

City of Newton, Massachusetts

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2008



Prepared by the Comptroller's Office

CITY OF NEWTON, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

	Page
I. INTRODUCTORY SECTION	
Letter of Transmittal	i
Organizational Chart	vii
Elected Officials and Department Heads	viii
Prior Year Certificate of Achievement	ix
II. FINANCIAL SECTION	
A. INDEPENDENT AUDITORS' REPORT	1
B. MANAGEMENT'S DISCUSSION AND ANALYSIS	3
C. BASIC FINANCIAL STATEMENTS	
Government Wide Financial Statements	
Statement of Net Assets	18
Statement of Activities	20
Fund Financial Statements	
Governmental Funds	
Balance Sheet	22
Reconciliation of the Governmental Funds Balance Sheet Total	
Fund Balances to the Statement of Net Assets	23
Statement of Revenues, Expenditures, and Changes	
in Fund Balances	24
Reconciliation of the Statement of Revenues, Expenditures and	
Changes in Fund Balances of Governmental Funds	
to the Statement of Activities	25
General Fund - Statement of Revenues, Expenditures, and Changes	
in Fund Balance - Budget and Actual	26
Community Preservation Fund - Statement of Revenues, Expenditures,	
and Changes in Fund Balance - Budget and Actual	27
Proprietary Funds	
Statement of Fund Net Assets	28
Statement of Revenues, Expenses and Changes in Fund Net Assets	29
Statement of Cash Flows	30
Fiduciary Funds	
Statement of Fiduciary Net Assets	31
Statement of Changes in Fiduciary Net Assets	32
Component Units	
Combining Statement of Fund Net Assets	33
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	34
Notes to the Basic Financial Statements	35

CITY OF NEWTON, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

D. REQUIRED SUPPLEMENTARY INFORMATION

Pension Plan Schedules

Schedules of Funding Progress (System)	71
Schedule of Employer Contributions (System)	71
City Share of System ARC	72

E. COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Nonmajor Governmental Funds

Narrative	73
Combining Balance Sheet	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	80

Internal Service Funds

Narrative	84
Combining Statement of Fund Net Assets	85
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	86
Combining Statement of Cash Flows	87

Fiduciary Funds

Private Purpose Trust Funds - Narrative	88
Private Purpose Trust Funds - Combining Statement of Fiduciary Net Assets	89
Private Purpose Trust Funds - Combining Statement of Changes in Fiduciary Net Assets	91
Agency Fund - Narrative	93
Agency Fund - Statement of Changes in Assets and Liabilities	94

General Fund

Narrative	95
Schedule of Expenditures and Transfers Out - Budget to Actual - Legal Level of Control	96

Community Preservation Fund

Narrative	106
Schedule of Expenditures and Transfers Out - Budget to Actual - Legal Level of Control	107

F. ADDITIONAL INFORMATION

Capital Projects Fund

Schedule of Expenditures and Transfers Out - Budget to Actual	111
---	-----

Sewer Enterprise Fund

Schedule of Expenditures and Transfers Out - Budget to Actual	115
---	-----

Water Enterprise Fund

Schedule of Expenditures and Transfers Out - Budget to Actual	117
---	-----

CITY OF NEWTON, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

III. STATISTICAL SECTION

Table of Contents	119
Net Assets by Component	120
Governmental Activities - Changes in Net Assets	121
Business-Type Activities - Changes in Net Assets	122
Primary Government - Changes in Net Assets	123
Governmental Funds - Fund Balances	124
Governmental Funds - Changes in Fund Balances	125
Assessed Value and Estimated Actual Value of Taxable Property	126
Direct Property Tax Rates	127
Principal Property Taxpayers	128
Property Tax Levies and Collections	129
Ratios of Outstanding Debt by Type	130
Ratios of Net General Bonded Debt Outstanding	131
Direct and Overlapping Governmental Activities Debt	132
Legal Debt Margin Information	133
Demographic and Economic Statistics	134
Principal Employees	135
Employees by Function/Program	136
Operating Indicators by Function/Program	137
Capital Asset Statistics by Function/Program	138

INTRODUCTORY SECTION



CITY OF NEWTON, MASSACHUSETTS

1000 COMMONWEALTH AVENUE
NEWTON CENTRE, MA 02459-1449
TELEPHONE (617) 796-1305
FAX (617) 796-1196
dwilkinson@newtonma.gov

DAVID C. WILKINSON
COMPTROLLER

March 10, 2009

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

I am pleased to transmit to you the City of Newton's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. 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). Although the City's goal is to issue audited financial statements within 120 days of year end, certain financial reporting issues arising from staff turnover in the Treasurer's Office necessitate this year's delay.

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' unqualified ("clean") opinion on the City's financial statements for the year ended June 30, 2008 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 approximately 45,500 individuals employed in 3,700 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. The activities of the Newton Contributory Retirement System are included in this report as a blended component unit as prescribed by GAAP. The activities of the Newton Community Development Authority; Newton Commonwealth Foundation; the Newton Schools Foundation, Inc.; and Newton Community Farm Inc. are discretely presented component units. The Newton Housing Authority is excluded from this report because it falls outside the direction and control of the Mayor and Board of Aldermen.

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 oversee financial policy and a majority of the membership of the Finance Committee also serves on the Audit Subcommittee.

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. Un-audited budgetary basis year-end financial reports are typically issued within 60 days of the close of the fiscal year, and audited financial statements are typically 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 operating and capital budgets are presented on pages 95 - 118 of this report.

On October 30, 2008 the Massachusetts Department of Revenue certified the City's June 30, 2008 free cash (General Fund fund balance available for appropriation) at \$10,923,805. The City's previous year free cash certification was \$8,483,609. A Massachusetts School Building Assistance Grant reimbursement in the amount of \$2,311,017 that was received after the tax rate was set for the year accounted for 95% of the free cash growth.

Cash Management

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

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

The 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 City's Retirement Board voted at its May 2007 meeting to transfer investment management responsibility for the system's investment portfolio to the Commonwealth of Massachusetts Pension Reserve Investment Trust effective July 1, 2007.

Risk Management

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

The City purchases property insurance from a commercial insurance company but funds annual premiums from earnings on the building self insurance fund assets. All other risk exposures are self insured by the City.

In accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement 45, the City has begun to recognize the cost of health benefits in the same manner that has been required for pension benefits for the past several years. This means that instead of recognizing the cost of health benefits as they are being paid out, the cost of these benefits are now recognized as they are earned. Although there are no requirements that the City change the method of funding these benefits, the impact of the change in financial reporting is a \$22 million increase in expenses in the government-wide financial statements (\$21.5 million in governmental activities and \$0.5 million in business type activities).

Newton, like most communities in Massachusetts and for that matter New England, does not currently have a plan for funding health benefits on a basis other than the historical pay as you go approach. In an effort to develop some options for the City to consider, however, a special sub-committee of the City's Finance Committee was appointed in late fiscal year 2008. The sub-committee, consisting of representatives of the Finance Committee; interested citizens; and the Comptroller are expected to issue a report on funding options before the end of the fiscal year. Please refer to note 13 (pages 64-67) for more detailed information on the City's health benefit obligations.

Collective Bargaining Agreements

At June 30, 2008 collective bargaining agreements were outstanding with a number of City employee bargaining units, including public safety employees (fire and police) and public works; parks and recreation; and public buildings employees. Subsequent to year end, contracts have been concluded with Newton firefighters and police superior officers. The results of all contract settlements have been incorporated into the City's June 30, 2008 financial statements and settlement costs for those groups who have not yet settled have been estimated based upon collective bargaining trends with other employee groups.

Audit Committee

In order to strengthen the City's internal controls and financial reporting, the President of the Board of Aldermen established a permanent audit committee of the Board of Aldermen, consisting of a representatives of the Board's Finance Committee . Alderman Scott Lennon serves as the audit committee chair. I'd like to take this opportunity to thank members of the audit committee for their ongoing support and assistance in audit planning and ongoing monitoring of the City's efforts to improve financial controls and reporting.

Awards and Acknowledgments

During the fiscal year ended June 30, 2008, 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, 2007. This was the fourth consecutive year 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. Although we believe that the contents of the report for the fiscal year ended June 30, 2008 continues to meet the reporting requirements of the award program, the delayed issuance date clearly does not. For this reason, this report has not been submitted to the GFOA for award consideration.

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: Ann-Marie Daley; Eileen Frail; Helen Ho; Mary Santos; 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 and over the course of the year.

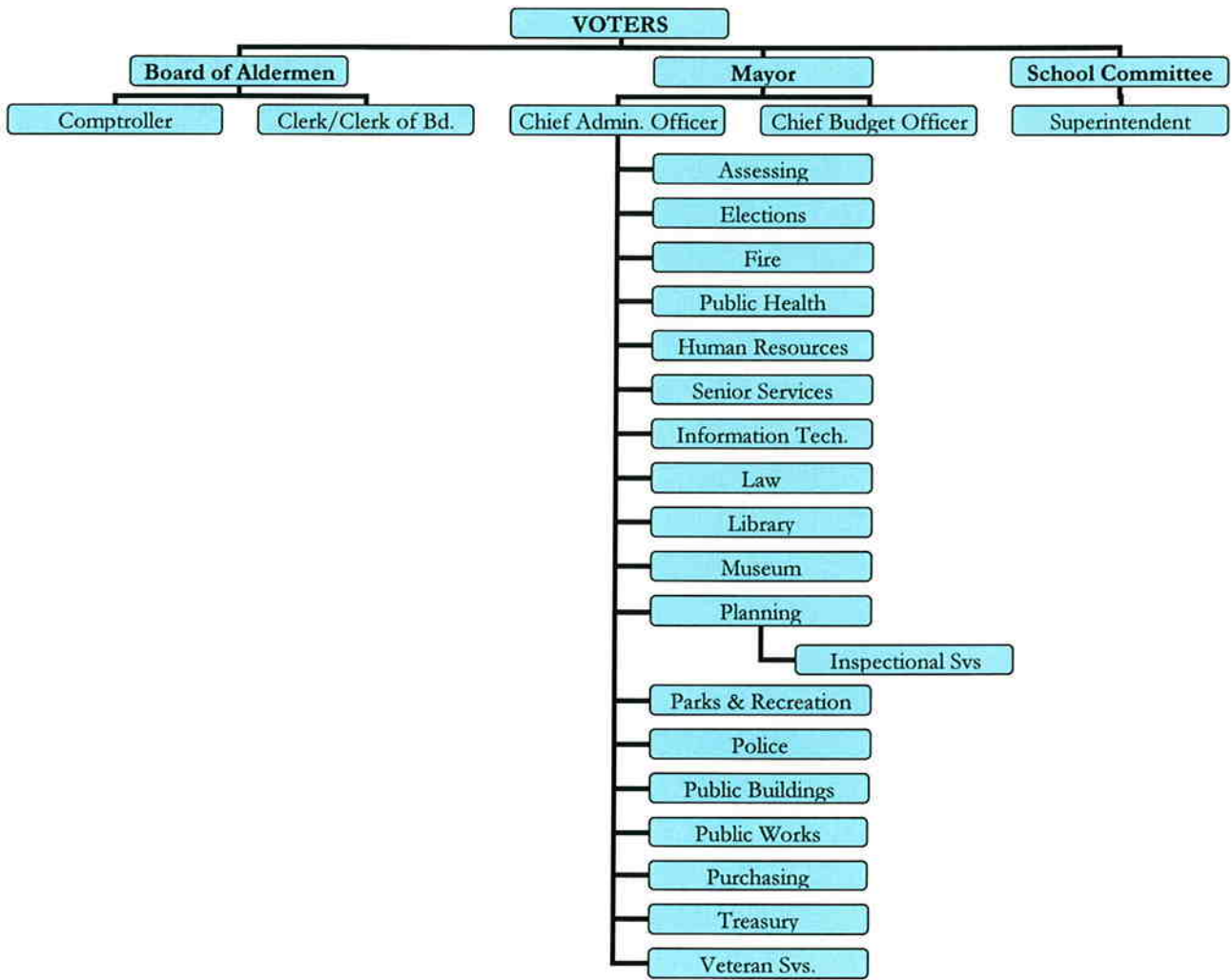
Respectfully,

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

David C. Wilkinson
Comptroller

CITY OF NEWTON, MASSACHUSETTS

ORGANIZATIONAL CHART



CITY OF NEWTON, MASSACHUSETTS

ELECTED OFFICIALS AND DEPARTMENT HEADS

BOARD OF ALDERMEN

R. Lisle Baker, President
Scott Lennon, Vice President
Allan Ciccone, Jr.
Carleton P. Merrill
Marcia T. Johnson
Susan Albright
Stephen M. Linsky
Anthony J. Salvucci
Ted Hess-Mahan
Greer Tan Swiston
Leonard J. Gentile
Amy Mah Sangiolo
John W. Harney
Paul E. Coletti, Finance Committee Chairman
Brian E. Yates
William Brandel
George E. Mansfield
Kenneth R.L. Parker
Victoria Danberg
Sydra Schnipper
Vern W. Vance
Mitchell L. Fishman
Richard A. Lipoff
Cheryl Lipoff Lappin

SCHOOL COMMITTEE

Dori Zaleznik, Chair
Mark Laredo, Vice Chairman
Reenie Murphy
Jonathan Yeo
Susan Heyman
Claire Sokoloff
Geoff Epstein
Kurt Kusiak
Jeffrey Young, Superintendent of Schools
Sandra Guryan, Assistant Superintendent Budget & Finance

EXECUTIVE

Mayor David B. Cohen
Sanford Pooler, Chief Administrative Officer
Susan Burstein, 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: David Olson, City Clerk/Clerk of the Board
Civil Defense: Jay Moskow, Director
Elections: Craig Manseau, Executive Secretary Election Commission
Fire: Joseph LaCroix, Fire Chief
Health & Human Services: David Naparstek, Commissioner
Human Resources: Dolores Hamilton, Director
Information Technology: Ann Cornaro, Director
Inspectional Services: John Lojek Commissioner
Newton History Museum: Cynthia Stone, Director
Law: Daniel Funk, City Solicitor
Library: Nancy Perlow, Librarian
Parks & Recreation: Fran Towle, Commissioner
Planning & Development: Michael Kruse, Director
Police: John J. O'Brien, Police Chief
Public Buildings: A. Nicholas Parnell, Commissioner
Public Works: Thomas Daley, Commissioner
Purchasing: Rere Cappoli, Purchasing Agent
Senior Services: Jayne Colino, Director
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, 2007

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.



Cherie S. Cox

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



Certified Public Accountants

SULLIVAN, ROGERS & COMPANY, LLC

Corporate Place I, Suite 204 • 99 South Bedford Street

Burlington, Massachusetts 01803

P • 781-229-5600 F • 781-229-5610 www.sullivan-rogers.com

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts, as of and for the fiscal year ended June 30, 2008 (except for the Newton Contributory Retirement System, the Newton Commonwealth Foundation, Inc. and the Newton Community Farm, Inc., which are as of and for the fiscal year ended December 31, 2007, and the Newton Schools Foundation, Inc., which is as of and for the fiscal year ended June 30, 2007), 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., the Newton Community Farm, Inc., and the Newton Schools Foundation, Inc., which represent 28.6%, 3.1% and 18.4% and 24.7%, 19.2% and 47.7% of the assets and revenues, respectively, of the discretely presented component units. Those financial statements were furnished to us, and our opinions, insofar as they relate to the amounts included for the Newton Commonwealth Foundation, Inc., the Newton Community Farm, Inc., and 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., the Newton Community Farm, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts, as of June 30, 2008 (except for the Newton Contributory Retirement System, the Newton Commonwealth Foundation, Inc. and the Newton Community Farm Inc., which are as of and for the fiscal year ended December 31, 2007, and the Newton Schools Foundation, Inc., which is as of and for the fiscal year ended June 30, 2007), 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2009, 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 17) and certain pension information (located on pages 71 through 72) 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.



March 10, 2009

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, 2008.

Financial Highlights:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$312.3 million (*net assets*). Of this amount, \$49.2 million is considered unrestricted (*unrestricted net assets*). The unrestricted net assets of the City's governmental activities are \$39.9 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 \$9.3 million and may be used to meet the ongoing obligations of the city's water and sewer business-type activities.
- The City's total net assets increased by \$6.9 million or 2.2% in fiscal year 2008. Net assets of governmental activities increased by \$1.0 million, a 0.4% increase from fiscal year 2007. Net assets of business-type activities increased by \$5.9 million or 10.4% from fiscal year 2007.
- Unrestricted governmental net assets decreased by \$27.8 million (41.1%) to \$39.9 million at June 30, 2008.
- The total cost of all City services for fiscal year 2008 was \$380.4 million, \$347.0 million (91.2%) of which was for governmental services, and \$33.4 million (8.8%) of which was for business-type activities.
- A total of \$103.4 million or 29.8% of governmental services were financed from program revenue, leaving 70.2% to be financed from general revenues and interfund transfers of the City. Real estate and personal property tax revenue represented the single largest source of general revenue.
- At June 30, 2008, the City's governmental funds reported a combined fund balance of \$77.2 million. The combined governmental funds fund balance increased by \$21.9 million (39.7%) from the prior year's ending fund balance.
- The City's general fund reported a fund balance of \$19.4 million at the end of fiscal year 2008, a \$4.2 million (17.7%) decline from the total fund balance at June 30 of the prior fiscal year. The undesignated portion of the fund balance for the general fund was \$13.4 million or 4.5% of total general fund revenues and other financing sources. A total of \$2.9 million of the unreserved fund balance was designated for funding the fiscal year 2009 budget.
- The City's total debt (bonds and notes) increased by \$37.6 million or 49% to \$114.5 million during the year, principally as a result debt issued for the new Newton North High School construction project.

Overview of the Financial Statements:

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

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. The *statement of net assets* (pages 18 and 19) 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 20 and 21) 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 programs of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions and programs that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the City include the broad functions of general government; public safety; education; public works; health & human services; culture and recreation; debt service – interest and the major services provided within each functional category. The business-type activities of the City include two enterprise activities: the water system and the sanitary sewer system. Trend information for all years since the City's adoption of the current reporting model can be found on pages 120-123 of this report.

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

Governmental funds: *Governmental funds* are used to account for essentially the same functions and programs reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in 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 19 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, the community preservation fund and the high school improvements fund, all of which are considered to be major funds. Data from the other 16 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* beginning on page 73 of this report. The governmental funds financial statements can be found on pages 22-27 of this report. Trend information may be found on pages 124-125 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 and sanitary sewer 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 and sanitary sewer activities, 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* beginning on page 84 of this report. The basic proprietary fund financial statements can be found on 28-30 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* beginning on page 88 of this report. The fiduciary funds financial statements can be found on pages 31 and 32 of this report.

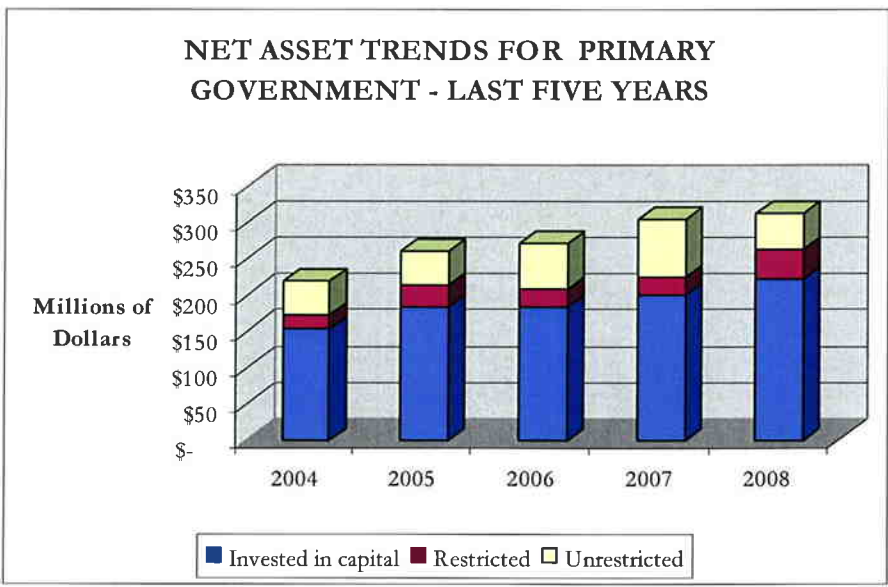
Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-70 of this report.

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 and post-retirement health benefits to its employees. Such information is located on pages 71 and 72 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 \$312.3 million at June 30, 2008. This represents a \$6.9 million or 2.2% increase over the total net assets at June 30, 2007. Trend information for total net assets and its major components over the past five year period is presented below.



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

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2008	2007	2008	2007	2008	2007
Assets						
Current assets.....	\$ 151,403,704	\$ 127,818,829	\$ 25,599,954	\$ 25,338,215	\$ 177,003,658	\$ 153,157,044
Noncurrent assets (excluding capital assets).....	32,791,507	19,066,469	2,844,612	2,998,568	35,636,119	22,065,037
Capital assets (net).....	235,613,790	204,923,915	58,705,690	54,517,715	294,319,480	259,441,630
Total assets.....	419,809,001	351,809,213	87,150,256	82,854,498	506,959,257	434,663,711
Liabilities						
Current liabilities (excluding debt).....	44,545,593	39,437,744	1,896,296	1,276,095	46,441,889	40,713,839
Noncurrent liabilities (excluding debt).....	32,897,648	11,331,289	790,647	292,555	33,688,295	11,623,844
Current debt.....	7,652,100	8,446,900	2,852,703	2,918,538	10,504,803	11,365,438
Noncurrent debt.....	84,675,800	43,535,900	19,305,239	21,951,526	103,981,039	65,487,426
Total liabilities.....	169,771,141	102,751,833	24,844,885	26,438,714	194,616,026	129,190,547
Net Assets						
Invested in capital assets (net of related debt).....	174,706,210	167,543,474	46,364,172	32,701,330	221,070,382	200,244,804
Restricted.....	35,459,940	13,842,544	6,581,929	10,418,683	42,041,869	24,261,227
Unrestricted.....	39,871,710	67,671,362	9,359,270	13,295,771	49,230,980	80,967,133
Total net assets.....	\$ 250,037,860	\$ 249,057,380	\$ 62,305,371	\$ 56,415,784	\$ 312,343,231	\$ 305,473,164

The largest portion of the City's total net assets, \$221.1 million or 70.8%, represents the investment in capital assets (e.g., land and land improvements, buildings and improvements, machinery and equipment, road network, water system, sewer system and construction in progress) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens therefore the assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay debt must be provided from other sources, since capital assets themselves, cannot be used to liquidate these liabilities. Please refer to note 16 (page 69) for a detailed calculation of the City's investment in capital assets, net of related debt.

An additional portion of the City's net assets, \$42.0 million or 13.4% of total net assets, 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 19 of this report.

The remaining balance of unrestricted net assets, \$49.2 million or 15.8% of total net assets, may be used to meet the City's on-going obligations to citizens and creditors. A total of \$9.3 million or 19.0% of this sum may only be used, however, for the support of the City's water and sewer business-type activities.

Total unrestricted net assets available for the support of governmental activities amounted to \$39.9 million at June 30, 2008, a decrease of \$27.8 million or 41.1% from the June 30, 2007 balance. This decrease is principally the result of a \$21.5 million net OPEB obligation that was recognized by the City as a result of first year implementation of Governmental Accounting Standards Board (GASB) Statement 45. The \$21.5 million net OPEB obligation represents the difference between the City's annual required contribution for other post employment benefits (principally health insurance) and the City's pay-as-you-go funding of retiree health benefits. Also contributing to the decline in unrestricted net assets is a \$3.6 million increase in property tax revenue refunds payable, related principally to ongoing litigation surrounding the taxation of certain telecommunications personal property in the City.

Changes in net assets:

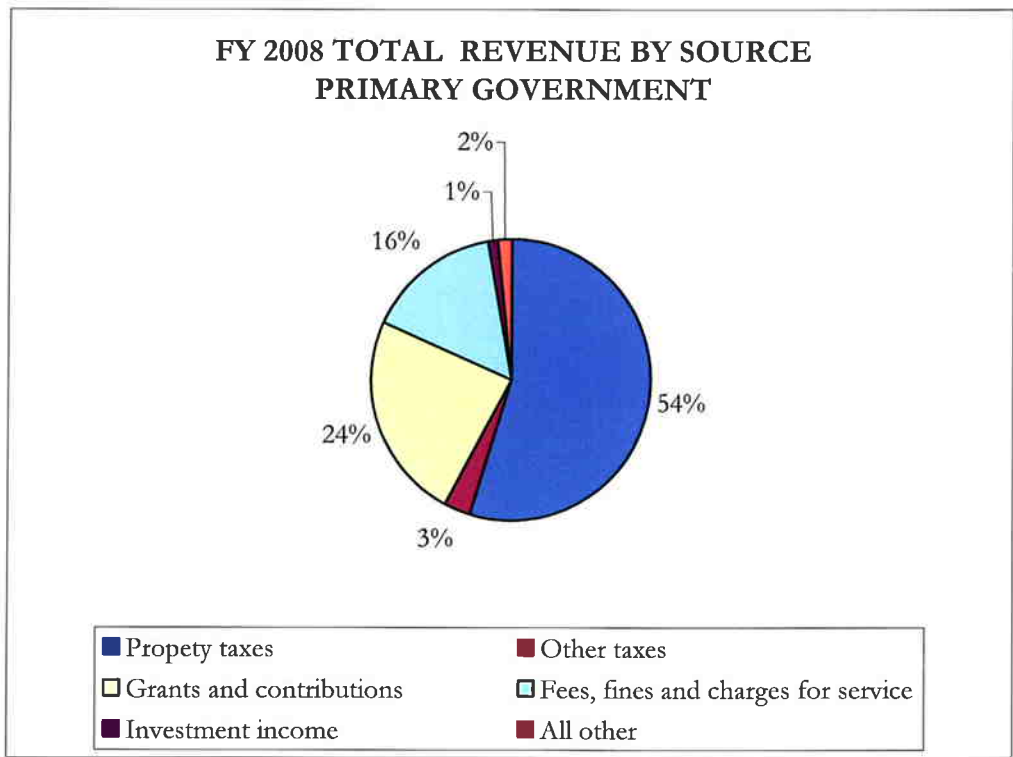
The following table presents current and prior year data regarding the City's changes in net assets:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues						
<i>Program Revenues:</i>						
Fees, fines and charges for services.....	\$ 21,185,123	\$ 22,854,391	\$ 39,034,143	\$ 33,084,089	\$ 60,219,266	\$ 55,938,480
Operating grants and contributions.....	60,500,259	54,150,398	814,428	835,397	61,314,687	54,985,795
Capital grants and contributions.....	21,684,895	11,118,572	726,855	1,544,708	22,411,750	12,663,280
<i>General Revenues:</i>						
Real estate and personal property taxes.....	211,886,334	209,105,186	-	-	211,886,334	209,105,186
Motor vehicle and other excise taxes.....	10,859,789	10,396,428	-	-	10,859,789	10,396,428
Hotel room occupancy taxes.....	1,103,549	1,138,921	-	-	1,103,549	1,138,921
Penalties and interest on taxes.....	1,055,344	1,049,712	-	-	1,055,344	1,049,712
Payments in lieu of taxes.....	767,439	2,851,122	-	-	767,439	2,851,122
Community preservation surcharges.....	2,114,805	2,032,942	-	-	2,114,805	2,032,942
Grants and contributions not restricted to specific programs.....	8,705,545	9,289,181	-	-	8,705,545	9,289,181
Unrestricted investment income.....	4,306,424	4,757,698	-	-	4,306,424	4,757,698
Other.....	2,522,970	1,302,478	-	-	2,522,970	1,302,478
Total revenues.....	<u>346,692,476</u>	<u>330,047,029</u>	<u>40,575,426</u>	<u>35,464,194</u>	<u>387,267,902</u>	<u>365,511,223</u>
Expenses						
General government.....	25,791,496	20,617,999	-	-	25,791,496	20,617,999
Public safety.....	48,896,370	44,207,931	-	-	48,896,370	44,207,931
Education.....	218,716,994	188,026,627	-	-	218,716,994	188,026,627
Public works.....	25,208,763	21,643,562	-	-	25,208,763	21,643,562
Health and human services.....	9,980,301	9,273,626	-	-	9,980,301	9,273,626
Culture and recreation.....	15,864,538	13,471,254	-	-	15,864,538	13,471,254
Other.....	24,080	-	-	-	24,080	-
Debt service - interest.....	2,494,422	2,237,287	-	-	2,494,422	2,237,287
Water.....	-	-	12,212,234	11,467,754	12,212,234	11,467,754
Sewer.....	-	-	21,208,637	20,033,778	21,208,637	20,033,778
Total expenses.....	<u>346,976,964</u>	<u>299,478,286</u>	<u>33,420,871</u>	<u>31,501,532</u>	<u>380,397,835</u>	<u>330,979,818</u>
Change in net assets before transfers.....	(284,488)	30,568,743	7,154,555	3,962,662	6,870,067	34,531,405
Transfers, net.....	<u>1,264,968</u>	<u>1,223,658</u>	<u>(1,264,968)</u>	<u>(1,223,658)</u>	<u>-</u>	<u>-</u>
Change in net assets.....	980,480	31,792,401	5,889,587	2,739,004	6,870,067	34,531,405
Net assets - beginning of year.....	<u>249,057,380</u>	<u>217,264,979</u>	<u>56,415,784</u>	<u>53,676,780</u>	<u>305,473,164</u>	<u>270,941,759</u>
Net assets - end of year.....	<u>\$ 250,037,860</u>	<u>\$ 249,057,380</u>	<u>\$ 62,305,371</u>	<u>\$ 56,415,784</u>	<u>\$ 312,343,231</u>	<u>\$ 305,473,164</u>

The City's total revenues for the year ended June 30, 2008 increased by \$21.8 million (5.9%) from the prior year. State and federal grant assistance accounted for \$15.5 million or 71.1% of total revenue growth, of which \$9.8 million of which was for capital purposes and \$5.7 was for operating purposes. State school construction assistance for the new North High School project accounted for the increase in capital grants.

Fees, fines and charges for service, principally water and sewer user charge revenue, accounts for the next largest component of revenue growth at \$4.3 million or 19.7% of total revenue growth. Real estate and personal property tax growth was limited to \$2.8 million for the year as a result of the recognition of \$3.6 million in additional revenue refunds payable related to ongoing telecommunication personal property tax appeals, and the fact that prior year revenue from this source included a first time recognition of accrued interest on tax title and deferred real estate taxes receivable. The decline in in-lieu of tax payment revenue is similarly the result of the fact that the prior year revenue total for this purpose included a first time recognition of accrued interest on a 121A urban renewal in-lieu of tax agreement. Fiscal year 2008 revenue from these sources includes only the interest that has accrued on the unpaid balances between July 1, 2007 and June 30, 2008.

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

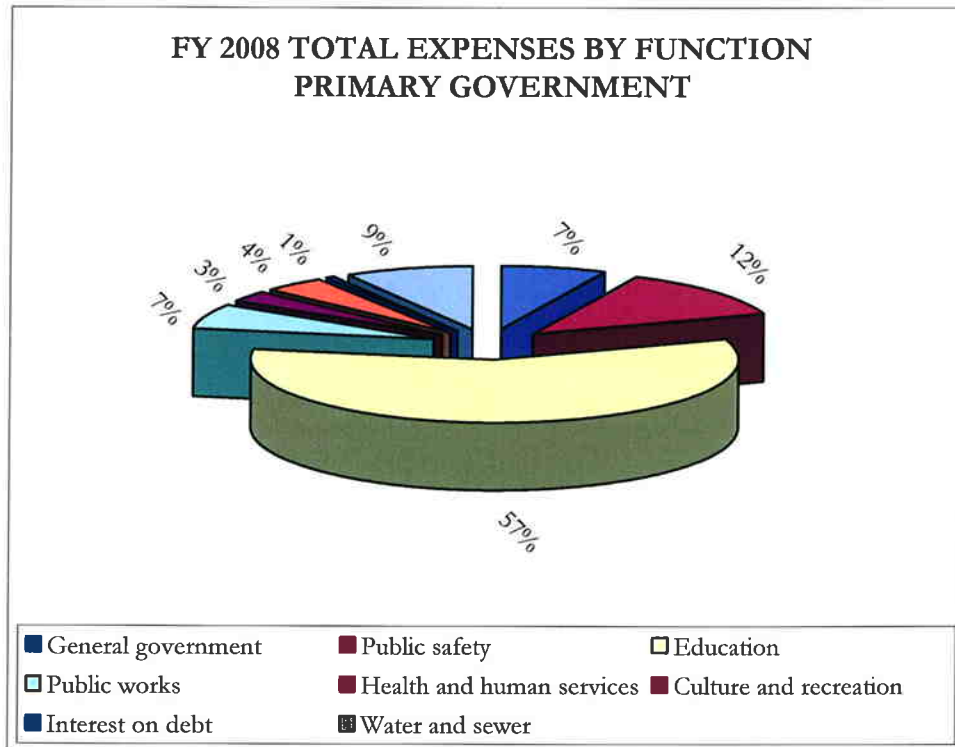


Total expenses increased by \$49.4 million or 14.9% during the year. The \$22.0 million expense associated with implementation of Governmental Accounting Standards Board Statement 45 accounted for 44.5% of total expense growth for the year.

All activities experienced spending growth from the prior year, led by education spending, which accounted for \$30.7 million or 62.1% of the total growth. A total of \$13.2 million (43.0%) of the reported increase in education spending relates to the first year implementation of GASB Statement 45 and \$10.9 million or 35.5% relates to increases in operating budget activity. The remainder relates to revolving fund and state and federal grant activities.

A schedule summarizing the impact of the first year implementation of GASB Statement 45 on all activities is presented on page 67 of this report.

The following chart illustrates the distribution of expenses by major function for the primary government for the year ended June 30, 2008.



Governmental activities – Governmental activities increased the City’s net assets by \$980,480 or 0.4% during fiscal 2008, for the reasons cited above. A summary of revenues and major functional expenses is included in the tables 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 20 and 21 of this report, provides a detailed accounting of all major service expenses and related revenues.

As has been the case in all years since the City has adopted this reporting model, all governmental activity services, except for inspectional services, relied on subsidies from general revenues to one degree or another during fiscal year 2008. Inspectional service department program revenues exceeded total program expenses by \$2.7 million for the year as a result of strong permit revenue performance. For the year ended June 30, 2007 inspectional service department program revenues exceeded program expenses by \$3.4 million.

Business-type activities – Business-type activities increased the City’s net assets by \$5.9 million or 10.4% during fiscal year 2008. This is primarily the result of operating revenue exceeding operating expenses in both the water and sewer enterprise funds.

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, 2008, the City's governmental funds reported a combined fund balance totaling \$77.2 million, a \$21.9 million increase over the prior year reported financial position. A \$17.0 million improvement in the financial position of the High School Improvement Fund was the most important reason for the positive change. During the fiscal year ended June 30, 2008, the City issued \$42.5 million in new debt for project financing and expended \$26.2 million on the project. An \$18.6 million Massachusetts School Building Assistance receivable for eligible project expenditures was recorded at June 30, but no revenue was recognized in the fund because reimbursement was not received until early January 2009.

During the fiscal year ended June 30, 2008 the Community Preservation Fund's financial position improved by \$4.8 million. This occurred as a result of the fact that the City issued permanent debt in order to retire \$2.3 million in land acquisition bond anticipation notes that were outstanding at June 30, 2007, and fund revenues exceeded expenditures by \$2.5 million for the year.

The general fund is the primary operating fund of the City. At June 30, 2008 the general fund reported a total fund balance of \$19.4 million – a \$4.2 million (17.7%) decrease from the total fund balance for the previous fiscal year. The unreserved and undesignated portion of fund balance decreased by \$2.9 million or 17.7% to \$13.4 million.

Undesignated fund balance represents 4.5% of total general fund revenues and transfers from other funds. The deterioration in the financial position of the City's general fund is primarily the result of a change in the estimate of the City's personal property tax abatement/refund exposure associated with several outstanding telecommunications cases.

City of Newton, Massachusetts General Fund Fund Trends – Fiscal year 2008 and (5) previous fiscal years

	2008	2007	2006	2005	2004	2003
Total fund balance	\$ 19,433,216	\$ 23,609,407	\$ 20,294,872	\$ 13,822,467	\$ 17,286,448	\$ 17,160,502
Less: Fund balance reserved for:						
Encumbrances.....	867,806	1,446,323	2,106,351	1,122,558	1,186,735	772,599
Continued appropriations.....	2,223,358	2,438,391	2,071,369	2,573,925	3,938,517	3,255,408
Other purposes.....	-	-	-	-	-	21,307
Unreserved fund balance.....	16,342,052	19,724,693	16,117,152	10,125,984	12,161,196	13,111,188
Less: Fund balance designated to support following year budget.....	2,900,000	3,400,000	1,700,000	2,200,000	2,738,000	2,200,000
Undesignated fund balance.....	13,442,052	16,324,693	14,417,152	7,925,984	9,423,196	10,911,188
Total revenues & other financing sources.....	\$ 296,667,211	\$ 286,109,886	\$ 272,578,602	\$ 259,574,467	\$ 250,012,404	\$ 243,859,374
Total fund balance as % total revenues and ofs.....	6.6%	8.3%	7.4%	5.3%	6.9%	7.0%
Unreserved fund balance as % total revenues and ofs.....	5.5%	6.9%	5.9%	3.9%	4.9%	5.4%
Undesignated fund balance as % total revenues and ofs.....	4.5%	5.7%	5.3%	3.1%	3.8%	4.5%

Total fiscal year 2008 general fund revenues and other financing sources increased by \$10.6 million or 3.7%, to \$296.7 million.

Source	Amount	% of Total	Increase/ (Decrease)	% Change
Real estate and personal property taxes.....	\$ 211,435,422	71.3%	\$ 4,189,784	2.0%
Motor vehicle excise taxes.....	11,131,712	3.8%	934,116	9.2%
Hotel room occupancy taxes.....	1,103,549	0.4%	(35,372)	-3.1%
Penalties and interest on taxes.....	1,055,344	0.4%	13,096	1.3%
Licenses, permits and fees.....	4,897,248	1.7%	(473,897)	-8.8%
Intergovernmental.....	54,187,602	18.3%	7,825,365	16.9%
Charges for services.....	1,684,061	0.6%	176,235	11.7%
Fines and forfeitures.....	1,878,183	0.6%	52,487	2.9%
Investment income.....	3,976,344	1.3%	(463,712)	-10.4%
Payments in lieu of taxes.....	358,957	0.1%	(52,832)	-12.8%
Special assessments.....	92,265	0.0%	(99,168)	-51.8%
Miscellaneous.....	989,425	0.3%	625,916	172.2%
Total revenues.....	292,790,112	98.7%	12,692,018	4.5%
Premium from issuance of bonds/notes.....	235,056	0.1%	144,969	160.9%
Sale of capital assets.....	27,917	0.0%	19,712	240.2%
Transfers from other funds.....	3,614,126	1.2%	550,626	18.0%
Extraordinary item - structured settlement contract....	-	0.0%	(2,850,000)	-100.0%
Total revenues and other financing sources.....	\$ 296,667,211	100.0%	\$ 10,557,325	3.7%

Property tax growth of 2.0% resulted from a combination of the 2.5% annual increase allowed in the levy under Proposition 2½ and \$2.1 million in “new growth,” reduced by \$3.6 million in additional tax abatement/refund exposure, estimated by the City’s Board of Assessors.

License and permit and investment income, two sources of positive budget experience over the past several years, declined from 2007 levels as a result of declining short term interest rates and the sluggish economy.

Intergovernmental revenue to support general fund activity increased by \$7.8 million or 16.9% between fiscal years 2007 and 2008. The primary source of the increased state and federal funding was \$4.7 million in additional school building assistance grant reimbursements for completed school projects that received their final audits from the Massachusetts School Building Authority. The remainder of the growth represents increased Chapter 70 school aid and an increase in the Commonwealth’s on-behalf payment to the City for participants in the Massachusetts Teachers Retirement System.

Total general fund expenditures and transfers to other funds totaled \$300.8 million, an increase of \$18.0 million or 6.4% over the previous fiscal year.

	<u>Amount</u>	<u>% of Total</u>	<u>Increase/ (Decrease)</u>	<u>% Change</u>
General government.....	13,210,996	4.4%	1,128,575	9.3%
Public safety.....	33,507,191	11.1%	915,727	2.8%
Education.....	152,616,308	50.7%	10,888,978	7.7%
Public works.....	20,147,195	6.7%	1,644,170	8.9%
Health and human services.....	3,487,218	1.2%	244,768	7.5%
Culture and recreation.....	10,835,843	3.6%	1,064,805	10.9%
Retirement benefits.....	44,134,609	14.7%	2,054,950	4.9%
Workers' compensation insurance.....	1,397,143	0.5%	12,801	0.9%
Property and liability insurance.....	293,834	0.1%	11,600	4.1%
Health insurance subsidy.....	-	0.0%	(173,495)	-100.0%
Claims and judgements.....	97,254	0.0%	(46,081)	-32.1%
Other.....	24,080	0.0%	24,080	100.0%
State assessments and charges.....	5,512,027	1.8%	136,662	2.5%
Debt service				
Principal.....	5,346,900	1.8%	(2,325,150)	-30.3%
Interest.....	2,165,261	0.7%	180,996	9.1%
Total expenditures.....	<u>292,775,859</u>	<u>97.3%</u>	<u>15,763,386</u>	<u>5.7%</u>
Transfers to other funds.....	<u>8,067,543</u>	<u>2.7%</u>	<u>2,284,665</u>	<u>39.5%</u>
Total expenditures and transfers..... \$	<u><u>300,843,402</u></u>	<u><u>100.0%</u></u>	<u><u>\$ 18,048,051</u></u>	<u><u>6.4%</u></u>

Education spending, the single largest component of the General Fund budget, increased by \$10.9 million (7.7%) and accounted for 50.7% of total General Fund expenditures and transfers for the year. This level of expenditures and expenditure growth is a reflection of the priority that the City places on public education services.

Expenditure growth in financial and administrative support activities accounted for 57.0% of the growth in General government spending. Financial administration expenditure growth was \$168,339 (6.0%) and consisted of a combination of additional spending on property tax revaluation and debt issuance activities. Administrative support expenditure growth was \$479,433 (14.4%) and consisted of increased vehicle replacement funding; increased spending on outside labor counsel services; and funding of a one time premium deposit with the City's new dental insurance provider.

Public works expenditures grew by \$1.6 million (8.9%) from the prior year, entirely as a result of increased demands for snow and ice control activities during the winter months of 2008.

Health and Human Services Department spending growth accounted for 60.1% of the growth in health and human services expenditures between fiscal years 2007 and 2008. This growth occurred in salaries and wages for clinical health staff.

Culture and recreation expenditures increased by \$1.1 million or 10.9% between fiscal years 2007 and 2008. Parks and recreation snow removal expenditure growth accounted for 40.5% of the increase and forestry spending growth accounted for another 16.0% of the growth in spending in this category. Newton public library expenditures grew by \$317,884 (6.3%) between fiscal years 2007 and 2008 and accounted for 30.0% of the growth in culture and recreation spending.

Retirement benefit expenditures (including pay-as-you-go post retirement health and life benefits and the Commonwealth's on behalf contribution to the Massachusetts Teachers Retirement System for Newton educators) increased by \$2.1 million or 4.9% during fiscal year 2008. Massachusetts Teachers' Retirement System on-behalf contributions (\$24.5 million) accounted for \$1.5 million or 71.4% of the growth in retirement expenditures.

The \$2.3 million or 30.0% reduction in debt service maturities (principal payments) is a function of the fact that 2007 debt service expenditures included \$2,600,000 payable to the Commonwealth for a ten year pension and employee benefit loan related to the Starck industrial accident. Although the City has recorded a liability for the repayment of this statutory obligation, the Commonwealth has never invoiced the City for repayment. Accordingly, \$2.6 million of the \$3.4 million in the General Fund accrued liability total, represents this obligation.

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, 2008, the City realized \$4.5 million in CPA fund revenue, approximately half of which came from property tax surcharges and the balance from a combination of Commonwealth of Massachusetts matching funds for property tax surcharges billed during the previous fiscal year and investment income on idle cash balances. Fund expenditures totaled \$2.0 million for the year, \$1.2 million of which was for open space activities; \$0.4 million of which was for community recreation; and \$0.2 million was for both historic preservation and community housing purposes. The largest projects authorized during the year were \$1.3 million for acquisition of two properties and \$1.3 million for the historic preservation purposes. Please refer to pages 107-110 for a complete accounting of individual project budgets, at their legal level of control, for the July 1, 2007 – June 30, 2008 period.

The high school improvements fund was established to account for major renovations to the City's Newton South High School and the construction of a new Newton North High School. The fund ended fiscal year 2008 with an \$18.4 million fund balance, an improvement of \$17.0 million from the previous fiscal year.

The total project budget for construction of the new Newton North High School is \$197.5 million, of which \$46.6 million (23.6%) is to be financed from construction assistance grants from the Massachusetts School Building Authority and \$150.9 million (76.4%) is being financed locally through the issuance of long term debt. At June 30, 2008, a total of \$49.3 million in debt had been issued for the project and \$31.0 million had been expended. An \$18.6 million receivable was from the Commonwealth of Massachusetts, representing 65.0% of eligible expenditures was recorded in the fund, however, no revenue was recognized because the reimbursement was not paid to the City until early January of 2009.

Proprietary funds - The City's proprietary funds provide the same information found in the government-wide statements, but in slightly more detail. 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.

The financial position of the City's sewer fund increased by \$2.8 million to \$33.0 million at June 30, 2008. This resulted from the fact that operating income totaled \$2.9 million for the year, up from \$203,867 for the previous fiscal year. Unrestricted net assets - \$6.2 million or 26.4% of operating revenue were, however, little changed from the prior year. The value of the fund's net assets invested in capital assets, net of related debt increased by \$3.8 million or 18.2%.

The financial position of the City's water fund increased by \$3.1 million to \$29.3 million at June 30, 2008. Like the sewer fund, this improvement in financial position resulted from an improvement in operating income - \$3.9 million compared to \$2.3 million for the fiscal year ended June 30, 2007.

The financial position of the City's Internal Service Funds improved by \$3.2 million or 28.3% during the year ended June 30, 2008. Internal service funds are used to account for the City's self-insured group health insurance; workers compensation; and general liability risk exposures and to fund property insurance premiums for \$530.3 million in insured City buildings and contents. Detailed information on the self-insurance funds is presented on pages 84 - 87.

The City's group health self insurance fund accounted for all of the improvement in financial position of the Internal Service Funds. Total fund revenues, including \$565,002 in investment income earned on temporarily idle cash, exceeded fund expenses by \$3.5 million. Claims expenses for the year were \$38.8 million – 6.6% more than the previous fiscal year.

The financial position of the City's workers' compensation self insurance fund declined by \$112,752 to \$1.1 million at June 30, 2008. This decline was entirely the result of a \$135,673 investment loss that resulted when the fund's investments were marked to market at year end. Exclusive of the investment loss, the fund's operating income was a positive \$22,921. As a result of the June 30, 2008 actuarial valuation of workers compensation claims, an accrued liability of \$6.3 million was recorded at year end. This represents an \$86,671 (1.4%) change from the June 30, 2007 accrued liability.

Fiduciary funds – The net assets of the City's contributory retirement system increased by \$20.4 million (7.6%) to \$288.4 million during the system's fiscal year that ended December 31, 2007. The City made its actuarially required contribution to the fund in full. More specific information about the local retirement system may be found on pages 61-63 of this report.

The composite investment return for this period was 10.9%. The average annual return was 12.5% for the past five year period, and 10.2% per year since 1985. The system's assumed rate of return is 8% per year. The funded status of the plan improved slightly, from 66.1% to 67.1% during the year. Information on the City's Retirement System funding progress may be found on page 71 of this report.

In an effort to improve the funded status of the plan, the Newton Contributory Retirement Board voted at their May 2007 meeting to transfer investment management responsibility for the fund to the Commonwealth of Massachusetts's Pension Reserve Investment Trust's core fund (PRIT fund) effective July 1, 2007.

The PRIT fund's investment performance over the past year was 11.9%, an average of 16.3% over the past five years; and 11.5% since 1985. All contributory retirement system assets, except for cash used to pay benefits and two real estate limited partnerships for which the system would incur early redemption penalties have been transferred to the PRIT fund. Improved investment performance will be used to shorten the retirement system's funding schedule from the current 2028 deadline.

Please refer to note 11 (pages 61-64) and required supplementary information (pages 71 and 72) for a more complete description of the City's retirement system.

General Fund Budgetary Highlights:

The difference between the original General Fund budget of \$275,044,344 (including prior year encumbrances and continuing appropriations) and the final amended budget of \$285,961,118 amounts to 4.0% and can be summarized as follows:

Description	Amount
Capital stabilization fund contributions.....	\$ 5,441,813
Snow and ice control.....	2,708,544
Capital outlay and improvements.....	1,526,575
Debt service & issuance costs.....	605,202
Public safety overtime.....	297,411
All other.....	337,229
	<hr/>
Total supplemental appropriations	\$ <u>10,916,774</u>

Of this increase, \$5.2 million was funded with certified free cash (fund balance available for appropriation); \$5.0 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 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 \$1.5 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.

There were no deficits incurred in the appropriations of the various departments of the City. All but \$4 million (1.4%) of total appropriations were expended, encumbered, or continued into fiscal year 2009 for completion of the appropriated purposes at June 30, 2008. Please refer to pages 96–105 for a complete accounting of budget to actual experience for all City departments, at their legal level of control.

Capital Assets and Debt Administration

Capital assets – The City's investment in capital assets for governmental and business-type activities, net of accumulated depreciation of \$152.9 million, as of June 30, 2008, amounts to \$294.3 million. The investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment, infrastructure and construction in progress.

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2008	2007	2008	2007	2008	2007
Land and improvements.....	\$ 20,870,892	\$ 19,412,292	\$ 284,785	\$ 284,785	\$ 21,155,677	\$ 19,697,077
Buildings and improvements.....	126,128,052	125,919,655	2,575,969	2,648,256	128,704,021	128,567,911
Machinery and equipment.....	15,727,511	14,322,582	2,456,390	2,452,030	18,183,901	16,774,612
Infrastructure.....	38,182,373	35,924,755	53,388,546	49,132,644	91,570,919	85,057,399
Construction in progress.....	34,704,962	9,344,631	-	-	34,704,962	9,344,631
Total capital assets.....	\$ <u>235,613,790</u>	\$ <u>204,923,915</u>	\$ <u>58,705,690</u>	\$ <u>54,517,715</u>	\$ <u>294,319,480</u>	\$ <u>259,441,630</u>

Total capital assets, net of accumulated depreciation, increased by \$34.9 million or 13.5%. Major capital asset events during 2008 included the following:

- Business-type activity net capital assets increased by \$4.2 million due to water system improvements, 95% of which were funded with Massachusetts Water Resources Authority grants and interest free loans.
- Governmental activity capital assets (net) increased by \$30.7 million, principally as a result of construction progress at the new Newton North High School facility. The new North High School project represents 96.7% of the reported construction in progress.

Additional information on the City's capital assets may be found on pages 50 - 52 of this report.

Debt outstanding – At June 30, 2008, the City had total long term debt outstanding of \$114.5 million, \$92.3 million for governmental activities and \$22.2 million for business-type activities. There were no bond anticipation notes outstanding at June 30, 2008. 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>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Education buildings.....	\$ 79,920,000	\$ 39,727,000	\$ -	\$ -	\$ 79,920,000	\$ 39,727,000
Municipal buildings.....	847,000	340,000	-	-	847,000	340,000
Departmental equipment.....	3,215,000	2,355,000	-	-	3,215,000	2,355,000
Landfill closure.....	1,570,900	1,697,800	-	-	1,570,900	1,697,800
Street reconstruction.....	875,000	1,163,000	-	-	875,000	1,163,000
Land acquisition.....	5,900,000	6,700,000	-	-	5,900,000	6,700,000
Water system.....	-	-	10,891,279	12,731,492	10,891,279	12,731,492
Sanitary sewer system.....	-	-	11,266,663	12,138,572	11,266,663	12,138,572
Total bonds and notes.....	\$ <u>92,327,900</u>	\$ <u>51,982,800</u>	\$ <u>22,157,942</u>	\$ <u>24,870,064</u>	\$ <u>114,485,842</u>	\$ <u>76,852,864</u>

During the year just ended, the City added \$49.0 million in new bonds and retired \$2.3 million in bond anticipation notes and \$9.1 million in existing bonds. General fund interest and principal payments amounted to \$7.5 million or 2.5% of fund revenues and other financing sources. Community Preservation Fund interest and principal payments amounted to \$1 million or 22.2% of fund revenues.

All existing long term debt of the City's existing debt will be repaid in full by the year 2038.

At June 30, 2008 the City's authorized and unissued long term debt amounted to \$174.0 million, an increase of \$23.4 million from June 30, 2007. The primary reason for the increase is the approval of a \$56.3 million authorization for the new Newton North High School.

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 on pages 55-60 of this report. In addition, debt trend information is available on pages 130-133 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 2005 was \$124,893. This compares favorably with the U.S median family income of \$55,832. The City's per capita income was \$55,891 compared with \$25,035 for the nation as a whole.
- According to the Commonwealth of Massachusetts Division of Unemployment Assistance, the unemployment rate for the City as June 30, 2008 was 3.9%, which compares favorably with the statewide unemployment rate of 5.3% for this same period.
- According to the City's Board of Assessors, the 2008 median value of a single family home in Newton was \$690,800, a decrease of \$20,700 or 2.9 % from the prior year; the median value of a commercial property was \$724,300, and increase of \$49,500 or 7.3% from the year before; and the median value of industrial property was \$784,900, an increase of \$35,900 or 4.8% from the prior year.

The City of Newton's fiscal year 2009 general fund operating budget, as amended through this date amounts to \$295.6 million. This represents an increase of \$9.6 million or 3.4% from the final fiscal year 2008 budget total.

Request for Information

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



This page left intentionally blank.

Basic Financial Statements

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

JUNE 30, 2008

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current assets:				
Cash and cash equivalents.....	\$ 86,449,598	\$ 5,147,999	\$ 91,597,597	\$ 509,938
Restricted cash and cash equivalents.....	36,708,325	6,922,604	43,630,929	775,252
Investments.....	8,167,687	-	8,167,687	1,402,832
Restricted investments.....	567,374	-	567,374	-
Interest and dividends.....	47,986	-	47,986	459,341
Receivables, net of allowance for uncollectibles:				
Real estate and personal property taxes.....	4,672,544	-	4,672,544	-
Tax and utility liens.....	3,274,724	347,083	3,621,807	-
Motor vehicle excise.....	747,180	-	747,180	-
Community preservation surcharges.....	77,138	-	77,138	-
Charges for service.....	798,068	13,046,629	13,844,697	-
Departmental and other.....	1,268,938	-	1,268,938	7,817
Intergovernmental.....	8,189,141	134,783	8,323,924	-
Special assessments.....	16,628	856	17,484	-
Loans.....	-	-	-	119,052
Other assets.....	26,697	-	26,697	-
Prepaid expenses.....	-	-	-	553
Inventory.....	-	-	-	853
Working capital deposit.....	391,676	-	391,676	-
Total current assets.....	151,403,704	25,599,954	177,003,658	3,275,638
Noncurrent assets:				
Restricted investments.....	199,027	-	199,027	-
Receivables, net of allowance for uncollectibles:				
Real estate tax deferrals.....	2,652,708	-	2,652,708	-
Departmental and other.....	6,708,189	-	6,708,189	-
Intergovernmental.....	22,250,457	2,759,037	25,009,494	-
Special assessments.....	621,126	85,575	706,701	-
Loans.....	360,000	-	360,000	2,800,637
Capital assets:				
Nondepreciable.....	55,575,854	284,785	55,860,639	-
Depreciable, net of accumulated depreciation.....	180,037,936	58,420,905	238,458,841	1,918,139
Total noncurrent assets.....	268,405,297	61,550,302	329,955,599	4,718,776
Total assets.....	419,809,001	87,150,256	506,959,257	7,994,414
LIABILITIES				
Current liabilities:				
Warrants payable.....	7,040,765	667,430	7,708,195	197,001
Accrued liabilities.....	4,502,352	446,615	4,948,967	-
Accrued payroll.....	15,589,841	163,706	15,753,547	112,523
Revenue refunds payable.....	6,747,282	-	6,747,282	-
Health claims payable.....	4,164,081	-	4,164,081	-
Other liabilities.....	135,411	59,644	195,055	-
Accrued interest.....	803,000	188,339	991,339	-
Abandoned property.....	934,837	-	934,837	-
Liabilities payable from restricted assets.....	571,118	340,675	911,793	-
Bonds payable.....	7,652,100	2,852,703	10,504,803	-
Landfill closure and other environmental liabilities.....	135,000	-	135,000	-
Compensated absences.....	2,787,145	29,887	2,817,032	-
Workers' compensation benefits.....	952,619	-	952,619	-
Capital lease obligations.....	142,142	-	142,142	-
Claims & judgments.....	40,000	-	40,000	-
Total current liabilities.....	52,197,693	4,748,999	56,946,692	309,524

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

JUNE 30, 2008

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Noncurrent liabilities:				
Bonds payable.....	84,675,800	19,305,239	103,981,039	-
Landfill closure and other environmental liabilities.....	730,000	-	730,000	-
Compensated absences.....	5,343,291	268,982	5,612,273	-
Net OPEB obligation.....	21,488,335	521,665	22,010,000	-
Workers' compensation benefits.....	5,336,022	-	5,336,022	-
Total noncurrent liabilities.....	117,573,448	20,095,886	137,669,334	-
Total liabilities.....	169,771,141	24,844,885	194,616,026	309,524
NET ASSETS				
Invested in capital assets, net of related debt.....	174,706,210	46,364,172	221,070,382	1,918,139
Restricted for:				
Capital purposes.....	22,118,069	6,581,929	28,699,998	-
Community preservation activities.....	10,351,146	-	10,351,146	-
Education activities.....	142,837	-	142,837	-
Perpetual funds:				
Expendable.....	817,614	-	817,614	-
Nonexpendable.....	414,856	-	414,856	-
Other specific purposes.....	1,615,418	-	1,615,418	-
Unrestricted.....	39,871,710	9,359,270	49,230,980	5,766,751
Total net assets.....	\$ 250,037,860	\$ 62,305,371	\$ 312,343,231	\$ 7,684,890

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government					
Legislative & executive.....	\$ 2,542,574	\$ 195,877	\$ 31,284	\$ 54,923	\$ (2,260,490)
Elections.....	923,834	2,055	12,292	-	(909,487)
Financial administration.....	3,963,158	170,701	-	-	(3,792,457)
Administrative support.....	4,829,497	280,279	153	-	(4,549,065)
Planning & development.....	9,879,618	127,090	7,253,510	1,100,000	(1,399,018)
Public building maintenance & operation.....	3,652,815	16,022	58,446	-	(3,578,347)
Public safety					
Police.....	25,961,696	4,596,318	736,388	-	(20,628,990)
Fire.....	21,418,996	666,866	43,424	-	(20,708,706)
Inspectional services.....	1,425,722	4,138,140	-	-	2,712,418
Other public safety.....	89,956	20,872	-	-	(69,084)
Education.....	218,716,994	6,125,029	50,636,615	18,612,205	(143,343,145)
Public works					
Streets & sidewalks.....	12,773,207	2,839,516	670	1,917,767	(8,015,254)
Control of snow & ice.....	3,901,782	-	-	-	(3,901,782)
Collection & disposal of solid waste.....	6,857,272	34,021	6,456	-	(6,816,795)
Engineering.....	1,676,502	37,651	38	-	(1,638,813)
Health & human services					
Public health & human services.....	8,920,509	126,211	243,094	-	(8,551,204)
Senior services.....	777,511	4,983	333,179	-	(439,349)
Veteran services.....	282,281	-	193,119	-	(89,162)
Culture and recreation					
Libraries.....	7,615,714	122,454	469,524	-	(7,023,736)
Parks & recreation.....	7,928,152	1,681,038	207,829	-	(6,039,285)
Newton History museum.....	320,672	-	8,277	-	(312,395)
Other.....	24,080	-	-	-	(24,080)
Debt service - interest.....	2,494,422	-	265,961	-	(2,228,461)
Total governmental activities.....	346,976,964	21,185,123	60,500,259	21,684,895	(243,606,687)
Business-type activities:					
Water.....	12,212,234	15,700,700	371,249	271,454	4,131,169
Sewer.....	21,208,637	23,333,443	443,179	455,401	3,023,386
Total business-type activities.....	33,420,871	39,034,143	814,428	726,855	7,154,555
Total Primary Government.....	\$ 380,397,835	\$ 60,219,266	\$ 61,314,687	\$ 22,411,750	\$ (236,452,132)
Component units:					
Newton Commonwealth Foundation, Inc.....	\$ 198,279	\$ 285,000	\$ 24,107	\$ -	\$ 110,828
Newton Community Development Authority.....	39,011	-	103,827	-	64,816
Newton Schools Foundation, Inc.....	417,745	-	597,289	-	179,544
Newton Community Farm, Inc.....	83,400	54,597	186,084	-	157,281
Total Component Units.....	\$ 738,435	\$ 339,597	\$ 911,307	\$ -	\$ 512,469

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets:				
Net (expense)/revenue (from previous page).....	\$ (243,606,687)	\$ 7,154,555	\$ (236,452,132)	\$ 512,469
<i>General revenues:</i>				
Real estate and personal property taxes, levied for general purposes.....	211,886,334	-	211,886,334	-
Real estate and personal property taxes, levied for community preservation purposes.....	2,114,805	-	2,114,805	-
Motor vehicle and other excise taxes.....	10,859,789	-	10,859,789	-
Hotel room occupancy taxes.....	1,103,549	-	1,103,549	-
Penalties and interest on taxes.....	1,055,344	-	1,055,344	-
Payments in lieu of taxes.....	767,439	-	767,439	-
Grants and contributions not restricted to specific programs.....	8,705,545	-	8,705,545	-
Unrestricted investment income.....	4,306,424	-	4,306,424	-
Other.....	2,522,970	-	2,522,970	-
<i>Transfers, net</i>	1,264,968	(1,264,968)	-	-
Total general revenues and transfers.....	244,587,167	(1,264,968)	243,322,199	-
Change in net assets.....	980,480	5,889,587	6,870,067	512,469
Net assets - beginning of year.....	249,057,380	56,415,784	305,473,164	7,172,421
Net assets - end of year.....	\$ 250,037,860	\$ 62,305,371	\$ 312,343,231	\$ 7,684,890

See notes to basic financial statements.

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

JUNE 30, 2008

ASSETS	General	Community Preservation	High School Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 44,559,669	\$ -	\$ -	\$ 25,416,531	\$ 69,976,200
Interest and dividends.....	-	-	-	5,866	5,866
Receivables, net of allowance for uncollectibles:					
Real estate and personal property taxes.....	4,672,544	-	-	-	4,672,544
Real estate tax deferrals.....	2,652,708	-	-	-	2,652,708
Tax and utility liens.....	3,265,056	-	-	9,668	3,274,724
Motor vehicle excise.....	747,180	-	-	-	747,180
Community preservation surcharges.....	-	77,138	-	-	77,138
Charges for services.....	57,040	-	-	741,028	798,068
Departmental and other.....	7,945,549	-	-	31,578	7,977,127
Intergovernmental.....	8,406,983	1,373,703	18,612,205	2,046,707	30,439,598
Special assessments.....	637,754	-	-	-	637,754
Loans.....	-	-	-	360,000	360,000
Due from other funds.....	1,090,903	-	-	-	1,090,903
Other assets.....	23,807	-	-	2,890	26,697
Restricted assets:					
Cash and cash equivalents.....	506,382	8,979,235	22,118,069	5,104,639	36,708,325
Investments.....	-	-	-	766,401	766,401
TOTAL ASSETS.....	\$ 74,565,575	\$ 10,430,076	\$ 40,730,274	\$ 34,485,308	\$ 160,211,233
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 2,910,558	\$ 67,711	\$ 2,855,592	\$ 1,126,510	\$ 6,960,371
Accrued liabilities.....	3,421,495	9,409	901,247	86,576	4,418,727
Accrued payroll.....	14,690,641	290	-	895,807	15,586,738
Revenue refunds payable.....	6,746,157	-	-	1,125	6,747,282
Other liabilities.....	133,891	1,520	-	-	135,411
Abandoned property.....	934,837	-	-	-	934,837
Liabilities due depositors.....	506,382	-	-	64,736	571,118
Deferred revenue.....	25,788,398	1,432,066	18,612,205	739,378	46,572,047
Due to other funds.....	-	-	-	1,090,903	1,090,903
TOTAL LIABILITIES.....	55,132,359	1,510,996	22,369,044	4,005,035	83,017,434
FUND BALANCES:					
Reserved for:					
Encumbrances and continuing appropriations.....	3,091,164	5,731,667	-	-	8,822,831
Perpetual permanent funds.....	-	-	-	414,856	414,856
Other specific purposes.....	-	-	-	1,758,255	1,758,255
Unreserved:					
Designated for subsequent year's expenditures.....	2,900,000	-	-	-	2,900,000
Undesignated, reported in:					
General fund.....	13,442,052	-	-	-	13,442,052
Special revenue funds.....	-	3,187,413	-	7,290,616	10,478,029
Capital projects funds.....	-	-	18,361,230	20,198,932	38,560,162
Permanent funds.....	-	-	-	817,614	817,614
TOTAL FUND BALANCES.....	19,433,216	8,919,080	18,361,230	30,480,273	77,193,799
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 74,565,575	\$ 10,430,076	\$ 40,730,274	\$ 34,485,308	\$ 160,211,233

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**

JUNE 30, 2008

Total governmental fund balances (page 22).....	\$	77,193,799
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		235,613,790
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.....		46,572,047
In the statement of net assets, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.....		(803,000)
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.....		(92,327,900)
Capital lease obligations.....		(142,142)
Court judgments.....		(40,000)
Landfill closure and other environmental liabilities.....		(865,000)
Compensated absences.....		(8,130,436)
Net OPEB obligation.....		(21,488,335)
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.....		14,455,037
Net assets of governmental activities (page 19).....	\$	250,037,860

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, 2008

	General	Community Preservation	High School Improvements	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Real estate and personal property taxes.....	\$ 211,435,422	\$ -	\$ -	\$ -	\$ 211,435,422
Motor vehicle excise taxes.....	11,131,712	-	-	-	11,131,712
Hotel room occupancy taxes.....	1,103,549	-	-	-	1,103,549
Community preservation surcharges.....	-	2,107,392	-	-	2,107,392
Penalties and interest on taxes.....	1,055,344	-	-	-	1,055,344
Licenses, permits and fees.....	4,897,248	-	-	30,931	4,928,179
Intergovernmental.....	54,187,602	2,045,105	447,753	22,080,032	78,760,492
Charges for services.....	1,684,061	-	-	12,404,681	14,088,742
Fines and forfeitures.....	1,878,183	-	-	21,478	1,899,661
Investment income.....	3,976,344	330,080	-	128,999	4,435,423
Contributions and donations.....	-	4,799	-	1,390,224	1,395,023
Payments in lieu of taxes.....	358,957	-	-	-	358,957
Miscellaneous.....	989,425	-	-	824,565	1,813,990
Special assessments.....	92,265	-	-	65,016	157,281
TOTAL REVENUES.....	292,790,112	4,487,376	447,753	36,945,926	334,671,167
EXPENDITURES					
Current:					
General government:					
Legislative & executive.....	1,811,022	69,657	-	-	1,880,679
Elections.....	715,260	-	-	37,952	753,212
Financial administration.....	3,016,513	-	-	-	3,016,513
Administrative support.....	3,806,988	-	-	5	3,806,993
Planning & development.....	967,735	723,110	-	7,334,014	9,024,859
Public building maintenance & operations.....	2,893,478	40,735	-	774,039	3,708,252
Public safety:					
Police.....	16,758,593	-	-	2,720,093	19,478,686
Fire.....	15,577,228	-	-	730,602	16,307,830
Inspectional services.....	1,088,826	-	-	2,207	1,091,033
Other public safety.....	82,544	-	-	-	82,544
Education.....					
	152,616,308	-	26,221,553	23,739,615	202,577,476
Public works:					
Streets & sidewalks.....	5,809,703	18,000	-	4,578,739	10,406,442
Control of snow & ice.....	3,422,120	-	-	-	3,422,120
Collection & disposal of solid waste.....	6,007,903	-	-	57,723	6,065,626
Vehicle maintenance.....	2,180,139	-	-	7,519	2,187,658
Engineering.....	1,116,480	-	-	35,055	1,151,535
Administration & support.....	1,610,850	-	-	-	1,610,850
Health and human services:					
Health & human services.....	2,683,110	-	-	265,646	2,948,756
Senior services.....	604,960	16,550	-	220,435	841,945
Veteran services.....	199,148	-	-	-	199,148
Culture and recreation:					
Libraries.....	5,376,346	-	-	512,757	5,889,103
Parks & recreation.....	5,215,406	103,612	-	1,374,121	6,693,139
Newton History museum.....	244,091	6,500	-	4,990	255,581
Retirement benefits.....	44,134,609	-	-	-	44,134,609
Workers' compensation insurance.....	1,397,143	-	-	-	1,397,143
Property and liability insurance.....	293,834	-	-	-	293,834
Claims and judgments.....	97,254	-	-	-	97,254
Other.....	24,080	-	-	-	24,080
State assessments & charges.....	5,512,027	-	-	-	5,512,027
Debt service:					
Principal.....	5,346,900	800,000	-	-	6,146,900
Interest.....	2,165,261	213,041	-	-	2,378,302
TOTAL EXPENDITURES.....	292,775,859	1,991,205	26,221,553	42,395,512	363,384,129
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	14,253	2,496,171	(25,773,800)	(5,449,586)	(28,712,962)
OTHER FINANCING SOURCES (USES)					
Transfers in.....	3,614,126	-	300,000	8,670,161	12,584,287
Issuance of general obligation bonds.....	-	2,300,000	42,500,000	3,992,000	48,792,000
Premium from issuance of bonds and notes.....	235,056	27,385	-	-	262,441
Sale of capital assets.....	27,917	-	-	21,992	49,909
Transfers out.....	(8,067,543)	(2,646)	-	(2,961,548)	(11,031,737)
TOTAL OTHER FINANCING SOURCES (USES).....	(4,190,444)	2,324,739	42,800,000	9,722,605	50,656,900
NET CHANGE IN FUND BALANCES.....	(4,176,191)	4,820,910	17,026,200	4,273,019	21,943,938
FUND BALANCES AT BEGINNING OF YEAR.....	23,609,407	4,098,170	1,335,030	26,207,254	55,249,861
FUND BALANCES AT END OF YEAR.....	\$ 19,433,216	\$ 8,919,080	\$ 18,361,230	\$ 30,480,273	\$ 77,193,799

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, 2008

Net change in fund balances - total governmental funds (page 24).....	\$	21,943,938
<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.....		41,201,409
Depreciation.....		(8,891,809)
<p>In the statement of activities, only the loss on the disposal of capital assets is reported, whereas in the governmental funds there is no use of financial resources. As a result, the change in net assets differs from the change in fund balance by the net book value of the disposed capital assets.....</p>		
		(1,619,725)
<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>		
		9,620,082
<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.....		(48,792,000)
Bond maturities.....		6,146,900
Capital lease maturities.....		135,144
<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>		
		(116,120)
<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>		
Claims & judgments.....		(2,500)
Landfill closure and other environmental liabilities.....		135,000
Compensated absences.....		(467,502)
Net OPEB obligation.....		(21,488,335)
<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>		
		<u>3,175,998</u>
Changes in net assets of governmental activities (page 21).....	\$	<u>980,480</u>

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED **JUNE 30, 2008**

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
REVENUES				
Real estate and personal property taxes.....	\$ 213,571,296	\$ 213,670,594	\$ 215,239,593	\$ 1,568,999
Motor vehicle excise taxes.....	11,183,981	10,801,981	11,008,571	206,590
Hotel room occupancy taxes.....	1,111,324	1,111,324	1,103,549	(7,775)
Penalties and interest on taxes.....	857,072	887,072	1,055,344	168,272
Licenses, permits and fees.....	4,473,677	4,473,974	4,897,248	423,274
Intergovernmental.....	21,948,931	27,288,106	29,633,992	2,345,886
Charges for services.....	1,551,434	1,533,434	1,684,061	150,627
Fines and forfeitures.....	1,915,512	1,915,512	1,878,183	(37,329)
Investment income.....	4,000,000	4,100,000	3,976,344	(123,656)
Payments in lieu of taxes.....	385,010	385,010	358,957	(26,053)
Miscellaneous.....	393,763	-	989,425	989,425
Special assessments.....	51,178	51,178	92,265	41,087
TOTAL REVENUES.....	261,443,178	266,218,185	271,917,532	5,699,347
EXPENDITURES				
Current:				
General government:				
Legislative & executive.....	1,758,647	1,837,851	1,803,853	33,998
Elections.....	672,882	773,405	715,260	58,145
Financial administration.....	3,204,311	3,479,790	3,012,054	467,736
Administrative support.....	4,066,678	4,481,875	3,793,140	688,735
Planning & development.....	998,496	1,076,032	967,735	108,297
Public building maintenance & operations.....	2,651,823	3,429,566	2,849,125	580,441
Public safety:				
Police.....	16,561,037	16,719,522	16,263,133	456,389
Fire.....	13,811,996	14,602,098	14,363,724	238,374
Inspectional services.....	1,106,160	1,144,004	1,050,225	93,779
Other public safety.....	83,139	87,313	82,544	4,769
Education.....	154,493,743	154,798,860	152,871,171	1,927,689
Public works:				
Streets & sidewalks.....	6,537,723	6,357,461	5,683,935	673,526
Control of snow & ice.....	937,277	3,428,255	3,391,167	37,088
Collection & disposal of solid waste.....	6,349,105	6,332,270	6,000,753	331,517
Vehicle maintenance.....	2,274,701	2,242,072	2,148,419	93,653
Engineering.....	1,128,489	1,102,298	1,083,935	18,363
Administration & support.....	1,536,829	1,673,955	1,599,871	74,084
Health and human services:				
Health & human services.....	2,749,414	2,929,672	2,705,282	224,390
Senior services.....	531,729	625,528	601,666	23,862
Veteran services.....	190,610	207,110	199,148	7,962
Culture and recreation:				
Libraries.....	5,141,386	5,343,274	5,302,809	40,465
Parks & recreation.....	4,624,127	5,463,630	5,177,123	286,507
Newton History museum.....	247,867	273,592	244,091	29,501
Retirement benefits.....	20,106,019	20,110,077	19,666,613	443,464
Workers' compensation insurance.....	1,300,000	1,397,143	1,397,143	-
Property and liability insurance.....	285,356	299,436	293,834	5,602
Claims and judgments.....	70,000	97,254	97,254	-
Reserve fund.....	6,405,358	4,488,488	-	4,488,488
Other.....	50,000	50,000	24,080	25,920
State assessments & charges.....	5,669,618	5,615,196	5,512,027	103,169
Debt service:				
Principal.....	5,313,453	5,313,453	5,313,452	1
Interest.....	1,703,668	2,113,096	2,113,095	1
TOTAL EXPENDITURES.....	272,561,641	277,893,576	266,327,661	11,565,915
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(11,118,463)	(11,675,391)	5,589,871	17,265,262
OTHER FINANCING SOURCES (USES)				
Transfers in.....	3,002,550	3,671,479	3,614,126	(57,353)
Premium from issuance of bonds and notes.....	-	235,056	235,056	-
Sale of capital assets.....	-	-	27,917	27,917
Transfers out.....	(2,482,703)	(8,067,542)	(8,067,543)	(1)
TOTAL OTHER FINANCING SOURCES (USES).....	519,847	(4,161,007)	(4,190,444)	(29,437)
NET CHANGE IN FUND BALANCE.....	(10,598,616)	(15,836,398)	1,399,427	17,235,825
FUND BALANCE AT BEGINNING OF YEAR.....	30,137,454	30,137,454	30,137,454	-
FUND BALANCE AT END OF YEAR.....	\$ 19,538,838	\$ 14,301,056	\$ 31,536,881	\$ 17,235,825

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, 2008

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
REVENUES				
Community preservation surcharges.....	\$ 2,061,778	\$ 2,121,778	\$ 2,107,392	(14,386)
Intergovernmental	1,932,131	2,045,105	2,045,105	-
Investment income.....	-	250,000	330,080	80,080
Contributions and donations.....	-	-	4,799	4,799
TOTAL REVENUES.....	3,993,909	4,416,883	4,487,376	70,493
EXPENDITURES				
Current:				
General government:				
Legislative & executive.....	74,770	138,907	69,657	69,250
Planning & development.....	877,688	2,055,584	723,110	1,332,474
Public building maintenance & operations.....	560,490	553,027	40,735	512,292
Public works:				
Streets & sidewalks.....	24,430	24,430	18,000	6,430
Health and human services:				
Senior services.....	17,646	16,550	16,550	-
Culture and recreation:				
Parks & recreation.....	944,772	927,788	103,612	824,176
Newton History museum.....	1,751,175	3,021,175	6,500	3,014,675
Reserve fund.....	2,936,166	2,039,382	-	2,039,382
Debt service:				
Principal.....	800,000	848,869	800,000	48,869
Interest.....	124,050	164,172	213,041	(48,869)
TOTAL EXPENDITURES.....	8,111,187	9,789,884	1,991,205	7,798,679
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(4,117,278)	(5,373,001)	2,496,171	7,869,172
OTHER FINANCING SOURCES (USES)				
Proceeds of bonds and notes.....	2,300,000	3,250,000	2,300,000	(950,000)
Premium from issuance of bonds and notes.....	-	-	27,385	27,385
Operating transfers out.....	(60,000)	(60,000)	(2,646)	57,354
TOTAL OTHER FINANCING SOURCES (USES).....	2,240,000	3,190,000	2,324,739	(865,261)
NET CHANGE IN FUND BALANCE.....	(1,877,278)	(2,183,001)	4,820,910	7,003,911
FUND BALANCE AT BEGINNING OF YEAR.....	4,098,170	4,098,170	4,098,170	-
FUND BALANCE AT END OF YEAR.....	\$ 2,220,892	\$ 1,915,169	\$ 8,919,080	\$ 7,003,911

See notes to basic financial statements.

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

JUNE 30, 2008

	<u>Business-Type Activities - Enterprise Fund</u>			Governmental Activities - Internal Service Funds
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>	
ASSETS				
Current assets:				
Cash and cash equivalents.....	\$ 1,093,350	\$ 4,054,649	\$ 5,147,999	\$ 16,473,398
Restricted cash and cash equivalents.....	2,090,243	4,832,361	6,922,604	-
Investments.....	-	-	-	8,167,687
Interest and dividends.....	-	-	-	42,120
Receivables, net of allowance for uncollectibles:				
Charges for service.....	8,038,450	5,008,179	13,046,629	-
Utility liens.....	204,994	142,089	347,083	-
Special assessments.....	856	-	856	-
Intergovernmental.....	134,783	-	134,783	-
Working capital deposit.....	-	-	-	391,676
Total current assets.....	11,562,676	14,037,278	25,599,954	25,074,881
Noncurrent assets:				
Receivables, net of allowance for uncollectible amounts:				
Special assessments.....	85,575	-	85,575	-
Intergovernmental.....	2,759,037	-	2,759,037	-
Capital assets:				
Nondepreciable.....	26,245	258,540	284,785	-
Depreciable, net of accumulated depreciation.....	31,119,335	27,301,570	58,420,905	-
Total noncurrent assets.....	33,990,192	27,560,110	61,550,302	-
Total assets.....	45,552,868	41,597,388	87,150,256	25,074,881
LIABILITIES				
Current liabilities:				
Warrants payable.....	319,391	348,039	667,430	80,394
Accrued liabilities.....	160,489	286,126	446,615	83,625
Accrued payroll.....	76,175	87,531	163,706	3,103
Other liabilities.....	30,626	29,018	59,644	-
Liabilities payable from restricted assets.....	151,121	189,554	340,675	-
Accrued interest.....	187,974	365	188,339	-
Accrued health claims payable.....	-	-	-	4,164,081
Workers' compensation claims.....	-	-	-	952,619
Compensated absences.....	16,143	13,744	29,887	-
Long-term bonds and notes payable.....	1,012,489	1,840,214	2,852,703	-
Total current liabilities.....	1,954,408	2,794,591	4,748,999	5,283,822
Noncurrent liabilities:				
Workers' compensation claims.....	-	-	-	5,336,022
Compensated absences.....	145,287	123,695	268,982	-
Net OPEB obligation.....	241,895	279,770	521,665	-
Long-term bonds and notes payable.....	10,254,174	9,051,065	19,305,239	-
Total noncurrent liabilities.....	10,641,356	9,454,530	20,095,886	5,336,022
Total liabilities.....	12,595,764	12,249,121	24,844,885	10,619,844
FUND NET ASSETS				
Invested in capital assets, net of related debt.....	24,862,980	21,501,192	46,364,172	-
Restricted for:				
Capital purposes.....	1,939,122	4,642,807	6,581,929	-
Unrestricted.....	6,155,002	3,204,268	9,359,270	14,455,037
Total net assets.....	\$ 32,957,104	\$ 29,348,267	\$ 62,305,371	\$ 14,455,037

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, 2008

	Business-Type Activities - Enterprise Fund			Governmental Activities - Internal Service Funds
	Sewer	Water	Total	
OPERATING REVENUES				
Charges for services.....	\$ 23,494,598	\$ 15,700,700	\$ 39,195,298	\$ -
Special assessments.....	5,040	-	5,040	-
Employer contributions.....	-	-	-	37,055,729
Employee contributions.....	-	-	-	8,808,324
TOTAL OPERATING REVENUES.....	23,499,638	15,700,700	39,200,338	45,864,053
OPERATING EXPENSES				
Salaries, wages and employee benefits.....	2,821,885	2,656,975	5,478,860	-
Other operating expenses.....	690,379	564,747	1,255,126	2,968,405
MWRA assessment.....	16,011,280	7,744,282	23,755,562	-
Workers' compensation.....	150,000	150,000	300,000	-
Self insurance claims.....	-	-	-	39,953,033
Depreciation.....	970,649	722,866	1,693,515	-
TOTAL OPERATING EXPENSES.....	20,644,193	11,838,870	32,483,063	42,921,438
OPERATING INCOME (LOSS).....	2,855,445	3,861,830	6,717,275	2,942,615
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental.....	443,179	371,249	814,428	-
Investment income.....	120,321	271,454	391,775	520,965
Interest expense.....	(564,444)	(373,364)	(937,808)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(944)	269,339	268,395	520,965
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....	2,854,501	4,131,169	6,985,670	3,463,580
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital contributions.....	168,885	-	168,885	-
Transfers in.....	553,001	-	553,001	-
Transfers out.....	(758,981)	(1,058,988)	(1,817,969)	(287,582)
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS.....	(37,095)	(1,058,988)	(1,096,083)	(287,582)
CHANGE IN FUND NET ASSETS.....	2,817,406	3,072,181	5,889,587	3,175,998
FUND NET ASSETS AT BEGINNING OF YEAR.....	30,139,698	26,276,086	56,415,784	11,279,039
FUND NET ASSETS AT END OF YEAR.....	\$ 32,957,104	\$ 29,348,267	\$ 62,305,371	\$ 14,455,037

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Business-Type Business - Enterprise Fund			Governmental Activities - Internal Service Funds
	Sewer	Water	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users.....	\$ 21,857,791	\$ 14,777,504	\$ 36,635,295	\$ 8,808,324
Receipts from interfund services provided.....	-	-	-	37,013,609
Payments to vendors/providers.....	(17,520,229)	(9,013,247)	(26,533,476)	(43,268,561)
Payments to employees.....	(1,696,037)	(1,420,829)	(3,116,866)	-
NET CASH FROM OPERATING ACTIVITIES.....	<u>2,641,525</u>	<u>4,343,428</u>	<u>6,984,953</u>	<u>2,553,372</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in.....	553,001	-	553,001	-
Transfers out.....	(758,981)	(1,058,988)	(1,817,969)	(287,582)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	<u>(205,980)</u>	<u>(1,058,988)</u>	<u>(1,264,968)</u>	<u>(287,582)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the issuance of bonds and notes.....	206,415	-	206,415	-
Intergovernmental revenues.....	168,885	-	168,885	-
Acquisition and construction of capital assets.....	(2,001,416)	(3,880,074)	(5,881,490)	-
Principal payments on bonds and notes.....	(918,465)	(1,840,214)	(2,758,679)	-
Interest expense.....	(141,817)	(2,475)	(144,292)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>(2,686,398)</u>	<u>(5,722,763)</u>	<u>(8,409,161)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments.....	-	-	-	392,015
Investment income.....	120,321	271,454	391,775	520,965
NET CASH FROM INVESTING ACTIVITIES.....	<u>120,321</u>	<u>271,454</u>	<u>391,775</u>	<u>912,980</u>
NET CHANGE IN CASH AND SHORT-TERM INVESTMENTS.....	(130,532)	(2,166,869)	(2,297,401)	3,178,770
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
(Includes \$2,974,357 and \$7,775,877 reported as restricted in the sewer and water enterprise funds, respectively).....	3,314,125	11,053,879	14,368,004	13,294,628
CASH AND CASH EQUIVALENTS AT END OF YEAR				
(Includes \$2,090,243 and \$4,832,361 reported as restricted in the sewer and water enterprise funds, respectively).....	<u>\$ 3,183,593</u>	<u>\$ 8,887,010</u>	<u>\$ 12,070,603</u>	<u>\$ 16,473,398</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss).....	\$ 2,855,445	\$ 3,861,830	\$ 6,717,275	\$ 2,942,615
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation.....	970,649	722,866	1,693,515	-
Changes in assets and liabilities:				
Interest and dividends.....	-	-	-	(42,120)
Utility liens.....	(18,698)	(19,807)	(38,505)	-
Water fees.....	-	(903,389)	(903,389)	-
Sewer fees.....	(1,640,172)	-	(1,640,172)	-
Special assessments.....	17,023	-	17,023	-
Working capital deposit.....	-	-	-	(40,537)
Warrants payable.....	76,972	148,055	225,027	(81,237)
Accrued liabilities.....	136,952	126,946	263,898	78,048
Accrued payroll.....	49,177	55,546	104,723	3,103
Other liabilities.....	24,589	16,372	40,961	-
Liabilities due depositors.....	(60,293)	69,417	9,124	-
Accrued health claims payable.....	-	-	-	(393,171)
Accrued compensated absences.....	(12,014)	(14,178)	(26,192)	-
Net OPEB obligation.....	241,895	279,770	521,665	-
Total adjustments.....	<u>(213,920)</u>	<u>481,598</u>	<u>267,678</u>	<u>(389,243)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 2,641,525</u>	<u>\$ 4,343,428</u>	<u>\$ 6,984,953</u>	<u>\$ 2,553,372</u>
NONCASH INVESTING, CAPITAL FINANCING ACTIVITIES				
Intergovernmental debt subsidies (MWPAT and MWRA).....	\$ 603,038	\$ 371,249	\$ 974,287	\$ -

See notes to basic financial statements.

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

JUNE 30, 2008

ASSETS	Pension Trust Fund (As of 12/31/07)	Private Purpose Trust Funds	Agency Funds
Cash and cash equivalents.....	\$ 2,755,830	\$ 2,431,115	\$ 2,813,096
Investments.....	-	6,243,965	-
Equities.....	146,902,006	-	-
Mutual bond funds.....	60,990,444	-	-
Real estate.....	40,094,279	-	-
Alternative.....	37,368,147	-	-
Interest and dividends.....	-	34,512	-
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	351,552	-	-
Loans.....	-	91,547	-
Total assets.....	<u>288,462,258</u>	<u>8,801,139</u>	<u>2,813,096</u>
LIABILITIES			
Warrants payable.....	51,492	5,303	175,622
Accrued liabilities.....	-	500	-
Payroll withholdings.....	-	5,000	1,876,665
Other liabilities.....	-	6,493	760,809
Total liabilities.....	<u>51,492</u>	<u>17,296</u>	<u>2,813,096</u>
NET ASSETS			
Held in trust for pension benefits and other purposes.....	<u>\$ 288,410,766</u>	<u>\$ 8,783,843</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, 2008

	Pension Trust Fund (As of 12/31/07)	Private Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer.....	\$ 12,146,336	\$ -
Plan member.....	6,689,060	-
Private donations.....	-	127,881
Total contributions.....	18,835,396	127,881
Net investment income:		
Net appreciation/(depreciation) in fair value of investments.....	22,779,223	-
Interest.....	6,144,067	(248,388)
Total investment income (loss).....	28,923,290	(248,388)
Less investment expense.....	(864,876)	-
Net investment income (loss).....	28,058,414	(248,388)
Intergovernmental.....	993,222	-
Transfers from other systems.....	851,522	-
TOTAL ADDITIONS.....	48,738,554	(120,507)
DEDUCTIONS		
Retirement benefits.....	26,337,818	-
Refunds of contributions & transfers to other systems.....	1,766,760	-
Administration expense.....	255,379	32,934
Educational scholarships & awards.....	-	435,598
TOTAL DEDUCTIONS.....	28,359,957	468,532
CHANGE IN NET ASSETS.....	20,378,597	(589,039)
NET ASSETS AT BEGINNING OF YEAR.....	268,032,169	9,372,882
NET ASSETS AT END OF YEAR.....	\$ 288,410,766	\$ 8,783,843

See notes to basic financial statements.

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

JUNE 30, 2008

	Component Units				Total
	Newton Commonwealth Foundation, Inc. (As of 12/31/07)	Newton Community Development Authority	Newton Schools Foundation, Inc. (As of 06/30/07)	Newton Community Farm, Inc. (As of 12/31/07)	
ASSETS					
Current assets:					
Cash and cash equivalents.....	\$ 413,063	\$ -	\$ 36,008	\$ 60,867	\$ 509,938
Restricted cash and cash equivalents.....	-	605,054	35,671	134,527	775,252
Investments.....	-	-	1,402,832	-	1,402,832
Interest and dividends.....	-	459,341	-	-	459,341
Receivables, net of allowance for uncollectibles:					
Departmental and other.....	7,267	-	-	550	7,817
Loans.....	-	119,052	-	-	119,052
Prepaid expenses.....	-	-	-	553	553
Inventory.....	-	-	-	853	853
Total current assets.....	420,330	1,183,447	1,474,511	197,350	3,275,638
Noncurrent assets:					
Receivables, net of allowance for uncollectible amounts:					
Loans.....	-	2,800,637	-	-	2,800,637
Capital assets:					
Depreciable, net of accumulated depreciation.....	1,866,665	-	325	51,149	1,918,139
Total noncurrent assets.....	1,866,665	2,800,637	325	51,149	4,718,776
Total assets.....	2,286,995	3,984,084	1,474,836	248,499	7,994,414
LIABILITIES					
Current liabilities:					
Warrants payable.....	111,564	-	76,187	9,250	197,001
Accrued liabilities.....	-	112,523	-	-	112,523
Total current liabilities.....	111,564	112,523	76,187	9,250	309,524
FUND NET ASSETS					
Invested in capital assets, net of related debt.....	1,866,665	-	325	51,149	1,918,139
Unrestricted.....	308,766	3,871,561	1,398,324	188,100	5,766,751
Total net assets.....	\$ 2,175,431	\$ 3,871,561	\$ 1,398,649	\$ 239,249	\$ 7,684,890

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Component Units				Total
	Newton Commonwealth Foundation, Inc. (As of 12/31/07)	Newton Community Development Authority	Newton Schools Foundation, Inc. (As of 06/30/07)	Newton Community Farm, Inc. (As of 12/31/07)	
OPERATING REVENUES					
Charges for services.....	\$ 250,000	\$ -	\$ -	\$ 54,597	\$ 304,597
Penalties and interest.....	-	69,067	-	-	69,067
Contributions.....	-	-	371,985	183,645	555,630
Miscellaneous.....	35,000	210	61,747	-	96,957
TOTAL OPERATING REVENUES.....	285,000	69,277	433,732	238,242	1,026,251
OPERATING EXPENSES					
Salaries, wages and employee benefits.....	67,463	-	-	83,400	150,863
Other operating expenses.....	50,000	39,011	417,745	-	506,756
Depreciation.....	80,816	-	-	-	80,816
TOTAL OPERATING EXPENSES.....	198,279	39,011	417,745	83,400	738,435
OPERATING INCOME (LOSS).....	86,721	30,266	15,987	154,842	287,816
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental.....	-	34,550	-	-	34,550
Investment income.....	24,107	-	163,557	2,439	190,103
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	24,107	34,550	163,557	2,439	224,653
CHANGE IN FUND NET ASSETS.....	110,828	64,816	179,544	157,281	512,469
FUND NET ASSETS AT BEGINNING OF YEAR.....	2,064,603	3,806,745	1,219,105	81,968	7,172,421
FUND NET ASSETS AT END OF YEAR.....	\$ 2,175,431	\$ 3,871,561	\$ 1,398,649	\$ 239,249	\$ 7,684,890

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

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.

Blended Component Unit

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

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

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

Discretely Presented Component Units

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

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

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.

The Newton Community Farm, Inc., a non-profit organization, was established in 2005 to preserve the historic Angino Farm, including its open space, buildings, and farm structures. The farm, building, and structures are owned by the City of Newton and licensed out to the organization. Complete audited financial statements may be obtained by writing to the Newton Community Farm's administrative office located at 303 Nahanton Street, Newton, Massachusetts 02459.

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; retirement benefits; workers' compensation; property and liability insurance; health insurance subsidies; claims and judgments; other; and state assessments and charges costs have been allocated to major functions/programs in order to present a more accurate and complete picture of the cost of City services. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the major programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

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.

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 improvements 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.

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, 2008

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

Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary 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.

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.

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, 2008

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

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 is not material to the government-wide and fund financial statements of the City and therefore is 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.

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

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

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:

- Capital purposes represent unspent proceeds of bonds, notes and grants that are restricted for specific capital projects.
- 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, 2008

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.
- 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 2009 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 Funds Financial Statements – The face amount of governmental funds long term debt is reported as other financing sources in the Governmental Fund Financial Statements. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds, are reported as General Government (financial administration) expenditures.

Investment Income

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

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 current and future retirees and their spouses as more fully described in Note 13.

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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

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 (multi-year) appropriations (generally capital outlay and improvements), capital maintenance funds, property tax revaluation program appropriations and funds included in the annual budget for settlement of collective bargaining contracts that have not been settled at year-end.

An annual budget is adopted in conformity with the guidelines described above. The original fiscal year 2008 General Fund and Community Preservation Fund budgets authorized \$275,044,344 and \$8,171,187 (including prior year encumbrances and continuing appropriations), 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 \$10,916,774, and \$1,678,697, respectively, for total budgets of \$285,961,118 and \$9,849,884, respectively.

Total General Fund expenditures and transfers to other funds were \$274,395,204, and \$7,562,201 in appropriation balances were carried forward into fiscal year 2009 to support encumbrances and continuing appropriations. A total of \$4,471,037 of this sum represents funds appropriated for the settlement of outstanding collective bargaining contracts.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

Total Community Preservation Fund expenditures and transfers to other funds were \$1,993,851, and \$5,731,667 in appropriation balances were carried forward into fiscal year 2009 to support encumbrances and continuing appropriations.

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, 2008 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 and actual.....	\$ 271,917,532	\$ 266,327,661
<u>Adjustments</u>		
Net change in recording 60-day receipts.....	(96,688)	-
Net change in recording tax refunds payable.....	(3,584,342)	-
To record activity for landfill closure subsidy.....	85,614	85,614
To record activity of MTRS on-behalf payments.....	24,467,996	24,467,996
Net change in collective bargaining accrual.....	-	1,830,856
Net change in recording other expenditures.....	-	63,732
	<u> </u>	<u> </u>
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ <u>292,790,112</u>	\$ <u>292,775,859</u>

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

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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

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, 2008, \$84,216,519 of the City's bank balance of \$85,286,044 was uninsured and uncollateralized.

Investments Summary

The City's investments at June 30, 2008 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
<u>Debt Securities:</u>					
U.S. Treasuries.....	\$ 5,060,560	\$ 1,169,412	\$ 1,546,232	\$ 2,227,802	\$ 117,114
U.S. Agencies.....	1,163,110	153,234	808,626	201,250	-
Corporate bonds.....	439,864	140,676	216,435	82,753	-
Money market mutual funds.....	990,767	990,767	-	-	-
External investment pools.....	58,104,893	58,104,893	-	-	-
Repurchase agreements.....	2,933,556	2,933,556	-	-	-
Total debt securities.....	68,692,750	\$ 63,492,538	\$ 2,571,293	\$ 2,511,805	\$ 117,114
<u>Other Investments:</u>					
Equity securities.....	8,226,744				
Real estate investments.....	287,773				
Total other investments.....	8,514,517				
Total investments.....	\$ 77,207,267				

Investments - Interest Rate Risk of Debt Securities

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

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, 2008, \$19,102,374 of the City's investments of \$77,207,267 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.....	\$ 5,060,560	\$ -	\$ 5,060,560
U.S. Agencies.....	1,163,110	-	1,163,110
Corporate bonds.....	439,864	-	439,864
Money market mutual funds.....	990,767	990,767	-
Repurchase agreements.....	2,933,556	2,933,556	-
Equity securities.....	8,226,744	-	8,226,744
Real estate investments.....	287,773	287,773	-
Total.....	\$ 19,102,374	\$ 4,212,096	\$ 14,890,278

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, 2008, the credit quality ratings of the City's investments in debt securities are as follows:

Investment Type	Fair Value	Quality Ratings *								
		AAA	AA1	AA3	A3	A2	A1	BAA1	B3	Unrated
Corporate bonds.....	\$ 439,864	\$ 138,004	\$ 33,889	\$ 122,224	\$ 25,431	\$ 20,180	\$ 75,168	\$ 10,267	\$ 14,701	\$ -
Money market mutual funds.....	990,767	-	-	-	-	-	-	-	-	990,767
Repurchase agreements.....	2,933,556	2,933,556	-	-	-	-	-	-	-	-
External investment pools.....	58,104,893	-	-	-	-	-	-	-	-	58,104,893
Total.....	\$ 62,469,080	\$ 3,071,560	\$ 33,889	\$ 122,224	\$ 25,431	\$ 20,180	\$ 75,168	\$ 10,267	\$ 14,701	\$ 59,095,660

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

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 13.9% 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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

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

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the System's deposits may not be recovered. The System does not have a policy for custodial credit risk of deposits. As of December 31, 2007, the System is not exposed to custodial credit risk.

Investments Summary

The System's investments at December 31, 2007 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years) Less Than 1</u>
<u>Debt Securities:</u>		
Money market mutual funds.....	\$ 200,802	\$ 200,802
Debt security mutual funds.....	60,990,444	60,990,444
External investment pools.....	<u>2,555,026</u>	<u>2,555,026</u>
 Total debt securities.....	 <u>63,746,272</u>	 <u>\$ 63,746,272</u>
<u>Other Investments:</u>		
Equity mutual funds.....	146,902,006	
Real estate investments.....	40,094,279	
Alternative investments.....	<u>37,368,147</u>	
 Total other investments.....	 <u>224,364,432</u>	
 Total investments.....	 <u>\$ 288,110,704</u>	

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The System's policy is that at least 15%, but no more than 30% of the portfolio must be invested in fixed income securities.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System does not have a policy for custodial credit risk of investments. The custodial arrangements are reflective of the fact that System assets are invested in pooled funds as opposed to individual securities. As of December 31, 2007, \$14,767,280 of the System's investments of \$288,110,704 was uninsured, not registered in the name of the System and exposed to custodial credit risk as follows:

<u>Investment Type</u>	<u>Held by Counterparty's Trust or Agent</u>
Real estate investments.....	\$ <u>14,767,280</u>

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 December 31, 2007, the credit quality ratings of the System's debt securities are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings*</u>
		<u>Unrated</u>
Money market mutual funds.....	\$ 200,802	\$ 200,802
Debt security mutual funds.....	60,990,444	60,990,444
External investment pools.....	<u>2,555,026</u>	<u>2,555,026</u>
Total.....	\$ <u>63,746,272</u>	\$ <u>63,746,272</u>

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

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

Note 4 - Receivables

At June 30, 2008, receivables for the individual major governmental funds and non-major governmental, internal service and fiduciary funds in the aggregate, including applicable allowances for amounts estimated to be uncollectible, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 4,838,751	\$ (166,207)	\$ 4,672,544
Real estate tax deferrals.....	2,652,708	-	2,652,708
Tax and utility liens.....	3,274,724	-	3,274,724
Motor vehicle excise taxes.....	1,776,235	(1,029,055)	747,180
Community preservation surcharges.....	77,138	-	77,138
Charges for services.....	816,402	(18,334)	798,068
Special assessments.....	637,754	-	637,754
Departmental and other.....	9,298,699	(1,321,572)	7,977,127
Intergovernmental.....	30,791,150	-	30,791,150
Loans.....	451,547	-	451,547
	<u>\$ 54,615,108</u>	<u>\$ (2,535,168)</u>	<u>\$ 52,079,940</u>

At June 30, 2008, receivables for the Proprietary Funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Utility liens.....	\$ 347,083	\$ -	\$ 347,083
Charges for services.....	13,447,066	(400,437)	13,046,629
Special assessments.....	86,431	-	86,431
Intergovernmental.....	2,893,820	-	2,893,820
	<u>\$ 16,774,400</u>	<u>\$ (400,437)</u>	<u>\$ 16,373,963</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

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, 2008, the various components of deferred revenue reported in the governmental funds were:

<u>Receivable type:</u>	<u>General Fund</u>	<u>Community Preservation Fund (Major)</u>	<u>High School Improvements Fund (Major)</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Real estate and personal property taxes.....	\$ 3,582,804	\$ -	\$ -	\$ -	\$ 3,582,804
Real estate tax deferrals.....	2,652,708	-	-	-	2,652,708
Tax and utility liens.....	3,265,056	-	-	9,668	3,274,724
Community preservation surcharges.....	-	58,363	-	-	58,363
Charges for service.....	-	-	-	369,710	369,710
Special assessments.....	637,754	-	-	-	637,754
Departmental and other.....	7,586,853	-	-	-	7,586,853
Intergovernmental (state school construction)...	7,317,813	-	18,612,205	-	25,930,018
Intergovernmental (other state and federal).....	745,410	1,373,703	-	-	2,119,113
Loans.....	-	-	-	360,000	360,000
Total.....	<u>\$ 25,788,398</u>	<u>\$ 1,432,066</u>	<u>\$ 18,612,205</u>	<u>\$ 739,378</u>	<u>\$ 46,572,047</u>

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, 2008 the City received \$4,588,858 of such assistance and an additional \$7,317,813 related to construction costs and \$1,657,083 in interest has been committed for the period of July 1, 2008 through June 30, 2010. Accordingly, a \$7,317,813 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. MSBA financial and compliance audits have been completed for all school projects under payment schedule.

During fiscal year 2008, the City received \$2,451,588 of the school building assistance award for the Newton South High School renovation project as a result of final audit of project costs. The City appropriated \$100,000 of this sum to investigate drainage problems at the Newton South High School athletic fields during the fiscal year ended June 30, 2008, and subsequent to year end appropriated the balance to restore the athletic fields.

Subsequent to year-end, the MSBA approved a grant totaling \$46,577,166 for the Newton North High School project. The grant amount represents 60% of total eligible project costs, not to exceed the approved amount. At June 30, 2008, \$31,020,341 has been spent on the project. Accordingly, a \$18,612,205 intergovernmental receivable and corresponding deferred revenue have been reported in the High School Improvements major governmental fund's financial statements for costs incurred to date. The deferred revenue has been recognized as revenue in the conversion to the government-wide financial statements.

CITY OF NEWTON, MASSACHUSETTS
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2008

Note 5 – Capital Assets

Capital asset activity for governmental activities for the fiscal year ended June 30, 2008 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land.....	\$ 19,412,292	\$ 1,458,600	\$ -	\$ 20,870,892
Construction in progress.....	9,344,631	26,862,974	(1,502,643)	34,704,962
Sub-total	<u>28,756,923</u>	<u>28,321,574</u>	<u>(1,502,643)</u>	<u>55,575,854</u>
Capital assets being depreciated:				
Buildings and improvements.....	199,513,604	4,713,646	-	204,227,250
Equipment and machinery.....	43,468,996	4,511,592	(1,407,326)	46,573,262
Road network.....	52,498,156	3,654,597	-	56,152,753
Sub-total.....	<u>295,480,756</u>	<u>12,879,835</u>	<u>(1,407,326)</u>	<u>306,953,265</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(73,593,949)	(4,505,249)	-	(78,099,198)
Equipment and machinery.....	(29,146,414)	(2,989,581)	1,290,244	(30,845,751)
Road network.....	(16,573,401)	(1,396,979)	-	(17,970,380)
Sub-total.....	<u>(119,313,764)</u>	<u>(8,891,809)</u>	<u>1,290,244</u>	<u>(126,915,329)</u>
Total capital assets being depreciated, net.....	<u>176,166,992</u>	<u>3,988,026</u>	<u>(117,082)</u>	<u>180,037,936</u>
Governmental capital assets, net.....	<u>\$ 204,923,915</u>	<u>\$ 32,309,600</u>	<u>\$ (1,619,725)</u>	<u>\$ 235,613,790</u>

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

Elections.....	\$ 25,861
Administrative support.....	197,440
Public building maintenance and operations.....	92,817
Police.....	615,751
Fire.....	431,347
Inspectional services.....	2,085
Other public safety.....	1,541
Education.....	4,469,565
Streets and sidewalks.....	1,806,200
Control of snow and ice.....	13,250
Solid waste.....	701
Public works administration and support.....	61,034
Public health.....	3,600
Senior services.....	125,286
Libraries.....	897,475
Parks and recreation.....	142,266
Newton history museum.....	5,590
Total depreciation expense - governmental activities.....	<u>\$ 8,891,809</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

Capital asset activity for individual enterprise funds for the fiscal year ended June 30, 2008 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Water system:				
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.....	4,207,302	158,189	(40,165)	4,325,326
Water system.....	28,131,311	3,721,885	-	31,853,196
Sub-total.....	<u>34,542,105</u>	<u>3,880,074</u>	<u>(40,165)</u>	<u>38,382,014</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(915,382)	(33,162)	-	(948,544)
Equipment and machinery.....	(2,903,905)	(81,235)	40,165	(2,944,975)
Water system.....	(6,578,456)	(608,469)	-	(7,186,925)
Sub-total.....	<u>(10,397,743)</u>	<u>(722,866)</u>	<u>40,165</u>	<u>(11,080,444)</u>
Total capital assets being depreciated, net.....	<u>24,144,362</u>	<u>3,157,208</u>	<u>-</u>	<u>27,301,570</u>
Water system capital assets, net.....	\$ <u>24,402,902</u>	\$ <u>3,157,208</u>	\$ <u>-</u>	\$ <u>27,560,110</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Sewer system				
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.....	1,757,987	58,087	-	1,816,074
Sanitary sewer system.....	40,441,318	1,943,329	-	42,384,647
Sub-total.....	<u>44,066,964</u>	<u>2,001,416</u>	<u>-</u>	<u>46,068,380</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(507,513)	(39,125)	-	(546,638)
Equipment and machinery.....	(609,354)	(130,681)	-	(740,035)
Sanitary sewer system.....	(12,861,529)	(800,843)	-	(13,662,372)
Sub-total.....	<u>(13,978,396)</u>	<u>(970,649)</u>	<u>-</u>	<u>(14,949,045)</u>
Total capital assets being depreciated, net.....	<u>30,088,568</u>	<u>1,030,767</u>	<u>-</u>	<u>31,119,335</u>
Sewer system capital assets, net.....	\$ <u>30,114,813</u>	\$ <u>1,030,767</u>	\$ <u>-</u>	\$ <u>31,145,580</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

Capital asset activity for individual component units for the fiscal year ended June 30, 2008 is as follows:

	<u>Beginning Balances</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending Balances</u>
<u>Newton Commonwealth Foundation (golf course):</u>							
Capital assets being depreciated:							
Land improvements.....	\$ 1,782,463	\$	560,114	\$	-	\$	2,342,577
Buildings and improvements.....	69,481		-		-		69,481
Equipment and machinery.....	35,409		1,865		-		37,274
Sub-total.....	<u>1,887,353</u>		<u>561,979</u>		<u>-</u>		<u>2,449,332</u>
Less: accumulated depreciation:							
Land improvements.....	(433,013)		(75,685)		-		(508,698)
Buildings and improvements.....	(39,026)		(3,163)		-		(42,189)
Equipment and machinery.....	(29,812)		(1,968)		-		(31,780)
Sub-total.....	<u>(501,851)</u>		<u>(80,816)</u>		<u>-</u>		<u>(582,667)</u>
Golf course capital assets, net.....	\$ <u>1,385,502</u>	\$	\$ <u>481,163</u>	\$	\$ <u>-</u>	\$	\$ <u>1,866,665</u>

	<u>Beginning Balances</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending Balances</u>
<u>Newton Schools Foundation:</u>							
Capital assets being depreciated:							
Equipment and machinery.....	\$ 14,197	\$	-	\$	-	\$	14,197
Less: accumulated depreciation:							
Equipment and machinery.....	(13,222)		(650)				(13,872)
Newton schools foundation capital assets, net.....	\$ <u>975</u>	\$	\$ <u>(650)</u>	\$	\$ <u>-</u>	\$	\$ <u>325</u>

	<u>Beginning Balances</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending Balances</u>
<u>Newton Community Farm:</u>							
Capital assets not being depreciated:							
Land.....	\$ -	\$	5,181	\$	-	\$	5,181
Capital assets being depreciated:							
Equipment and machinery.....	51,819		4,793		-		56,612
Less: accumulated depreciation:							
Equipment and machinery.....	(2,881)		(7,763)		-		(10,644)
Newton community farm capital assets, net.....	\$ <u>48,938</u>	\$	\$ <u>2,211</u>	\$	\$ <u>-</u>	\$	\$ <u>51,149</u>

Note 6 – Capital Leases

The City has entered into a capital lease agreement with Apple Computer, Inc. for personal computers, servers and networking equipment. The agreement also contains the option which would allow the City to purchase the personal computers, servers and networking equipment at the end of the lease term.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

The following schedule presents future minimum lease payments as of June 30, 2008:

<u>Fiscal Year</u> <u>Ending June 30</u>		<u>Governmental</u> <u>Activities</u>
2009.....	\$	148,878
Less: amounts representing interest.....		<u>(6,736)</u>
Present value of minimum lease payments.....	\$	<u><u>142,142</u></u>

Equipment and the related accumulated amortization under the capital lease is as follows:

		<u>Governmental</u> <u>Activities</u>
<u>Asset:</u>		
Equipment.....	\$	425,000
Less: accumulated amortization.....		<u>(282,858)</u>
Total.....	\$	<u><u>142,142</u></u>

Note 7 – Inter-fund Receivables, Payables and Transfers

Receivables and payables between funds at June 30, 2008, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
General Fund	CDBG federal grant - non major governmental fund	\$ 98,265	{1}
General Fund	Municipal federal grants - non major governmental fund	79,877	{2}
General Fund	School state grants - non major governmental fund	716,190	{3}
General Fund	School federal grants - non major governmental fund	196,571	{4}
		<u>\$ 1,090,903</u>	

{1} Advance funding pending receipt of CDBG federal grant draw down.

{2} Advance funding pending receipt of HOME federal grant draw down.

{3} Advance funding pending receipt of school federal grant reimbursements.

{4} Advance funding pending receipt of school state grant reimbursements.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

Inter-fund transfer activity for the fiscal year ended June 30, 2008 consisted of the following:

Transfer Purpose	General Fund	Community Preservation Fund	High School Improvements Fund	Non-Major Governmental Funds	Water Enterprise Fund	Sewer Enterprise Fund	Internal Service Funds
School Lunch fund subsidy.....	\$ (907,168)	\$ -	\$ -	\$ 907,168	\$ -	\$ -	\$ -
School Student Athletic Revolving fund subsidy.....	(946,502)	-	-	946,502	-	-	-
Police private duty detail receivable write-off (general fund subsidy).....	(50,595)	-	-	50,595	-	-	-
Fire Department federal grant match (local share).....	(53,269)	-	-	53,269	-	-	-
NSHS athletic field engineering study (general fund subsidy).....	(100,000)	-	-	100,000	-	-	-
Close unobligated traffic study balance back to Receipts Reserved Fund.....	(1,608)	-	-	1,608	-	-	-
Capital Stabilization Fund contribution.....	(542,879)	-	-	542,879	-	-	-
Capital Stabilization Fund contribution.....	(972,530)	-	-	972,530	-	-	-
Capital Stabilization Fund contribution.....	(2,351,588)	-	-	2,351,588	-	-	-
Capital Stabilization Fund contribution.....	(2,117,695)	-	-	2,117,695	-	-	-
Close completed appropriation to Capital Stabilization Fund- Special election - 2009 budget.....	(3,154)	-	-	3,154	-	-	-
Close completed appropriation to Capital Stabilization Fund- Nahanton Pk & Davis Schl playground.....	(1,323)	-	-	1,323	-	-	-
Close completed appropriation to Capital Stabilization Fund-Crafts St garage roof repairs.....	(1,925)	-	-	1,925	-	-	-
Close completed appropriation to Capital Stabilization Fund-Albemarle electrical repairs.....	(97)	-	-	97	-	-	-
Close completed appropriation to Capital Stabilization Fund - Senior Center repairs.....	(17,210)	-	-	17,210	-	-	-
Parking Meter Receipts Reserved fund subsidy of street lighting.....	1,000,000	-	-	(1,000,000)	-	-	-
Parking Meter Receipts Reserved fund - Parking meter receipt collection project.....	115,000	-	-	(115,000)	-	-	-
Parking Meter Receipts Reserved fund - Lowell/Washington traffic improvements.....	15,000	-	-	(15,000)	-	-	-
BAA Marathon Receipts Reserved fund - Playground improvements.....	55,000	-	-	(55,000)	-	-	-
Water Fund administration and support reimbursement.....	505,987	-	-	-	(505,987)	-	-
Water Fund administration reimbursement to Sewer Fund.....	-	-	-	-	(553,001)	553,001	-
Sewer Fund administration and support reimbursement.....	758,981	-	-	-	-	(758,981)	-
Sale of Recyclable Materials Receipts Reserved fund - solid waste collection/disposal.....	300,000	-	-	(300,000)	-	-	-
CATV Receipts Reserved fund - Planning staff.....	100,000	-	-	(100,000)	-	-	-
Municipal Building Self Insurance Fund - building insurance premiums.....	277,582	-	-	-	-	-	(277,582)
Liability Self Insurance Fund - legal settlements.....	10,000	-	-	-	-	-	(10,000)
CPA Fund engineering support services.....	2,646	(2,646)	-	-	-	-	-
E-Rate Receipts Reserved Fund - school technology.....	124,106	-	-	(124,106)	-	-	-
Traffic Mitigation Receipts Reserved Fund - Washington St/Comm Ave.....	90,000	-	-	(90,000)	-	-	-
Inclusionary Housing Receipts Reserved Fund - Warren House grant.....	43,124	-	-	(43,124)	-	-	-
Close completed fire station roof repair appropriations to CSF.....	-	-	-	(92,974)	-	-	-
Close completed fire station roof repair appropriations to CSF.....	-	-	-	92,974	-	-	-
Close completed Peirce School window/door appropriation to CSF.....	-	-	-	(13,889)	-	-	-
Close completed Peirce School window/door appropriation to CSF.....	-	-	-	13,889	-	-	-
Close completed Mason-Rice/Zervas School repair appropriation to CSF.....	-	-	-	(79,384)	-	-	-
Close completed Mason-Rice/Zervas School repair appropriation to CSF.....	-	-	-	79,384	-	-	-
Capital Stabl Fund - Elem Modular Classroom suppl funding.....	-	-	-	(218,606)	-	-	-
School Bldg Improvement Fund Elem.Modular Classroom suppl funding.....	-	-	-	218,606	-	-	-
Capital Stabl Fund -Elem. Modular design.....	-	-	-	(75,000)	-	-	-
School Bldg Improvement Fund Elem. Modular design.....	-	-	-	75,000	-	-	-
Close completed Elem Modular design appropriation to CSF.....	-	-	-	(10,960)	-	-	-
Close completed Elem Modular design appropriation to CSF.....	-	-	-	10,960	-	-	-
Capital Stabl Fund - Carr Boiler replacement.....	-	-	-	(111,805)	-	-	-
Capital Stabl Fund - Carr Boiler replacement.....	-	-	-	111,805	-	-	-
NSHS improvements.....	-	-	-	(300,000)	-	-	-
NSHS improvements.....	-	-	300,000	-	-	-	-
20 Rogers St property demolition.....	35,000	-	-	(35,000)	-	-	-
30 Wabasso St property demolition.....	41,700	-	-	(41,700)	-	-	-
Police annex HVAC improvements.....	30,000	-	-	(30,000)	-	-	-
Debt issuance costs.....	110,000	-	-	(110,000)	-	-	-
Transfers from Other Funds.....	\$ 3,614,126	\$ -	\$ 300,000	\$ 8,670,161	\$ -	\$ 553,001	\$ -
Transfers to Other Funds.....	\$ (8,067,543)	\$ (2,646)	\$ -	\$ (2,961,548)	\$ (1,058,988)	\$ (758,981)	\$ (287,582)

Note 8 – 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, 2008 is as follows:

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

Loan Type	Purpose/Fund	Issue Date	Maturity Date	Interest Rate	Balance June 30, 2007	Issued	Redeemed	Balance June 30, 2008
BAN	Land Acquisition.....	06/08/07	11/15/07	3.75%	\$ 2,300,000	\$ -	\$ (2,300,000)	\$ -

Note 9 - Long-Term Debt

Massachusetts General Laws Chapter 44, Section 10 authorizes indebtedness of up to a limit of 2 ½% of the equalized valuation of the City. Debt issued in accordance with this section of the law is designated as being “inside the debt limit.” Debt may also be issued for additional purposes, “outside the debt limit.” The City’s long term debt at June 30, 2008 along with future year debt service requirements is as follows:

Bonds Payable – Governmental Funds

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2007	Issued	Redeemed	Outstanding June 30, 2008
MWPAT landfill closure.....	02/15/1998	4.60	\$ 1,697,800	\$ -	\$ (126,900)	\$ 1,570,900
School renovations.....	03/10/1998	4.23	350,000	-	(350,000)	-
Carr school repurchase.....	03/15/1999	3.91	420,000	-	(210,000)	210,000
School renovations.....	03/15/1999	3.91	2,070,000	-	(1,035,000)	1,035,000
School renovations.....	07/15/2000	4.40-4.85	1,710,000	-	(430,000)	1,280,000
School renovations.....	08/15/2001	3.65	2,410,000	-	(500,000)	1,910,000
School renovations.....	08/15/2003	3.06	3,990,000	-	(570,000)	3,420,000
Land acquisition (CPA).....	12/15/2003	2.0-3.4	3,500,000	-	(500,000)	3,000,000
School renovations.....	02/15/2005	3.0-4.0	9,000,000	-	(500,000)	8,500,000
Land acquisition (CPA).....	02/15/2005	3.0-3.75	900,000	-	(300,000)	600,000
School renovations.....	02/15/2006	3.0-4.3	10,960,000	-	(615,000)	10,345,000
Road improvements.....	02/15/2006	3.0-4.3	470,000	-	(55,000)	415,000
Public works equipment.....	02/15/2006	3.0-4.3	815,000	-	(70,000)	745,000
Fire equipment.....	02/15/2006	3.0-4.3	790,000	-	(60,000)	730,000
School renovations.....	02/01/2007	4.0-5.0	8,817,000	-	(507,000)	8,310,000
Fire station improvements.....	02/01/2007	4.0-5.0	340,000	-	(25,000)	315,000
Public works equipment.....	02/01/2007	4.0-5.0	750,000	-	(60,000)	690,000
Street light improvements.....	02/01/2007	4.0-5.0	693,000	-	(233,000)	460,000
Land acquisition (CPA).....	11/01/2007	3.98	-	2,300,000	-	2,300,000
Fire station improvements.....	11/01/2007	3.98	-	532,000	-	532,000
School renovations.....	11/01/2007	3.98	-	210,000	-	210,000
School new construction.....	11/01/2007	3.98	-	19,000,000	-	19,000,000
School new construction.....	06/15/2008	4.37	-	23,500,000	-	23,500,000
School renovations.....	06/15/2008	3.80	-	2,200,000	-	2,200,000
Fire equipment.....	06/15/2008	3.80	-	450,000	-	450,000
Public works equipment.....	06/15/2008	3.80	-	600,000	-	600,000
Total.....			\$ 49,682,800	\$ 48,792,000	\$ (6,146,900)	\$ 92,327,900

During fiscal year 2008 the City issued \$48,792,000 in new general obligation bonds; \$2,300,000 for land acquisition; \$982,000 for fire station improvements and firefighting equipment; \$42,500,000 for the new North High School construction project; \$2,410,000 for other school improvement projects; and \$600,000 for public works equipment replacement.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

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, 2008, a balance of \$1,570,900 was outstanding on this loan. A principal subsidy of \$33,448 and an interest subsidy of \$52,166 have been recorded in the general fund.

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

Fiscal Year	Principal	Interest	Total
Ending			
2009	\$ 7,652,100	\$ 3,693,686	\$ 11,345,786
2010	6,418,500	3,392,404	9,810,904
2011	5,937,500	3,147,577	9,085,077
2012	5,386,700	2,922,379	8,309,079
2013	4,900,500	2,792,590	7,693,090
2014	4,952,200	2,510,663	7,462,863
2015	3,896,700	2,320,912	6,217,612
2016	3,921,300	2,150,000	6,071,300
2017	3,886,000	2,002,902	5,888,902
2018	3,635,800	1,856,927	5,492,727
2019	3,635,600	1,716,440	5,352,040
2020	3,490,000	1,575,775	5,065,775
2021	3,515,000	1,438,127	4,953,127
2022	3,340,000	1,298,775	4,638,775
2023	3,295,000	1,165,300	4,460,300
2024	3,260,000	1,032,875	4,292,875
2025	3,295,000	901,225	4,196,225
2026	2,605,000	765,306	3,370,306
2027	2,035,000	658,800	2,693,800
2028	1,810,000	573,944	2,383,944
2029	920,000	514,550	1,434,550
2030	960,000	474,300	1,434,300
2031	1,005,000	431,100	1,436,100
2032	1,055,000	385,875	1,440,875
2033	1,105,000	338,400	1,443,400
2034	1,160,000	288,675	1,448,675
2035	1,220,000	236,475	1,456,475
2036	1,280,000	181,575	1,461,575
2037	1,345,000	123,975	1,468,975
2038	1,410,000	63,450	1,473,450
Total	\$ 92,327,900	\$ 40,954,983	\$ 133,282,883

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

Bonds Payable – Water Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2007	Issued	Redeemed	Outstanding June 30, 2008
Water/sewer garage.....	03/10/1998	3.89	\$ 60,000	\$ -	\$ (30,000)	\$ 30,000
MWRA Water	09/28/2000	0.00	429,928	-	(107,483)	322,446
MWRA Water	02/15/2001	0.00	604,479	-	(151,119)	453,359
MWRA Water	02/15/2002	0.00	1,293,010	-	(258,602)	1,034,408
MWRA Water	08/15/2002	0.00	1,551,611	-	(258,602)	1,293,009
MWRA Water	02/26/2004	0.00	1,810,213	-	(258,602)	1,551,611
MWRA Water	11/18/2004	0.00	2,068,815	-	(258,602)	1,810,213
MWRA Water	05/18/2006	0.00	2,327,417	-	(258,602)	2,068,815
MWRA Water	05/31/2007	0.00	2,586,019	-	(258,602)	2,327,417
Total.....			\$ 12,731,492	\$ -	\$ (1,840,214)	\$ 10,891,279

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.

At June 30, 2008, the City had \$10,861,279 in MWRA water rehabilitation loans outstanding. Interest subsidies on these loans for the year ended June 30, 2008 totaled \$371,249.

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

Fiscal Year	Ending	Principal	Interest	Total
2009	\$	1,840,214	\$ 1,245	\$ 1,841,459
2010		1,810,213	-	1,810,213
2011		1,810,214	-	1,810,214
2012		1,551,612	-	1,551,612
2013		1,293,010	-	1,293,010
2014		1,034,407	-	1,034,407
2015		775,806	-	775,806
2016		517,203	-	517,203
2017		258,600	-	258,600
Total	\$	10,891,279	\$ 1,245	\$ 10,892,524

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

Bonds Payable – Sewer Enterprise Fund

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2007	Issued	Redeemed	Outstanding June 30, 2008
Sewer construction.....	03/10/1998	4.01	\$ 20,000	\$ -	\$ (10,000)	\$ 10,000
MWRA Sewer.....	11/12/2002	0.00	70,455	-	(70,455)	-
MWRA Sewer.....	02/20/2003	0.00	22,473	-	(22,473)	-
MWRA Sewer.....	05/22/2003	0.00	31,900	-	(31,900)	-
MWRA Sewer.....	02/16/2006	0.00	42,020	-	(10,505)	31,515
MWPAT Sewer.....	10/06/1999	5.16	4,603,216	-	(296,594)	4,306,622
MWPAT Sewer.....	11/10/2000	5.20	5,811,541	-	(344,387)	5,467,154
MWPAT Sewer.....	07/03/2002	0.00	101,467	-	(4,910)	96,557
MWRA Sewer.....	02/15/2007	0.00	304,700	-	(60,940)	243,760
MWRA Sewer.....	06/14/2007	0.00	1,130,800	-	(226,160)	904,640
MWRA Sewer.....	08/23/2007	0.00	-	52,800	-	52,800
MWRA Sewer.....	11/29/2007	0.00	-	153,615	-	153,615
Total			\$ 12,138,572	\$ 206,415	\$ (1,078,324)	\$ 11,266,663

The MWRA’s sanitary sewer infiltration/inflow reduction financial assistance program provides financial assistance for eligible projects in the form of a combination of grants and five-year interest-free loans. During the fiscal year ended June 30, 2008, the City was the recipient of \$52,800 and \$153,615 five-year interest free sewer infiltration/inflow loans. At June 30, 2008, the City had \$1,386,330 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, 2008 the City had \$9,870,333 in loans outstanding under this project. Interest and principal subsidies on these loans for the year ended June 30, 2008 were \$443,179 and \$159,859, respectively.

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

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

Fiscal Year Ending	Principal	Interest	Total
2009	\$ 1,012,489	\$ 506,355	\$ 1,518,844
2010	1,017,854	478,188	1,496,042
2011	1,035,520	417,751	1,453,271
2012	1,039,860	390,909	1,430,769
2013	777,940	343,684	1,121,624
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
Total	\$ 11,266,663	\$ 3,427,773	\$ 14,694,436

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

Subsequent Events

On August 21, 2008, the City received non-interest bearing notes from the MWRA totaling \$560,120. The proceeds of the notes will be used for sanitary sewer infiltration/inflow reduction.

On February 19, 2009, the City entered into a \$794,475 non-interest bearing agreement with the MWRA. The proceeds of the notes will be used for sanitary sewer infiltration/inflow reduction.

At June 30, 2008 the City had a total of \$173,952,380 in authorized and unissued debt, which is summarized as follows:

	Beginning of Year	Increases	Decreases	End of Year
High school improvements.....	\$ 134,903,253	\$ 56,272,500	\$ (42,947,753)	\$ 148,228,000
Elementary school improvements.....	210,000	-	(210,000)	-
Sewer I&I removal.....	1,899,665	-	(206,415)	1,693,250
Sewer I&I removal.....	2,995,073	-	-	2,995,073
Water Main Rehab - MWRA.....	7,758,057	-	-	7,758,057
Fire Station Improvements.....	532,000	-	(532,000)	-
Land acquisition.....	2,300,000	950,000	(2,300,000)	950,000
Public Works Equipment	-	600,000	(600,000)	-
Fire Equipment.....	-	1,250,000	(450,000)	800,000
Middle School Improvements.....	-	2,200,000	(2,200,000)	-
Water Meter Replacement.....	-	11,528,000	-	11,528,000
	<u>\$ 150,598,048</u>	<u>\$ 72,800,500</u>	<u>\$ (49,446,168)</u>	<u>\$ 173,952,380</u>

Subsequent to year end the following changes were made to authorized and unissued debt: a decrease in the land acquisition authorization of \$950,000 (to reflect a financing source change for long term debt to an appropriation from fund balance); and a reduction of \$28,776,650 in high school improvement authorizations (to reflect receipt of state school building assistance grant aid for the project).

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

During the fiscal year ended June 30, 2008, the following changes occurred in long-term liabilities:

	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008	Current Portion
Governmental Activities:					
Bonds and notes payable.....	\$ 49,682,800	\$ 48,792,000	\$ (6,146,900)	\$ 92,327,900	\$ 7,652,100
Capital lease obligations.....	277,286	-	(135,144)	142,142	142,142
Landfill closure and other environmental.....	1,000,000	-	(135,000)	865,000	135,000
Workers' compensation.....	6,201,970	86,671	-	6,288,641	952,619
Claims and judgments.....	37,500	2,500	-	40,000	40,000
Compensated absences.....	7,662,934	810,475	(342,973)	8,130,436	2,787,145
Net OPEB obligation.....	-	21,488,335	-	21,488,335	-
Total.....	\$ 64,862,490	\$ 71,179,981	\$ (6,760,017)	\$ 129,282,454	\$ 11,709,006
Business-type Activities:					
Bonds and notes payable.....	\$ 24,870,064	\$ 206,415	\$ (2,918,538)	\$ 22,157,942	\$ 2,852,703
Compensated absences.....	325,060	-	(26,191)	298,869	29,887
Net OPEB obligation.....	-	521,665	-	521,665	-
Total.....	\$ 25,195,124	\$ 728,080	\$ (2,944,729)	\$ 22,978,476	\$ 2,882,590

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, \$6,288,641 of the internal service funds accrued liabilities (workers' compensation claims) is included above.

The outstanding long-term debt related to land acquisition (Kessler Woods, Angino Farm and Rogers Street) will be funded from the community preservation fund (major 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 10 – 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 and retirees 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.

At June 30, 2008, the City's health claims liability totaled \$4,164,081 and is based on one and a half months claims paid average. Changes in the reported liability since July 1, 2006 are as follows:

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-end
Fiscal year 2007.....	\$ 5,962,403	\$ 35,052,867	\$ (36,458,018)	\$ 4,557,252
Fiscal year 2008.....	4,557,252	39,947,599	(40,340,770)	4,164,081

Workers' compensation claims are administered by the City's Personnel Department. The City contracts for an annual actuarial valuation of the program, and based on this study, has recorded a liability of \$6,288,641 at June 30, 2008, of which \$952,619 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, 2009. The liability includes an estimate of the IBNR claims.

The June 30, 2008 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 5.0% annual rate of interest.

Changes in the reported liability since July 1, 2006 are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-end
Fiscal year 2007.....	\$ 6,242,105	\$ 1,407,836	\$ (1,447,971)	\$ 6,201,970
Fiscal year 2008.....	6,201,970	1,583,806	(1,497,135)	6,288,641

Note 11 – 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.

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 at age 55. Benefits and member contribution rates are determined by Chapter 32 of the Massachusetts General Laws. 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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

At December 31, 2007, the System's membership consisted of the following:

Active members.....	1,788
Inactive members.....	585
Disabled members.....	151
Retirees and beneficiaries currently receiving benefits.....	<u>1,176</u>
Total.....	<u><u>3,700</u></u>

B – Basis of Accounting

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

Investments of the System are stated at fair value.

C - Funding Policy

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

Members hired on or after January 1, 1979 contribute an additional 2% of annual regular compensation in excess of \$30,000. Cost of living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth during this time period are funded by annual contributions from the Commonwealth. 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 Administration Commission (PERAC).

Effective July 1, 2007, the Newton Contributory Retirement Board has approved to transfer investment management responsibility for all assets, except those currently invested in real estate limited partnerships, with early withdrawal penalties, to the Commonwealth of Massachusetts' Pension Reserve Investment Trust.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

E – Annual Pension Cost

The City's contributions to the System for the fiscal years ended June 30, 2008, 2007, and 2006 were \$11,594,554; \$10,552,659; and \$10,176,916; respectively, and equaled the actuarially required contribution for each fiscal year. At June 30, 2008 the City did not have a net pension obligation. The required contribution was determined as part of the January 1, 2007 actuarial valuation using the individual entry age normal cost method. The actuarial assumptions included an 8% rate of return on investments (net of administrative expenses); an inflationary rate of 3% and projected salary increases of 3% for next year; 4% for each of the following four years; and 4.75% (5.25% for Group 4) 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, 2008, was 21 years and is considered closed.

Funded Status and Funding Progress - The funded status of the plan at January 1, 2008, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
January 1, 2008	\$ 281,115	\$ 419,001	\$ 137,886	67.1%	\$ 79,206	174.1%

The schedules of funding progress, presented as required supplementary information (RSI) following notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AAL for benefits.

Annual Pension Cost - The significant methods and assumptions as of the latest actuarial valuation are as follows:

Valuation date:	January 1, 2008
Actuarial cost method:	Entry age normal
Amortization method:	Increasing payments 4.5% per year
Remaining amortization period:	20 years
Asset valuation method:	Market value
Investment rate of return:	8.0%
Projected salary increases:	3.0% per year for 2008; 4% per year from 2009 to 2012; starting in 2013 the annual increases will be 4.75% and 5.25% for groups 1 and 4, respectively
Cost of living adjustments:	3.0%

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

Legally Required Reserve Accounts – The balance in the System’s legally required reserves as of December 31, 2007 are as follows:

Description	Amount	Purpose
Annuity Savings Fund.....	\$ 66,746,163	Active members' contribution balance
Annuity Reserve Fund.....	27,200,113	Retired members' contribution account
Military Service Fund.....	68,337	Military leave of absence contribution balance
Pension Fund.....	<u>193,602,053</u>	Remaining net assets
Total.....	<u>\$ 287,616,666</u>	

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, 2008, 2007, and 2006 were \$488,058, \$565,298 and \$605,099, 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 12 – Massachusetts Teachers Retirement System

Public school teachers and certain administrators are members of the Massachusetts Teachers Retirement System, to which the City does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$24,468,000 for the fiscal year ended June 30, 2008, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

Note 13 – Other Post Employment Benefits

Plan Description – The City provides health and life insurance coverage for its retirees and their survivors (hereinafter referred to as the “Plan”) as a single-employer defined benefit Other Post Employment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process. The Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The number of participants as of June 30, 2008, the latest actuarial valuation, is as follows:

Active employees.....	2,491
Retired employees and beneficiaries.....	<u>2,469</u>
Total.....	<u>4,960</u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

Funding Policy - The contribution requirements of Plan members and the City are established and may be amended by the City. The required health insurance contribution rates of Plan members and the City are 20% and 80%, respectively. In addition, the City reimburses 80% of the Medicare Part B premiums paid by retirees. The Plan members and City each contribute 50% towards a \$5,000 term life insurance premium. The City currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the City.

Annual OPEB Cost and Net OPEB Obligation - The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with the parameters set forth in GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the actual amount contributed to the plan, and changes in the City net OPEB obligation:

	<u>Amount</u> <u>(in thousands)</u>	
Annual required contribution.....	\$	35,440
Interest on net OPEB obligation.....		-
Adjustment to annual required contribution.....		-
		<hr/>
Annual OPEB cost.....		35,440
Contributions made.....		(13,430)
		<hr/>
Increase in net OPEB obligation.....		22,010
Net OPEB obligation at beginning of year.....		-
		<hr/>
Net OPEB obligation at end of year.....	\$	<u>22,010</u>

Trend information regarding annual pension cost, the percentage of the annual pension cost contributed and the net pension obligation is as follows:

Dollar Amounts in Thousands

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>OPEB Cost</u> <u>(AOPEBC)</u>	<u>Percentage</u> <u>of AOPEBC</u> <u>Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
June 30, 2008*.....	\$ 35,440	37.9%	\$ 22,010

* Transition year

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

Funded Status and Funding Progress – The funded status of the Plan at June 30, 2008, the most recent actuarial valuation, was as follows:

Dollar Amounts in Thousands

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
06/30/08	\$ -	\$ 432,960	\$ 432,960	-	\$ 201,970	214%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The significant methods and assumptions as of the latest actuarial valuation are as follows:

Valuation date:	June 30, 2008
Actuarial cost method:	Projected Unit Credit
Amortization method:	Projected Unit Credit
Remaining amortization period:	30 years
Interest discount rate:	3.75%
Healthcare/Medical cost trend rate:	7.2% for six years decreasing by 1.0% to an ultimate level of 5.2% per year

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

Allocation of AOPEBC – AOPEBC costs were allocated to the City’s functions as follows:

Governmental Activities:

Legislative & Executive.....	\$	256,987
Elections.....		53,513
Financial administration.....		307,643
Administrative support.....		329,752
Planning & development.....		167,538
Public building maintenance & operation.....		252,318
Police.....		2,123,507
Fire.....		2,042,373
Inspectional services.....		129,157
Other public safety.....		7,492
Education.....		13,240,712
Streets & sidewalks.....		769,273
Collection & disposal of solid waste.....		34,686
Equipment maintenance.....		199,655
Engineering.....		130,190
Administration & support.....		165,195
Public health.....		294,893
Senior services.....		54,632
Veteran services.....		24,250
Libraries.....		516,462
Parks & recreation.....		360,108
Newton history museum.....		<u>27,999</u>
Total AOPEBC - governmental activities.....	\$	<u><u>21,488,335</u></u>

Business-Type Activities:

Water.....	\$	279,770
Sewer.....		<u>241,895</u>
Total AOPEBC - business-type activities.....	\$	<u><u>521,665</u></u>

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

Note 14 – 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 \$500,000 at June 30, 2008 for future year landfill site monitoring and maintenance. Estimated costs per year total \$25,000. The current estimate is based upon current costs and may require modification in future years due to price inflation, changes in technology or changes in state/federal law and regulations.

Note 15 – Commitments and Contingencies

During the fiscal year ended June 30, 2008 the City authorized what is expected to be full funding for the construction of a new Newton North High School. The approved budget for this project is \$197,500,000, \$46,600,000 of which is expected to be funded with capital construction grants from the Massachusetts School Building Authority; \$15,200,000 of which is expected to be funded with subsidized loans from the Massachusetts School Building Authority; and \$135,700,000 of which is expected to be funded with general obligation bonds of the City.

Following the final funding of the new Newton North High School project, the City entered into a \$162,800,000 construction contract for the new high school. At June 30, 2008, \$18,500,000 had been expended against this contract.

The City's 20 year contract for solid waste collection and disposal ended on June 30, 2008. For the fiscal year ended June 30, 2008, \$3,800,000 was expended under this contract for the collection and disposal of approximately 27,000 tons of rubbish.

During the fiscal year ended June 30, 2008, the City's Board of Aldermen has authorized the Mayor to enter into a new twenty year rubbish disposal contract. The City also executed a two year rubbish collection contract, effective July 1, 2008 that includes a pilot automated collection experiment.

The City participates in a number of state and federal award programs. Although the federal grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2008, these programs, as well as certain state grant programs, are still subject to separate financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although it is expected such amounts, if any, will be immaterial.

Various additional legal actions and claims are pending. Litigation is subject to many uncertainties and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any at June 30, 2008 cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the City at June 30, 2008.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

Note 16 – Invested in Capital Assets, Net of Related Debt

Invested in capital assets, net of related debt at June 30, 2008 is summarized as follows:

Governmental Activities

Capital assets, net of accumulated depreciation.....	\$	235,613,790
Less: total long-term debt outstanding.....		(92,327,900)
Add: long-term debt outstanding not related to asset acquisition.....		1,570,900
Less: total capital leases outstanding.....		(142,142)
Add: grant receivable to fund capital debt.....		25,930,018
Add: unspent bond proceeds of capital related debt.....		<u>4,061,544</u>
 Invested in capital assets, net of related debt.....	\$	<u><u>174,706,210</u></u>

Business-Type Activities

	<u>Water</u>	<u>Sewer</u>	<u>Total Enterprise Funds/ Business-Type Activities</u>
Capital assets, net of accumulated depreciation.....	\$ 27,560,110	\$ 31,145,580	\$ 58,705,690
Less: total long-term debt outstanding.....	(10,891,279)	(11,266,663)	(22,157,942)
Add: grant receivable to fund capital debt.....	-	2,893,820	2,893,820
Add: unspent bond proceeds of capital related debt.....	<u>4,832,361</u>	<u>2,090,243</u>	<u>6,922,604</u>
 Invested in capital assets, net of related debt.....	\$ <u><u>21,501,192</u></u>	\$ <u><u>24,862,980</u></u>	\$ <u><u>46,364,172</u></u>

Note 17 - Donor Restricted Endowments

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

Amounts available for expenditure related to Permanent Funds are reported as expendable permanent funds in the Statement of Net Assets and undesignated permanent funds in the Governmental Funds Balance Sheet. Amounts available for expenditure related to Private Purpose Trust Funds are reported as held in trust for other purposes in the Fiduciary Funds Statement of Fiduciary Net Assets.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2008

Note 18 – Implementation of GASB Pronouncements

The City implemented the following GASB pronouncements during fiscal year 2008:

- Statement #45, *Accounting and Financial Reporting for Employers for Postemployment Benefits Other Than Pensions*. This pronouncement requires the recording of an OPEB liability that relates to the City's future liability for current and future retirees and their spouses for benefits other than pensions, such as health insurance. The statement is recorded prospectively in the first year of implementation. Details relating to the City's OPEB liability and its calculation are provided at Note 13.
- Statement #48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. The implementation of this Statement had no impact on the financial statements.
- Statement #50, *Pension Disclosures*. This Statement enhances pension disclosures in the notes to financial statements (see pages 61-63) and RSI (see pages 71 -72) by state and local government employers that provide pension benefits.

Note 19 – Future Implementation of GASB Pronouncements

The GASB has issued the following statements:

- Statement #49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which is required to be implemented during fiscal year 2009. The City is currently evaluating the effect that this Statement will have on its basic financial statements.
- Statement #51, *Accounting and Financial Reporting for Intangible Assets*, which is required to be implemented during fiscal year 2010. The City is currently evaluating the effect that this Statement will have on its basic financial statements.
- Statement #52, *Land and Other Real Estate Held as Investments by Endowments*, which is required to be implemented during fiscal year 2009. The City is currently evaluating the effect that this Statement will have on its basic financial statements.
- Statement #53, *Accounting and Financial Reporting for Derivative Instruments*, which is required to be implemented during fiscal year 2010. The City is currently evaluating the effect that this Statement will have on its basic financial statements.

These pronouncements will be implemented by the respective required years of implementation.

Required Supplementary Information

CITY OF NEWTON, MASSACHUSETTS
Notes to Required Supplementary Information
Fiscal Year Ended June 30, 2008

PENSION PLAN SCHEDULES

The following schedules provide information related to the System as a whole, for which the City is one participating employer:

SCHEDULES OF FUNDING PROGRESS (SYSTEM)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
January 1, 2008	\$ 281,115	\$ 419,001	\$ 137,886	67.1%	\$ 79,206	174.1%
January 1, 2007	265,701	402,258	136,557	66.1%	74,197	184.0%
January 1, 2006	253,421	382,732	129,311	66.2%	71,278	181.4%
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%

SCHEDULE OF EMPLOYEE CONTRIBUTIONS (SYSTEM)

Year Ended December 31	Annually Required Contributions (ARC)	Percentage of ARC Contributed (%)
2002	\$ 7,290,775	100
2003	8,063,195	100
2004	9,743,368	100
2005	10,273,356	100
2006	10,667,820	100
2007	11,747,762	100

CITY OF NEWTON, MASSACHUSETTS
Notes to Required Supplementary Information
Fiscal Year Ended June 30, 2008

The following schedule provides information related to the City's portion of the System's ARC:

CITY SHARE OF SYSTEM ARC

<u>Fiscal Year Ended</u>	<u>ARC</u>	<u>Percentage of ARC Contributed (%)</u>	<u>CITY ARC as a Percentage of System ARC (%)</u>
2003	\$ 7,235,846	100	99.2%
2004	7,985,281	100	99.0%
2005	9,653,986	100	99.1%
2006	10,176,916	100	99.1%
2007	10,552,659	100	98.9%
2008	11,594,554	100	98.7%

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 can not exceed revenues plus the beginning fund balance. Any difference between fund revenues and expenditures is financed with a transfer from the School Department's general fund operating budget. It is the policy of the Newton Public school department to subsidize all fund employee benefit costs.

Revolving Fund

The Revolving Fund is used to account for a variety of municipal functions that are expected to be self-supporting, such as departmental private duty details. All revolving funds, except for damage recoveries of less than \$20,000; private duty details and assignments; wetlands protection and development review activities; and police asset forfeitures are authorized annually by vote of the Board of Aldermen under Massachusetts General Law Chapter 44, Section 53E ½. 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 either legally restricted by state law, or has been restricted by vote of the City's Board of Aldermen, for specific purposes 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, development mitigation funds, and revenues generated from cable television license agreements and the sale of recyclable materials. No expenditures can be made directly from the fund; rather, resources are appropriated and transferred to the City's general fund for expenditure.

Community Development Block Grant Fund

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

Municipal Federal Grant Fund

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

School Federal Grant Fund

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

Gift Fund

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

Stormwater Management Fund

This fund is used to account for operation and maintenance of the City's stormwater drainage activities. Effective July 1, 2006 the Mayor and Board of Aldermen voted to establish the Stormwater Management special revenue fund. These activities were previously accounted for within the Public Works department's General Fund appropriation. A flat rate stormwater management fee was imposed by ordinance effective July 1, 2006 and is intended to fund maintenance and operations. The City has no stormwater management debt at this time.

Capital Projects Funds

Public Building Improvements Fund

This fund is used to account for the acquisition, construction, reconstruction, and/or major renovation of buildings for which the City has not established a separate capital project 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 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.

Municipal Equipment Replacement Fund

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

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. Separate fund balances are maintained within the fund for: future year high school renovation project financing; future year water and sewer project financing; future year general purpose capital project financing; and future year bonded capital project financing.

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, 2008

Special Revenue Funds

ASSETS	School Lunch	Revolving	Receipts Reserved	Community Development Block Grant
Cash and cash equivalents.....	\$ 393,615	\$ 2,520,927	\$ 4,470,032	\$ 250
Interest and dividends.....	-	-	-	-
Receivables, net of allowance for uncollectible amounts:				
Charges for services.....	-	599,781	-	-
Departmental and other.....	-	-	-	-
Intergovernmental.....	28,439	-	-	193,717
Loans.....	-	-	360,000	-
Other assets.....	-	-	-	-
Restricted assets:				
Cash and cash equivalents.....	-	64,736	-	-
Investments.....	-	-	-	-
TOTAL ASSETS.....	\$ 422,054	\$ 3,185,444	\$ 4,830,032	\$ 193,967
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Warrants payable.....	\$ 40,770	\$ 289,822	\$ -	\$ 70,288
Accrued liabilities.....	288	16,581	-	21,702
Accrued payroll.....	352,760	161,828	-	3,462
Revenue refunds payable.....	-	-	-	-
Liabilities due depositors.....	-	64,736	-	-
Deferred revenue.....	-	332,682	360,000	-
Due to other funds.....	-	-	-	98,265
TOTAL LIABILITIES.....	393,818	865,649	360,000	193,717
FUND BALANCES:				
Reserved for:				
Perpetual permanent funds.....	-	-	-	-
Other specific purposes.....	-	-	-	-
Undesignated, reported in:				
Special revenue funds.....	28,236	2,319,795	4,470,032	250
Capital projects funds.....	-	-	-	-
Permanent funds.....	-	-	-	-
TOTAL FUND BALANCES.....	28,236	2,319,795	4,470,032	250
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 422,054	\$ 3,185,444	\$ 4,830,032	\$ 193,967

Special Revenue Funds

Municipal Federal Grant	Municipal State Grant	School State Grant	School Federal Grant	Gift	Stormwater Management	Sub-total
\$ 71,180	\$ 532,263	\$ -	\$ 8,903	\$ 1,062,711	\$ -	\$ 9,059,881
-	-	-	-	-	-	-
-	-	-	-	-	141,247	741,028
-	-	-	-	31,578	-	31,578
162,041	16,184	1,027,870	486,119	-	-	1,914,370
-	-	-	-	-	-	360,000
-	-	-	-	2,890	-	2,890
-	-	-	-	-	403,972	468,708
-	-	-	-	-	-	-
<u>\$ 233,221</u>	<u>\$ 548,447</u>	<u>\$ 1,027,870</u>	<u>\$ 495,022</u>	<u>\$ 1,097,179</u>	<u>\$ 554,887</u>	<u>\$ 12,588,123</u>
\$ 83,117	\$ 29,939	\$ 72,159	\$ 63,938	\$ 10,019	\$ 23,453	\$ 683,505
3,245	3,574	1,786	15,358	1,264	-	63,798
-	25,183	112,300	201,753	27,211	11,310	895,807
-	-	-	-	-	1,125	1,125
-	-	-	-	-	-	64,736
-	-	-	-	-	46,696	739,378
79,877	-	716,190	196,571	-	-	1,090,903
<u>166,239</u>	<u>58,696</u>	<u>902,435</u>	<u>477,620</u>	<u>38,494</u>	<u>82,584</u>	<u>3,539,252</u>
66,982	489,751	125,435	17,402	1,058,685	-	1,758,255
-	-	-	-	-	472,303	7,290,616
-	-	-	-	-	-	-
<u>66,982</u>	<u>489,751</u>	<u>125,435</u>	<u>17,402</u>	<u>1,058,685</u>	<u>472,303</u>	<u>9,048,871</u>
<u>\$ 233,221</u>	<u>\$ 548,447</u>	<u>\$ 1,027,870</u>	<u>\$ 495,022</u>	<u>\$ 1,097,179</u>	<u>\$ 554,887</u>	<u>\$ 12,588,123</u>

(Continued)

CITY OF NEWTON, MASSACHUSETTS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2008

Capital Projects Funds

ASSETS	Public Building Improvements	Street Improvements	Municipal Equipment Replacement	Capital Stabilization	Sub-total
Cash and cash equivalents.....	\$ -	\$ -	\$ -	\$ 16,356,650	\$ 16,356,650
Interest and dividends.....	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:					
Charges for services.....	-	-	-	-	-
Departmental and other.....	-	-	-	-	-
Intergovernmental.....	-	132,337	-	-	132,337
Loans.....	-	-	-	-	-
Other assets.....	-	-	-	-	-
Restricted assets:					
Cash and cash equivalents.....	3,138,999	348,807	671,372	-	4,159,178
Investments.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 3,138,999	\$ 481,144	\$ 671,372	\$ 16,356,650	\$ 20,648,165
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 132,981	\$ 169,080	\$ 124,394	\$ -	\$ 426,455
Accrued liabilities.....	10,177	12,601	-	-	22,778
Accrued payroll.....	-	-	-	-	-
Revenue refunds payable.....	-	-	-	-	-
Liabilities due depositors.....	-	-	-	-	-
Deferred revenue.....	-	-	-	-	-
Due to other funds.....	-	-	-	-	-
TOTAL LIABILITIES.....	143,158	181,681	124,394	-	449,233
FUND BALANCES:					
Reserved for:					
Perpetual permanent funds.....	-	-	-	-	-
Other specific purposes.....	-	-	-	-	-
Undesignated, reported in:					
Special revenue funds.....	-	-	-	-	-
Capital projects funds.....	2,995,841	299,463	546,978	16,356,650	20,198,932
Permanent funds.....	-	-	-	-	-
TOTAL FUND BALANCES.....	2,995,841	299,463	546,978	16,356,650	20,198,932
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 3,138,999	\$ 481,144	\$ 671,372	\$ 16,356,650	\$ 20,648,165

Permanent Funds

Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 25,416,531
1,463	4,403	5,866	5,866
-	-	-	741,028
-	-	-	31,578
-	-	-	2,046,707
-	-	-	360,000
-	-	-	2,890
347,363	129,390	476,753	5,104,639
199,027	567,374	766,401	766,401
<u>\$ 547,853</u>	<u>\$ 701,167</u>	<u>\$ 1,249,020</u>	<u>\$ 34,485,308</u>
\$ 16,550	\$ -	\$ 16,550	\$ 1,126,510
-	-	-	86,576
-	-	-	895,807
-	-	-	1,125
-	-	-	64,736
-	-	-	739,378
-	-	-	1,090,903
<u>16,550</u>	<u>-</u>	<u>16,550</u>	<u>4,005,035</u>
414,856	-	414,856	414,856
-	-	-	1,758,255
-	-	-	7,290,616
-	-	-	20,198,932
<u>116,447</u>	<u>701,167</u>	<u>817,614</u>	<u>817,614</u>
<u>531,303</u>	<u>701,167</u>	<u>1,232,470</u>	<u>30,480,273</u>
<u>\$ 547,853</u>	<u>\$ 701,167</u>	<u>\$ 1,249,020</u>	<u>\$ 34,485,308</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, 2008

	<i>Special Revenue Funds</i>			
	School Lunch	Revolving	Receipts Reserved	Community Development Block Grant
REVENUES				
Licenses, permits and fees.....	\$ -	\$ -	\$ 30,931	\$ -
Intergovernmental	489,216	-	-	2,653,670
Charges for services.....	2,531,994	7,955,429	1,186,717	-
Fines and forfeitures.....	-	21,478	-	-
Investment income.....	37,475	3,650	13,690	-
Contributions and donations.....	-	161,168	78,000	-
Miscellaneous.....	-	210,712	613,853	-
Special assessments.....	-	65,016	-	-
TOTAL REVENUES.....	3,058,685	8,417,453	1,923,191	2,653,670
EXPENDITURES				
Current:				
General government:				
Elections.....	-	-	-	-
Administrative support.....	-	-	-	-
Planning & development.....	-	169,612	-	2,653,670
Public building maintenance & operations.....	-	428	-	-
Public safety:				
Police.....	-	2,616,784	-	-
Fire.....	-	240,926	-	-
Inspectional services.....	-	2,207	-	-
Education.....	4,247,579	4,539,059	-	-
Public works:				
Streets & sidewalks.....	-	382,213	-	-
Collection & disposal of solid waste.....	-	4,320	-	-
Vehicle maintenance.....	-	7,519	-	-
Engineering.....	-	35,055	-	-
Health and human services:				
Health & human services.....	-	2,438	-	-
Senior services.....	-	57,248	-	-
Culture and recreation:				
Libraries.....	-	30,607	-	-
Parks & recreation.....	-	1,313,713	-	-
Newton History museum.....	-	4,990	-	-
TOTAL EXPENDITURES.....	4,247,579	9,407,119	-	2,653,670
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,188,894)	(989,666)	1,923,191	-
OTHER FINANCING SOURCES (USES)				
Transfers in.....	907,168	997,097	1,608	-
Issuance of general obligation bonds.....	-	-	-	-
Sale of capital assets.....	-	21,992	-	-
Transfers out.....	-	-	(1,842,230)	-
TOTAL OTHER FINANCING SOURCES (USES).....	907,168	1,019,089	(1,840,622)	-
NET CHANGE IN FUND BALANCES.....	(281,726)	29,423	82,569	-
FUND BALANCES AT BEGINNING OF YEAR.....	309,962	2,290,372	4,387,463	250
FUND BALANCES AT END OF YEAR.....	\$ 28,236	\$ 2,319,795	\$ 4,470,032	\$ 250

Special Revenue Funds

Municipal Federal Grant	Municipal State Grant	School State Grant	School Federal Grant	Gift	Stormwater Management	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,931
4,515,039	766,866	6,594,820	5,142,654	-	-	20,162,265
-	-	-	-	-	730,541	12,404,681
-	-	-	-	-	-	21,478
-	413	-	-	22,786	-	78,014
19,456	-	-	-	876,728	-	1,135,352
-	-	-	-	-	-	824,565
-	-	-	-	-	-	65,016
<u>4,534,495</u>	<u>767,279</u>	<u>6,594,820</u>	<u>5,142,654</u>	<u>899,514</u>	<u>730,541</u>	<u>34,722,302</u>
-	37,952	-	-	-	-	37,952
-	5	-	-	-	-	5
4,504,353	5,392	-	-	829	-	7,333,856
1,955	11,900	-	-	-	-	14,283
14,622	87,397	-	-	1,290	-	2,720,093
3,335	42,694	-	-	-	-	286,955
-	-	-	-	-	-	2,207
-	-	6,804,205	5,194,222	486,702	-	21,271,767
-	455	-	-	-	602,547	985,215
-	53,403	-	-	-	-	57,723
-	-	-	-	-	-	7,519
-	-	-	-	-	-	35,055
35,069	220,111	-	-	8,028	-	265,646
-	145,619	-	-	17,568	-	220,435
14,655	138,261	-	-	7,843	-	191,366
-	13,213	-	-	47,095	-	1,374,021
-	-	-	-	-	-	4,990
<u>4,573,989</u>	<u>756,402</u>	<u>6,804,205</u>	<u>5,194,222</u>	<u>569,355</u>	<u>602,547</u>	<u>34,809,088</u>
(39,494)	10,877	(209,385)	(51,568)	330,159	127,994	(86,786)
53,269	-	-	-	-	100,000	2,059,142
-	-	-	-	-	-	-
-	-	-	-	-	-	21,992
-	-	-	-	-	-	(1,842,230)
<u>53,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>238,904</u>
13,775	10,877	(209,385)	(51,568)	330,159	227,994	152,118
53,207	478,874	334,820	68,970	728,526	244,309	8,896,753
<u>\$ 66,982</u>	<u>\$ 489,751</u>	<u>\$ 125,435</u>	<u>\$ 17,402</u>	<u>\$ 1,058,685</u>	<u>\$ 472,303</u>	<u>\$ 9,048,871</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, 2008

Capital Projects Funds

	Public Building Improvements	Street Improvements	Municipal Equipment Replacement	Capital Stabilization	Sub-total
REVENUES					
Licenses, permits and fees.....	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	1,917,767	-	-	1,917,767
Charges for services.....	-	-	-	-	-
Fines and forfeitures.....	-	-	-	-	-
Investment income.....	-	-	-	54,923	54,923
Contributions and donations.....	-	-	-	-	-
Miscellaneous.....	-	-	-	-	-
Special assessments.....	-	-	-	-	-
TOTAL REVENUES.....	-	1,917,767	-	54,923	1,972,690
EXPENDITURES					
Current:					
General government:					
Elections.....	-	-	-	-	-
Administrative support.....	-	-	-	-	-
Planning & development.....	-	-	-	-	-
Public building maintenance & operations.....	737,234	-	-	-	737,234
Public safety:					
Police.....	-	-	-	-	-
Fire.....	-	-	443,647	-	443,647
Inspectional services.....	-	-	-	-	-
Education.....	2,467,848	-	-	-	2,467,848
Public works:					
Streets & sidewalks.....	-	2,811,588	781,936	-	3,593,524
Collection & disposal of solid waste.....	-	-	-	-	-
Vehicle maintenance.....	-	-	-	-	-
Engineering.....	-	-	-	-	-
Health and human services:					
Public health.....	-	-	-	-	-
Human services.....	-	-	-	-	-
Culture and recreation:					
Libraries.....	-	-	-	-	-
Parks & recreation.....	-	-	-	-	-
Newton History museum.....	-	-	-	-	-
TOTAL EXPENDITURES.....	3,205,082	2,811,588	1,225,583	-	7,242,253
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(3,205,082)	(893,821)	(1,225,583)	54,923	(5,269,563)
OTHER FINANCING SOURCES (USES)					
Transfers in.....	405,411	-	-	6,205,608	6,611,019
Issuance of general obligation bonds.....	2,942,000	-	1,050,000	-	3,992,000
Sale of capital assets.....	-	-	-	-	-
Transfers out.....	(197,207)	-	-	(922,111)	(1,119,318)
TOTAL OTHER FINANCING SOURCES (USES).....	3,150,204	-	1,050,000	5,283,497	9,483,701
NET CHANGE IN FUND BALANCES.....	(54,878)	(893,821)	(175,583)	5,338,420	4,214,138
FUND BALANCES AT BEGINNING OF YEAR.....	3,050,719	1,193,284	722,561	11,018,230	15,984,794
FUND BALANCES AT END OF YEAR.....	\$ 2,995,841	\$ 299,463	\$ 546,978	\$ 16,356,650	\$ 20,198,932

Permanent Funds

Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 30,931
-	-	-	22,080,032
-	-	-	12,404,681
-	-	-	21,478
28,663	(32,601)	(3,938)	128,999
-	254,872	254,872	1,390,224
-	-	-	824,565
-	-	-	65,016
<u>28,663</u>	<u>222,271</u>	<u>250,934</u>	<u>36,945,926</u>
-	-	-	37,952
-	-	-	5
158	-	158	7,334,014
22,522	-	22,522	774,039
-	-	-	2,720,093
-	-	-	730,602
-	-	-	2,207
-	-	-	23,739,615
-	-	-	4,578,739
-	-	-	57,723
-	-	-	7,519
-	-	-	35,055
-	-	-	265,646
-	-	-	220,435
-	321,391	321,391	512,757
100	-	100	1,374,121
-	-	-	4,990
<u>22,780</u>	<u>321,391</u>	<u>344,171</u>	<u>42,395,512</u>
<u>5,883</u>	<u>(99,120)</u>	<u>(93,237)</u>	<u>(5,449,586)</u>
-	-	-	8,670,161
-	-	-	3,992,000
-	-	-	21,992
-	-	-	(2,961,548)
-	-	-	9,722,605
5,883	(99,120)	(93,237)	4,273,019
<u>525,420</u>	<u>800,287</u>	<u>1,325,707</u>	<u>26,207,254</u>
<u>\$ 531,303</u>	<u>\$ 701,167</u>	<u>\$ 1,232,470</u>	<u>\$ 30,480,273</u>

(Concluded)



This page left intentionally blank.

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, 2008

ASSETS	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
Current assets:					
Cash and cash equivalents.....	\$ 15,379,972	\$ 769,578	\$ 107,739	\$ 216,109	\$ 16,473,398
Investments.....	-	6,744,125	1,423,562	-	8,167,687
Interest and dividends.....	-	31,121	10,999	-	42,120
Working capital deposit.....	391,676	-	-	-	391,676
Total assets.....	<u>15,771,648</u>	<u>7,544,824</u>	<u>1,542,300</u>	<u>216,109</u>	<u>25,074,881</u>
LIABILITIES					
Current liabilities:					
Warrants payable.....	48,242	32,152	-	-	80,394
Accrued liabilities.....	-	83,625	-	-	83,625
Accrued payroll.....	-	3,103	-	-	3,103
Accrued health claims payable.....	4,164,081	-	-	-	4,164,081
Workers' compensation claims.....	-	952,619	-	-	952,619
Total current liabilities.....	<u>4,212,323</u>	<u>1,071,499</u>	<u>-</u>	<u>-</u>	<u>5,283,822</u>
Noncurrent liabilities:					
Workers' compensation claims.....	-	5,336,022	-	-	5,336,022
Total liabilities.....	<u>4,212,323</u>	<u>6,407,521</u>	<u>-</u>	<u>-</u>	<u>10,619,844</u>
FUND NET ASSETS					
Unrestricted.....	\$ <u>11,559,325</u>	\$ <u>1,137,303</u>	\$ <u>1,542,300</u>	\$ <u>216,109</u>	\$ <u>14,455,037</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, 2008

	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
OPERATING REVENUES					
Employer contributions.....	\$ 35,358,586	\$ 1,697,143	\$ -	\$ -	\$ 37,055,729
Employee contributions.....	8,808,324	-	-	-	8,808,324
TOTAL OPERATING REVENUES.....	44,166,910	1,697,143	-	-	45,864,053
OPERATING EXPENSES					
Change in incurred but not reported liability.....	(393,171)	86,671	-	-	(306,500)
Self insurance claims.....	38,762,398	1,497,135	-	-	40,259,533
Insurance premiums.....	462,344	-	-	-	462,344
Administrative expenses.....	2,415,645	90,416	-	-	2,506,061
TOTAL OPERATING EXPENSES.....	41,247,216	1,674,222	-	-	42,921,438
OPERATING INCOME (LOSS).....	2,919,694	22,921	-	-	2,942,615
NONOPERATING REVENUES (EXPENSES)					
Investment income.....	565,002	(135,673)	82,160	9,476	520,965
TOTAL NONOPERATING REVENUES (EXPENSES), NET...	565,002	(135,673)	82,160	9,476	520,965
INCOME (LOSS) BEFORE TRANSFERS.....	3,484,696	(112,752)	82,160	9,476	3,463,580
TRANSFERS					
Transfers out.....	-	-	(277,582)	(10,000)	(287,582)
TOTAL TRANSFERS.....	-	-	(277,582)	(10,000)	(287,582)
CHANGE IN FUND NET ASSETS.....	3,484,696	(112,752)	(195,422)	(524)	3,175,998
FUND NET ASSETS AT BEGINNING OF YEAR.....	8,074,629	1,250,055	1,737,722	216,633	11,279,039
FUND NET ASSETS AT END OF YEAR.....	\$ 11,559,325	\$ 1,137,303	\$ 1,542,300	216,109	\$ 14,455,037

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users.....	\$ 8,808,324	\$ -	\$ -	\$ -	\$ 8,808,324
Receipts from interfund services provided.....	35,358,586	1,666,022	(10,999)	-	37,013,609
Payments to vendors/providers.....	(41,730,139)	(1,538,422)	-	-	(43,268,561)
NET CASH FROM OPERATING ACTIVITIES.....	<u>2,436,771</u>	<u>127,600</u>	<u>(10,999)</u>	<u>-</u>	<u>2,553,372</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out.....	-	-	(277,582)	(10,000)	(287,582)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments.....	-	132,290	259,725	-	392,015
Investment income.....	565,002	(135,673)	82,160	9,476	520,965
NET CASH FROM INVESTING ACTIVITIES.....	<u>565,002</u>	<u>(3,383)</u>	<u>341,885</u>	<u>9,476</u>	<u>912,980</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	3,001,773	124,217	53,304	(524)	3,178,770
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	12,378,199	645,361	54,435	216,633	13,294,628
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 15,379,972</u>	<u>\$ 769,578</u>	<u>\$ 107,739</u>	<u>\$ 216,109</u>	<u>\$ 16,473,398</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (loss).....	\$ 2,919,694	\$ 22,921	\$ -	\$ -	\$ 2,942,615
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Changes in assets and liabilities:					
Interest and dividends.....	-	(31,121)	(10,999)	-	(42,120)
Working capital deposit.....	(40,537)	-	-	-	(40,537)
Warrants payable.....	(49,215)	(32,022)	-	-	(81,237)
Accrued payroll.....	-	3,103	-	-	3,103
Accrued liabilities.....	-	78,048	-	-	78,048
Accrued health claims payable.....	(393,171)	-	-	-	(393,171)
Workers' compensation.....	-	86,671	-	-	86,671
Total adjustments.....	<u>(482,923)</u>	<u>104,679</u>	<u>(10,999)</u>	<u>-</u>	<u>(389,243)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 2,436,771</u>	<u>\$ 127,600</u>	<u>\$ (10,999)</u>	<u>\$ -</u>	<u>\$ 2,553,372</u>

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.

Arnold Daniels Fund

Pursuant to the terms of the Arnold S. Daniels, Jr. Revocable Trust, dated July 20, 2000, this fund is used to assist needy residents of Newton by providing them with monetary distributions to provide food, shelter, and clothing.

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

JUNE 30, 2008

	Chaffin Education	Scovell Education	Gorin Education	Cousens Welfare
ASSETS				
Cash and cash equivalents.....	\$ 649,286	\$ 115,729	\$ -	\$ 730,774
Investments.....	3,964,073	816,731	-	1,034,447
Interest and dividends.....	19,227	4,321	-	8,196
Receivables, net of allowance for uncollectibles:				
Loans.....	65,384	-	26,163	-
Total assets.....	4,697,970	936,781	26,163	1,773,417
LIABILITIES				
Warrants payable.....	4,001	-	-	-
Accrued liabilities.....	-	-	-	-
Accrued payroll.....	-	-	-	-
Other liabilities.....	6,493	-	-	-
Total liabilities.....	10,494	-	-	-
NET ASSETS				
Held in trust for other purposes.....	\$ 4,687,476	\$ 936,781	\$ 26,163	\$ 1,773,417

<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>Arnold Daniels Fund</u>	<u>Total</u>
\$ 789,753	\$ 3,610	\$ 45,297	4,526	\$ 36,912	\$ 4,011	\$ 51,217	\$ 2,431,115
428,714	-	-	-	-	-	-	6,243,965
2,768	-	-	-	-	-	-	34,512
-	-	-	-	-	-	-	91,547
<u>1,221,235</u>	<u>3,610</u>	<u>45,297</u>	<u>4,526</u>	<u>36,912</u>	<u>4,011</u>	<u>51,217</u>	<u>8,801,139</u>
1,002	-	300	-	-	-	-	5,303
500	-	-	-	-	-	-	500
5,000	-	-	-	-	-	-	5,000
-	-	-	-	-	-	-	6,493
<u>6,502</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,296</u>
<u>\$ 1,214,733</u>	<u>\$ 3,610</u>	<u>\$ 44,997</u>	<u>4,526</u>	<u>\$ 36,912</u>	<u>\$ 4,011</u>	<u>\$ 51,217</u>	<u>\$ 8,783,843</u>

CITY OF NEWTON, MASSACHUSETTS
PRIVATE PURPOSE TRUST FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Chaffin Education	Scovell Education	Gorin Education	Cousens Welfare
ADDITIONS				
Contributions:				
Private donations.....	\$ -	\$ -	\$ -	\$ 19,427
Net investment income:				
Interest.....	(123,969)	(1,978)	-	(161,268)
TOTAL ADDITIONS.....	(123,969)	(1,978)	-	(141,841)
DEDUCTIONS				
Administration expense.....	1,359	-	-	29,475
Educational scholarships & awards.....	217,106	33,001	-	67,426
TOTAL DEDUCTIONS.....	218,465	33,001	-	96,901
CHANGE IN NET ASSETS.....	(342,434)	(34,979)	-	(238,742)
NET ASSETS AT BEGINNING OF YEAR.....	5,029,910	971,760	26,163	2,012,159
NET ASSETS AT END OF YEAR.....	\$ 4,687,476	\$ 936,781	\$ 26,163	\$ 1,773,417

<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>Arnold Daniels Fund</u>	<u>Total</u>
\$ <u>97,723</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>10,731</u>	\$ <u>-</u>	\$ <u>127,881</u>
<u>32,294</u>	<u>150</u>	<u>1,931</u>	<u>188</u>	<u>1,531</u>	<u>329</u>	<u>2,404</u>	<u>(248,388)</u>
<u>130,017</u>	<u>150</u>	<u>1,931</u>	<u>188</u>	<u>1,531</u>	<u>11,060</u>	<u>2,404</u>	<u>(120,507)</u>
<u>400</u>	<u>-</u>	<u>1,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,934</u>
<u>99,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>6,239</u>	<u>435,598</u>
<u>100,226</u>	<u>-</u>	<u>1,700</u>	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>6,239</u>	<u>468,532</u>
<u>29,791</u>	<u>150</u>	<u>231</u>	<u>188</u>	<u>1,531</u>	<u>(940)</u>	<u>(3,835)</u>	<u>(589,039)</u>
<u>1,184,942</u>	<u>3,460</u>	<u>44,766</u>	<u>4,338</u>	<u>35,381</u>	<u>4,951</u>	<u>55,052</u>	<u>9,372,882</u>
\$ <u><u>1,214,733</u></u>	\$ <u><u>3,610</u></u>	\$ <u><u>44,997</u></u>	\$ <u><u>4,526</u></u>	\$ <u><u>36,912</u></u>	\$ <u><u>4,011</u></u>	\$ <u><u>51,217</u></u>	\$ <u><u>8,783,843</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, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
ASSETS				
Cash and cash equivalents.....	\$ 3,141,443	128,817,387	(129,145,734)	\$ 2,813,096
LIABILITIES				
Warrants payable.....	59,690	72,050,569	(71,934,637)	175,622
Payroll withholdings.....	2,112,209	134,360,190	(134,595,734)	1,876,665
Other liabilities.....	969,544	1,835,462	(2,044,197)	760,809
Total liabilities.....	\$ 3,141,443	\$ 208,246,221	\$ (208,574,568)	\$ 2,813,096



This page left intentionally blank.

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, 2008

	Continued Appropriations	FY 2008 Original Budget	FY 2008 Budget Revisions
City Clerk/Clerk of the Board			
Personal Services	\$ -	\$ 767,150	\$ 42,070
Expenses	13,011	51,643	4,000
Fringe Benefits	-	240,125	-
Total City Clerk/Clerk of the Board	<u>13,011</u>	<u>1,058,918</u>	<u>46,070</u>
Mayor's Office			
Personal Services	-	521,523	29,264
Expenses	-	102,625	-
Fringe Benefits	-	62,570	3,870
Total Mayor's Office	<u>-</u>	<u>686,718</u>	<u>33,134</u>
Comptroller's Office/Property Insurance			
Personal Services	-	422,659	(4,276)
Expenses	9,246	342,680	37,980
Fringe Benefits	-	70,304	(14,481)
Total Comptroller's Office/Property Insurance	<u>9,246</u>	<u>835,643</u>	<u>19,223</u>
Purchasing/General Services			
Personal Services	-	297,049	15,794
Expenses	-	108,074	-
Capital Outlay	-	3,000	-
Fringe Benefits	-	68,000	-
Total Purchasing/General Services	<u>-</u>	<u>476,123</u>	<u>15,794</u>
Assessing Department			
Personal Services	-	950,758	44,865
Expenses	-	40,806	-
Fringe Benefits	-	167,989	-
Total Assessing Department	<u>-</u>	<u>1,159,553</u>	<u>44,865</u>
Treasury & Collection Department			
Personal Services	-	511,914	27,697
Expenses	5,842	387,569	195,774
Fringe Benefits	-	103,874	2,000
Total Treasury & Collection Department	<u>5,842</u>	<u>1,003,357</u>	<u>225,471</u>
City Solicitor/Judgments & Settlements			
Personal Services	-	777,232	60,319
Expenses	5,000	279,443	154,782
Fringe Benefits	-	106,415	-
Total City Solicitor's Office/Settlements	<u>5,000</u>	<u>1,163,090</u>	<u>215,101</u>

	<u>FY 2008 Budget As Amended</u>	<u>Total Revised FY 2008 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$	809,220	\$ 809,220	\$ 795,987	\$ -	\$ 13,233
	55,643	68,654	61,772	6,882	-
	240,125	240,125	233,525	-	6,600
	<u>1,104,988</u>	<u>1,117,999</u>	<u>1,091,284</u>	<u>6,882</u>	<u>19,833</u>
	550,787	550,787	550,786	-	1
	102,625	102,625	95,412	-	7,213
	66,440	66,440	66,370	-	70
	<u>719,852</u>	<u>719,852</u>	<u>712,568</u>	<u>-</u>	<u>7,284</u>
	418,383	418,383	395,328	-	23,055
	380,660	389,906	383,229	5,601	1,076
	55,823	55,823	54,142	-	1,681
	<u>854,866</u>	<u>864,112</u>	<u>832,699</u>	<u>5,601</u>	<u>25,812</u>
	312,843	312,843	306,911	-	5,932
	108,074	108,074	37,600	-	70,474
	3,000	3,000	3,000	-	-
	68,000	68,000	53,752	-	14,248
	<u>491,917</u>	<u>491,917</u>	<u>401,263</u>	<u>-</u>	<u>90,654</u>
	995,623	995,623	921,103	-	74,520
	40,806	40,806	40,144	-	662
	167,989	167,989	146,660	-	21,329
	<u>1,204,418</u>	<u>1,204,418</u>	<u>1,107,907</u>	<u>-</u>	<u>96,511</u>
	539,611	539,611	529,381	2,700	7,530
	583,343	589,185	583,505	5,111	569
	105,874	105,874	104,870	-	1,004
	<u>1,228,828</u>	<u>1,234,670</u>	<u>1,217,756</u>	<u>7,811</u>	<u>9,103</u>
	837,551	837,551	837,457	-	94
	434,225	439,225	428,522	10,703	-
	106,415	106,415	100,589	-	5,826
	<u>1,378,191</u>	<u>1,383,191</u>	<u>1,366,568</u>	<u>10,703</u>	<u>5,920</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, 2008

	Continued Appropriations	FY 2008 Original Budget	FY 2008 Budget Revisions
Human Resources Department			
Personal Services	-	537,677	39,971
Expenses	2,217	268,916	-
Capital Outlay	-	1,700	-
Fringe Benefits	-	104,832	141,408
Total Human Resources Department	<u>2,217</u>	<u>913,125</u>	<u>181,379</u>
Information Technology Department			
Personal Services	-	619,183	15,215
Expenses	-	186,255	-
Capital Outlay	-	17,200	-
Fringe Benefits	-	104,520	-
Total Information Technology Department	<u>-</u>	<u>927,158</u>	<u>15,215</u>
Election Commission			
Personal Services	-	520,884	15,677
Expenses	2,469	79,425	-
Fringe Benefits	-	70,104	-
Total Election Commission	<u>2,469</u>	<u>670,413</u>	<u>15,677</u>
Licensing Commission			
Expenses	-	1,896	-
Total Licensing Commission	<u>-</u>	<u>1,896</u>	<u>-</u>
Planning & Development Department			
Personal Services	-	827,507	36,020
Expenses	-	29,072	-
Fringe Benefits	-	126,492	-
Total Planning & Development Department	<u>-</u>	<u>983,071</u>	<u>36,020</u>
Public Building Department			
Personal Services	-	1,459,298	70,435
Expenses	56,632	625,337	167,243
Fringe Benefits	-	287,366	-
Total Public Building Department	<u>56,632</u>	<u>2,372,001</u>	<u>237,678</u>
GENERAL GOVERNMENT TOTAL	<u>94,417</u>	<u>12,251,066</u>	<u>1,085,627</u>
Police Department			
Personal Services	-	13,151,250	158,485
Expenses	11,910	830,286	-
Capital Outlay	-	256,507	-
Fringe Benefits	-	2,194,434	-
Total Police Department	<u>11,910</u>	<u>16,432,477</u>	<u>158,485</u>

<u>FY 2008 Budget As Amended</u>	<u>Total Revised FY 2008 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
577,648	577,648	575,148	-	2,500
268,916	271,133	241,935	40	29,158
1,700	1,700	1,090	-	610
246,240	246,240	242,400	-	3,840
<u>1,094,504</u>	<u>1,096,721</u>	<u>1,060,573</u>	<u>40</u>	<u>36,108</u>
634,398	634,398	581,717	-	52,681
186,255	186,255	184,847	-	1,408
17,200	17,200	17,200	-	-
104,520	104,520	92,225	-	12,295
<u>942,373</u>	<u>942,373</u>	<u>875,989</u>	<u>-</u>	<u>66,384</u>
536,561	536,561	493,689	-	42,872
79,425	81,894	74,685	-	7,209
70,104	70,104	62,036	-	8,068
<u>686,090</u>	<u>688,559</u>	<u>630,410</u>	<u>-</u>	<u>58,149</u>
1,896	1,896	1,301	-	595
<u>1,896</u>	<u>1,896</u>	<u>1,301</u>	<u>-</u>	<u>595</u>
863,527	863,527	832,090	-	31,437
29,072	29,072	20,707	1,396	6,969
126,492	126,492	114,758	-	11,734
<u>1,019,091</u>	<u>1,019,091</u>	<u>967,555</u>	<u>1,396</u>	<u>50,140</u>
1,529,733	1,529,733	1,529,213	-	520
792,580	849,212	794,460	20,500	34,252
287,366	287,366	255,587	-	31,779
2,609,679	2,666,311	2,579,260	20,500	66,551
<u>13,336,693</u>	<u>13,431,110</u>	<u>12,845,133</u>	<u>52,933</u>	<u>533,044</u>
13,309,735	13,309,735	13,079,990	-	229,745
830,286	842,196	791,065	14,661	36,470
256,507	256,507	256,153	-	354
2,194,434	2,194,434	2,031,920	-	162,514
<u>16,590,962</u>	<u>16,602,872</u>	<u>16,159,128</u>	<u>14,661</u>	<u>429,083</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, 2008

	Continued Appropriations	FY 2008 Original Budget	FY 2008 Budget Revisions
Fire Department			
Personal Services	-	10,977,162	332,602
Expenses	31,848	578,345	-
Capital Outlay	24,984	27,000	-
Fringe Benefits	-	2,047,823	-
Total Fire Department	<u>56,832</u>	<u>13,630,330</u>	<u>332,602</u>
Inspectional Services Department			
Personal Services	-	824,660	37,844
Expenses	2,343	45,880	-
Fringe Benefits	-	162,777	-
Total Inspectional Services Department	<u>2,343</u>	<u>1,033,317</u>	<u>37,844</u>
Civil Defense Department			
Personal Services	-	4,000	-
Expenses	-	4,238	-
Fringe Benefits	-	7,510	-
Total Civil Defense Department	<u>-</u>	<u>15,748</u>	<u>-</u>
Weights & Measures Department			
Personal Services	-	55,015	4,174
Expenses	-	3,844	-
Fringe Benefits	-	8,532	-
Total Weights & Measures Department	<u>-</u>	<u>67,391</u>	<u>4,174</u>
PUBLIC SAFETY TOTAL	<u>71,085</u>	<u>31,179,263</u>	<u>533,105</u>
NEWTON PUBLIC SCHOOLS	<u>1,446,838</u>	<u>152,787,756</u>	<u>181,011</u>
Public Works Department			
Personal Services	-	7,175,079	561,101
Expenses	33,741	9,407,114	1,560,210
Capital Outlay	115,186	223,000	30,900
Fringe Benefits	-	1,668,473	-
Total Public Works Department	<u>148,927</u>	<u>18,473,666</u>	<u>2,152,211</u>
PUBLIC WORKS TOTAL	<u>148,927</u>	<u>18,473,666</u>	<u>2,152,211</u>

<u>FY 2008 Budget As Amended</u>	<u>Total Revised FY 2008 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
11,309,764	11,309,764	11,223,951	-	85,813
578,345	610,193	561,684	10,691	37,818
27,000	51,984	31,558	20,426	-
<u>2,047,823</u>	<u>2,047,823</u>	<u>2,041,061</u>	<u>-</u>	<u>6,762</u>
<u>13,962,932</u>	<u>14,019,764</u>	<u>13,858,254</u>	<u>31,117</u>	<u>130,393</u>
862,504	862,504	857,227	-	5,277
45,880	48,223	43,455	2,071	2,697
<u>162,777</u>	<u>162,777</u>	<u>149,543</u>	<u>-</u>	<u>13,234</u>
<u>1,071,161</u>	<u>1,073,504</u>	<u>1,050,225</u>	<u>2,071</u>	<u>21,208</u>
4,000	4,000	4,000	-	-
4,238	4,238	4,128	-	110
<u>7,510</u>	<u>7,510</u>	<u>7,197</u>	<u>-</u>	<u>313</u>
<u>15,748</u>	<u>15,748</u>	<u>15,325</u>	<u>-</u>	<u>423</u>
59,189	59,189	59,174	-	15
3,844	3,844	2,280	-	1,564
<u>8,532</u>	<u>8,532</u>	<u>5,764</u>	<u>-</u>	<u>2,768</u>
<u>71,565</u>	<u>71,565</u>	<u>67,218</u>	<u>-</u>	<u>4,347</u>
<u>31,712,368</u>	<u>31,783,453</u>	<u>31,150,150</u>	<u>47,849</u>	<u>585,454</u>
<u>152,968,767</u>	<u>154,415,605</u>	<u>152,729,053</u>	<u>625,361</u>	<u>1,061,191</u>
7,736,180	7,736,180	7,570,013	-	166,167
10,967,324	11,001,065	10,478,677	93,005	429,383
253,900	369,086	318,113	43,888	7,085
<u>1,668,473</u>	<u>1,668,473</u>	<u>1,504,871</u>	<u>-</u>	<u>163,602</u>
<u>20,625,877</u>	<u>20,774,804</u>	<u>19,871,674</u>	<u>136,893</u>	<u>766,237</u>
<u>20,625,877</u>	<u>20,774,804</u>	<u>19,871,674</u>	<u>136,893</u>	<u>766,237</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, 2008

	Continued Appropriations	FY 2008 Original Budget	FY 2008 Budget Revisions
Health & Human Services Department			
Personal Services	-	1,974,963	144,343
Expenses	-	356,614	-
Fringe Benefits	-	404,559	-
Total Public Health Department	-	2,736,136	144,343
Senior Services Department			
Personal Services	-	235,195	12,149
Expenses	-	242,640	81,650
Fringe Benefits	-	53,894	-
Total Human Services Department	-	531,729	93,799
Veteran Services Department			
Personal Services	-	131,723	7,889
Expenses	-	47,506	-
Fringe Benefits	-	11,381	8,611
Total Veteran Services Department	-	190,610	16,500
HEALTH & HUMAN SERVICES TOTAL	-	3,458,475	254,642
Newton Public Library			
Personal Services	-	3,433,043	201,888
Expenses	-	1,115,242	-
Fringe Benefits	-	579,101	-
Total Newton Public Library	-	5,127,386	201,888
Parks & Recreation Department			
Personal Services	-	2,378,926	124,078
Expenses	-	1,495,735	661,783
Capital Outlay	-	64,500	-
Fringe Benefits	-	361,427	-
Total Parks & Recreation Department	-	4,300,588	785,861
Newton History Museum			
Personal Services	-	176,332	25,650
Expenses	-	20,107	-
Fringe Benefits	-	39,228	75
Total Newton History Museum	-	235,667	25,725
CULTURE & RECREATION TOTAL	-	9,663,641	1,013,474

<u>FY 2008 Budget As Amended</u>	<u>Total Revised FY 2008 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
2,119,306	2,119,306	1,994,496	-	124,810
356,614	356,614	329,380	-	27,234
404,559	404,559	362,108	-	42,451
<u>2,880,479</u>	<u>2,880,479</u>	<u>2,685,984</u>	<u>-</u>	<u>194,495</u>
247,344	247,344	230,609	-	16,735
324,290	324,290	317,971	-	6,319
53,894	53,894	53,085	-	809
<u>625,528</u>	<u>625,528</u>	<u>601,665</u>	<u>-</u>	<u>23,863</u>
139,612	139,612	139,609	-	3
47,506	47,506	40,284	-	7,222
19,992	19,992	19,256	-	736
<u>207,110</u>	<u>207,110</u>	<u>199,149</u>	<u>-</u>	<u>7,961</u>
<u>3,713,117</u>	<u>3,713,117</u>	<u>3,486,798</u>	<u>-</u>	<u>226,319</u>
3,634,931	3,634,931	3,628,920	-	6,011
1,115,242	1,115,242	1,100,094	4,770	10,378
579,101	579,101	559,793	-	19,308
<u>5,329,274</u>	<u>5,329,274</u>	<u>5,288,807</u>	<u>4,770</u>	<u>35,697</u>
2,503,004	2,503,004	2,458,668	-	44,336
2,157,518	2,157,518	2,069,746	-	87,772
64,500	64,500	64,500	-	-
361,427	361,427	305,073	-	56,354
<u>5,086,449</u>	<u>5,086,449</u>	<u>4,897,987</u>	<u>-</u>	<u>188,462</u>
201,982	201,982	193,196	-	8,786
20,107	20,107	14,233	-	5,874
39,303	39,303	36,663	-	2,640
<u>261,392</u>	<u>261,392</u>	<u>244,092</u>	<u>-</u>	<u>17,300</u>
<u>10,677,115</u>	<u>10,677,115</u>	<u>10,430,886</u>	<u>4,770</u>	<u>241,459</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, 2008

	Continued Appropriations	FY 2008 Original Budget	FY 2008 Budget Revisions
OTHER			
Expenses	-	50,000	-
Total ATB Interest	-	50,000	-
DEBT SERVICE (PRINCIPAL & INTEREST)			
Debt Service	-	7,017,121	409,428
Total Debt & Interest	-	7,017,121	409,428
RETIREMENT			
Personal Services	-	163,339	4,058
Expenses	-	83,832	-
Fringe Benefits	-	19,858,848	-
Total Retirement	-	20,106,019	4,058
APPROPRIATED RESERVES			
Wage & Salary Reserve	2,998,958	2,796,400	(1,324,321)
Reserve Fund (Budget Reserve)	-	610,000	(592,549)
Total Budgetary Reserves	2,998,958	3,406,400	(1,916,870)
STATE & COUNTY ASSESSMENTS	-	5,669,618	(54,422)
SPECIAL APPROPRIATIONS	2,438,391	-	1,572,528
TOTAL EXPENDITURES	7,198,616	264,063,025	5,234,792
TRANSFERS TO OTHER FUNDS:			
Workers Comp Self Insurance Fund - Municipal	-	950,000	192,000
Workers Comp Self Insurance Fund - School	-	350,000	(94,857)
School Athletic Revolving Fund - School	-	951,502	(5,000)
School Lunch Fund - School	-	988,322	(81,154)
Stormwater Management Fund	-	-	100,000
Traffic Mitigation Receipts Reserved Fund	-	-	1,607
Federal Grant Special Revenue Fund	-	-	53,269
Municipal Revolving Fund - Private Duty Details	-	-	50,595
Capital Stabilization Fund	-	542,879	5,465,522
Total Transfers to Other Funds	-	3,782,703	5,681,982
TOTAL EXPENDITURES AND TRANSFERS	\$ 7,198,616	\$ 267,845,728	\$ 10,916,774

<u>FY 2008 Budget As Amended</u>	<u>Total Revised FY 2008 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
50,000	50,000	24,080	-	25,920
<u>50,000</u>	<u>50,000</u>	<u>24,080</u>	<u>-</u>	<u>25,920</u>
7,426,549	7,426,549	7,426,543	-	6
<u>7,426,549</u>	<u>7,426,549</u>	<u>7,426,543</u>	<u>-</u>	<u>6</u>
167,397	167,397	167,397	-	-
83,832	83,832	83,832	-	-
19,858,848	19,858,848	19,415,385	-	443,463
<u>20,110,077</u>	<u>20,110,077</u>	<u>19,666,614</u>	<u>-</u>	<u>443,463</u>
1,472,079	4,471,037	-	4,471,037	-
17,451	17,451	-	-	17,451
<u>1,489,530</u>	<u>4,488,488</u>	<u>-</u>	<u>4,471,037</u>	<u>17,451</u>
<u>5,615,196</u>	<u>5,615,196</u>	<u>5,512,027</u>	<u>-</u>	<u>103,169</u>
<u>1,572,528</u>	<u>4,010,919</u>	<u>1,787,561</u>	<u>2,223,358</u>	<u>-</u>
<u>269,297,817</u>	<u>276,496,433</u>	<u>264,930,519</u>	<u>7,562,201</u>	<u>4,003,713</u>
1,142,000	1,142,000	1,142,000	-	-
255,143	255,143	255,143	-	-
946,502	946,502	946,502	-	-
907,168	907,168	907,168	-	-
100,000	100,000	100,000	-	-
1,607	1,607	1,607	-	-
53,269	53,269	53,269	-	-
50,595	50,595	50,595	-	-
6,008,401	6,008,401	6,008,401	-	-
<u>9,464,685</u>	<u>9,464,685</u>	<u>9,464,685</u>	<u>-</u>	<u>-</u>
<u>278,762,502</u> \$	<u>285,961,118</u> \$	<u>274,395,204</u> \$	<u>7,562,201</u> \$	<u>4,003,713</u>

(Concluded)



This page left intentionally blank.

Community Preservation Fund

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

The 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, 2008

	Continued Appropriations	Current Year Appropriations	Original Budget
Administration & operations	\$ 1,249	193,693	\$ 194,942
2008 CPA appropriation reserve	-	2,191,294	2,191,294
Open space:			
Open space reserve	-	-	-
Kessler Woods land acquisition	3,683	-	3,683
30 Wabasso Street land acquisition	-	-	-
Flowed Meadow improvements	3,593	-	3,593
Flowed Meadow improvements Phase III	30,700	-	30,700
Bowen Park initiative	125	-	125
Forte conservation land	3,251	-	3,251
Cheesecake Brook Greenway development	2,830	-	2,830
Renovations to Albemarle Park Central Corridor	4,600	-	4,600
Angino farm land acquisition	65,166	-	65,166
Angino farm debt service	-	197,730	197,730
Kessler Woods debt service	-	594,500	594,500
Total - Open space projects	<u>113,948</u>	<u>792,230</u>	<u>906,178</u>
Historic resources:			
Historic preservation reserve	-	339,481	339,481
Newton Centre Health Dept building study	26,425	-	26,425
Historical burial grounds restoration	76,876	-	76,876
Historical burial grounds restoration Phase II	226,895	-	226,895
Angino farm land acquisition	30,384	-	30,384
Angino farm debt service	-	65,910	65,910
Washington Park historic lighting	4,406	-	4,406
Durant Kenrick Homestead	104	-	104
Durant Kenrick Homestead preservation restriction	1,447,300	-	1,447,300
Heritage landscape inventory	-	-	-
Brigham house restoration	504,065	-	504,065
City Archive preservation project	74,770	-	74,770
City Archive preservation Phase II	-	-	-
Crafts St DPW Stable restoration specification	30,000	-	30,000
Total - Historic preservation	<u>2,421,225</u>	<u>405,391</u>	<u>2,826,616</u>

Budget Revisions	Final Budget	Expended	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ -	\$ 194,942	\$ 109,959	\$ -	\$ 84,983
(625,561)	1,565,733	-	-	1,565,733
5,548	5,548	-	-	5,548
(3,683)	-	-	-	-
358,600	358,600	358,600	-	-
(2,877)	716	716	-	-
-	30,700	-	30,700	-
(125)	-	-	-	-
(3,251)	-	-	-	-
-	2,830	2,400	430	-
-	4,600	-	4,600	-
(65,166)	-	-	-	-
-	197,730	197,730	-	-
-	594,500	594,500	-	-
289,046	1,195,224	1,153,946	35,730	5,548
(319,068)	20,413	-	-	20,413
(7,463)	18,962	18,962	-	-
-	76,876	6,500	70,376	-
-	226,895	-	226,895	-
(30,384)	-	-	-	-
-	65,910	65,910	-	-
(4,406)	-	-	-	-
-	104	-	104	-
1,270,000	2,717,300	-	2,717,300	-
10,500	10,500	-	10,500	-
-	504,065	20,314	483,751	-
(12,939)	61,831	59,237	2,594	-
77,076	77,076	10,422	66,654	-
-	30,000	1,459	28,541	-
983,316	3,809,932	182,804	3,606,715	20,413

(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, 2008

	<u>Continued</u> <u>Appropriations</u>	<u>Current Year</u> <u>Appropriations</u>	<u>Original</u> <u>Budget</u>
Community housing:			
Community housing reserve	-	405,391	405,391
Accessory Apartment Incentive Program	280,534	-	280,534
Newton Homebuyer Assistance Program II	159,271	-	159,271
Total - community housing	<u>439,805</u>	<u>405,391</u>	<u>845,196</u>
Community recreation:			
20 Rogers Street land acquisition	21,279	-	21,279
20 Rogers Street land acquisition BAN interest	-	-	-
20 Rogers Street debt service	-	-	-
230 Lake Avenue land acquisition	-	-	-
Farlow/Chafin Park Preservation Plan	1,292	-	1,292
Albemarle community classroom	11,929	-	11,929
Bowen Park initiative	18,465	-	18,465
Newton Highlands Playground Strategic Design	24,765	-	24,765
Renovations to Albemarle Park Central Corridor	28,800	-	28,800
Cheesecake Brook Greenway development	21,600	-	21,600
Angino farm land acquisition	35,718	-	35,718
Angino farm debt service	-	65,910	65,910
Sterns/Pellegrini Park - Year 1 improvements	765,721	-	765,721
Williams school outdoor classroom	23,633	-	23,633
Wellington Park improvements	23,455	-	23,455
Gath pool accessibility improvements	58,525	-	58,525
The Park at Newton Senior Center	17,646	-	17,646
Houghton garden fence	88,223	-	88,223
Total - community recreation	<u>1,141,051</u>	<u>65,910</u>	<u>1,206,961</u>
TOTAL CPA FUND	\$ <u>4,117,278</u>	\$ <u>4,053,909</u>	\$ <u>8,171,187</u>

<u>Budget Revisions</u>	<u>Final Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
42,297	447,688	-	-	447,688
-	280,534	5,721	274,813	-
-	159,271	158,521	750	-
<u>42,297</u>	<u>887,493</u>	<u>164,242</u>	<u>275,563</u>	<u>447,688</u>
(11,286)	9,993	9,993	-	-
40,122	40,122	40,122	-	-
48,869	48,869	48,869	-	-
950,000	950,000	-	950,000	-
(1,292)	-	-	-	-
-	11,929	8,843	3,086	-
-	18,465	16,400	2,065	-
-	24,765	9,185	15,580	-
-	28,800	-	28,800	-
-	21,600	15,600	6,000	-
(35,718)	-	-	-	-
-	65,910	65,910	-	-
-	765,721	(104)	765,825	-
-	23,633	-	23,633	-
-	23,455	17,253	6,202	-
-	58,525	58,442	83	-
(1,096)	16,550	16,550	-	-
-	88,223	75,837	12,385	1
<u>989,599</u>	<u>2,196,560</u>	<u>382,900</u>	<u>1,813,659</u>	<u>1</u>
<u>\$ 1,678,697</u>	<u>\$ 9,849,884</u>	<u>\$ 1,993,851</u>	<u>\$ 5,731,667</u>	<u>\$ 2,124,366</u>

(Concluded)



This page left intentionally blank.

Additional Information

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Continued Appropriations	FY 2008 Appropriations	Transfers
School Building Improvement Fund:			
Peirce Elementary Window & Door Replacement	\$ 53,889	\$ -	\$ (13,889)
Brown Middle School Window & Door Replacement	-	2,200,000	-
Peirce Elementary School Repairs	92,979	-	-
Mason-Rice Elementary School Repairs	674,954	-	(30,824)
Zervas Elementary School Repairs	269,322	-	(48,560)
Carr School Boiler Replacement	223,007	-	111,805
Elementary School Modular Classrooms - 2007	961,079	-	218,606
Elementary School Modular Classrooms - 2008	-	-	64,040
Total School Building Improvement Fund	<u>2,275,230</u>	<u>2,200,000</u>	<u>301,178</u>
High School Renovation Fund:			
Newton South High School Renovations	61,691	-	300,000
Newton North High School Renovations	136,176,593	56,272,500	-
Total High School Renovation Fund	<u>136,238,284</u>	<u>56,272,500</u>	<u>300,000</u>
Municipal Building Improvement Fund:			
Various Fire Station Repairs/Fire Alarms	122,959	-	-
Fire Station #4 Roof	190,000	-	(14,487)
Fire Station #7 Roof	207,000	-	(78,487)
Fire Station #4 Renovations	325,000	-	-
Tier I Fire Station Improvements	672,530	-	-
Total Municipal Building Improvement Fund	<u>1,517,489</u>	<u>-</u>	<u>(92,974)</u>
CH 90 Highway Improvement Fund:			
MA 38105	7,535	-	-
MA 385060	152,781	-	-
MA 235200	172,634	-	-
MA 253C207	59,590	-	-
MA 3246207	83,545	-	-
MA 0035509	259,154	-	-
MA 0039355	752,460	-	-
MA 0044606	1,239,869	-	-
MA 0048380	629,442	-	-
MA 0050910	-	1,708,087	-
Total CH 90 Highway Improvement Fund	<u>3,357,010</u>	<u>1,708,087</u>	<u>-</u>
Street & Sidewalk Improvement Fund:			
Street Light Replacement - 2007	1,060,826	-	-
Total Street & Sidewalk Improvement Fund	<u>1,060,826</u>	<u>-</u>	<u>-</u>
Municipal Equipment Replacement Fund:			
Public Works Equipment Replacement - 2007	666,717	-	-
Public Works Equipment Replacement - 2008	-	600,000	-
Fire Ladder Replacement - 2008	-	800,000	-
Fire Engine Replacement - 2008	-	450,000	-
Fire Equipment Replacement - 2006	55,844	-	-
Total Municipal Equipment Replacement Fund	<u>722,561</u>	<u>1,850,000</u>	<u>-</u>
Water System Improvement Fund:			
MWRA - Water System - Accumulated Interest Income	876,803	271,454	(600,000)
MWRA - Water System Improvements - Loan of 2003	3,948	-	-
MWRA - Water System Improvements - Loan of 2004	1,196,466	-	-
MWRA - Water System Improvements - Loan of 2005	690,017	-	-
MWRA - Water System Improvements - Loan of 2006	1,878,709	-	-
MWRA - Water System Improvements - Loan of 2007	2,586,019	-	-
MWRA - Water system Improvements - II Transfer	-	-	600,000
Water Meter Replacement	-	11,528,000	-
Waban Hill Reservoir Improvements - 2001 / 2003	276,286	-	-
Total Water System Improvement Fund	<u>7,508,248</u>	<u>11,799,454</u>	<u>-</u>

Expended	Encumbered	Balance
\$ 40,000	\$ -	\$ -
295,091	1,769,000	135,909
-	-	92,979
644,130	-	-
220,762	-	-
24,140	285,700	24,972
1,179,685	-	-
64,040	-	-
<u>2,467,848</u>	<u>2,054,700</u>	<u>253,860</u>
251,633	66,995	43,063
25,969,922	83,056,145	83,423,026
<u>26,221,555</u>	<u>83,123,140</u>	<u>83,466,089</u>
45,365	-	77,594
175,513	-	-
128,513	-	-
71,000	148,000	106,000
316,843	232,746	122,941
<u>737,234</u>	<u>380,746</u>	<u>306,535</u>
7,535	-	-
136,460	-	16,321
156,179	-	16,455
-	-	59,590
-	-	83,545
196,634	-	62,520
234,293	-	518,167
798,547	69,181	372,141
305,642	25,621	298,179
82,479	651,351	974,257
<u>1,917,769</u>	<u>746,153</u>	<u>2,401,175</u>
893,821	-	167,005
<u>893,821</u>	<u>-</u>	<u>167,005</u>
661,717	-	5,000
120,219	382,104	97,677
-	-	800,000
414,696	10,986	24,318
28,951	2,840	24,053
<u>1,225,583</u>	<u>395,930</u>	<u>951,048</u>
-	-	548,257
3,948	-	-
978,066	218,400	-
664,418	-	25,599
932,131	402,342	544,236
825,363	558,530	1,202,126
296,856	133,464	169,680
-	-	11,528,000
-	-	276,286
<u>3,700,782</u>	<u>1,312,736</u>	<u>14,294,184</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Continued Appropriations	FY 2008 Appropriations	Transfers
Sanitary Sewer Improvement Fund:			
Sewer System Improvements - 1997 (City of Newton)	7,965	-	-
Sewer Emergency Repairs (City of Newton)	35,511	-	-
Cochituate Sewer Repair (Town of Wellesley Contb)	-	166,195	-
MWRA - Sewer I&I - Accumulated Interest Income	63,393	120,321	-
MWRA - Infiltration/Inflow - 2002	7,138	-	-
MWRA - Infiltration/Inflow - 2003	3,482	-	-
MWRA - Infiltration/Inflow - 2006	16,725	-	-
MWRA - Infiltration/Inflow - 2007	443,330	-	-
MWRA - Infiltration/Inflow - 2007	2,056,000	-	-
MWRA - Infiltration/Inflow - 2008	-	279,300	-
MWRA - Infiltration/Inflow - 2008	-	96,000	-
Total Sanitary Sewer Improvement Fund	<u>2,633,544</u>	<u>661,816</u>	<u>-</u>
Capital Stabilization Fund:			
Reserved for MGL CH 44 Sec 7& 8 Appropriations	230,745	-	(208,204)
Reserved for Water/Sewer Appropriations	105,000	-	-
Designated for High School Improvements	10,348,982	3,633,104	(410,000)
Designated for Fire Station Renovations	-	54,924	-
Designated for South High School Athletic Fields	-	2,351,588	-
Designated for Ordinary Capital Appropriations	333,504	3,248	(86,239)
Total Capital Stabilization Fund	<u>11,018,231</u>	<u>6,042,864</u>	<u>(704,443)</u>
Total Capital Projects Funds	<u>\$ 166,331,423</u>	<u>\$ 80,534,721</u>	<u>\$ (196,239)</u>

<u>Expended</u>	<u>Encumbered</u>	<u>Balance</u>
7,965	-	-
16,675	10,817	8,019
29,739	-	136,456
-	-	183,714
2,169	-	4,969
3,482	-	-
11,100	-	5,625
160,795	196,794	85,741
1,472,280	421,452	162,268
7,632	2,368	269,300
25,099	70,901	-
<u>1,736,936</u>	<u>702,332</u>	<u>856,092</u>
-	-	22,541
-	-	105,000
-	-	13,572,086
-	-	54,924
-	-	2,351,588
-	-	250,513
<u>-</u>	<u>-</u>	<u>16,356,652</u>
<u>\$ 38,901,528</u>	<u>\$ 88,715,737</u>	<u>\$ 119,052,640</u>

(Concluded)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Continued <u>Appropriations</u>	FY 2008 <u>Original Budget</u>	FY 2008 <u>Budget Revisions</u>
Sewer Maintenance & Operation			
Personal Services	\$ -	\$ 2,054,093	\$ -
Expenses	10,000	824,710	-
Capital Outlay	93,948	1,017,500	-
Fringe Benefits	-	387,641	-
Total	<u>103,948</u>	<u>4,283,944</u>	<u>-</u>
MWRA Sewer Assessment			
Intergovernmental	<u>-</u>	<u>16,552,015</u>	<u>(226,160)</u>
Debt Maturities & Interest	<u>-</u>	<u>834,127</u>	<u>226,160</u>
Retirement	<u>-</u>	<u>304,730</u>	<u>-</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>150,000</u>	<u>-</u>
Transfer - General Fund	<u>-</u>	<u>758,981</u>	<u>-</u>
Total Sewer Enterprise Fund	\$ <u>103,948</u>	\$ <u>22,883,797</u>	\$ <u>-</u>

<u>FY 2008 Budget As Amended</u>	<u>Total Revised FY 2008 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 2,054,093	\$ 2,054,093	\$ 1,846,293	\$ -	\$ 207,800
824,710	834,710	698,371	40,065	96,274
1,017,500	1,111,448	321,194	749,068	41,186
387,641	387,641	337,378	-	50,263
<u>4,283,944</u>	<u>4,387,892</u>	<u>3,203,236</u>	<u>789,133</u>	<u>395,523</u>
16,325,855	<u>16,325,855</u>	<u>16,011,280</u>	<u>-</u>	<u>314,575</u>
<u>1,060,287</u>	<u>1,060,287</u>	<u>1,060,282</u>	<u>-</u>	<u>5</u>
<u>304,730</u>	<u>304,730</u>	<u>300,791</u>	<u>-</u>	<u>3,939</u>
<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
<u>758,981</u>	<u>758,981</u>	<u>758,981</u>	<u>-</u>	<u>-</u>
<u>\$ 22,883,797</u>	<u>\$ 22,987,745</u>	<u>\$ 21,484,570</u>	<u>\$ 789,133</u>	<u>\$ 714,042</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Continued <u>Appropriations</u>	FY 2008 <u>Original Budget</u>	FY 2008 <u>Budget Revisions</u>
Water Maintenance & Operation			
Personal Services	\$ -	\$ 1,752,464	\$ -
Expenses	258,107	871,000	-
Capital Outlay	123,297	840,000	-
Fringe Benefits	-	291,572	16,000
Total	<u>381,404</u>	<u>3,755,036</u>	<u>16,000</u>
Debt Maturities & Interest	<u>-</u>	<u>1,842,689</u>	<u>-</u>
Retirement	<u>-</u>	<u>461,766</u>	<u>(16,000)</u>
MWRA/DEP Assessments & Charges	<u>-</u>	<u>7,774,974</u>	<u>-</u>
Transfer - Sewer Fund	<u>-</u>	<u>553,001</u>	<u>-</u>
Transfer - General Fund	<u>-</u>	<u>505,987</u>	<u>-</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>150,000</u>	<u>-</u>
Total Water Enterprise Fund	\$ <u>381,404</u>	\$ <u>15,043,453</u>	\$ <u>-</u>

<u>FY 2008 Budget As Amended</u>	<u>Total Revised FY 2008 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 1,752,464	\$ 1,752,464	\$ 1,442,368	\$ -	\$ 310,096
871,000	1,129,107	710,025	250,840	168,242
840,000	963,297	187,311	762,109	13,877
307,572	307,572	300,386	-	7,186
<u>3,771,036</u>	<u>4,152,440</u>	<u>2,640,090</u>	<u>1,012,949</u>	<u>499,401</u>
<u>1,842,689</u>	<u>1,842,689</u>	<u>1,842,688</u>	<u>-</u>	<u>1</u>
<u>445,766</u>	<u>445,766</u>	<u>415,580</u>	<u>-</u>	<u>30,186</u>
<u>7,774,974</u>	<u>7,774,974</u>	<u>7,773,506</u>	<u>-</u>	<u>1,468</u>
<u>553,001</u>	<u>553,001</u>	<u>553,001</u>	<u>-</u>	<u>-</u>
<u>505,987</u>	<u>505,987</u>	<u>505,987</u>	<u>-</u>	<u>-</u>
<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
<u>\$ 15,043,453</u>	<u>\$ 15,424,857</u>	<u>\$ 13,880,852</u>	<u>\$ 1,012,949</u>	<u>\$ 531,056</u>



This page left intentionally blank.

STATISTICAL SECTION

This part of the City of Newton's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends (pages 120 - 125)

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity (pages 126 - 129)

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity (pages 130 - 133)

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information (pages 134 - 135)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information (pages 136 - 138)

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

NET ASSETS BY COMPONENT
(ACCRUAL BASIS OF ACCOUNTING)

LAST SEVEN FISCAL YEARS*

	2002	2003	2004	2005	2006	2007	2008
Governmental Activities							
Invested in capital assets, net of related debt...	\$ 70,967,240	\$ 92,639,519	\$ 123,155,756	\$ 153,522,317	\$ 153,034,916	\$ 167,543,474	\$ 174,706,210
Restricted.....	29,282,090	13,669,675	14,029,054	21,270,042	15,267,985	13,842,544	35,459,940
Unrestricted.....	26,813,182	24,407,942	34,366,681	35,865,065	48,962,078	67,671,362	39,871,710
Total governmental activities net assets.....	\$ <u>127,062,512</u>	\$ <u>130,717,136</u>	\$ <u>171,551,491</u>	\$ <u>210,657,424</u>	\$ <u>217,264,979</u>	\$ <u>249,057,380</u>	\$ <u>250,037,860</u>
Business-Type Activities							
Invested in capital assets, net of related debt...	\$ 24,654,154	\$ 34,035,510	\$ 29,625,363	\$ 29,802,672	\$ 31,085,365	\$ 32,701,330	\$ 46,364,172
Restricted.....	5,211,172	6,475,918	6,624,240	8,410,167	9,007,804	10,418,683	6,581,929
Unrestricted.....	17,473,387	8,628,722	11,844,840	11,936,815	13,583,611	13,295,771	9,359,270
Total business-type activities net assets.....	\$ <u>47,338,713</u>	\$ <u>49,140,150</u>	\$ <u>48,094,443</u>	\$ <u>50,149,654</u>	\$ <u>53,676,780</u>	\$ <u>56,415,784</u>	\$ <u>62,305,371</u>
Primary Government							
Invested in capital assets, net of related debt...	\$ 95,621,394	\$ 126,675,029	\$ 152,781,119	\$ 183,324,989	\$ 184,120,281	\$ 200,244,804	\$ 221,070,382
Restricted.....	34,493,262	20,145,593	20,653,294	29,680,209	24,275,789	24,261,227	42,041,869
Unrestricted.....	44,286,569	33,036,664	46,211,521	47,801,880	62,545,689	80,967,133	49,230,980
Total primary government net assets.....	\$ <u>174,401,225</u>	\$ <u>179,857,286</u>	\$ <u>219,645,934</u>	\$ <u>260,807,078</u>	\$ <u>270,941,759</u>	\$ <u>305,473,164</u>	\$ <u>312,343,231</u>

* Data is being accumulated from fiscal year 2002 forward.

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

LAST SEVEN FISCAL YEARS*

	2002	2003	2004	2005	2006	2007	2008
Expenses							
General government.....	\$ 17,788,044	\$ 19,132,571	\$ 20,594,439	\$ 19,275,760	\$ 24,609,259	\$ 20,617,999	\$ 25,791,496
Public safety.....	45,465,764	40,635,284	40,102,814	41,690,193	43,062,252	44,207,931	48,896,370
Education.....	134,259,240	157,020,633	162,268,826	175,722,669	181,638,581	188,026,627	218,716,994
Public works.....	18,502,301	18,987,391	19,755,181	23,440,299	21,666,417	21,643,562	25,208,763
Health and human services.....	10,378,352	9,119,333	8,470,667	8,864,530	8,979,409	9,273,626	9,980,301
Culture and recreation.....	11,873,650	11,805,253	12,252,669	14,253,032	13,802,334	13,471,254	15,864,538
Other.....	-	-	-	-	-	-	24,080
Debt service - interest.....	2,122,459	2,055,115	2,121,882	2,570,332	2,350,756	2,237,287	2,494,422
Total expenses.....	240,389,810	258,755,580	265,566,478	285,816,815	296,109,008	299,478,286	346,976,964
Program Revenues							
Charges for services.....	18,114,260	19,697,646	19,253,150	20,056,263	21,298,907	22,854,391	21,185,123
Operating grants and contributions.....	40,775,454	44,209,235	43,365,401	48,562,260	50,529,662	54,150,398	60,500,259
Capital grants and contributions.....	6,420,028	2,686,298	1,810,615	36,589,529	642,315	11,118,572	21,684,895
Total program revenues.....	65,309,742	66,593,179	64,429,166	105,208,052	72,470,884	88,123,361	103,370,277
Net (expense)/revenue.....	(175,080,068)	(192,162,401)	(201,137,312)	(180,608,763)	(223,638,124)	(211,354,925)	(243,606,687)
General Revenues and Other Changes in Net Assets							
Real estate and personal property taxes.....	160,622,246	178,891,217	187,446,868	192,457,450	200,966,839	209,105,186	211,886,334
Motor vehicle and other excise taxes.....	10,108,340	10,006,839	10,537,142	11,202,714	10,803,654	10,396,428	10,859,789
Hotel/motel taxes.....	1,291,950	1,151,838	851,157	979,194	1,060,052	1,138,921	1,103,549
Penalties and interest on taxes.....	791,560	1,027,184	957,072	1,166,429	830,030	1,049,712	1,055,344
Payments in lieu of taxes.....	1,190,418	449,556	340,010	529,600	553,920	2,851,122	767,439
Community preservation surcharges....	1,522,800	1,813,888	1,829,757	1,893,219	1,963,982	2,032,942	2,114,805
Grants and contributions not restricted to specific programs.....	7,319,604	6,447,414	7,572,440	7,988,751	8,353,727	9,289,181	8,705,545
Unrestricted investment income.....	2,185,703	1,485,848	949,028	1,687,125	3,290,981	4,757,698	4,306,424
Gain (Loss) on sale of capital assets.....	-	-	(48,600)	36,000	10,702	-	-
Other.....	214,750	665,612	1,065,172	554,259	1,133,664	1,302,478	2,522,970
Transfers, net.....	999,141	1,230,245	1,305,717	1,219,955	1,278,128	1,223,658	1,264,968
Total general revenues and other changes in net assets.....	186,246,512	203,169,641	212,805,763	219,714,696	230,245,679	243,147,326	244,587,167
Change in net assets.....	\$ 11,166,444	\$ 11,007,240	\$ 11,668,451	\$ 39,105,933	\$ 6,607,555	\$ 31,792,401	\$ 980,480

* Data is being accumulated from fiscal year 2002 forward.

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

LAST SEVEN FISCAL YEARS*

	2002	2003	2004	2005	2006	2007	2008
Expenses							
Sewer.....	\$ 17,206,366	\$ 17,749,399	\$ 18,167,283	\$ 17,891,749	\$ 18,404,780	\$ 20,033,778	\$ 21,208,637
Water.....	8,144,940	9,138,695	9,465,285	10,045,997	10,939,117	11,467,754	12,212,234
Total expenses.....	<u>25,351,306</u>	<u>26,888,094</u>	<u>27,632,568</u>	<u>27,937,746</u>	<u>29,343,897</u>	<u>31,501,532</u>	<u>33,420,871</u>
Program Revenues							
Charges for services.....	31,690,684	28,393,528	27,032,083	29,763,876	32,981,905	33,084,089	39,034,143
Operating grants and contributions.....	4,141,117	900,806	758,501	1,289,586	838,241	835,397	814,428
Capital grants and contributions.....	300,075	609,076	51,994	159,450	329,005	1,544,708	726,855
Total program revenues.....	<u>36,131,876</u>	<u>29,903,410</u>	<u>27,842,578</u>	<u>31,212,912</u>	<u>34,149,151</u>	<u>35,464,194</u>	<u>40,575,426</u>
Net (expense)/revenue.....	<u>10,780,570</u>	<u>3,015,316</u>	<u>210,010</u>	<u>3,275,166</u>	<u>4,805,254</u>	<u>3,962,662</u>	<u>7,154,555</u>
General Revenues and Transfers							
Transfers, net.....	(949,141)	(1,131,230)	(1,255,717)	(1,219,955)	(1,278,128)	(1,223,658)	(1,264,968)
Change in net assets.....	<u>\$ 9,831,429</u>	<u>\$ 1,884,086</u>	<u>\$ (1,045,707)</u>	<u>\$ 2,055,211</u>	<u>\$ 3,527,126</u>	<u>\$ 2,739,004</u>	<u>\$ 5,889,587</u>

* Data is being accumulated from fiscal year 2002 forward.

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

LAST SEVEN FISCAL YEARS*

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Total expenses.....	\$ 265,741,116	\$ 285,643,674	\$ 293,199,046	\$ 313,754,561	\$ 313,754,561	\$ 330,979,818	\$ 380,397,835
Total program revenues.....	<u>101,441,618</u>	<u>96,496,589</u>	<u>92,271,744</u>	<u>136,420,964</u>	<u>136,420,964</u>	<u>123,587,555</u>	<u>143,945,703</u>
Net (expense)/revenue.....	(164,299,498)	(189,147,085)	(200,927,302)	(177,333,597)	(177,333,597)	(207,392,263)	(236,452,132)
Total general revenues, transfers and other changes in net assets.....	<u>185,297,371</u>	<u>202,038,411</u>	<u>211,550,046</u>	<u>218,494,741</u>	<u>218,494,741</u>	<u>241,923,668</u>	<u>243,322,199</u>
Change in net assets.....	\$ <u>20,997,873</u>	\$ <u>12,891,326</u>	\$ <u>10,622,744</u>	\$ <u>41,161,144</u>	\$ <u>41,161,144</u>	\$ <u>34,531,405</u>	\$ <u>6,870,067</u>

* Data is being accumulated from fiscal year 2002 forward.

GOVERNMENTAL FUNDS
FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST SEVEN FISCAL YEARS*

	2002	2003	2004	2005	2006	2007	2008
General Fund							
Reserved.....	\$ 4,089,296	\$ 4,049,314	\$ 5,125,252	\$ 3,696,513	\$ 4,177,720	\$ 3,884,714	\$ 3,091,164
Unreserved.....	<u>11,349,447</u>	<u>13,111,188</u>	<u>12,161,196</u>	<u>10,125,954</u>	<u>16,117,152</u>	<u>19,724,693</u>	<u>16,342,052</u>
Total general fund.....	<u>\$ 15,438,743</u>	<u>\$ 17,160,502</u>	<u>\$ 17,286,448</u>	<u>\$ 13,822,467</u>	<u>\$ 20,294,872</u>	<u>\$ 23,609,407</u>	<u>\$ 19,433,216</u>
All Other Governmental Funds							
Reserved.....	\$ 795,000	\$ 28,792,926	\$ 4,675,240	\$ 7,188,858	\$ 7,333,993	\$ 6,181,855	\$ 7,904,778
Unreserved, reported in:							
Special revenue funds.....	7,237,334	7,369,358	8,108,905	7,651,781	6,828,092	7,213,248	10,478,029
Capital projects funds.....	(11,417,544)	(46,879,322)	(39,972,245)	(9,421,471)	1,450,147	17,319,824	38,560,162
Permanent funds.....	<u>977,907</u>	<u>923,315</u>	<u>868,171</u>	<u>1,012,798</u>	<u>874,461</u>	<u>925,527</u>	<u>817,614</u>
Total all other governmental funds.....	<u>\$ (2,407,303)</u>	<u>\$ (9,793,723)</u>	<u>\$ (26,319,929)</u>	<u>\$ 6,431,966</u>	<u>\$ 16,486,693</u>	<u>\$ 31,640,454</u>	<u>\$ 57,760,583</u>

* Data is being accumulated from fiscal year 2002 forward.

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

LAST SEVEN FISCAL YEARS*

	2002	2003	2004	2005	2006	2007	2008
REVENUES							
Real estate and personal property taxes.....	\$ 160,230,063	\$ 179,025,142	\$ 187,056,486	\$ 192,554,388	\$ 200,165,525	\$ 207,245,638	\$ 211,435,422
Motor vehicle and other excise taxes.....	9,848,559	10,645,450	10,258,795	11,467,867	11,298,282	10,197,596	11,131,712
Hotel/motel tax.....	1,291,950	1,151,838	851,157	979,194	1,060,052	1,138,921	1,103,549
Payments in lieu of taxes.....	309,695	377,867	340,010	394,563	418,202	411,841	358,957
Community preservation surcharges.....	1,522,800	1,768,225	1,830,144	1,878,091	1,978,999	2,027,379	2,107,392
Charges for services.....	9,992,038	11,242,611	11,847,663	11,765,228	11,895,186	14,110,021	14,088,742
Intergovernmental.....	49,874,632	53,219,152	55,057,266	85,837,606	60,266,994	75,564,011	78,760,492
Special assessments.....	-	-	-	-	-	215,216	157,281
Penalties and interest on taxes.....	791,560	1,027,184	957,072	1,225,224	830,030	1,049,712	1,055,344
Licenses, permits and fees.....	4,485,956	4,566,185	4,896,721	4,991,489	7,172,004	5,764,582	4,928,179
Fines and forfeitures.....	1,820,973	1,717,200	1,916,239	1,987,816	2,002,406	1,850,503	1,899,661
Contributions.....	978,344	1,368,799	645,007	1,462,588	1,187,036	796,807	1,395,023
Investment income.....	1,695,643	1,315,562	1,031,017	1,985,227	3,362,563	4,960,859	4,435,423
Miscellaneous/other.....	945,986	1,278,662	678,394	588,220	1,326,054	947,985	1,813,990
TOTAL REVENUES.....	243,788,199	268,703,877	277,365,971	317,117,501	302,963,333	326,281,071	334,671,167
EXPENDITURES							
Current:							
General government.....	15,249,553	17,364,672	24,829,089	20,272,046	21,671,422	18,456,441	22,190,508
Public safety.....	29,706,902	31,900,736	33,442,336	33,467,775	33,207,890	36,540,065	36,960,093
Education.....	143,450,681	158,405,020	158,699,064	156,983,456	157,219,646	166,363,295	202,577,476
Public works.....	17,448,356	19,195,401	20,323,463	23,574,662	20,074,536	23,001,792	24,844,231
Health and human services.....	4,692,835	3,763,331	3,215,469	3,565,435	3,594,966	4,054,211	3,989,849
Culture and recreation.....	9,670,437	10,462,029	11,044,089	12,376,821	12,156,563	14,441,900	12,837,823
Retirement benefits.....	26,054,970	29,244,524	32,609,146	36,643,546	39,366,562	42,079,659	44,134,609
Property and liability insurance.....	1,367,674	1,464,628	1,638,348	1,596,923	1,621,121	1,666,576	1,690,977
Claims and judgments.....	189,509	118,032	290,227	176,472	214,058	143,335	97,254
Health insurance subsidy.....	-	-	-	-	-	173,495	-
Other.....	-	-	-	-	-	-	24,080
State and county charges.....	5,142,581	5,081,422	5,086,760	5,045,783	5,209,013	5,375,365	5,512,027
Debt service:							
Principal.....	4,884,800	4,878,900	4,281,100	5,118,200	5,595,500	8,472,050	6,146,900
Interest.....	1,716,690	1,929,122	2,744,328	2,483,216	2,215,170	2,129,315	2,378,302
TOTAL EXPENDITURES.....	259,574,988	283,807,817	298,203,419	301,304,335	302,146,447	322,897,499	363,384,129
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(15,786,789)	(15,103,940)	(20,837,448)	15,813,166	816,886	3,383,572	(28,712,962)
OTHER FINANCING SOURCES (USES)							
Transfers in.....	6,456,951	8,254,035	9,279,721	7,768,303	8,195,281	9,793,750	12,584,287
Proceeds of bonds and notes.....	4,910,000	5,700,000	5,000,000	11,500,000	13,835,000	10,600,000	48,792,000
Premium from issuance of bonds and notes.....	-	-	375,267	406,462	293,090	92,732	262,441
Sale of capital assets.....	-	-	-	36,000	26,446	40,752	49,909
Transfers out.....	(5,342,810)	(7,023,790)	(7,697,615)	(6,236,017)	(6,639,571)	(8,292,510)	(11,031,737)
TOTAL OTHER FINANCING SOURCES (USES).....	6,024,141	6,930,245	6,957,373	13,474,748	15,710,246	12,234,724	50,656,900
EXTRAORDINARY ITEM							
Proceeds of structured settlement contract.....	-	-	-	-	-	2,850,000	-
NET CHANGE IN FUND BALANCES.....	\$ (9,762,648)	\$ (8,173,695)	\$ (13,880,075)	\$ 29,287,914	\$ 16,527,132	\$ 18,468,296	\$ 21,943,938
DEBT SERVICE EXPENDITURES AS A PERCENTAGE OF NONCAPITAL EXPENDITURES.....	2.5%	2.4%	2.4%	2.5%	2.6%	3.3%	2.3%

* Data is being accumulated from fiscal year 2002 forward.

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

LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value (2)			Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value (3)	Assessed Value as a Percentage of Actual Value
	Residential Real Property	Commercial and Industrial Real Property	Personal Property				
1999	\$ 8,978,253,758	\$ 1,126,244,342	\$ 135,370,600	\$ 10,239,868,700	\$ 13.88	\$ 9,926,932,200	103.15%
2000	9,885,690,995	1,171,451,405	142,875,400	11,200,017,800	13.16	12,028,714,200	93.11%
2001	10,857,798,128	1,239,695,672	151,823,400	12,249,317,200	12.57	12,028,714,200	101.83%
2002	13,232,606,650	1,471,227,850	166,827,900	14,870,662,400	10.77	15,843,209,000	93.86%
2003	13,350,364,729	1,478,001,571	188,708,900	15,017,075,200	11.83	15,843,209,000	94.79%
2004	15,105,379,601	1,504,901,799	214,760,200	16,825,041,600	10.98	19,131,654,600	87.94%
2005	17,046,470,917	1,614,228,983	194,282,500	18,854,982,400	10.16	19,131,654,600	98.55%
2006	18,038,525,657	1,630,652,443	197,645,600	19,866,823,700	9.99	21,590,027,600	92.02%
2007	18,780,465,279	1,691,031,121	195,725,500	20,667,221,900	9.95	21,590,027,600	95.73%
2008	18,478,928,698	1,767,239,702	211,461,100	20,457,629,500	10.44	22,207,139,600	92.12%

Source: City of Newton Annual Tax Recap Sheet

(1) Does not include valuation affected by residential exemption

(2) As of January 1st

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

DIRECT PROPERTY TAX RATES (1) (2)

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Residential Real Property</u>	<u>Commercial and Industrial Real Property</u>	<u>Personal Property</u>	<u>Total Direct (3)</u>
1999	\$ 12.65	\$ 24.20	\$ 24.20	13.88
2000	12.06	22.97	22.97	13.16
2001	11.57	21.93	21.93	12.57
2002	9.94	18.77	18.77	10.77
2003	10.92	20.63	20.63	11.83
2004	10.20	19.37	19.37	10.98
2005	9.48	18.02	18.02	10.16
2006	9.36	17.72	17.72	9.99
2007	9.33	17.64	17.64	9.95
2008	9.70	18.46	18.46	10.44

Source: City of Newton Tax Re-cap Sheets.

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

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

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

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2008			1998		
	Amount of Tax	Rank	Percentage of Total Tax Levy	Amount of Tax	Rank	Percentage of Total Tax Levy
Riverside Project, LLC	\$ 1,969,778	1	0.92%	\$ 484,000	7	0.34%
Mayflower Atrium, LLC	1,286,082	2	0.60%	1,040,147	1	0.73%
NSTAR Electric	1,041,360	3	0.49%	-	-	-
Julian Cohen & Daniel Rothenberg Trust	847,472	4	0.40%	894,219	2	0.63%
Chesapeake Hotel Lmt Partnership	657,437	5	0.31%	847,000	3	0.60%
Thomas White Trust	650,876	6	0.30%	627,823	5	0.44%
NS Wells Acquisitions LLC	593,765	7	0.28%	-	-	-
Daniel Rothenberg	554,934	8	0.26%	449,997	8	0.32%
Daniel Rothenberg	524,506	9	0.25%	425,593	9	0.30%
The Realty Asoc Fund VII LP	482,438	10	0.23%	-	-	-
Schroder Newton Limited Partnership	-	-	-	755,040	4	0.53%
Wells Avenue Senior Holding, LLC	-	-	-	536,054	6	0.38%
May Department Stores	-	-	-	360,522	10	0.25%
Total	\$ 8,608,648		4.03%	\$ 6,420,395		4.52%

Source: City of Newton Board of Assessors.

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Net Tax Levy	Collected within the Fiscal Year of the Levy			Total Collections to Date	
		Current Tax Collections	Percent of Net Levy Collected	Actual Subsequent Collections	Total Tax Collections	Total Collections as a % of Net Levy (1)
1999	\$ 142,094,215	\$ 142,212,683	100.08%	\$ 1,113,302	\$ 143,325,985	100.87%
2000	147,410,703	146,223,264	99.19%	2,634,303	148,857,567	100.98%
2001	153,949,624	152,952,314	99.35%	2,718,974	155,671,288	101.12%
2002	160,122,038	158,569,112	99.03%	2,996,220	161,565,332	100.90%
2003	177,652,048	177,072,455	99.67%	2,588,477	179,660,932	101.13%
2004	184,772,348	184,463,684	99.83%	2,232,994	186,696,678	101.04%
2005	191,516,639	189,884,213	99.15%	2,337,579	192,221,792	100.37%
2006	198,431,418	197,604,301	99.58%	1,647,846	199,252,147	100.41%
2007	205,603,998	204,425,747	99.43%	1,902,181	206,327,928	100.35%
2008	213,670,594	211,782,357	99.12%	-	211,782,357	99.12%

Source: Annual Tax Recap Sheet and General Ledger records

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

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Per Capita (1)
	General Obligation Bonds	State Pension Loan	General Obligation Bonds	MWRA/MWPAT Loans		
1999	\$ 35,036,938	\$ 2,600,000	\$ 978,662	\$ 1,847,713	\$ 40,463,313	498
2000	29,894,950	2,600,000	671,250	5,971,947	39,138,147	484
2001	29,841,344	2,600,000	316,250	17,288,376	50,045,970	1008
2002	28,793,550	2,600,000	941,250	19,164,796	51,499,596	666
2003	29,614,650	2,600,000	1,080,450	27,979,244	61,274,344	790
2004	30,333,550	2,600,000	491,250	21,908,488	55,333,288	696
2005	36,715,350	2,600,000	266,250	22,627,199	62,208,799	778
2006	44,954,850	2,600,000	176,250	23,158,874	70,889,974	844
2007	49,682,800	-	80,000	24,790,065	74,552,865	903
2008	92,327,900	-	40,000	22,117,941	114,485,841	1415

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

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

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	Net General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (1)	Percentage of Estimated Personal Income (2)
	General Obligation Bonds	Less: Resources Restricted for Debt Principal	Total Net General Bonded Debt		
1999	36,015,600	-	36,015,600	0.36%	1.54%
2000	30,566,200	-	30,566,200	0.25%	1.31%
2001	30,157,594	-	30,157,594	0.25%	1.33%
2002	29,734,800	-	29,734,800	0.19%	0.84%
2003	30,695,100	-	30,695,100	0.19%	0.87%
2004	30,824,800	-	30,824,800	0.16%	0.85%
2005	36,981,600	-	36,981,600	0.19%	1.01%
2006	45,131,100	-	45,131,100	0.21%	0.96%
2007	49,762,800	-	49,762,800	0.23%	1.08%
2008	92,367,900	-	92,367,900	0.42%	2.04%

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

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

JUNE 30, 2008

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Massachusetts Water Resources Authority.....	\$ 5,613,026,000	4.6%/4.3%	\$ <u>249,779,657</u>
City direct debt.....			<u>92,367,900</u>
Total direct and overlapping debt.....			<u>\$ 342,147,557</u>

Sources: MWRA, City of Newton Treasurer's Office

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS *

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Fiscal year 2008 equalized valuation.....	\$ 22,207,139,600	\$ 21,590,027,600	\$ 21,590,027,600
Normal debt limit (2 1/2% of equalized valuation).....	555,178,490	539,750,690	539,750,690
Debt applicable to limit:			
Total bonded debt.....	114,485,841	74,552,865	70,889,974
Less: General obligation bonds exempted by authority of state legislature.....	<u>(22,157,941)</u>	<u>(24,870,065)</u>	<u>(23,335,124)</u>
Total net debt applicable to limit.....	<u>92,327,900</u>	<u>49,682,800</u>	<u>47,554,850</u>
Legal debt margin.....	<u>\$ 462,850,590</u>	<u>\$ 490,067,890</u>	<u>\$ 492,195,840</u>
Total net debt applicable to the limit as a percentage of normal debt limit.....	<u>10.1%</u>	<u>9.7%</u>	<u>10.1%</u>

* Data is being accumulated from fiscal year 2006 forward.

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS

Year	Population	Median Age	Per Capita Income	Estimated Personal Income	Median Family Income	Public School Enrollment	Unemployment Rate (%)
1998	81,179	35.7	\$ 28,840	\$ 2,341,202,360	70,071	11,166	1.7%
1999	80,831	35.7	28,840	2,331,166,040	70,071	11,248	1.7%
2000	49,642	38.7	45,708	2,269,036,536	105,289	11,246	1.8%
2001	77,350	38.7	45,708	3,535,513,800	105,289	11,250	2.7%
2002	77,517	38.7	45,708	3,543,147,036	105,289	11,276	3.9%
2003	79,515	38.7	45,708	3,634,471,620	105,289	11,267	4.1%
2004	79,980	38.7	45,708	3,655,725,840	105,289	11,268	3.5%
2005	84,031	38.7	55,891	4,696,576,621	124,893	11,415	3.3%
2006	82,578	38.7	55,891	4,615,366,998	124,893	11,501	3.7%
2007	80,917	38.7	55,891	4,522,532,047	124,893	11,570	3.9%

Sources: Population from City census

Per capita income, median age, and median family income is from U.S Census for 1990, 2000 and 2005

Unemployment rates from Massachusetts Division of Unemployment Assistance

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

PRINCIPAL EMPLOYERS

CURRENT YEAR*

Employer	Employees	Rank		
		2008	2007	2006
Boston College	1000 +	1	1	1
City of Newton	1000 +	2	2	2
Newton-Wellesley Hospital	1000 +	3	3	3
Clarks Company, North America	250 - 999	4	4	4
Education Development Center	250 - 999	5	5	5
H.C Starck Inc.	250 - 999	6	6	6
HRPT Properties Trust	250 - 999	7	7	7
Marriott Corporation	250 - 999	8	8	8
Medical Resources, Inc.	250 - 999	9	9	9
Wholefoods Inc.	250 - 999	10	10	10

Source: Reference USA version 2005.7 (internet based reference service from Library Division of Info USA)

* Data is being accumulated from fiscal year 2006 forward.

EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS*

Employees as of June 30

<u>Function/Program</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General government.....	135	139	142
Public safety.....	383	388	384
Education.....	1,217	1,198	1,193
Public works	143	137	136
Health and human services.....	50	50	44
Culture and recreation.....	102	105	105
Water.....	28	29	24
Sewer.....	36	34	34
Total.....	<u>2,094</u>	<u>2,080</u>	<u>2,062</u>

Source: City of Newton payroll

* Data is being accumulated from fiscal year 2006 forward.

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS*

Function/Program	2008	2007
Public safety		
Police		
Physical arrests.....	454	520
Parking violations.....	78,635	78,774
Traffic violations.....	12,600	15,220
Fire		
Total responses.....	7,751	7,599
Emergency responses.....	3,476	3,519
Building fire responses.....	200	37
Inspections.....	3,118	2,806
Education		
Public school enrollment.....	11,415	11,501
Public works		
Street resurfacing (miles).....	8.0	6.4
Sidewalk installation (miles).....	7.6	7.9
Catchbasins cleaned.....	6,825	6,750
Trash collections (tons).....	27,203	28,814
Recyclable material collections (tons).....	23,170	22,395
Health and human services		
Food handling establishment inspections.....	437	459
Public school health screenings.....	14,906	19,215
Resident/employee influenza immunizations.....	2,292	2,309
Senior center participants.....	3,292	4,000
Senior transportation services.....	21,102	22,000
Culture and recreation		
Library volumes in collection.....	624,606	609,248
Library circulation.....	1,955,025	1,929,138
Museum attendance.....	7,510	9,000
Recreation programs.....	130	110
Recreation program participants.....	71,863	90,000
Athletic fields and courts maintained.....	268	268
Shade trees pruned.....	411	1,000
Shade trees removed.....	1,016	400
Water/sewer		
Repair/replace water & sewer services.....	703	616
Hydrant repairs.....	110	78
Backflow tests.....	1,501	873

Sources: Various departments

* Data is being accumulated from fiscal year 2007 forward.

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS*

Function/Program	Fiscal Year		
	2008	2007	2006
Public safety			
Police			
Stations.....	1	1	1
Vehicles.....	69	69	69
Fire			
Stations.....	6	6	6
Firefighting Vehicles.....	9	9	9
Education			
Public school buildings.....	21	21	21
Public works			
Streets (miles).....	310	310	310
Streetlights.....	8,595	8,595	8,595
Traffic signals.....	98	98	98
Parking meters.....	1,671	1,671	1,671
Culture and recreation			
Public libraries			
Main library.....	1	1	1
Branch libraries.....	4	4	4
Park & playground Acreage.....	590	590	590
Outdoor swimming facilities.....	2	2	2
Indoor swimming facilities.....	1	1	1
Public street trees	30,000	30,000	30,000
Water			
Water mains (miles).....	300	300	300
Fire hydrants.....	2,400	2,400	2,400
Storage capacity (thousands of gallons).....	26,000,000	26,000,000	26,000,000
Sewer			
Sanitary sewers (miles).....	300	300	300
Sewer pump stations.....	10	10	10
Stormdrains (miles).....	324	324	324

Sources: Various departments of the City of Newton

* Data is being accumulated from fiscal year 2006 forward.