109,723
Investments.....	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 109,723</b>	<b>\$ -</b>	<b>\$ 8,081,703</b>	<b>\$ 8,191,426</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Warrants payable.....	\$ -	\$ 17,902	\$ -	\$ 17,902
Accrued liabilities.....	91,650	11,871	-	103,521
Accrued payroll.....	-	1,594	-	1,594
Deferred revenue.....	-	-	-	-
Due to other funds.....	-	157,286	-	157,286
<b>TOTAL LIABILITIES.....</b>	<b>91,650</b>	<b>188,653</b>	<b>-</b>	<b>280,303</b>
 <b>FUND BALANCES:</b>				
Reserved for:				
Loans.....	-	-	-	-
Perpetual permanent funds.....	-	-	-	-
Other specific purposes.....	-	-	-	-
Unreserved:				
Undesignated, reported in:				
Special revenue funds.....	-	-	-	-
Capital projects funds.....	18,073	(188,653)	8,081,703	7,911,123
Permanent funds.....	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>18,073</b>	<b>(188,653)</b>	<b>8,081,703</b>	<b>7,911,123</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 109,723</b>	<b>\$ -</b>	<b>\$ 8,081,703</b>	<b>\$ 8,191,426</b>



*Permanent Funds*

<u>Municipal</u>	<u>Library Common</u>	<u>Sub-total</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 16,936,806
-	4,064	4,064	435,654
-	-	-	330,884
-	-	-	19,275
-	-	-	530,795
-	-	-	3,386,758
-	-	-	2,700
-	-	-	-
302,534	129,829	432,363	542,086
<u>253,194</u>	<u>719,437</u>	<u>972,631</u>	<u>972,631</u>
\$ <u>555,728</u>	\$ <u>853,330</u>	\$ <u>1,409,058</u>	\$ <u>23,157,589</u>
\$ 442	\$ -	\$ 442	\$ 636,878
-	-	-	615,156
-	-	-	578,246
-	-	-	585,817
-	-	-	211,505
<u>442</u>	<u>-</u>	<u>442</u>	<u>2,627,602</u>
-	-	-	3,026,758
395,818	-	395,818	395,818
-	-	-	1,905,612
-	-	-	6,277,878
-	-	-	7,911,123
159,468	853,330	1,012,798	1,012,798
<u>555,286</u>	<u>853,330</u>	<u>1,408,616</u>	<u>20,529,987</u>
\$ <u>555,728</u>	\$ <u>853,330</u>	\$ <u>1,409,058</u>	\$ <u>23,157,589</u>

(Concluded)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

*Special Revenue Funds*

	School Lunch	Highway Improvement	Revolving	Receipts Reserved	Community Development Block Grant
<b>REVENUES</b>					
Licenses, permits and fees.....	\$ -	\$ -	\$ -	\$ 166,495	\$ -
Intergovernmental .....	415,648	1,614,419	6,150	-	3,414,476
Charges for services.....	2,690,258	-	6,405,237	1,290,539	-
Fines and forfeitures.....	-	-	19,497	-	-
Investment income.....	10,367	-	523	6,051	-
Contributions and donations.....	-	-	141,492	235,538	-
Miscellaneous.....	-	-	225,998	650	5,000
<b>TOTAL REVENUES.....</b>	<b>3,116,273</b>	<b>1,614,419</b>	<b>6,798,897</b>	<b>1,699,273</b>	<b>3,419,476</b>
<b>EXPENDITURES</b>					
Current:					
General government:					
Legislative & executive.....	-	-	178	-	-
Elections.....	-	-	-	-	-
Administrative support.....	-	-	-	-	-
Planning & development.....	-	-	84,569	-	3,419,476
Public building maintenance & operations.....	-	-	9,917	-	-
Public safety:					
Police.....	-	-	1,835,069	-	-
Fire.....	-	-	91,310	-	-
Education.....	3,859,619	-	4,136,273	-	-
Public works:					
Streets & sidewalks.....	-	1,614,419	225,518	-	-
Control of snow & ice.....	-	-	-	-	-
Collection & disposal of solid waste.....	-	-	1,543	-	-
Engineering.....	-	-	1,485	-	-
Health and human services:					
Public health.....	-	-	-	-	-
Human services.....	-	-	43,116	-	-
Culture and recreation:					
Libraries.....	-	-	37,661	-	-
Parks & recreation.....	-	-	1,086,158	-	-
Newton History museum.....	-	-	-	-	-
<b>TOTAL EXPENDITURES.....</b>	<b>3,859,619</b>	<b>1,614,419</b>	<b>7,552,797</b>	<b>-</b>	<b>3,419,476</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>					
<b>OVER EXPENDITURES.....</b>	<b>(743,346)</b>	<b>-</b>	<b>(753,900)</b>	<b>1,699,273</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in.....	748,000	-	966,048	-	-
Sale of capital assets.....	-	-	-	36,000	-
Transfers out.....	-	-	-	(1,421,099)	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>748,000</b>	<b>-</b>	<b>966,048</b>	<b>(1,385,099)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>4,654</b>	<b>-</b>	<b>212,148</b>	<b>314,174</b>	<b>-</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>2,400</b>	<b>132,459</b>	<b>2,388,399</b>	<b>2,411,830</b>	<b>250</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 7,054</b>	<b>\$ 132,459</b>	<b>\$ 2,600,547</b>	<b>\$ 2,726,004</b>	<b>\$ 250</b>

*Special Revenue Funds*

	Municipal Federal Grant	Municipal State Grant	School State Grant	School Federal Grant	Gift	Community Development Authority	Sub-total
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 166,495
	2,391,264	720,727	5,906,410	4,086,510	-	179,786	18,735,390
	-	-	-	-	-	-	10,386,034
	-	-	-	-	-	-	19,497
	302	145	-	-	3,436	105,262	126,086
	-	-	-	-	825,616	-	1,202,646
	-	-	-	-	2,500	-	234,148
	<u>2,391,566</u>	<u>720,872</u>	<u>5,906,410</u>	<u>4,086,510</u>	<u>831,552</u>	<u>285,048</u>	<u>30,870,296</u>
	-	-	-	-	-	-	178
	-	5,506	-	-	-	-	5,506
	-	-	-	-	1,304	-	1,304
	1,425,968	5,940	-	-	1,335	181,361	5,118,649
	-	-	-	-	-	-	9,917
	65,620	95,824	-	-	1,538	-	1,998,051
	42,879	76,190	-	-	-	-	210,379
	-	-	6,124,798	4,122,120	434,243	-	18,677,053
	-	51,444	-	-	-	-	1,891,381
	654,172	-	-	-	-	-	654,172
	-	110,596	-	-	-	-	112,139
	-	-	-	-	-	-	1,485
	19,814	189,724	-	-	-	-	209,538
	34,128	118,807	-	-	19,419	-	215,470
	-	134,710	-	-	-	-	172,371
	33,485	5,865	-	-	969	-	1,126,477
	15,379	-	-	-	-	-	15,379
	<u>2,291,445</u>	<u>794,606</u>	<u>6,124,798</u>	<u>4,122,120</u>	<u>458,808</u>	<u>181,361</u>	<u>30,419,449</u>
	<u>100,121</u>	<u>(73,734)</u>	<u>(218,388)</u>	<u>(35,610)</u>	<u>372,744</u>	<u>103,687</u>	<u>450,847</u>
	12,000	-	-	-	5,000	-	1,731,048
	-	-	-	-	-	-	36,000
	-	-	-	-	(40,342)	-	(1,461,441)
	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,342)</u>	<u>-</u>	<u>305,607</u>
	112,121	(73,734)	(218,388)	(35,610)	337,402	103,687	756,454
	93,301	719,849	240,681	253,437	476,553	3,734,635	10,453,794
\$	<u>205,422</u>	<u>646,115</u>	<u>22,293</u>	<u>217,827</u>	<u>813,955</u>	<u>3,838,322</u>	<u>11,210,248</u>

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

*Capital Projects Funds*

	<u>Public Building Improvements</u>	<u>Street Improvements</u>	<u>Capital Stabilization</u>	<u>Sub-total</u>
<b>REVENUES</b>				
Licenses, permits and fees.....	\$ -	\$ -	\$ -	\$ -
Intergovernmental .....	-	-	-	-
Charges for services.....	-	-	-	-
Fines and forfeitures.....	-	-	-	-
Investment income.....	-	-	-	-
Contributions and donations.....	-	-	-	-
Miscellaneous.....	-	-	2,750	2,750
	<u>-</u>	<u>-</u>	<u>2,750</u>	<u>2,750</u>
TOTAL REVENUES.....	<u>-</u>	<u>-</u>	<u>2,750</u>	<u>2,750</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Legislative & executive.....	-	-	-	-
Elections.....	-	-	-	-
Administrative support.....	-	-	-	-
Planning & development.....	-	-	-	-
Public building maintenance & operations.....	-	-	-	-
Public safety:				
Police.....	-	-	-	-
Fire.....	-	-	-	-
Education.....	103,576	-	-	103,576
Public works:				
Streets & sidewalks.....	-	188,653	-	188,653
Control of snow & ice.....	-	-	-	-
Collection & disposal of solid waste.....	-	-	-	-
Engineering.....	-	-	-	-
Health and human services:				
Public health.....	-	-	-	-
Human services.....	-	-	-	-
Culture and recreation:				
Libraries.....	-	-	-	-
Parks & recreation.....	-	-	-	-
Newton History museum.....	-	-	-	-
	<u>103,576</u>	<u>188,653</u>	<u>-</u>	<u>292,229</u>
TOTAL EXPENDITURES.....	<u>103,576</u>	<u>188,653</u>	<u>-</u>	<u>292,229</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
OVER EXPENDITURES.....	<u>(103,576)</u>	<u>(188,653)</u>	<u>2,750</u>	<u>(289,479)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in.....	30,000	-	2,619,069	2,649,069
Sale of capital assets.....	-	-	-	-
Transfers out.....	-	-	(464,801)	(464,801)
	<u>30,000</u>	<u>-</u>	<u>2,154,268</u>	<u>2,184,268</u>
TOTAL OTHER FINANCING SOURCES (USES).....	<u>30,000</u>	<u>-</u>	<u>2,154,268</u>	<u>2,184,268</u>
<b>NET CHANGE IN FUND BALANCES.....</b>	<u>(73,576)</u>	<u>(188,653)</u>	<u>2,157,018</u>	<u>1,894,789</u>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<u>91,649</u>	<u>-</u>	<u>5,924,685</u>	<u>6,016,334</u>
<b>FUND BALANCES AT END OF YEAR.....</b>	<u>\$ 18,073</u>	<u>\$ (188,653)</u>	<u>\$ 8,081,703</u>	<u>\$ 7,911,123</u>

*Permanent Funds*

	Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$	-	\$ -	\$ -	\$ 166,495
	-	-	-	18,735,390
	-	-	-	10,386,034
	-	-	-	19,497
	11,947	265,331	277,278	403,364
	-	259,942	259,942	1,462,588
	117,500	-	117,500	354,398
	<u>129,447</u>	<u>525,273</u>	<u>654,720</u>	<u>31,527,766</u>
	-	-	-	178
	-	-	-	5,506
	-	-	-	1,304
	-	-	-	5,118,649
	-	-	-	9,917
	-	-	-	1,998,051
	-	-	-	210,379
	127,921	-	127,921	18,908,550
	-	-	-	2,080,034
	-	-	-	654,172
	-	-	-	112,139
	-	-	-	1,485
	-	-	-	209,538
	-	-	-	215,470
	-	328,370	328,370	500,741
	54,917	-	54,917	1,181,394
	-	-	-	15,379
	<u>182,838</u>	<u>328,370</u>	<u>511,208</u>	<u>31,222,886</u>
	<u>(53,391)</u>	<u>196,903</u>	<u>143,512</u>	<u>304,880</u>
	-	-	-	4,380,117
	-	-	-	36,000
	-	-	-	(1,926,242)
	-	-	-	2,489,875
	(53,391)	196,903	143,512	2,794,755
	<u>608,677</u>	<u>656,427</u>	<u>1,265,104</u>	<u>17,735,232</u>
\$	<u>555,286</u>	<u>\$ 853,330</u>	<u>\$ 1,408,616</u>	<u>\$ 20,529,987</u>

(Concluded)

## Internal Service Funds

### Health Insurance Fund

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

The City funds 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 Insurance Fund

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

### 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.

### Liability Insurance Fund

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

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

JUNE 30, 2005

<b>ASSETS</b>	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
Current assets:					
Cash and cash equivalents.....	\$ 9,462,109	\$ 700,341	\$ 23,317	\$ 196,737	\$ 10,382,504
Investments.....	-	5,758,872	2,123,229	-	7,882,101
Working capital deposit.....	344,019	-	-	-	344,019
Total assets.....	<u>9,806,128</u>	<u>6,459,213</u>	<u>2,146,546</u>	<u>196,737</u>	<u>18,608,624</u>
<b>LIABILITIES</b>					
Current liabilities:					
Warrants payable.....	195,795	62,401	-	-	258,196
Accrued liabilities.....	-	16,293	-	-	16,293
Accrued health claims payable.....	5,232,306	-	-	-	5,232,306
Workers' compensation claims.....	-	906,000	-	-	906,000
Total current liabilities.....	<u>5,428,101</u>	<u>984,694</u>	<u>-</u>	<u>-</u>	<u>6,412,795</u>
Noncurrent liabilities:					
Workers' compensation claims.....	-	4,956,173	-	-	4,956,173
Total liabilities.....	<u>5,428,101</u>	<u>5,940,867</u>	<u>-</u>	<u>-</u>	<u>11,368,968</u>
<b>FUND NET ASSETS</b>					
Unrestricted.....	<u>\$ 4,378,027</u>	<u>\$ 518,346</u>	<u>\$ 2,146,546</u>	<u>\$ 196,737</u>	<u>\$ 7,239,656</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, 2005

	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
<b>OPERATING REVENUES</b>					
Employer contributions.....	\$ 28,076,910	\$ 1,549,870	\$ -	\$ -	\$ 29,626,780
Employee contributions.....	7,263,144	-	-	-	7,263,144
TOTAL OPERATING REVENUES.....	<u>35,340,054</u>	<u>1,549,870</u>	<u>-</u>	<u>-</u>	<u>36,889,924</u>
<b>OPERATING EXPENSES</b>					
Change in incurred but not reported liability.....	506,200	28,230	-	-	534,430
Self insurance claims.....	31,287,246	1,449,415	-	-	32,736,661
Insurance premiums.....	306,390	-	-	-	306,390
Administrative expenses.....	1,967,982	92,651	-	-	2,060,633
TOTAL OPERATING EXPENSES.....	<u>34,067,818</u>	<u>1,570,296</u>	<u>-</u>	<u>-</u>	<u>35,638,114</u>
OPERATING INCOME (LOSS).....	<u>1,272,236</u>	<u>(20,426)</u>	<u>-</u>	<u>-</u>	<u>1,251,810</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income.....	184,168	281,805	2,197	3,872	472,042
INCOME (LOSS) BEFORE TRANSFERS.....	<u>1,456,404</u>	<u>261,379</u>	<u>2,197</u>	<u>3,872</u>	<u>1,723,852</u>
<b>TRANSFERS</b>					
Transfers out.....	-	-	(257,331)	(55,000)	(312,331)
CHANGE IN FUND NET ASSETS.....	1,456,404	261,379	(255,134)	(51,128)	1,411,521
FUND NET ASSETS AT BEGINNING OF YEAR.....	2,921,623	256,967	2,401,680	247,865	5,828,135
FUND NET ASSETS AT END OF YEAR.....	<u>\$ 4,378,027</u>	<u>\$ 518,346</u>	<u>\$ 2,146,546</u>	<u>196,737</u>	<u>\$ 7,239,656</u>



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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users.....	\$ 7,263,144	\$ -	\$ -	\$ -	\$ 7,263,144
Receipts from interfund services provided.....	28,578,247	1,549,870	32,443	-	30,160,560
Payments to vendors/providers.....	(33,369,470)	(1,532,269)	-	-	(34,901,739)
NET CASH FROM OPERATING ACTIVITIES.....	<u>2,471,921</u>	<u>17,601</u>	<u>32,443</u>	<u>-</u>	<u>2,521,965</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers out.....	-	-	(257,331)	(55,000)	(312,331)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sales and maturities of investments.....	-	-	(114,973)	-	(114,973)
Purchase of investments.....	-	(245,511)	-	-	(245,511)
Investment income.....	184,168	281,805	2,197	3,872	472,042
NET CASH FROM INVESTING ACTIVITIES.....	<u>184,168</u>	<u>36,294</u>	<u>(112,776)</u>	<u>3,872</u>	<u>111,558</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	2,656,089	53,895	(337,664)	(51,128)	2,321,192
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	6,806,020	646,446	360,981	247,865	8,061,312
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 9,462,109</u>	<u>\$ 700,341</u>	<u>\$ 23,317</u>	<u>\$ 196,737</u>	<u>\$ 10,382,504</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>					
Operating income (loss).....	\$ 1,272,236	\$ (20,426)	\$ -	\$ -	\$ 1,251,810
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Changes in assets and liabilities:					
Interest and dividends.....	-	-	32,443	-	32,443
Departmental and other.....	501,337	-	-	-	501,337
Working capital deposit.....	(3,647)	-	-	-	(3,647)
Warrants payable.....	195,795	9,395	-	-	205,190
Accrued liabilities.....	-	402	-	-	402
Accrued health claims payable.....	506,200	-	-	-	506,200
Workers' compensation.....	-	28,230	-	-	28,230
Total adjustments.....	<u>1,199,685</u>	<u>38,027</u>	<u>32,443</u>	<u>-</u>	<u>1,270,155</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 2,471,921</u>	<u>\$ 17,601</u>	<u>\$ 32,443</u>	<u>\$ -</u>	<u>\$ 2,521,965</u>



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## Private Purpose Trust Funds

### Chaffin Education Fund

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

### Scovell Education Fund

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

### Gorin Education Fund

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

### Cousens Welfare Fund

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

### 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."

### Elderly Tax Relief Fund

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

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

JUNE 30, 2005

	Chaffin Education	Scovell Education	Gorin Education	Cousens Welfare
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 366,452	\$ 168,044	\$ 26,164	\$ 641,483
Investments.....	4,161,564	758,922	-	1,188,803
Receivables, net of allowance for uncollectibles:				
Loans.....	124,109	-	-	-
Total assets.....	4,652,125	926,966	26,164	1,830,286
<b>LIABILITIES</b>				
Other liabilities.....	8,016	-	-	-
<b>NET ASSETS</b>				
Held in trust for other purposes.....	\$ 4,644,109	\$ 926,966	\$ 26,164	\$ 1,830,286

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<u>School Scholarship</u>	<u>Kendrick Welfare</u>	<u>Read Charity</u>	<u>Spear Infirmary</u>	<u>Mabel Riley Senior</u>	<u>Elderly Tax Relief</u>	<u>Total</u>
\$ 577,006	\$ 3,161	\$ 43,566	3,963	\$ 32,329	\$ 7,441	\$ 1,869,609
361,969	-	-	-	-	-	6,471,258
<u>26,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,272</u>
<u>965,138</u>	<u>3,161</u>	<u>43,566</u>	<u>3,963</u>	<u>32,329</u>	<u>7,441</u>	<u>8,491,139</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,016</u>
<u>\$ 965,138</u>	<u>\$ 3,161</u>	<u>\$ 43,566</u>	<u>3,963</u>	<u>\$ 32,329</u>	<u>\$ 7,441</u>	<u>\$ 8,483,123</u>

**CITY OF NEWTON, MASSACHUSETTS**  
**PRIVATE PURPOSE TRUST FUNDS**  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Chaffin Education	Scovell Education	Gorin Education	Cousens Welfare
<b>ADDITIONS</b>				
Contributions:				
Private donations.....	\$ -	\$ -	\$ 989	\$ 9,838
Net investment income:				
Interest.....	(12,618)	47,185	74	181,782
TOTAL ADDITIONS.....	(12,618)	47,185	1,063	191,620
<b>DEDUCTIONS</b>				
Administration expense.....	1,446	-	-	25,468
Educational scholarships & awards.....	126,783	13,500	-	49,390
Public assistance.....	-	-	-	-
TOTAL DEDUCTIONS.....	128,229	13,500	-	74,858
CHANGE IN NET ASSETS.....	(140,847)	33,685	1,063	116,762
NET ASSETS AT BEGINNING OF YEAR.....	4,784,956	893,281	25,101	1,713,524
NET ASSETS AT END OF YEAR.....	\$ 4,644,109	\$ 926,966	\$ 26,164	\$ 1,830,286

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<u>School Scholarship</u>	<u>Kendrick Welfare</u>	<u>Read Charity</u>	<u>Spear Infirmary</u>	<u>Mabel Riley Senior</u>	<u>Elderly Tax Relief</u>	<u>Total</u>
\$ <u>95,660</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>865</u>	\$ <u>107,352</u>
<u>34,040</u>	<u>78</u>	<u>1,275</u>	<u>84</u>	<u>772</u>	<u>155</u>	<u>252,827</u>
<u>129,700</u>	<u>78</u>	<u>1,275</u>	<u>84</u>	<u>772</u>	<u>1,020</u>	<u>360,179</u>
-	-	-	-	-	-	26,914
165,806	-	-	-	-	-	355,479
<u>-</u>	<u>-</u>	<u>3,647</u>	<u>-</u>	<u>2,200</u>	<u>-</u>	<u>5,847</u>
<u>165,806</u>	<u>-</u>	<u>3,647</u>	<u>-</u>	<u>2,200</u>	<u>-</u>	<u>388,240</u>
(36,106)	78	(2,372)	84	(1,428)	1,020	(28,061)
<u>1,001,244</u>	<u>3,083</u>	<u>45,938</u>	<u>3,879</u>	<u>33,757</u>	<u>6,421</u>	<u>8,511,184</u>
\$ <u><u>965,138</u></u>	\$ <u><u>3,161</u></u>	\$ <u><u>43,566</u></u>	\$ <u><u>3,963</u></u>	\$ <u><u>32,329</u></u>	\$ <u><u>7,441</u></u>	\$ <u><u>8,483,123</u></u>

## Agency Fund

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



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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 1,479,203	\$ 103,631,846	\$ (103,476,807)	\$ 1,634,242
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	750	-	(750)	-
Loans.....	634,679	26,984	-	661,663
	<u>2,114,632</u>	<u>103,658,830</u>	<u>(103,477,557)</u>	<u>2,295,905</u>
Total assets.....				
	<u>2,114,632</u>	<u>103,658,830</u>	<u>(103,477,557)</u>	<u>2,295,905</u>
<b>LIABILITIES</b>				
Warrants payable.....	51,028	21,086,532	(21,111,174)	26,386
Payroll withholdings.....	1,012,316	80,987,624	(80,826,068)	1,173,872
Other liabilities.....	1,051,288	1,557,690	(1,513,331)	1,095,647
	<u>2,114,632</u>	<u>103,631,846</u>	<u>(103,450,573)</u>	<u>2,295,905</u>
Total liabilities.....	<u>2,114,632</u>	<u>103,631,846</u>	<u>(103,450,573)</u>	<u>2,295,905</u>



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## General Fund

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Continued Appropriations	FY 2005 Original Budget	FY 2005 Budget Revisions
<b>City Clerk/Clerk of the Board</b>			
Personal Services	\$ -	\$ 758,350	\$ 9,943
Expenses	36	45,043	(1,200)
Fringe Benefits	-	183,010	(1,565)
Total City Clerk/Clerk of the Board	<u>36</u>	<u>986,403</u>	<u>7,178</u>
<b>Mayor's Office</b>			
Personal Services	-	527,106	8,585
Expenses	-	42,125	-
Fringe Benefits	-	68,956	(3,311)
Total Mayor's Office	<u>-</u>	<u>638,187</u>	<u>5,274</u>
<b>Comptroller's Office/Property Insurance</b>			
Personal Services	-	416,606	4,101
Expenses	55,166	202,940	113,420
Fringe Benefits	-	66,979	(3,728)
Total Comptroller's Office/Property Insurance	<u>55,166</u>	<u>686,525</u>	<u>113,793</u>
<b>Purchasing/General Services</b>			
Personal Services	-	282,016	487
Expenses	-	148,894	-
Capital Outlay	-	37,434	-
Fringe Benefits	-	40,405	5,221
Total Purchasing/General Services	<u>-</u>	<u>508,749</u>	<u>5,708</u>
<b>Assessing Department</b>			
Personal Services	-	974,402	20,069
Expenses	884,737	38,900	-
Fringe Benefits	-	121,534	10,005
Total Assessing Department	<u>884,737</u>	<u>1,134,836</u>	<u>30,074</u>
<b>Treasury &amp; Collection Department</b>			
Personal Services	-	518,559	3,807
Expenses	5,000	435,394	52,400
Fringe Benefits	-	93,995	(6,280)
Total Treasury & Collection Department	<u>5,000</u>	<u>1,047,948</u>	<u>49,927</u>
<b>City Solicitor/Judgments &amp; Settlements</b>			
Personal Services	10,000	797,590	35,281
Expenses	-	261,243	221,972
Fringe Benefits	-	92,523	374
Total City Solicitor's Office/Settlements	<u>10,000</u>	<u>1,151,356</u>	<u>257,627</u>

<u>FY 2005 Budget As Amended</u>	<u>Total Revised FY 2005 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 768,293	\$ 768,293	\$ 756,572	\$ -	\$ 11,721
43,843	43,879	28,074	2,780	13,025
181,445	181,445	181,425	-	20
<u>993,581</u>	<u>993,617</u>	<u>966,071</u>	<u>2,780</u>	<u>24,766</u>
535,691	535,691	527,822	-	7,869
42,125	42,125	35,976	-	6,149
65,645	65,645	65,645	-	-
<u>643,461</u>	<u>643,461</u>	<u>629,443</u>	<u>-</u>	<u>14,018</u>
420,707	420,707	412,717	-	7,990
316,360	371,526	366,350	5,176	-
63,251	63,251	63,039	-	212
<u>800,318</u>	<u>855,484</u>	<u>842,106</u>	<u>5,176</u>	<u>8,202</u>
282,503	282,503	267,307	-	15,196
148,894	148,894	66,495	-	82,399
37,434	37,434	36,521	-	913
45,626	45,626	44,925	-	701
<u>514,457</u>	<u>514,457</u>	<u>415,248</u>	<u>-</u>	<u>99,209</u>
994,471	994,471	987,064	-	7,407
38,900	923,637	121,029	795,797	6,811
131,539	131,539	129,669	-	1,870
<u>1,164,910</u>	<u>2,049,647</u>	<u>1,237,762</u>	<u>795,797</u>	<u>16,088</u>
522,366	522,366	512,412	-	9,954
487,794	492,794	446,823	11,378	34,593
87,715	87,715	86,418	-	1,297
<u>1,097,875</u>	<u>1,102,875</u>	<u>1,045,653</u>	<u>11,378</u>	<u>45,844</u>
832,871	842,871	839,826	-	3,045
483,215	483,215	469,021	-	14,194
92,897	92,897	91,604	-	1,293
<u>1,408,983</u>	<u>1,418,983</u>	<u>1,400,451</u>	<u>-</u>	<u>18,532</u>

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Continued Appropriations	FY 2005 Original Budget	FY 2005 Budget Revisions
<b>Human Resources Department</b>			
Personal Services	-	553,170	10,920
Expenses	12,500	291,940	(405)
Capital Outlay	-	1,700	-
Fringe Benefits	-	66,120	(1,790)
Total Human Resources Department	<u>12,500</u>	<u>912,930</u>	<u>8,725</u>
<b>Information Technology Department</b>			
Personal Services	-	679,710	13,509
Expenses	5,950	151,561	(1,116)
Capital Outlay	-	9,700	-
Fringe Benefits	-	82,042	(539)
Total Information Technology Department	<u>5,950</u>	<u>923,013</u>	<u>11,854</u>
<b>Election Commission</b>			
Personal Services	-	486,104	(9,488)
Expenses	6,721	77,670	16,379
Fringe Benefits	-	51,133	(5,624)
Total Election Commission	<u>6,721</u>	<u>614,907</u>	<u>1,267</u>
<b>Licensing Commission</b>			
Expenses	-	1,896	-
Total Licensing Commission	<u>-</u>	<u>1,896</u>	<u>-</u>
<b>Planning &amp; Development Department</b>			
Personal Services	-	787,279	17,624
Expenses	15,086	48,622	2,045
Fringe Benefits	-	92,015	7,140
Total Planning & Development Department	<u>15,086</u>	<u>927,916</u>	<u>26,809</u>
<b>Public Building Department</b>			
Personal Services	-	1,395,241	10,432
Expenses	49,775	513,116	80,000
Fringe Benefits	-	267,626	(10,956)
Total Public Building Department	<u>49,775</u>	<u>2,175,983</u>	<u>79,476</u>
<b>GENERAL GOVERNMENT TOTAL</b>	<u><b>1,044,971</b></u>	<u><b>11,710,649</b></u>	<u><b>597,712</b></u>
<b>Police Department</b>			
Personal Services	-	12,572,445	177,615
Expenses	34,402	724,973	4,813
Capital Outlay	2,690	256,507	6,955
Fringe Benefits	-	1,764,557	(31,729)
Total Police Department	<u>37,092</u>	<u>15,318,482</u>	<u>157,654</u>

FY 2005 Budget As Amended	Total Revised FY 2005 Budget	Expended	Encumbrances/ Continued Appropriations	Closed to Fund Balance
564,090	564,090	561,726	-	2,364
291,535	304,035	282,119	21,899	17
1,700	1,700	829	-	871
64,330	64,330	63,176	-	1,154
<u>921,655</u>	<u>934,155</u>	<u>907,850</u>	<u>21,899</u>	<u>4,406</u>
693,219	693,219	619,416	-	73,803
150,445	156,395	149,808	5,950	637
9,700	9,700	9,064	-	636
81,503	81,503	80,305	-	1,198
<u>934,867</u>	<u>940,817</u>	<u>858,593</u>	<u>5,950</u>	<u>76,274</u>
476,616	476,616	442,509	-	34,107
94,049	100,770	71,687	2,900	26,183
45,509	45,509	44,850	-	659
<u>616,174</u>	<u>622,895</u>	<u>559,046</u>	<u>2,900</u>	<u>60,949</u>
1,896	1,896	1,436	-	460
<u>1,896</u>	<u>1,896</u>	<u>1,436</u>	<u>-</u>	<u>460</u>
804,903	804,903	802,307	2,100	496
50,667	65,753	23,823	41,718	212
99,155	99,155	99,155	-	-
<u>954,725</u>	<u>969,811</u>	<u>925,285</u>	<u>43,818</u>	<u>708</u>
1,405,673	1,405,673	1,354,122	-	51,551
593,116	642,891	553,540	80,990	8,361
256,670	256,670	252,902	-	3,768
<u>2,255,459</u>	<u>2,305,234</u>	<u>2,160,564</u>	<u>80,990</u>	<u>63,680</u>
<b><u>12,308,361</u></b>	<b><u>13,353,332</u></b>	<b><u>11,949,508</u></b>	<b><u>970,688</u></b>	<b><u>433,136</u></b>
12,750,060	12,750,060	12,742,437	-	7,623
729,786	764,188	762,771	458	959
263,462	266,152	252,368	13,783	1
1,732,828	1,732,828	1,727,089	-	5,739
<u>15,476,136</u>	<u>15,513,228</u>	<u>15,484,665</u>	<u>14,241</u>	<u>14,322</u>

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Continued Appropriations	FY 2005 Original Budget	FY 2005 Budget Revisions
<b>Fire Department</b>			
Personal Services	-	11,065,447	313,528
Expenses	5,674	430,840	16,087
Capital Outlay	21,064	27,000	12,820
Fringe Benefits	-	1,726,547	(59,068)
Total Fire Department	<u>26,738</u>	<u>13,249,834</u>	<u>283,367</u>
<b>Inspectional Services Department</b>			
Personal Services	-	813,746	10,787
Expenses	175	44,323	6,500
Fringe Benefits	-	137,562	(3,821)
Total Inspectional Services Department	<u>175</u>	<u>995,631</u>	<u>13,466</u>
<b>Civil Defense Department</b>			
Personal Services	-	4,000	-
Expenses	-	4,238	-
Fringe Benefits	-	5,831	50
Total Civil Defense Department	<u>-</u>	<u>14,069</u>	<u>50</u>
<b>Weights &amp; Measures Department</b>			
Personal Services	-	51,840	1,048
Expenses	-	3,510	-
Fringe Benefits	-	6,803	127
Total Weights & Measures Department	<u>-</u>	<u>62,153</u>	<u>1,175</u>
<b>Ambulance Service</b>			
Expenses	-	2,000	-
Total Ambulance	<u>-</u>	<u>2,000</u>	<u>-</u>
<b>PUBLIC SAFETY TOTAL</b>	<u>64,005</u>	<u>29,642,169</u>	<u>455,712</u>
<b>NEWTON PUBLIC SCHOOLS</b>	<u>222,217</u>	<u>130,913,007</u>	<u>(779,048)</u>
<b>Public Works Department</b>			
Personal Services	-	6,606,155	665,133
Expenses	306,716	9,828,880	1,936,295
Capital Outlay	-	465,710	-
Fringe Benefits	-	1,312,659	(28,439)
Total Public Works Department	<u>306,716</u>	<u>18,213,404</u>	<u>2,572,989</u>
<b>PUBLIC WORKS TOTAL</b>	<u>306,716</u>	<u>18,213,404</u>	<u>2,572,989</u>



FY 2005 Budget As Amended	Total Revised FY 2005 Budget	Expended	Encumbrances/ Continued Appropriations	Closed to Fund Balance
11,378,975	11,378,975	11,044,383	-	334,592
446,927	452,601	433,353	343	18,905
39,820	60,884	38,288	7,963	14,633
1,667,479	1,667,479	1,667,326	-	153
<b>13,533,201</b>	<b>13,559,939</b>	<b>13,183,350</b>	<b>8,306</b>	<b>368,283</b>
-	-	-	-	-
824,533	824,533	819,638	-	4,895
50,823	50,998	44,811	-	6,187
133,741	133,741	131,567	-	2,174
<b>1,009,097</b>	<b>1,009,272</b>	<b>996,016</b>	<b>-</b>	<b>13,256</b>
4,000	4,000	4,000	-	-
4,238	4,238	4,238	-	-
5,881	5,881	5,881	-	-
<b>14,119</b>	<b>14,119</b>	<b>14,119</b>	<b>-</b>	<b>-</b>
52,888	52,888	52,888	-	-
3,510	3,510	2,171	-	1,339
6,930	6,930	6,928	-	2
<b>63,328</b>	<b>63,328</b>	<b>61,987</b>	<b>-</b>	<b>1,341</b>
2,000	2,000	-	-	2,000
2,000	2,000	-	-	2,000
<b>30,097,881</b>	<b>30,161,886</b>	<b>29,740,137</b>	<b>22,547</b>	<b>399,202</b>
130,133,959	130,356,176	130,156,996	183,129	16,051
7,271,288	7,271,288	7,153,093	-	118,195
11,765,175	12,071,891	11,263,473	440,293	368,125
465,710	465,710	448,116	12,908	4,686
1,284,220	1,284,220	1,283,560	-	660
20,786,393	21,093,109	20,148,242	453,201	491,666
<b>20,786,393</b>	<b>21,093,109</b>	<b>20,148,242</b>	<b>453,201</b>	<b>491,666</b>

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Continued Appropriations	FY 2005 Original Budget	FY 2005 Budget Revisions
<b>Public Health Department</b>			
Personal Services	-	1,619,028	14,173
Expenses	-	61,695	-
Fringe Benefits	-	276,700	5,614
Total Public Health Department	-	1,957,423	19,787
<b>Human Services Department</b>			
Personal Services	-	470,450	9,584
Expenses	-	534,156	-
Fringe Benefits	-	70,353	(1,129)
Total Human Services Department	-	1,074,959	8,455
<b>Veteran Services Department</b>			
Personal Services	-	123,254	2,589
Expenses	-	47,617	-
Fringe Benefits	-	9,607	281
Total Veteran Services Department	-	180,478	2,870
<hr/>			
<b>HEALTH &amp; HUMAN SERVICES TOTAL</b>	-	<b>3,212,860</b>	<b>31,112</b>
<hr/>			
<b>Newton Public Library</b>			
Personal Services	-	3,221,819	51,217
Expenses	-	930,392	15,354
Fringe Benefits	-	445,764	33,370
Total Newton Public Library	-	4,597,975	99,941
<b>Parks &amp; Recreation Department</b>			
Personal Services	-	2,250,303	63,097
Expenses	-	1,456,611	784,859
Capital Outlay	-	4,500	-
Fringe Benefits	-	314,142	822
Total Parks & Recreation Department	-	4,025,556	848,778
<b>Newton History Museum</b>			
Personal Services	-	165,102	4,338
Expenses	-	18,121	-
Fringe Benefits	-	14,987	554
Total Newton History Museum	-	198,210	4,892
<hr/>			
<b>CULTURE &amp; RECREATION TOTAL</b>	-	<b>8,821,741</b>	<b>953,611</b>

<u>FY 2005 Budget As Amended</u>	<u>Total Revised FY 2005 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
1,633,201	1,633,201	1,515,411	-	117,790
61,695	61,695	53,850	-	7,845
282,314	282,314	279,449	-	2,865
<u>1,977,210</u>	<u>1,977,210</u>	<u>1,848,710</u>	<u>-</u>	<u>128,500</u>
480,034	480,034	479,659	-	375
534,156	534,156	510,429	-	23,727
69,224	69,224	68,131	-	1,093
<u>1,083,414</u>	<u>1,083,414</u>	<u>1,058,219</u>	<u>-</u>	<u>25,195</u>
125,843	125,843	125,843	-	-
47,617	47,617	32,718	-	14,899
9,888	9,888	9,784	-	104
<u>183,348</u>	<u>183,348</u>	<u>168,345</u>	<u>-</u>	<u>15,003</u>
<u>3,243,972</u>	<u>3,243,972</u>	<u>3,075,274</u>	<u>-</u>	<u>168,698</u>
3,273,036	3,273,036	3,270,699	-	2,337
945,746	945,746	976,521	-	(30,775)
479,134	479,134	475,627	-	3,507
<u>4,697,916</u>	<u>4,697,916</u>	<u>4,722,847</u>	<u>-</u>	<u>(24,931)</u>
2,313,400	2,313,400	2,280,573	-	32,827
2,241,470	2,241,470	2,232,798	-	8,672
4,500	4,500	4,465	-	35
314,964	314,964	310,117	-	4,847
<u>4,874,334</u>	<u>4,874,334</u>	<u>4,827,953</u>	<u>-</u>	<u>46,381</u>
169,440	169,440	168,444	-	996
18,121	18,121	16,385	-	1,736
15,541	15,541	15,540	-	1
<u>203,102</u>	<u>203,102</u>	<u>200,369</u>	<u>-</u>	<u>2,733</u>
<u>9,775,352</u>	<u>9,775,352</u>	<u>9,751,169</u>	<u>-</u>	<u>24,183</u>

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Continued Appropriations	FY 2005 Original Budget	FY 2005 Budget Revisions
<b>OTHER</b>			
Expenses	-	50,000	-
Total ATB Interest	-	50,000	-
<b>DEBT SERVICE (PRINCIPAL &amp; INTEREST)</b>			
Debt Service	-	6,290,226	98,889
Total Debt & Interest	-	6,290,226	98,889
<b>RETIREMENT</b>			
Personal Services	-	140,395	-
Expenses	-	10,761,122	(601,956)
Fringe Benefits	-	5,926,575	797,380
Total Retirement	-	16,828,092	195,424
<b>APPROPRIATED RESERVES</b>			
Wage & Salary Reserve	451,720	1,202,915	(437,948)
Reserve Fund (Budget Reserve)	-	745,000	(742,952)
Total Budgetary Reserves	451,720	1,947,915	(1,180,900)
<b>STATE &amp; COUNTY ASSESSMENTS</b>			
	-	5,028,154	4,819
<b>SPECIAL APPROPRIATIONS (2)</b>			
	3,487,343	-	701,396
<b>TOTAL EXPENDITURES</b>			
	5,576,972	232,658,217	3,651,716
<b>TRANSFERS TO OTHER FUNDS:</b>			
Workers Comp Self Insurance Fund - Municipal	-	972,870	-
Workers Comp Self Insurance Fund - School	-	350,000	-
School Athletic Revolving Fund - School	-	935,000	31,048
School Lunch Fund - School	-	-	748,000
Federal Grant Special Revenue Fund - Municipal	-	2,000	10,000
Capital Stabilization Fund	-	80,000	2,503,727
Water Utility Special Revenue Fund	-	-	-
Total Transfers to Other Funds	-	2,339,870	3,292,775
<b>TOTAL EXPENDITURES AND TRANSFERS</b>			
	\$ 5,576,972	\$ 234,998,087	\$ 6,944,491

<u>FY 2005 Budget As Amended</u>	<u>Total Revised FY 2005 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
50,000	50,000	-	-	50,000
50,000	50,000	-	-	50,000
6,389,115	6,389,115	6,387,369	-	1,746
6,389,115	6,389,115	6,387,369	-	1,746
140,395	140,395	138,046	-	2,349
10,159,166	10,159,166	10,147,732	-	11,434
6,723,955	6,723,955	6,723,840	-	115
17,023,516	17,023,516	17,009,618	-	13,898
764,967	1,216,687	-	1,216,687	-
2,048	2,048	-	-	2,048
767,015	1,218,735	-	1,216,687	2,048
5,032,973	5,032,973	5,045,783	-	(12,810)
701,396	4,188,739	2,121,422	2,066,918	399
236,309,933	241,886,905	235,385,518	4,913,170	1,588,217
972,870	972,870	972,870	-	-
350,000	350,000	350,000	-	-
966,048	966,048	966,048	-	-
748,000	748,000	748,000	-	-
12,000	12,000	12,000	-	-
2,583,727	2,583,727	2,583,727	-	-
-	-	-	-	-
5,632,645	5,632,645	5,632,645	-	-
<u>241,942,578</u>	<u>247,519,550</u>	<u>241,018,163</u>	<u>4,913,170</u>	<u>1,588,217</u>

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## Community Preservation Fund

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

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Continued Appropriations	Current Year Appropriations	Original Budget
<b>Administration &amp; operations</b>	\$ -	98,343	\$ 98,343
<b>2004 CPA appropriation reserve</b>	-	1,913,602	1,913,602
<b>Open space:</b>			
Open space reserve	-	376,813	376,813
Kessler Woods land acquisition	16,769	-	16,769
Elgin Street conservation land	245,000	-	245,000
Flowed Meadow improvements	69,055	-	69,055
Flowed Meadow improvements Phase III	-	-	-
Forte conservation land	4,865	-	4,865
Angino farm land acquisition	-	-	-
Kessler Woods debt service	-	625,750	625,750
Total - Open space projects	<u>335,689</u>	<u>1,002,563</u>	<u>1,338,252</u>
<b>Historic resources:</b>			
Historic preservation reserve	-	376,813	376,813
City Hall window replacement	119,400	-	119,400
City Hall balustrade replacement	150,660	-	150,660
City Hall lighting improvement	121,200	-	121,200
City Hall landscape plan	-	-	-
Newton Corner Library improvements	190,169	-	190,169
Historical burial grounds restoration	154,002	-	154,002
Historical burial grounds restoration Phase II	-	-	-
Angino farm land acquisition	-	-	-
Washington Park historic lighting	-	-	-
Civil war monument repairs	-	-	-
War Memorial steps repair design	-	-	-
Brigham house restoration	20,000	-	20,000
West Suburban YMCA window replacement	-	-	-
Historic district signs	2,000	-	2,000
Total - Historic preservation	<u>757,431</u>	<u>376,813</u>	<u>1,134,244</u>
<b>Community housing:</b>			
Community housing reserve	-	376,813	376,813
Newton Homebuyer Assistance Program	500,000	-	500,000
248 Eliot Street Housing Assistance	-	-	-
Wyman Street Housing Assistance	-	-	-
Falmouth/Jackson Roads Housing Assistance	-	-	-
Pelham House	192,936	-	192,936
Total - community housing	<u>692,936</u>	<u>376,813</u>	<u>1,069,749</u>



Budget Revisions	Final Budget	Expended	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ -	\$ 98,343	\$ 87,722	\$ 3,870	\$ 6,751
(848,434)	1,065,168	-	-	1,065,168
(30,700)	346,113	-	-	346,113
-	16,769	-	3,684	13,085
-	245,000	239,209	5,791	-
-	69,055	840	68,215	-
30,700	30,700	-	30,700	-
-	4,865	-	4,865	-
1,461,000	1,461,000	1,346,830	114,170	-
-	625,750	625,750	-	-
1,461,000	2,799,252	2,212,629	227,425	359,198
(376,813)	-	-	-	-
-	119,400	44,800	74,600	-
(50,160)	100,500	100,500	-	-
-	121,200	110,600	10,600	-
40,000	40,000	-	40,000	-
41,000	231,169	11,560	219,609	-
-	154,002	441	153,561	-
257,395	257,395	-	257,395	-
487,000	487,000	448,616	38,384	-
131,035	131,035	-	131,035	-
15,000	15,000	-	15,000	-
15,000	15,000	-	15,000	-
-	20,000	14,100	5,900	-
160,273	160,273	-	160,273	-
-	2,000	400	1,600	-
719,730	1,853,974	731,017	1,122,957	-
(376,813)	-	-	-	-
-	500,000	209,791	290,209	-
575,000	575,000	-	575,000	-
1,000,000	1,000,000	-	1,000,000	-
550,000	550,000	-	550,000	-
100,000	292,936	168,206	124,730	-
1,848,187	2,917,936	377,997	2,539,939	-

(Continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Continued Appropriations	Current Year Appropriations	Original Budget
<b>Community recreation:</b>			
Forte Park improvements	284,975	-	284,975
Memorial-Spaulding outdoor classroom	23,233	-	23,233
Albemarle community classroom	94,331	-	94,331
Cabot outdoor classroom	68,270	-	68,270
Bowen field irrigation	51,653	-	51,653
West Newton common irrigation	65,968	-	65,968
Angino farm land acquisition	-	-	-
Sterns/Pellegrini Park plans	30,000	-	30,000
Wellington Park improvements	-	-	-
Gath pool accessibility improvements	-	-	-
The Park at Newton Senior Center	-	-	-
Houghton garden fence	90,000	-	90,000
Total - community recreation	708,430	-	708,430
 <b>TOTAL CPA FUND</b>	<b>\$ 2,494,486</b>	<b>\$ 3,768,134</b>	<b>\$ 6,262,620</b>

<u>Budget Revisions</u>	<u>Final Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
-	284,975	62,205	222,770	-
-	23,233	22,380	73	780
-	94,331	81,813	12,518	-
-	68,270	7,372	60,898	-
-	51,653	21,853	29,800	-
-	65,968	8,355	57,613	-
487,000	487,000	448,616	38,384	-
-	30,000	4,904	25,096	-
64,000	64,000	-	64,000	-
120,875	120,875	-	120,875	-
271,210	271,210	-	271,210	-
-	90,000	-	90,000	-
<u>943,085</u>	<u>1,651,515</u>	<u>657,498</u>	<u>993,237</u>	<u>780</u>
<u>\$ 4,123,568</u>	<u>\$ 10,386,188</u>	<u>\$ 4,066,863</u>	<u>\$ 4,887,428</u>	<u>\$ 1,431,897</u>

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## **Additional Information**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Continued Appropriations	FY 2005 Appropriations	Transfers
<b>High School Renovation Fund:</b>			
Newton South High School Renovations	\$ 8,444,134	\$ -	\$ -
Newton North High School Renovations	36,996,213	3,800,000	-
<b>Total High School Renovation Fund</b>	<u>45,440,347</u>	<u>3,800,000</u>	<u>-</u>
<b>Public Building Improvement Fund:</b>			
Peirce Elementary Window & Door Replacement	-	560,000	-
Countryside Roof Repairs	-	149,000	-
Elementary School Boiler Replacement	-	405,000	30,000
Memorial School Tier I Project	12,049	-	-
Williams School Tier I Project	79,600	-	-
<b>Total Public Building Improvement Fund</b>	<u>91,649</u>	<u>1,114,000</u>	<u>30,000</u>
<b>Street &amp; Sidewalk Improvement Fund:</b>			
Street Betterment Project - 2005	-	650,000	-
<b>Capital Stabilization Fund:</b>			
Reserved for Ordinary Capital Appropriations	339,835	2,750	(108,162)
Reserved for High School Renovations	5,545,147	2,414,410	(127,525)
Reserved for Water/Sewer Appropriations	15,247	-	-
Reserved for MGL CH 44 Sec 7& 8 Appropriations	24,455	-	(24,455)
<b>Total Capital Stabilization Fund</b>	<u>5,924,684</u>	<u>2,417,160</u>	<u>(260,142)</u>
<b>Water System Improvement Fund:</b>			
MWRA - Water System Improvements - Accumulated Interest Inc.	194,492	152,119	-
MWRA - Water System Improvements - Loan of 2001	12,227	-	-
MWRA - Water System Improvements - Loan of 2001	21,865	-	-
MWRA - Water System Improvements - Loan of 2002	212,863	-	-
MWRA - Water System Improvements - Loan of 2003	2,133,628	-	-
MWRA - Water System Improvements - Loan of 2004	2,586,019	-	-
MWRA - Water System Improvements - Loan of 2005	-	2,586,019	-
Waban Hill Reservoir Improvements - 2001/2003	284,437	-	-
Water System Improvements - 2002 (MWRA Reimbursement)	80,947	-	-
<b>Total Water System Improvement Fund</b>	<u>5,526,478</u>	<u>2,738,138</u>	<u>-</u>
<b>Sanitary Sewer Improvement Fund:</b>			
Sewer System Improvements - 1997 (City of Newton)	36,944	-	-
Sewer System Improvements - 1998 (City of Newton)	10	-	-
Lexington Street Sewer Extension - 2002 (City of Newton)	130,229	-	-
Mass Water Pollution Abatement Trust (MWPAT) - Infiltration/Inflow Projects	204,154	-	-
MWRA - Sewer I&I - Accumulated Interest Income	20,265	7,332	-
MWRA - Infiltration/Inflow Program - 1995	9,303	-	-
MWRA - Infiltration/Inflow Program - 1997	14,758	-	-
MWRA - Infiltration/Inflow - 2000	15,283	-	-
MWRA - Infiltration/Inflow - 2002 (Longfellow Road)	59	-	(59)
MWRA - Infiltration/Inflow - 2002 (Longfellow Rd & Jasset Street)	16,148	-	-
MWRA - Infiltration/Inflow - 2002 (Commonwealth Golf Course - Phase I)	36,017	-	83
MWRA - Infiltration/Inflow - 2002/2003 (Quinobequin Rd Area)	5,702	-	-
MWRA - Private Inflow Removal Plan - 2003	24	-	(24)
MWRA - Cochituate Aqueduct Investigation - 2003	170,992	-	-
MWRA - Commonwealth Golf Course Phase II - 2003	19,580	-	-
MWRA - Area A&C Smoke & Dye Testing - 2003	47,355	-	-
<b>Total Sanitary Sewer Improvement Fund</b>	<u>726,823</u>	<u>7,332</u>	<u>-</u>
<b>Total Capital Projects Funds</b>	<u>\$ 57,709,981</u>	<u>\$ 10,726,630</u>	<u>\$ (230,142)</u>

Expended	Encumbered	Balance
\$ 7,271,172	\$ 583,267	\$ 589,695
151,644	1,097,961	39,546,608
<u>7,422,816</u>	<u>1,681,228</u>	<u>40,136,303</u>
-	-	560,000
-	-	149,000
11,926	-	423,074
12,049	-	-
79,600	-	-
<u>103,575</u>	<u>-</u>	<u>1,132,074</u>
<u>188,653</u>	<u>11,486</u>	<u>449,861</u>
-	-	234,423
-	-	7,832,032
-	-	15,247
-	-	-
<u>-</u>	<u>-</u>	<u>8,081,702</u>
-	-	346,611
12,227	-	-
21,865	-	-
66,505	-	146,358
601,437	1,424,168	108,023
-	634,869	1,951,150
-	-	2,586,019
8,150	-	276,287
80,947	-	-
<u>791,131</u>	<u>2,059,037</u>	<u>5,414,448</u>
6,866	25,314	4,764
10	-	-
-	-	130,229
127,728	15,654	60,772
-	-	27,597
-	9,303	-
-	14,758	-
10,015	5,268	-
-	-	-
9,811	6,337	-
26,931	-	9,169
539	-	5,163
-	-	-
108,028	62,964	-
-	-	19,580
47,355	-	-
<u>337,283</u>	<u>139,598</u>	<u>257,274</u>
<u>\$ 8,843,458</u>	<u>\$ 3,891,349</u>	<u>\$ 55,471,662</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Continued <u>Appropriations</u>	FY 2005 <u>Original Budget</u>	FY 2005 <u>Budget Revisions</u>
Sewer Maintenance & Operation			
Personal Services	\$ -	\$ 1,616,384	\$ 10,000
Expenses	28,966	688,523	-
Capital Outlay	194,670	462,920	-
Fringe Benefits	-	325,337	-
Total	<u>223,636</u>	<u>3,093,164</u>	<u>10,000</u>
MWRA Sewer Assessment			
Intergovernmental	-	14,082,171	-
Debt Maturities & Interest	-	972,975	-
Retirement	-	164,528	-
Employee Benefits	-	9,994	-
Transfer - Workers Compensation Fund	-	100,000	-
Transfer - General Fund	-	780,774	-
<b>Total Sewer Enterprise Fund</b>	<b>\$ <u>223,636</u></b>	<b>\$ <u>19,203,606</u></b>	<b>\$ <u>10,000</u></b>



<u>FY 2005 Budget As Amended</u>	<u>Total Revised FY 2005 Budget</u>	<u>Expended</u>	<u>Encumbered</u>	<u>Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 1,626,384	\$ 1,626,384	\$ 1,468,672	\$ -	\$ -	\$ 157,712
688,523	717,489	596,725	20,110	-	100,654
462,920	657,590	576,914	77,642	-	3,034
325,337	325,337	292,561	-	-	32,776
<u>3,103,164</u>	<u>3,326,800</u>	<u>2,934,872</u>	<u>97,752</u>	<u>-</u>	<u>294,176</u>
<u>14,082,171</u>	<u>14,082,171</u>	<u>13,624,048</u>	<u>-</u>	<u>-</u>	<u>458,123</u>
<u>972,975</u>	<u>972,975</u>	<u>948,185</u>	<u>-</u>	<u>-</u>	<u>24,790</u>
<u>164,528</u>	<u>164,528</u>	<u>164,528</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>9,994</u>	<u>9,994</u>	<u>5,560</u>	<u>-</u>	<u>-</u>	<u>4,434</u>
<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>780,774</u>	<u>780,774</u>	<u>780,774</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 19,213,606</u>	<u>\$ 19,437,242</u>	<u>\$ 18,557,967</u>	<u>\$ 97,752</u>	<u>\$ -</u>	<u>\$ 781,523</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Continued <u>Appropriations</u>	FY 2005 <u>Original Budget</u>	FY 2005 <u>Budget Revisions</u>
Water Maintenance & Operation			
Personal Services	\$ -	\$ 1,213,225	\$ 158,000
Expenses	131,968	536,262	-
Capital Outlay	564,941	841,000	-
Fringe Benefits	-	222,190	-
Total	<u>696,909</u>	<u>2,812,677</u>	<u>158,000</u>
Debt Maturities & Interest	<u>-</u>	<u>1,166,738</u>	<u>-</u>
Retirement	<u>-</u>	<u>366,140</u>	<u>-</u>
Employee Benefits	<u>-</u>	<u>54,320</u>	<u>-</u>
MWRA/DEP Assessments & Charges	<u>-</u>	<u>6,623,060</u>	<u>-</u>
Transfer - Sewer Fund	<u>-</u>	<u>510,065</u>	<u>-</u>
Transfer - General Fund	<u>-</u>	<u>384,560</u>	<u>54,621</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>127,000</u>	<u>-</u>
<b>Total Water Enterprise Fund</b>	<u>\$ 696,909</u>	<u>\$ 12,044,560</u>	<u>\$ 212,621</u>

<u>FY 2005 Budget As Amended</u>	<u>Total Revised FY 2005 Budget</u>	<u>Expended</u>	<u>Encumbered</u>	<u>Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 1,371,225	\$ 1,371,225	\$ 1,255,769	\$ -	\$ -	\$ 115,456
536,262	668,230	507,643	117,019	-	43,568
841,000	1,405,941	230,566	632,979	-	542,396
222,190	222,190	202,754	-	-	19,436
<u>2,970,677</u>	<u>3,667,586</u>	<u>2,196,732</u>	<u>749,998</u>	<u>-</u>	<u>720,856</u>
<u>1,166,738</u>	<u>1,166,738</u>	<u>1,166,737</u>	<u>-</u>	<u>-</u>	<u>1</u>
<u>366,140</u>	<u>366,140</u>	<u>347,577</u>	<u>-</u>	<u>-</u>	<u>18,563</u>
<u>54,320</u>	<u>54,320</u>	<u>13,901</u>	<u>-</u>	<u>-</u>	<u>40,419</u>
<u>6,623,060</u>	<u>6,623,060</u>	<u>6,484,003</u>	<u>-</u>	<u>-</u>	<u>139,057</u>
<u>510,065</u>	<u>510,065</u>	<u>510,065</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>439,181</u>	<u>439,181</u>	<u>439,181</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>127,000</u>	<u>127,000</u>	<u>127,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 12,257,181</u>	<u>\$ 12,954,090</u>	<u>\$ 11,285,196</u>	<u>\$ 749,998</u>	<u>\$ -</u>	<u>\$ 918,896</u>



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# *STATISTICAL SECTION*

**CITY OF NEWTON, MASSACHUSETTS  
GENERAL FUND EXPENDITURES BY FUNCTION**

**PAST TEN FISCAL YEARS**

Fiscal Year Ended <u>June 30,</u>	<u>Education</u>	Public <u>Safety</u>	Public <u>Works</u>	General <u>Government</u>	Health & Human <u>Services</u>	Culture & <u>Recreation</u>
2005	\$ 130,585,252	\$ 31,259,345	\$ 20,726,832	\$ 14,303,170	\$ 3,140,427	\$ 10,048,652
2004	125,566,649	30,500,370	18,406,548	14,305,408	3,028,235	9,213,194
2003	123,110,892	29,927,438	18,208,553	12,478,121	2,914,968	9,122,449
2002	113,358,643	27,919,780	16,575,742	11,924,078	2,637,027	8,206,506
2001	108,769,727	26,693,813	17,412,798	12,331,118	2,578,073	8,356,657
2000	96,027,484	23,925,437	15,935,232	10,562,626	2,291,133	7,711,295
1999	90,836,341	22,514,579	16,552,073	11,080,965	2,146,137	7,444,798
1998	83,613,676	20,923,160	16,136,420	9,729,665	2,026,379	7,239,129
1997	77,767,337	21,281,043	15,781,415	9,288,116	1,742,275	7,247,685
1996	71,443,398	20,453,699	17,005,554	9,308,730	1,789,187	6,964,966
 <b><u>Ten Year Change</u></b>						
\$ change	\$ 59,141,854	\$ 10,805,646	\$ 3,721,278	\$ 4,994,440	\$ 1,351,240	\$ 3,083,686
% change	82.78%	52.83%	21.88%	53.65%	75.52%	44.27%
 <b><u>Five Year Change</u></b>						
\$ change	\$ 21,815,525	\$ 4,565,532	\$ 3,314,034	\$ 1,972,052	\$ 562,354	\$ 1,691,995
% change	20.06%	17.10%	19.03%	15.99%	21.81%	20.25%
 <b><u>Three Year Change</u></b>						
\$ change	\$ 7,474,360	\$ 1,331,907	\$ 2,518,279	\$ 1,825,049	\$ 225,459	\$ 926,203
% change	6.07%	4.45%	13.83%	14.63%	7.73%	10.15%
 <b><u>One Year Change</u></b>						
\$ change	\$ 5,018,603	\$ 758,975	\$ 2,320,284	\$ (2,238)	\$ 112,192	\$ 835,458
% change	4.00%	2.49%	12.61%	-0.02%	3.70%	9.07%

(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

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	Debt & <u>Interest</u>	Pension & <u>Employee Benefits (1)</u>	State/County <u>Charges</u>	<u>Totals</u>
\$	6,975,666	\$ 36,643,546	\$ 5,045,783	\$ 258,728,673
	6,960,053	32,609,146	5,086,760	245,676,363
	6,808,022	30,397,727	5,081,422	238,049,592
	6,601,490	27,241,110	5,142,581	219,606,957
	5,955,645	27,287,117	5,174,256	214,559,204
	6,588,747	36,288,984	5,395,937	204,726,875
	5,659,239	22,259,735	5,281,663	183,775,530
	5,681,910	21,520,889	5,133,700	172,004,928
	4,987,776	21,427,765	4,956,379	164,479,791
	4,720,240	20,167,648	4,933,508	156,786,930
\$	2,255,426	\$ 16,475,898	\$ 112,275	\$ 101,941,743
	47.78%	81.69%	2.28%	65.02%
\$	1,020,021	\$ 9,356,429	\$ (128,473)	\$ 44,169,469
	17.13%	34.29%	-2.48%	20.59%
\$	167,644	\$ 6,245,819	\$ (35,639)	\$ 20,679,081
	2.46%	20.55%	-0.70%	8.69%
\$	15,613	\$ 4,034,400	\$ (40,977)	\$ 13,052,310
	0.22%	12.37%	-0.81%	5.31%

**CITY OF NEWTON, MASSACHUSETTS  
GENERAL FUND REVENUES BY SOURCE**

**PAST TEN FISCAL YEARS**

Fiscal Year Ended <u>June 30.</u>	Real Estate & <u>Pers. Prop. Taxes</u>	Auto Excise <u>Taxes</u>	Hotel/Motel <u>Room Tax</u>	Other Taxes <u>&amp; Penalties</u>	Charges for <u>Service</u>	Licenses & <u>Permits</u>
2005	\$ 192,554,388	\$ 11,467,867	\$ 979,194	\$ 1,225,224	\$ 1,379,194	\$ 4,824,994
2004	187,056,486	10,258,795	851,157	957,072	1,565,136	3,956,514
2003	179,025,142	10,645,450	1,151,838	1,405,051	1,860,918	4,307,738
2002	160,230,063	9,848,559	1,291,950	1,101,255	1,303,744	4,155,923
2001	155,560,537	9,389,954	1,430,627	1,127,443	1,215,965	3,478,180
2000	149,793,136	9,339,753	1,399,470	1,327,055	1,147,383	3,425,039
1999	142,833,964	9,019,248	1,359,213	1,098,767	1,099,717	3,208,308
1998	138,989,027	8,519,285	1,244,494	1,261,611	1,161,169	4,007,197
1997	134,807,018	7,144,342	1,135,090	1,335,273	1,265,368	2,301,111
1996	129,720,225	6,777,736	1,000,643	1,254,872	1,189,754	2,376,067
 <b><u>Ten Year Change</u></b>						
\$ Change	\$ 62,834,163	\$ 4,690,131	\$ (21,449)	\$ (29,648)	\$ 189,440	\$ 2,448,927
% Change	48.44%	69.20%	-2.14%	-2.36%	15.92%	103.07%
 <b><u>Five Year Change</u></b>						
\$ Change	\$ 36,993,851	\$ 2,077,913	\$ (451,433)	\$ 97,781	\$ 163,229	\$ 1,346,814
% Change	23.78%	22.13%	-31.55%	8.67%	13.42%	38.72%
 <b><u>Three Year Change</u></b>						
\$ Change	\$ 13,529,246	\$ 822,417	\$ (172,644)	\$ (179,827)	\$ (481,724)	\$ 517,256
% Change	7.56%	7.73%	-14.99%	-12.80%	-25.89%	12.01%
 <b><u>One Year Change</u></b>						
\$ Change	\$ 5,497,902	\$ 1,209,072	\$ 128,037	\$ 268,152	\$ (185,942)	\$ 868,480
% Change	2.94%	11.79%	15.04%	28.02%	-11.88%	21.95%

(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
FY 2004	17,524,093	-	17,524,093
FY 2005	19,633,928	-	19,633,928



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	<u>Fines &amp; Forfeitures</u>	<u>Investment Income</u>	<u>Other Misc. Local Revenue</u>	<u>State &amp; Federal Aid (1)</u>	<u>Totals</u>
\$	1,968,319	\$ 1,529,059	\$ 628,385	\$ 39,223,195	\$ 255,779,819
	1,900,512	879,801	691,141	36,685,402	244,802,016
	1,706,197	1,050,543	1,137,164	37,736,088	240,026,129
	1,578,307	1,758,632	755,379	37,098,719	219,122,531
	1,561,976	2,510,035	380,587	38,214,345	214,869,649
	1,595,826	2,147,062	642,456	32,020,251	202,837,431
	1,489,623	2,496,364	728,481	15,662,839	178,996,524
	1,343,897	2,729,948	779,412	13,931,100	173,967,140
	1,419,060	2,988,484	399,996	12,190,280	164,986,022
	1,410,841	2,628,910	997,934	11,138,787	158,495,769

\$	557,478	\$ (1,099,851)	\$ (369,549)	\$ 28,084,408	\$ 97,284,050
	39.51%	-41.84%	-37.03%	252.13%	61.38%

\$	406,343	\$ (980,976)	\$ 247,798	\$ 1,008,850	\$ 40,910,170
	26.01%	-39.08%	65.11%	2.64%	19.04%

\$	262,122	\$ 478,516	\$ (508,779)	\$ 1,487,107	\$ 15,753,690
	15.36%	45.55%	-44.74%	3.94%	6.56%

\$	67,807	\$ 649,258	\$ (62,756)	\$ 2,537,793	\$ 10,977,803
	3.57%	73.80%	-9.08%	6.92%	4.48%

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

PAST TEN FISCAL YEARS

**PROPERTY TAX COLLECTIONS**

Fiscal Year Ended June 30,	Statutory Levy Limit	Actual Tax Levy	Overlay Reserve for Abate-ments	Net Tax Levy	Total Tax Collections	Total Collections as % of Net Levy	Outstanding Taxes	Outstanding as a % of Net Tax Levy
2005	\$ 194,235,942	\$ 194,189,921	\$ 2,673,282	\$ 191,516,639	\$ 189,884,213	99.15%	3,164,468	1.65%
2004	187,398,920	187,384,725	2,612,377	184,772,348	184,463,684	99.83%	2,609,067	1.41%
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%

**TAXABLE VALUATIONS**

Fiscal Year Ended June 30,	Residential Real Estate	Commercial/Industrial Real Estate	Total Real Estate	Personal Property	Total Taxable Valuation	Residential Tax Rate (1)	Commercial, & Personal Prop. Tax Rate (1)
2005	17,046,470,917	1,614,228,983	18,660,699,900	194,282,500	18,854,982,400	9.48	18.02
2004	15,105,379,601	1,504,901,799	16,610,281,400	214,760,200	16,825,041,600	10.20	19.37
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

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

**CITY OF NEWTON, MASSACHUSETTS  
PROPERTY TAX HIGHLIGHTS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

**PROPERTY TAX VALUATION &  
LEVY BY CLASS**

	<u>Taxable Valuation</u>	<u>% of Total Value</u>	<u>Tax Rate per \$1,000</u>	<u>Tax Levy</u>	<u>% of Total Taxes</u>
Residential	17,046,470,917	90.4%	9.48	161,600,544	83.2%
Commercial	1,471,443,383	7.8%	18.02	26,515,410	13.7%
Industrial	<u>142,785,600</u>	<u>0.8%</u>	<u>18.02</u>	<u>2,572,997</u>	<u>1.3%</u>
Sub total - real estate tax	18,660,699,900	99.0%		190,688,951	98.2%
Personal Property	<u>194,282,500</u>	<u>1.0%</u>	18.02	<u>3,500,971</u>	<u>1.8%</u>
Total Taxable Real Estate & Personal Property	<u><u>18,854,982,400</u></u>	<u><u>100.0%</u></u>		<u><u>194,189,921</u></u>	<u><u>100.0%</u></u>

**TOP 10 PROPERTY TAXPAYERS**

	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Total Taxes</u>	<u>% of Total Tax Levy</u>
Riverside Project LLC	Office Building	\$ 97,287,236	\$ 1,753,116	0.90%
Mayflower Atrium LLC	Atrium Mall	65,953,885	1,188,489	0.61%
Nstar Electric	Electric Company	52,007,214	937,170	0.48%
Rothenberg, Daniel	Chestnut Hill Mall	49,553,052	892,946	0.46%
Cohen, Julian & Rothenberg D, Trustees	Chestnut Hill Mall	45,505,272	820,005	0.42%
Chesapeake Hotel LMT Partnership	Marriott Hotel	41,396,448	745,964	0.38%
White, Thomas J., Trustees	Office Building & Hotel	38,985,072	702,511	0.36%
The Realty Associates Fund VII LP	Office Building	38,034,073	685,374	0.35%
Wells Avenue Senior Holding LLC	Office Building	28,768,812	518,414	0.27%
Avalon Upper Falls LLC	Apartment Buildings	<u>23,485,683</u>	<u>423,212</u>	<u>0.22%</u>
Total - Top 10 Property Taxpayers		<u>\$ 480,976,747</u>	<u>\$ 8,667,201</u>	<u>4.46%</u>

**CITY OF NEWTON, MASSACHUSETTS  
SCHEDULE OF DEBT RATIOS AND TRENDS**

PAST TEN FISCAL YEARS

**DEBT RATIOS**

Fiscal Year Ended <u>June 30,</u>	General Obligation <u>Bonds</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 Maturing <u>Debt</u>
2005	\$ 62,208,799	84,031	\$ 18,854,982,400	\$ 740	0.33%	91,647,356	7,210,508
2004	55,333,288	79,980	16,825,041,000	692	0.33%	98,669,375	6,180,624
2003	53,927,893	79,515	15,017,075,200	678	0.36%	104,135,394	6,602,446
2002	51,499,596	77,517	14,870,662,400	664	0.35%	106,922,098	6,417,338
2001	50,045,970	77,350	12,249,317,200	647	0.41%	109,443,678	5,665,880
2000	39,138,147	79,642	11,200,017,800	491	0.35%	36,746,854	5,988,465
1999	40,463,313	80,831	10,139,868,700	501	0.40%	29,021,253	5,155,083
1998	32,287,091	81,179	9,059,505,200	398	0.36%	17,257,558	4,895,936
1997	29,863,304	84,045	8,644,781,128	355	0.35%	13,639,940	4,535,825
1996	24,948,574	82,450	8,300,078,900	303	0.30%	18,064,775	4,305,825

**FUNCTIONAL DEBT**

Fiscal Year Ended <u>June 30,</u>	<u>Education</u>	Public <u>Works</u>	Sanitary Sewer <u>System</u>	Water <u>System</u>	Public <u>Buildings</u>	State Pension <u>Loan</u>	Land <u>Acquisition</u>
2005	\$ 28,773,750	\$ 1,941,600	\$ 12,429,373	\$ 10,464,076	\$ -	\$ 2,600,000	\$ 6,000,000
2004	23,208,750	2,084,800	13,365,173	9,034,565	40,000	2,600,000	5,000,000
2003	27,228,750	2,270,900	14,366,792	7,346,451	115,000	2,600,000	-
2002	25,842,925	2,458,800	14,483,316	5,622,730	491,825	2,600,000	-
2001	25,117,100	2,772,600	15,037,214	3,640,406	878,650	2,600,000	-
2000	24,393,275	3,266,200	6,098,715	1,489,482	1,290,475	2,600,000	-
1999	28,006,142	3,787,600	2,013,449	1,930,514	2,125,608	2,600,000	-
1998	18,027,459	4,292,753	2,047,218	2,001,370	3,318,291	2,600,000	-
1997	16,935,676	2,102,000	2,707,804	1,066,850	4,450,974	2,600,000	-
1996	13,190,243	2,856,000	2,071,374	1,247,300	5,583,657	-	-

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Total Interest on <u>Debt</u>	Total Debt <u>Service</u>
3,978,220	\$ 11,188,728
3,849,152	10,029,776
2,954,758	9,557,204
2,634,338	9,051,676
2,032,725	7,698,605
1,889,552	7,878,017
1,672,965	6,828,048
1,266,240	6,162,176
1,216,175	5,752,000
1,168,337	5,474,162

Total Long Term <u>Debt</u>
\$ 62,208,799
55,333,288
53,927,893
51,499,596
50,045,970
39,138,147
40,463,313
32,287,091
29,863,304
24,948,574

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

PAST TEN FISCAL YEARS

**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)
2005	84,031	n/a	n/a	n/a	n/a	11,268
2004	79,980	n/a	n/a	n/a	3.4%	11,267
2003	79,515	n/a	n/a	n/a	3.4%	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

- (1) Calendar year population estimate based upon City census.  
(2) School enrollement @ October 1 of each school year.  
(3) Annual unemployment rate for 1994-2004 per Massachusetts Division of Employment & Training.  
(4) U.S. Census Bureau estimates.

**BUILDING PERMITS (A)**

Calander Year	Residential - New Construction		Non-Residential - New Construction		Additions & Alterations		Total Permits	Total Value All Permits
	# of Permits	Value	# of Permits	Value	# Permits	Value		
2004	66	33,121,421	1	\$ 535,000	2,152	\$ 103,990,689	2,219	\$ 137,647,110
2003	64	25,787,754	2	3,653,190	2,056	116,546,548	2,122	145,987,492
2002	61	61,260,133	5	45,355,000	1,950	96,149,522	2,016	202,764,655
2001	48	17,540,161	1	2,500,000	1,795	168,697,179	1,844	188,737,340
2000	42	13,020,660	3	5,140,000	1,932	128,943,503	1,977	147,104,163
1999	74	19,745,163	5	4,078,700	1,993	117,498,358	2,072	141,322,221
1998	58	11,107,695	8	30,067,000	1,631	161,528,874	1,697	202,703,569
1997	73	15,864,856	8	2,121,080	1,522	75,232,482	1,603	93,218,418
1996	44	9,569,134	0	-	1,323	55,215,469	1,367	64,784,603
1995	26	11,800,869	1	251,000	1,485	90,420,042	1,512	102,471,911

(A) Data is accumulated on a calender year basis.

**CITY OF NEWTON, MASSACHUSETTS  
MISCELLANEOUS STATISTICS**

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**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	4,975
Middle Schools (6 - 8)	4	2,620
High Schools (9-12)	<u>2</u>	<u>3,673</u>
Total	21	11,268

**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, 2004 enrollment.