

# City of Newton, Massachusetts

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2009



# City of Newton, Massachusetts

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*Prepared by the Comptroller's Office*

CITY OF NEWTON, MASSACHUSETTS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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# *INTRODUCTORY SECTION*



## CITY OF NEWTON, MASSACHUSETTS

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DAVID C. WILKINSON  
COMPTROLLER

January 12, 2010

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, 2009. This report has been prepared by the Comptroller's Office of the City in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Government Accounting Standards Board (GASB).

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

The City's financial statements have been audited by Sullivan, Rogers & Company, LLC, a firm of licensed certified public accountants, who have been hired by and report to the City's Board of Aldermen. The independent auditors' opinion on the City's financial statements for the year ended June 30, 2009 is presented as the first component of the financial section of this report on pages 1 and 2. The opinion has been qualified for the fact that the financial statements of the Newton School Foundation, which is legally independent of the City but nonetheless must be included in our report because of the requirements of Governmental Accounting Standards Board (GASB) statement 39, was not audited.

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 Internal Control Over Financial Reporting, Compliance and 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 - 117 of this report.

On October 6, 2009 the Massachusetts Department of Revenue certified the City's June 30, 2009 free cash (General Fund fund balance available for appropriation) at \$6,687,571. The City's previous year free cash certification was \$10,923,805. 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 2008 accounted for 55% of the reduction in certified free cash. The balance of the reduction is explained by economically sensitive local receipts and the state's mid year reduction in scheduled local aid payments.

## 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 began to recognize the cost of health benefits in the same manner that has been required for pension benefits for the past several years in the year ended June 30, 2008. 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 cumulative impact of the change in financial reporting over the past two fiscal years is a \$54.9 million increase in expenses in the government-wide financial statements and a corresponding decline in unrestricted net assets. The City's unrestricted net assets, as reported on page 18, have in fact gone negative as a result of the new post retirement health liabilities.

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 12 (pages 63-66) for more detailed information on the City's health benefit obligations.

## **Collective Bargaining Agreements**

At June 30, 2009 all collective bargaining agreements with municipal and school employees expired and collective bargaining agreements remained outstanding for the prior two year period with two of City employee bargaining units, uniformed police officers, and public works, parks and recreation, and public buildings employees. Subsequent to year end, an agreement was reached and funded with the public works recreation and public building employees. The police officer contract remains unresolved as of this date.

## **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, 2009, the City maintained a Aaa credit rating with Moody's Investor Service.

The City participated and received the Government Finance Officers (GFOA) award for excellence in financial reporting for fiscal years 2004 – 2007. As a result of a delay in the issuance of the fiscal year 2008 CAFR that resulted from staff turn over in the Treasurer's Office, the City did not participate in the award program for that year. The fiscal year 2009 report will not be submitted for consideration for an award because of the audit opinion qualification that has resulted from the fact that the Newton Schools Foundation's financial statements have not been audited.

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; Maria Mastroinni; 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.

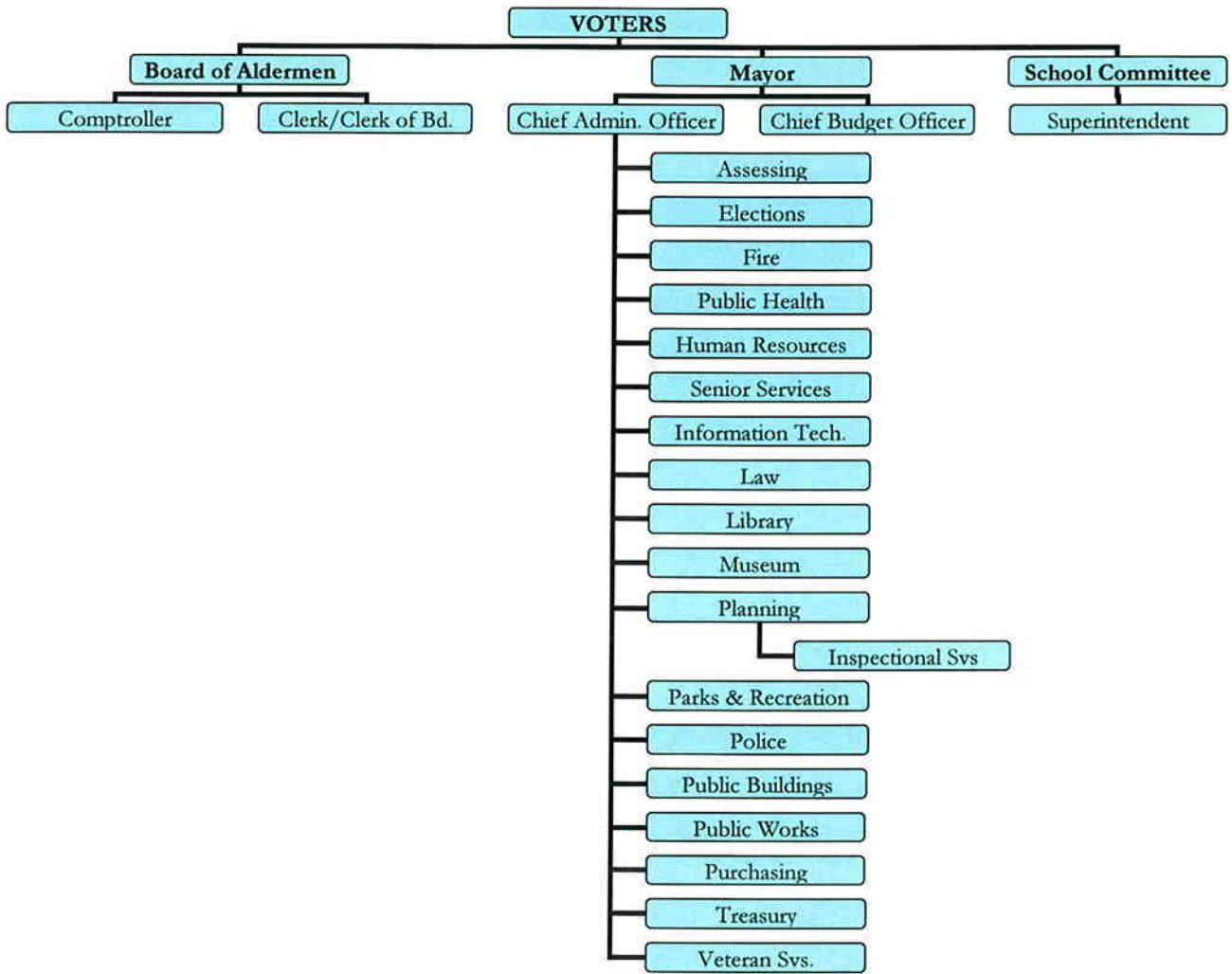
Respectfully,

A handwritten signature in black ink, appearing to read 'DCW', 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

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#### BOARD OF ALDERMEN

R. Lisle Baker, President  
Scott Lennon, Vice President & Audit Committee Chair  
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, Finance Committee Vice Chair  
Amy Mah Sangiolo  
John W. Harney  
Paul E. Coletti, Finance Committee Chair  
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  
Mark Laredo, Chair  
Reenie Murphy  
Jonathan Yeo  
Susan Heyman  
Claire Sokoloff, Vice Chair  
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: Matthew Cummings, Police Chief  
Public Buildings: A. Nicholas Parnell, Commissioner  
Public Works: Thomas Daley, Commissioner  
Purchasing: Rere Cappoli, Purchasing Agent  
Senior Services, Jayne Colino, Director  
Treasury: James Reardon, 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  
Kimberly Fletcher, Appointed Member  
Kelly Byrne, Retirement System Director



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# *FINANCIAL SECTION*





Certified Public Accountants

**SULLIVAN, ROGERS & COMPANY, LLC**

Corporate Place I, Suite 204 • 99 South Bedford Street

Burlington, Massachusetts 01803

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## Independent Auditors' Report

To the Honorable Board of Aldermen and Mayor  
City of Newton, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts (City), as of and for the fiscal year ended June 30, 2009 (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, 2008, and the Newton Schools Foundation, Inc., which is as of and for the fiscal year ended June 30, 2008), which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City 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 28.9%, 4.4% and 17.6%; 31.1%, 4.8% and 19.0%; and 34.3%, 24.6% and 34.1% of the assets, net 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. and the Newton Community Farm, Inc., are based on the report of the other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Newton Commonwealth Foundation, Inc. and the Newton Community Farm, 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.

The financial statements of the Newton Schools Foundation, Inc. have not been audited, and we were not engaged to audit the Newton Schools Foundation, Inc. financial statements as part of our audit of the City's basic financial statements. The Newton Schools Foundation, Inc.'s financial activities are included in the City's basic financial statements as a discretely presented component unit and represents 17.6%, 19.0% and 34.1% of the assets, net assets and revenues, respectively, of the City's aggregate discretely presented component units.

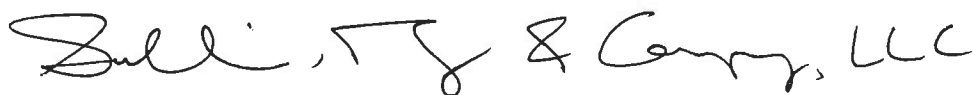
In our opinion, based on our audit and the reports of other auditors, except for the effects of such adjustments, if any, as might have been determined to be necessary had the Newton Schools Foundation, Inc.'s financial statements been audited, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units for the City as of June 30, 2009 (except for the Newton Commonwealth Foundation, Inc. and the Newton Community Farm Inc., which are as of and for the fiscal year ended December 31, 2008, and the Newton Schools Foundation, Inc., which is as of and for the fiscal year ended June 30, 2008), and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009 (except for the Newton Contributory Retirement System, which is as of and for the fiscal year ended December 31, 2008), 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 January 12, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 16) and certain pension and other postemployment benefits information (located on pages 70 through 71) 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's 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.



January 12, 2010

# **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, 2009.

### **Financial Highlights:**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$314.4 million (*net assets*). Of this amount, \$10.6 million is considered unrestricted (*unrestricted net assets*). The City has no unrestricted net assets in the City's governmental activities. After recognizing an additional \$32 million in post retirement health liabilities for the year, the amount that may be used to meet the government's ongoing obligations to citizens and creditors, is (\$2.3) million. The unrestricted net assets of the City's business-type activities are \$12.9 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 \$2.1 million or 0.7% in fiscal year 2009. Net assets of governmental activities increased by \$3.2 million, a 1.3% increase from fiscal year 2008. Net assets of business-type activities decreased by \$1.1 million or 1.8% from fiscal year 2008.
- Unrestricted governmental net assets decreased by \$42.1 million (105.7%) to (\$2.3) million at June 30, 2009.
- The total cost of all City services for fiscal year 2009 was \$405.6 million, \$370.1 million (91.2%) of which was for governmental services, and \$35.5 million (8.8%) of which was for business-type activities.
- A total of \$117.9 million or 31.9% of governmental services were financed from program revenue, leaving 68.1% 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, 2009, the City's governmental funds reported a combined fund balance of \$135.6 million. The combined governmental funds fund balance increased by \$58.4 million (75.6%) from the prior year's ending fund balance.
- The City's general fund reported a fund balance of \$20.2 million at the end of fiscal year 2009, a \$736,062 (3.8%) increase 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 \$10.5 million or 3.4% of total general fund revenues and other financing sources. A total of \$5.1 million of the unreserved fund balance was designated for funding the fiscal year 2010 budget.
- The City's total bonded debt (bonds and notes) increased by \$86.5 million or 75.5% to \$200.9 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 17 and 18) 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 19 and 20) 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 119-122 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 20 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, the community preservation fund and the high school improvements fund, all of which are considered to be major funds. Data from the other 17 funds are combined into a single, aggregated presentation under the caption *non-major governmental funds*. A brief description and individual fund data for each of the non-major governmental funds is provided in the form of *combining statements* beginning on page 72 of this report. The governmental funds financial statements can be found on pages 21-26 of this report. Trend information may be found on pages 123-124 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 83 of this report. The basic proprietary fund financial statements can be found on 27-29 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 87 of this report. The fiduciary funds financial statements can be found on pages 30 and 31 of this report.

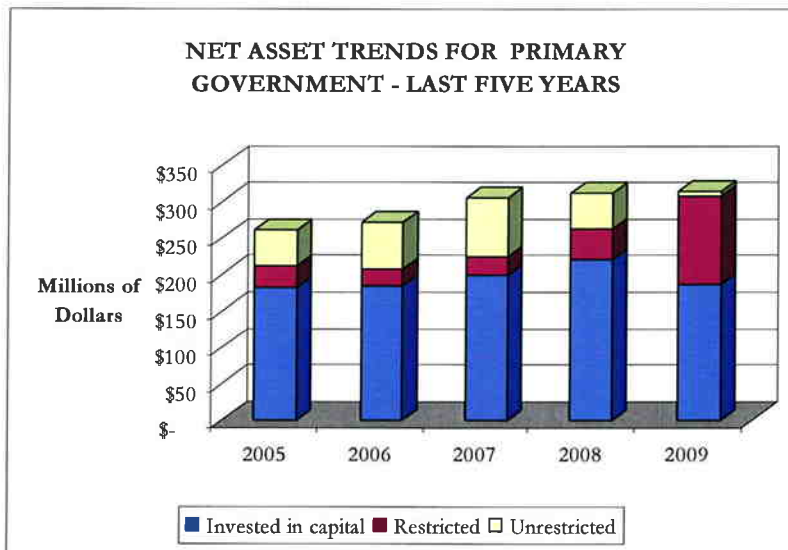
**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34-69 of this report.

**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 70 and 71 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 \$314.4 million at June 30, 2009. This represents a \$2.1 million or 0.7% increase over the total net assets at June 30, 2008. Trend information for total net assets and its major components over the past five year period is summarized graphically 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>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Assets</b>						
Current assets.....	\$ 214,392,326	\$ 151,403,704	\$ 31,743,374	\$ 25,599,954	\$ 246,135,700	\$ 177,003,658
Noncurrent assets (excluding capital assets).....	12,574,154	32,791,507	2,592,172	2,844,612	15,166,326	35,636,119
Capital assets (net).....	<u>313,425,096</u>	<u>235,613,790</u>	<u>60,238,438</u>	<u>58,705,690</u>	<u>373,663,534</u>	<u>294,319,480</u>
Total assets.....	<u>540,391,576</u>	<u>419,809,001</u>	<u>94,573,984</u>	<u>87,150,256</u>	<u>634,965,560</u>	<u>506,959,257</u>
<b>Liabilities</b>						
Current liabilities (excluding debt).....	51,182,126	44,545,593	1,481,956	1,896,296	52,664,082	46,441,889
Noncurrent liabilities (excluding debt).....	65,300,633	32,897,648	1,607,932	790,647	66,908,565	33,688,295
Current debt.....	8,548,500	7,652,100	4,058,986	2,852,703	12,607,486	10,504,803
Noncurrent debt.....	<u>162,137,300</u>	<u>84,675,800</u>	<u>26,200,848</u>	<u>19,305,239</u>	<u>188,338,148</u>	<u>103,981,039</u>
Total liabilities.....	<u>287,168,559</u>	<u>169,771,141</u>	<u>33,349,722</u>	<u>24,844,885</u>	<u>320,518,281</u>	<u>194,616,026</u>
<b>Net Assets</b>						
Invested in capital assets (net of related debt).....	150,650,131	174,706,210	32,694,954	46,364,172	183,345,085	221,070,382
Restricted.....	104,838,430	35,459,940	15,657,948	6,581,929	120,496,378	42,041,869
Unrestricted.....	<u>(2,265,544)</u>	<u>39,871,710</u>	<u>12,871,360</u>	<u>9,359,270</u>	<u>10,605,816</u>	<u>49,230,980</u>
Total net assets.....	<u>\$ 253,223,017</u>	<u>\$ 250,037,860</u>	<u>\$ 61,224,262</u>	<u>\$ 62,305,371</u>	<u>\$ 314,447,279</u>	<u>\$ 312,343,231</u>

The largest portion of the City's total net assets, \$183.3 million or 58.3%, 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 15 (page 68) 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, \$120.5 million or 38.3% of total net assets, represents resources that are subject to restrictions placed on how they may be used by parties external to the City, \$105.1 (87.2%) million of which represents resources restricted for future capital project financing. 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 18 of this report.

The remaining balance of unrestricted net assets, \$10.6 million or 3.4% of total net assets, may be used to meet the City's on-going obligations to citizens and creditors. All such assets are reserved for City's water and sewer business-type activities.

The City has no unrestricted net assets available for the support of governmental activities. All such resources have been consumed over the past two years with the recognition of post retirement health liabilities. For the year ended June 30, 2008 (the first year of mandatory implementation of Governmental Accounting Standards Board statement 45), Newton recognized \$21.5 million in unfunded retiree health liabilities. An additional \$32 million in unfunded health care liabilities have been recognized this year. Pages 63 and 64 of this report provides more detailed information on the liabilities that have given rise to the change in financial positions over the past two years.

## 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>	
	2009	2008	2009	2008	2009	2008
<b>Revenues</b>						
<i>Program Revenues:</i>						
Fees, fines and charges for services.....	\$ 21,413,394	\$ 21,185,123	\$ 33,761,633	\$ 39,034,143	\$ 55,175,027	\$ 60,219,266
Operating grants and contributions.....	66,344,326	60,500,259	857,561	814,428	67,201,887	61,314,687
Capital grants and contributions.....	30,179,116	21,684,895	1,260,151	726,855	31,439,267	22,411,750
<i>General Revenues:</i>						
Real estate and personal property taxes.....	226,800,860	211,886,334	-	-	226,800,860	211,886,334
Motor vehicle and other excise taxes.....	10,479,922	10,859,789	-	-	10,479,922	10,859,789
Hotel room occupancy taxes.....	1,108,199	1,103,549	-	-	1,108,199	1,103,549
Penalties and interest on taxes.....	1,223,300	1,055,344	-	-	1,223,300	1,055,344
Payments in lieu of taxes.....	273,359	767,439	-	-	273,359	767,439
Community preservation surcharges.....	2,193,701	2,114,805	-	-	2,193,701	2,114,805
Grants and contributions not restricted to specific programs.....	7,435,280	8,705,545	-	-	7,435,280	8,705,545
Unrestricted investment income.....	2,610,098	4,306,424	-	-	2,610,098	4,306,424
Other.....	1,761,048	2,522,970	-	-	1,761,048	2,522,970
<b>Total revenues.....</b>	<b>371,822,603</b>	<b>346,692,476</b>	<b>35,879,345</b>	<b>40,575,426</b>	<b>407,701,948</b>	<b>387,267,902</b>
<b>Expenses</b>						
General government.....	22,581,716	25,791,496	-	-	22,581,716	25,791,496
Public safety.....	52,614,816	48,896,370	-	-	52,614,816	48,896,370
Education.....	236,024,500	218,716,994	-	-	236,024,500	218,716,994
Public works.....	27,229,098	25,208,763	-	-	27,229,098	25,208,763
Health and human services.....	10,463,388	9,980,301	-	-	10,463,388	9,980,301
Culture and recreation.....	16,806,140	15,864,538	-	-	16,806,140	15,864,538
Other.....	-	24,080	-	-	-	24,080
Debt service - interest.....	4,375,013	2,494,422	-	-	4,375,013	2,494,422
Water.....	-	-	13,623,595	12,212,234	13,623,595	12,212,234
Sewer.....	-	-	21,879,634	21,208,637	21,879,634	21,208,637
<b>Total expenses.....</b>	<b>370,094,671</b>	<b>346,976,964</b>	<b>35,503,229</b>	<b>33,420,871</b>	<b>405,597,900</b>	<b>380,397,835</b>
Change in net assets before transfers.....	1,727,932	(284,488)	376,116	7,154,555	2,104,048	6,870,067
Transfers, net.....	1,457,225	1,264,968	(1,457,225)	(1,264,968)	-	-
Change in net assets.....	3,185,157	980,480	(1,081,109)	5,889,587	2,104,048	6,870,067
Net assets - beginning of year.....	250,037,860	249,057,380	62,305,371	56,415,784	312,343,231	305,473,164
Net assets - end of year.....	\$ 253,223,017	\$ 250,037,860	\$ 61,224,262	\$ 62,305,371	\$ 314,447,279	\$ 312,343,231

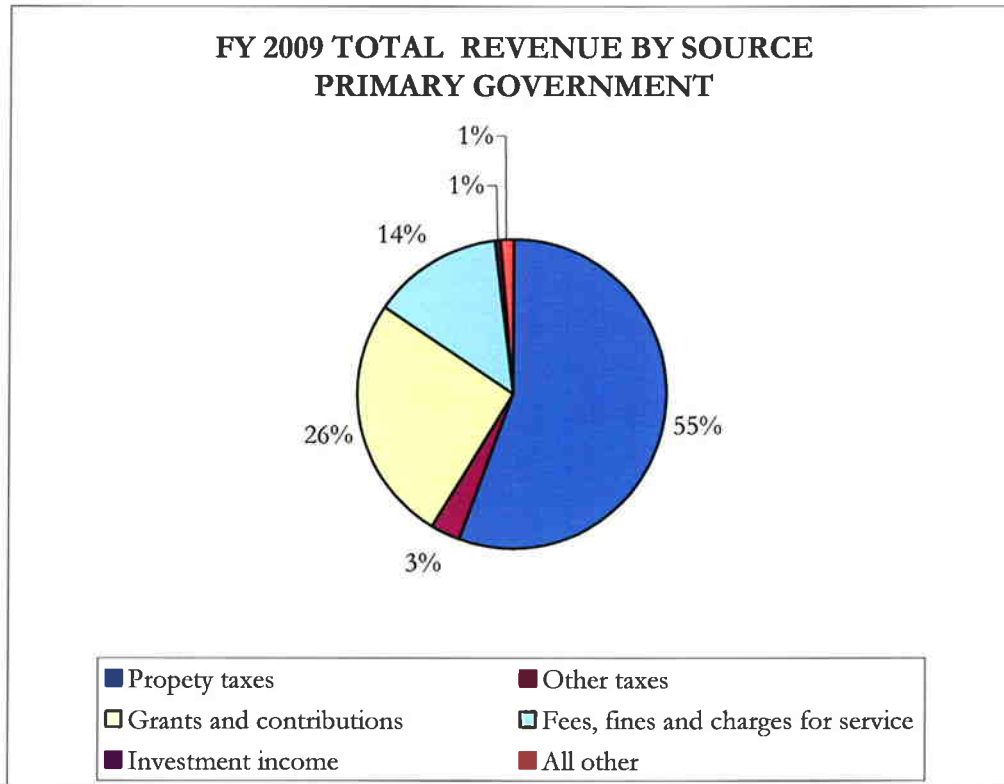
The City's total revenues for the year ended June 30, 2009 increased by \$20.4 million (5.3%) from the prior year. Real and personal property taxes accounted for \$14.9 million or 70.0% of the increase.

State and federal grant revenue increased by \$13.6 million during the year, \$9 million (66.2%) of which was for high school capital improvement projects. All state aid funding for both high school projects has now been recognized.



Economically sensitive revenues such as investment income; motor vehicle excise tax revenue; and inspectional services permit revenue declined during the year.

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



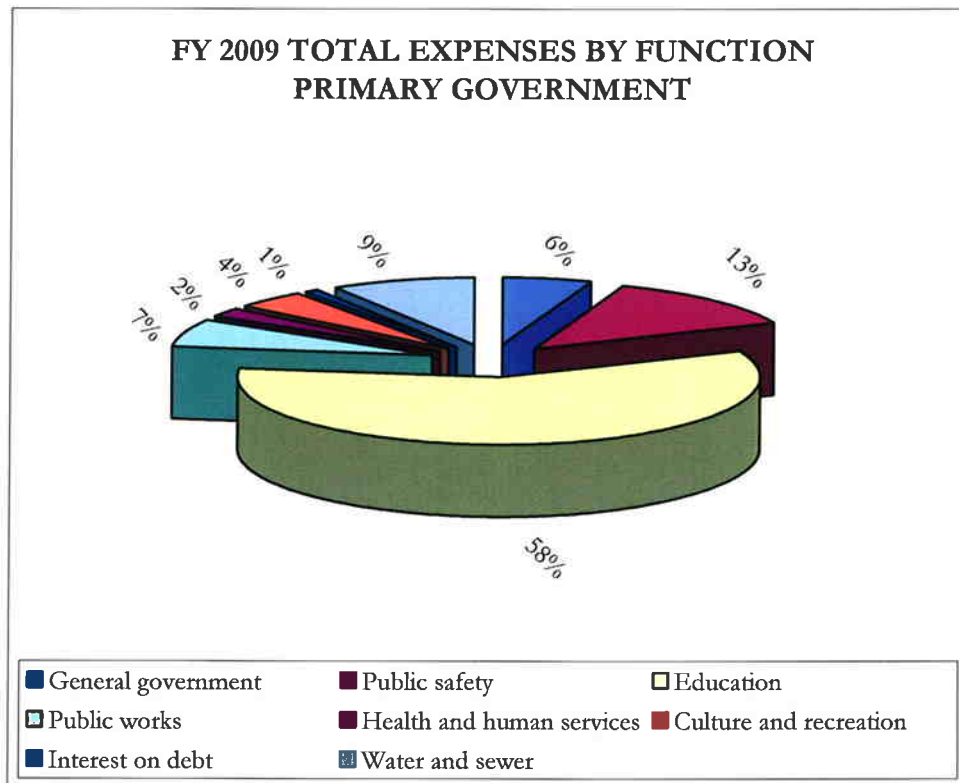
Total expenses increased by \$25.2 million or 6.6% during the year. The \$32.9 million expense associated with second year implementation of Governmental Accounting Standards Board Statement 45 accounted for all of the expense growth for the year.

All activities, *except for general government*, experienced spending growth from the prior year. General government activity spending (City Hall support services and public building maintenance and operation) declined by \$3.2 million (12.4%) in spite of the fact that the activity absorbed \$2 million in second year GASB statement 45 expenses.

The percentage of total spending related to education and public safety spending increased slightly (from 57% to 58% for education and from 7% to 8% for public safety). This spending growth was principally related to high school and fire station improvement capital spending.

A schedule summarizing the cumulative impact of the implementation of GASB Statement 45 on all activities is presented on page 66 of this report.

The following chart illustrates the distribution of expenses by major function for the primary government for the year ended June 30, 2009.



**Governmental activities** – Governmental activities increased the City’s net assets by \$3.2 million or 1.3% during fiscal 2009, 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 19 and 20 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 2009. In spite of a \$0.7 million decline in program revenue from the prior year, inspectional service department program revenues exceeded total program expenses by \$2 million for the year.

**Business-type activities** – Business-type activities decreased the City’s net assets by \$1.1 million or 1.8% during fiscal year 2009. This is primarily the result of less than expected user charge revenue in the utility funds. The decline is the result of meter reading errors from the City’s aging water meters.

### 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, 2009, the City's governmental funds reported a combined fund balance totaling \$135.6 million, a \$58.4 million increase over the prior year reported financial position. A \$50 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, 2009, the City issued \$75 million in new debt for project financing; received \$44.2 million in project grant reimbursements from the Commonwealth of Massachusetts, and expended \$69.2 million on the project. A \$2.3 million Massachusetts school construction grant receivable for eligible project expenditures was recorded at year end but is not expected to be received until the project is complete and all costs related to grant reimbursements have been audited by the Commonwealth or its agent.

During the fiscal year ended June 30, 2009 the Community Preservation Fund's financial position improved by \$1.1 million. This occurred principally as a result of the fact that \$2.3 million in fiscal year 2009 funds were not committed to specific projects during the year.

The general fund is the primary operating fund of the City. At June 30, 2009 the general fund reported a total fund balance of \$20.2 million – a \$0.7 million (3.8%) improvement from the total fund balance for the previous fiscal year. The unreserved and undesignated portion of fund balance, however, decreased by \$2.9 million or 20.3% to \$10.5 million. This decline is the result of two factors: a \$2.2 million increase in the amount of fund balance designated to support the subsequent year budget (\$5.1 million for fiscal year 2010 vs \$2.9 million for fiscal year 2009); and the reservation of \$881,707 in state reimbursements for future year debt service requirements on the South High School renovation project. Undesignated fund balance represents 3.4 % of total general fund revenues and transfers from other funds, a deterioration of this measure over the trailing three year period, but approximately the same as fiscal year 2005.

### City of Newton, Massachusetts General Fund Fund Trends – Fiscal year 2009 and (5) previous fiscal years

	2009	2008	2007	2006	2005	2004
Total fund balance	\$ 20,169,278	\$ 19,433,216	\$ 23,609,407	\$ 20,294,872	\$ 13,822,467	\$ 17,286,448
Less: Fund balance reserved for:						
Encumbrances.....	1,377,372	867,806	1,446,323	2,106,351	1,122,558	1,186,735
Continued appropriations.....	2,335,964	2,223,358	2,438,391	2,071,369	2,573,925	3,938,517
Other purposes.....	881,707	-	-	-	-	-
Unreserved fund balance.....	15,574,235	16,342,052	19,724,693	16,117,152	10,125,984	12,161,196
Less: Fund balance designated to support following year budget.....	5,051,017	2,900,000	3,400,000	1,700,000	2,200,000	2,738,000
Undesignated fund balance.....	10,523,218	13,442,052	16,324,693	14,417,152	7,925,984	9,423,196
Total revenues & other financing sources.....	\$ 310,562,043	\$ 296,667,211	\$ 286,109,886	\$ 272,578,602	\$ 259,574,467	\$ 250,012,404
Total fund balance as % total revenues and ofs.....	6.5%	6.6%	8.3%	7.4%	5.3%	6.9%
Unreserved fund balance as % total revenues and ofs.....	5.0%	5.5%	6.9%	5.9%	3.9%	4.9%
Undesignated fund balance as % total revenues and ofs.....	3.4%	4.5%	5.7%	5.3%	3.1%	3.8%

Total fiscal year 2009 general fund revenues and other financing sources increased by \$13.9 million or 4.7%, to \$310.6 million.

Source	Amount	% of Total	Increase/ (Decrease)	% Change
Real estate and personal property taxes.....	\$ 224,437,442	72.3%	\$ 13,002,020	6.1%
Motor vehicle excise taxes.....	10,098,579	3.3%	(1,033,133)	-9.3%
Hotel room occupancy taxes.....	1,108,199	0.4%	4,650	0.4%
Penalties and interest on taxes.....	1,204,641	0.4%	149,297	14.1%
Licenses and permits.....	4,190,692	1.3%	(706,556)	-14.4%
Intergovernmental.....	54,294,887	17.5%	107,285	0.2%
Charges for services.....	1,566,819	0.5%	(117,242)	-7.0%
Fines and forfeitures.....	1,974,463	0.6%	96,280	5.1%
Investment income.....	2,427,017	0.8%	(1,549,327)	-39.0%
Payments in lieu of taxes.....	489,108	0.2%	130,151	36.3%
Special assessments.....	102,883	0.0%	10,618	11.5%
Miscellaneous.....	728,319	0.2%	(261,106)	-26.4%
<b>Total revenues.....</b>	<b>302,623,049</b>	<b>97.4%</b>	<b>9,832,937</b>	<b>3.4%</b>
Premium from issuance of bonds/notes.....	1,557,255	0.5%	1,322,199	562.5%
Sale of capital assets.....	-	0.0%	(27,917)	-100.0%
Transfers from other funds.....	6,381,739	2.1%	2,767,613	76.6%
<b>Total revenues and other financing sources.....</b>	<b>\$ 310,562,043</b>	<b>100.0%</b>	<b>\$ 13,894,832</b>	<b>4.7%</b>

Property tax growth accounted for all but \$892,812 of the growth in General Fund revenues and other financing sources. A total of \$2.2 million (16.9%) of the property tax revenue growth was unbudgeted and resulted from a decision of the Massachusetts Appellate Tax Board that authorized the Newton Board of Assessors to issue \$2.2 million in prior year personal property tax bills to a wireless telecommunication company for previously disputed property taxes on wireless communication equipment.

Economically sensitive local revenue sources such as the motor vehicle excise tax; license and permit revenue; and investment income, all continued to decline during fiscal year 2009 as a result of the sluggish economy and the low interest rate environment.

A \$1.6 million premium was earned in connection with the April 1 sale of \$92 million bond sale, \$75 million of which was related to the North High School new construction project. A total of \$2.3 million of the \$2.8 million increase in transfers from other funds represents Capital Stabilization Fund resources that were transferred to the General Fund, principally for funding debt issuance costs and debt service on the new North High School project.

Total general fund expenditures and transfers to other funds totaled \$309.8 million, an increase of \$9 million or 3.0% over the previous fiscal year.

	<u>Amount</u>	<u>% of Total</u>	<u>Increase/ (Decrease)</u>	<u>% Change</u>
General government.....	\$ 13,232,912	4.3%	21,916	0.2%
Public safety.....	33,243,555	10.7%	(263,636)	-0.8%
Education.....	156,010,190	50.4%	3,393,882	2.2%
Public works.....	21,282,569	6.9%	1,135,374	5.6%
Health and human services.....	3,666,005	1.2%	178,787	5.1%
Culture and recreation.....	10,081,688	3.3%	(754,155)	-7.0%
Retirement benefits.....	47,480,693	15.3%	3,346,084	7.6%
Workers' compensation insurance.....	1,582,119	0.5%	184,976	13.2%
Property and liability insurance.....	309,369	0.1%	15,535	5.3%
Claims and judgements.....	250,509	0.1%	153,255	157.6%
Other.....	-	0.0%	(24,080)	-100.0%
State assessments and charges.....	5,453,169	1.8%	(58,858)	-1.1%
Debt service				
Principal.....	6,592,100	2.1%	1,245,200	23.3%
Interest.....	3,499,486	1.0%	1,334,225	61.6%
Total expenditures.....	<u>302,684,364</u>	<u>97.7%</u>	<u>9,908,505</u>	<u>3.4%</u>
Transfers to other funds.....	<u>7,141,617</u>	<u>2.3%</u>	<u>(925,926)</u>	<u>-11.5%</u>
Total expenditures and transfers.....	<u>\$ 309,825,981</u>	<u>100.0%</u>	<u>\$ 8,982,579</u>	<u>3.0%</u>

Education spending, the single largest component of the General Fund budget, increased by \$3.4 million (2.4%) and accounted for 37.8% of total General Fund expenditure and transfer growth for the year. This level of expenditures and expenditure growth is a reflection of the priority that the City places on public education services.

Expenditures for retirement benefits (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 \$3.3 million or 8% and accounted for another 37.3% of total General Fund expenditure growth. A \$2.2 million increase in the Commonwealth's on behalf contribution to the teachers' retirement fund accounted for 64.7% of the growth in this reporting category. Newton's contribution to the cost of the local retirement system accounted for \$0.9 million and pay-as-you-go health benefits for retirees accounted for \$0.3 million.

Public works expenditures grew by \$1.1 million (6.1%) from the prior year, principally as a result of increased demands for snow and ice control activities during the winter months of 2009.

The \$2.6 million or 34.3% increase in debt service expenditures is principally a result of increased debt service expenditures for the new North High School project. A total of \$3.6 million in principal and interest expenditures related to the new North High School project were recognized during fiscal year 2009.

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, 2009, the City realized \$4.1 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 \$3 million for the year, \$0.8 million of which was for open space activities; \$1.3 million of which was for community recreation; and \$0.7 million was for historic preservation; and \$0.1 million was for both community housing and administrative and support purposes. Please refer to pages 106-109 for a complete accounting of individual project budgets, at their legal level of control, for the July 1, 2008 – June 30, 2009 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 2009 with a \$68.4 million fund balance, an improvement of \$50 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, 2009, a total of \$124.3 million in debt had been issued for the project and \$100.2 million had been expended. A total of \$44.2 million of the \$44.6 million construction grant from the Commonwealth of Massachusetts was received during the year.

**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 declined by \$1.1 million to \$31.8 million at June 30, 2009. This resulted from the fact that operating revenues came in almost \$2 million under expectations due to faulty meter readings. A total of \$22.5 million of the fund's net assets represent investments in capital assets and another \$3.6 million represents resources legally restricted for future sewer system capital improvements.

The financial position of the City's water fund remained virtually unchanged from June 30, 2008 at \$29.4 million. A total of \$10.2 million of this sum represents the City's investment in water system capital assets and another \$12.1 million represents resources legally restricted for future water system capital improvements.

The City is currently in the process of replacing all water meters that are used for purposes of water and sewer fund billings.

The financial position of the City's Internal Service Funds declined by \$3.2 million or 21.9% during the year ended June 30, 2009. 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 \$560.1 million in insured City buildings and contents. Detailed information on the self-insurance funds is presented on pages 83-86. The City's group health self insurance fund accounted for \$2.3 million (74.1%) of the deterioration in financial position of the Internal Service Funds. This was the result of the planned use of Tufts Health plan net assets to meet current operating expenses. At June 30, 2009 the net assets of the City's Group Health Self Insurance Fund totaled \$9.2 million – the equivalent of approximately 2.5 months of average claims experience.

The financial position of the City's workers' compensation self insurance fund declined by just under 50% to \$0.6 million at June 30, 2009. This decline was the result of a combination of \$0.3 million in investment losses and \$0.3 million in operating costs in excess of employer contributions to the fund for the year.

The financial condition of the City's building insurance fund declined by \$0.3 million (17.3%) for the fiscal year as a result of the ongoing use of fund resources in excess of current investment income. At the current rate of resource use, the fund will no longer be available to finance building insurance premiums within five years.

**Fiduciary funds** – The net assets of the City's contributory retirement system declined by \$87.5 million (30.3%) to \$200.9 million during the system's fiscal year that ended December 31, 2008. 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 60-62 of this report.

## General Fund Budgetary Highlights:

The difference between the original General Fund budget of \$282,647,579 (including prior year encumbrances and continuing appropriations) and the final amended budget of \$297,016,335 amounts to 5.1% and can be summarized as follows:

Description	Amount
Capital stabilization fund contributions.....	\$ 4,414,768
Snow and ice control.....	3,620,877
Capital outlay and improvements.....	1,428,015
Automated trash collection pilot.....	340,000
Debt service & issuance costs.....	1,848,479
Budget contingencies.....	1,784,836
Athletic field maintenance.....	500,000
All other.....	431,781
<b>Total supplemental appropriations</b>	<b>\$ 14,368,756</b>

Of this increase, \$6.4 million (44.4%) was funded with General Fund revenues in excess of the amount included in the Mayor's original budget; \$4.7 million (32.6%) from certified free cash (fund balance available for appropriation; and the balance was funded with transfers from other funds.

The Capital Stabilization fund contribution of \$4.4 million was funded with state school building assistance grant reimbursements for previously completed school improvement projects. A total of 69% of the General Fund revenue in excess of the original budget estimate was used for this purpose.

There were no deficits incurred in the appropriations of the various departments of the City. All but \$5.1 million (1.7%) of total appropriations were expended, encumbered, or continued into fiscal year 2010 for completion of the appropriated purposes at June 30, 2009. Please refer to pages 95–104 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 \$163.7 million, as of June 30, 2009, amounts to \$373.7 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>	
	2009	2008	2009	2008	2009	2008
Land and improvements.....	\$ 21,774,126	\$ 20,870,892	\$ 284,785	\$ 284,785	\$ 22,058,911	\$ 21,155,677
Buildings and improvements.....	126,113,246	126,128,052	2,503,680	2,575,969	128,616,926	128,704,021
Machinery and equipment.....	17,735,002	15,727,511	2,634,295	2,456,390	20,369,297	18,183,901
Infrastructure.....	39,500,435	38,182,373	54,815,678	53,388,546	94,316,113	91,570,919
Construction in progress.....	108,302,287	34,704,962	-	-	108,302,287	34,704,962
<b>Total capital assets.....</b>	<b>\$ 313,425,096</b>	<b>\$ 235,613,790</b>	<b>\$ 60,238,438</b>	<b>\$ 58,705,690</b>	<b>\$ 373,663,534</b>	<b>\$ 294,319,480</b>

Total capital assets, net of accumulated depreciation, increased by \$79.3 million or 27%. Major capital asset events during 2009 included the following:

- Business-type activity net capital assets increased by \$1.5 million, principally due to water system improvements funded with Massachusetts Water Resources Authority grants and interest free loans.
- Governmental activity capital assets (net) increased by \$77.8 million, principally as a result of construction progress at the new Newton North High School facility.

Additional information on the City's capital assets may be found on pages 49-51 of this report.

**Debt outstanding** – At June 30, 2009, the City had total long term debt outstanding of \$200.9 million, \$170.7 million for governmental activities and \$30.2 million for business-type activities. There were no bond anticipation notes outstanding at June 30, 2009. 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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Education buildings.....	\$ 155,328,000	\$ 79,920,000	\$ -	\$ -	\$ 155,328,000	\$ 79,920,000
Municipal buildings.....	3,837,000	847,000	-	-	3,837,000	847,000
Departmental equipment.....	4,465,000	3,215,000	-	-	4,465,000	3,215,000
Landfill closure.....	1,440,800	1,570,900	-	-	1,440,800	1,570,900
Street reconstruction.....	775,000	875,000	-	-	775,000	875,000
Land acquisition.....	4,840,000	5,900,000	-	-	4,840,000	5,900,000
Water system.....	-	-	18,651,065	10,891,279	18,651,065	10,891,279
Sanitary sewer system.....	-	-	11,608,769	11,266,663	11,608,769	11,266,663
Total bonds and notes.....	<u>\$ 170,685,800</u>	<u>\$ 92,327,900</u>	<u>\$ 30,259,834</u>	<u>\$ 22,157,942</u>	<u>\$ 200,945,634</u>	<u>\$ 114,485,842</u>

During the year just ended, the City added \$96.9 million in new bonds and retired \$10.5 million in existing bonds. General fund interest and principal payments amounted to \$10.1 million or 3.2% of fund revenues and other financing sources. Community Preservation Fund interest and principal payments amounted to \$1.3 million or 30.4% of fund revenues.

All existing long term debt of the City's existing debt will be repaid in full by the year 2039.

At June 30, 2009 the City's authorized and unissued long term debt amounted to \$44.9 million, a decrease of \$129.1 million from June 30, 2008. Financing activities for the new Newton North High School project accounted for 92.3% of the change in authorized and unissued debt (\$75 million in bonds were sold and \$44.2 million in project authorizations were reduced as a result of state construction grant reimbursements for the project).

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 54-59 of this report. In addition, debt trend information is available on pages 129-132 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, 2009 was 6.3%, which compares favorably with the statewide unemployment rate of 8.6% and a national unemployment rate of 9.5% for this same period.
- According to the City's Board of Assessors, the 2009 median value of a single family home in Newton was \$685,900, the median value of a commercial property was \$728,200; and the median value of industrial property was \$787,150.

The City of Newton's fiscal year 2010 general fund operating budget, as amended through this date amounts to \$294.3 million. This represents a decrease of \$2.7 million or 0.9% from the final fiscal year 2009 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](mailto:dwilkinson@newtonma.gov).

# **Basic Financial Statements**

CITY OF NEWTON, MASSACHUSETTS  
STATEMENT OF NET ASSETS

JUNE 30, 2009

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 84,585,471	\$ 4,074,010	\$ 88,659,481	\$ 521,048
Restricted cash and cash equivalents	100,451,289	15,657,948	116,109,237	670,602
Investments	7,394,477	-	7,394,477	1,302,088
Restricted investments	479,856	-	479,856	-
Interest and dividends	42,698	-	42,698	461,801
Receivables, net of allowance for uncollectibles:				
Real estate and personal property taxes	7,151,454	-	7,151,454	-
Tax and utility liens	2,793,101	491,527	3,284,628	-
Motor vehicle excise	916,303	-	916,303	-
Community preservation surcharges	55,043	-	55,043	-
Charges for service	778,357	11,735,150	12,513,507	-
Departmental and other	872,505	-	872,505	800
Intergovernmental	7,484,955	199,066	7,684,021	-
Special assessments	178,298	2,141	180,439	-
Loans	-	-	-	144,563
Notes	300,000	-	300,000	-
Other assets	27,708	-	27,708	40,443
Internal balances	416,468	(416,468)	-	-
Due from fiduciary funds	35,097	-	35,097	-
Prepaid expenses	-	-	-	7,187
Inventory	-	-	-	810
Working capital deposit	429,246	-	429,246	-
<b>Total current assets</b>	<b>214,392,326</b>	<b>31,743,374</b>	<b>246,135,700</b>	<b>3,149,342</b>
Noncurrent assets:				
Restricted investments	100,474	-	100,474	-
Receivables, net of allowance for uncollectibles:				
Real estate tax deferrals	2,622,127	-	2,622,127	-
Departmental and other	6,341,546	-	6,341,546	-
Intergovernmental	2,658,116	2,517,284	5,175,400	-
Special assessments	491,891	74,888	566,779	-
Loans	360,000	-	360,000	2,069,618
Capital assets:				
Nondepreciable	130,076,413	284,785	130,361,198	-
Depreciable, net of accumulated depreciation	183,348,683	59,953,653	243,302,336	2,086,501
<b>Total noncurrent assets</b>	<b>325,999,250</b>	<b>62,830,610</b>	<b>388,829,860</b>	<b>4,156,119</b>
<b>Total assets</b>	<b>540,391,576</b>	<b>94,573,984</b>	<b>634,965,560</b>	<b>7,305,461</b>
<b>LIABILITIES</b>				
Current liabilities:				
Warrants payable	12,250,144	264,507	12,514,651	93,724
Accrued liabilities	7,895,454	289,677	8,185,131	-
Accrued payroll	13,218,512	314,396	13,532,908	91,148
Revenue refunds payable	6,338,739	-	6,338,739	-
Health claims payable	4,412,246	-	4,412,246	-
Other liabilities	393,133	41,424	434,557	-
Accrued interest	1,483,439	200,625	1,684,064	-
Abandoned property	581,517	-	581,517	-
Liabilities payable from restricted assets	373,062	341,988	715,050	-
Bonds payable	8,548,500	4,058,986	12,607,486	-
Landfill closure and other environmental liabilities	95,000	-	95,000	-
Compensated absences	2,954,976	29,339	2,984,315	-
Workers' compensation benefits	995,904	-	995,904	-
Claims & judgments	190,000	-	190,000	-
<b>Total current liabilities</b>	<b>59,730,626</b>	<b>5,540,942</b>	<b>65,271,568</b>	<b>184,872</b>

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

JUNE 30, 2009

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
<b>Noncurrent liabilities:</b>				
Bonds payable.....	\$ 162,137,300	\$ 26,200,848	\$ 188,338,148	\$ -
Landfill closure and other environmental liabilities.....	675,000	-	675,000	-
Compensated absences.....	5,418,581	264,048	5,682,629	-
Net OPEB obligation.....	53,523,551	1,343,884	54,867,435	-
Workers' compensation benefits.....	5,683,501	-	5,683,501	-
<b>Total noncurrent liabilities.....</b>	<b>227,437,933</b>	<b>27,808,780</b>	<b>255,246,713</b>	<b>-</b>
<b>Total liabilities.....</b>	<b>287,168,559</b>	<b>33,349,722</b>	<b>320,518,281</b>	<b>184,872</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt.....	150,650,131	32,694,954	183,345,085	2,086,501
Restricted for:				
Capital purposes.....	89,403,942	15,657,948	105,061,890	-
Community preservation activities.....	10,862,563	-	10,862,563	-
Education activities.....	865,847	-	865,847	-
Debt service.....	881,707	-	881,707	-
Perpetual funds:				
Expendable.....	736,678	-	736,678	-
Nonexpendable.....	433,156	-	433,156	-
Other specific purposes.....	1,654,537	-	1,654,537	-
Unrestricted.....	(2,265,544)	12,871,360	10,605,816	5,034,088
<b>Total net assets.....</b>	<b>\$ 253,223,017</b>	<b>\$ 61,224,262</b>	<b>\$ 314,447,279</b>	<b>\$ 7,120,589</b>

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS  
STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
<b>Governmental activities:</b>					
<b>General government</b>					
Legislative & executive.....	\$ 2,481,739	\$ 195,108	\$ 61,170	\$ 51,871	\$ (2,173,590)
Elections.....	856,619	1,643	24,158	-	(830,818)
Financial administration.....	4,270,871	188,345	65,265	-	(4,017,261)
Administrative support.....	4,877,207	307,002	69	-	(4,570,136)
Planning & development.....	6,230,692	819,419	4,512,045	-	(899,228)
Public building maintenance & operation.....	3,864,588	10,245	2,393	-	(3,851,950)
<b>Public safety</b>					
Police.....	27,125,735	4,788,087	888,654	-	(21,448,994)
Fire.....	23,999,154	704,234	63,235	-	(23,231,685)
Inspectional services.....	1,388,794	3,423,609	-	-	2,034,815
Other public safety.....	101,133	20,331	-	-	(80,802)
Education.....	236,024,500	6,360,687	55,677,746	27,964,961	(146,021,106)
<b>Public works</b>					
Streets & sidewalks.....	13,107,231	2,858,098	7,296	2,162,284	(8,079,553)
Control of snow & ice.....	4,601,113	-	-	-	(4,601,113)
Collection & disposal of solid waste.....	7,500,914	24,218	-	-	(7,476,696)
Engineering.....	2,019,840	45,401	18	-	(1,974,421)
<b>Health &amp; human services</b>					
Public health & human services.....	9,313,804	117,924	260,474	-	(8,935,406)
Senior services.....	790,630	2,622	347,800	-	(440,208)
Veteran services.....	358,954	-	192,222	-	(166,732)
<b>Culture and recreation</b>					
Libraries.....	7,984,609	128,519	456,683	-	(7,399,407)
Parks & recreation.....	8,413,267	1,417,807	412,661	-	(6,582,799)
Newton History museum.....	408,264	95	6,762	-	(401,407)
Debt service - interest.....	4,375,013	-	3,365,675	-	(1,009,338)
Total governmental activities.....	<u>370,094,671</u>	<u>21,413,394</u>	<u>66,344,326</u>	<u>30,179,116</u>	<u>(252,157,835)</u>
<b>Business-type activities:</b>					
Water.....	13,623,595	14,395,623	381,785	93,210	1,247,023
Sewer.....	21,879,634	19,366,010	475,776	1,166,941	(870,907)
Total business-type activities.....	<u>35,503,229</u>	<u>33,761,633</u>	<u>857,561</u>	<u>1,260,151</u>	<u>376,116</u>
Total Primary Government.....	<u>\$ 405,597,900</u>	<u>\$ 55,175,027</u>	<u>\$ 67,201,887</u>	<u>\$ 31,439,267</u>	<u>\$ (251,781,719)</u>
<b>Component units:</b>					
Newton Commonwealth Foundation, Inc.....	\$ 227,530	\$ 258,129	\$ 10,098	\$ -	\$ 40,697
Newton Community Development Authority.....	712,009	-	55,345	-	(656,664)
Newton Schools Foundation, Inc.....	314,067	-	266,296	-	(47,771)
Newton Community Farm, Inc.....	91,348	66,080	124,705	-	99,437
Total Component Units.....	<u>\$ 1,344,954</u>	<u>\$ 324,209</u>	<u>\$ 456,444</u>	<u>\$ -</u>	<u>\$ (564,301)</u>

CITY OF NEWTON, MASSACHUSETTS  
STATEMENT OF ACTIVITIES (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Changes in net assets:</b>				
Net (expense)/revenue (from previous page).....	\$ (252,157,835)	\$ 376,116	\$ (251,781,719)	\$ (564,301)
<i>General revenues:</i>				
Real estate and personal property taxes, levied for general purposes.....	226,800,860	-	226,800,860	-
Real estate and personal property taxes, levied for community preservation purposes.....	2,193,701	-	2,193,701	-
Motor vehicle and other excise taxes.....	10,479,922	-	10,479,922	-
Hotel room occupancy taxes.....	1,108,199	-	1,108,199	-
Penalties and interest on taxes.....	1,223,300	-	1,223,300	-
Payments in lieu of taxes.....	273,359	-	273,359	-
Grants and contributions not restricted to specific programs.....	7,435,280	-	7,435,280	-
Unrestricted investment income.....	2,610,098	-	2,610,098	-
Other.....	1,761,048	-	1,761,048	-
<i>Transfers, net</i> .....	1,457,225	(1,457,225)	-	-
Total general revenues and transfers.....	255,342,992	(1,457,225)	253,885,767	-
Change in net assets.....	3,185,157	(1,081,109)	2,104,048	(564,301)
Net assets - beginning of year.....	250,037,860	62,305,371	312,343,231	7,684,890
Net assets - end of year.....	\$ 253,223,017	\$ 61,224,262	\$ 314,447,279	\$ 7,120,589

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET

JUNE 30, 2009

ASSETS	General	Community Preservation	High School Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 42,476,214	\$ -	\$ -	\$ 26,886,606	\$ 69,362,820
Interest and dividends	-	-	-	4,233	4,233
Receivables, net of allowance for uncollectibles:					
Real estate and personal property taxes	7,151,454	-	-	-	7,151,454
Real estate tax deferrals	2,622,127	-	-	-	2,622,127
Tax and utility liens	2,784,962	-	-	8,139	2,793,101
Motor vehicle excise	916,303	-	-	-	916,303
Community preservation surcharges	-	55,043	-	-	55,043
Charges for services	64,204	-	-	714,153	778,357
Departmental and other	7,190,191	-	-	23,860	7,214,051
Intergovernmental	4,764,364	763,914	2,328,858	2,285,935	10,143,071
Special assessments	670,189	-	-	-	670,189
Notes	-	300,000	-	-	300,000
Loans	-	-	-	360,000	360,000
Due from other funds	718,493	-	-	-	718,493
Due from fiduciary funds	35,097	-	-	-	35,097
Other assets	27,708	-	-	-	27,708
Restricted assets:					
Cash and cash equivalents	-	9,772,966	79,887,592	10,790,731	100,451,289
Investments	-	-	-	580,330	580,330
<b>TOTAL ASSETS</b>	<b>\$ 69,421,306</b>	<b>\$ 10,891,923</b>	<b>\$ 82,216,450</b>	<b>\$ 41,653,987</b>	<b>\$ 204,183,666</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Warrants payable	\$ 2,506,368	\$ -	\$ 7,433,059	\$ 1,768,175	\$ 11,707,602
Accrued liabilities	3,221,425	27,133	4,071,459	438,832	7,758,849
Accrued payroll	12,098,295	2,120	-	1,089,199	13,189,614
Revenue refunds payable	6,338,401	-	-	338	6,338,739
Other liabilities	8,059	107	-	384,967	393,133
Abandoned property	581,517	-	-	-	581,517
Liabilities due depositors	373,062	-	-	-	373,062
Deferred revenue	23,974,901	808,536	2,328,858	659,564	27,771,859
Due to other funds	-	-	-	302,025	302,025
Court judgments	150,000	-	-	-	150,000
<b>TOTAL LIABILITIES</b>	<b>49,252,028</b>	<b>837,896</b>	<b>13,833,376</b>	<b>4,643,100</b>	<b>68,566,400</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Encumbrances and continuing appropriations	3,713,336	5,200,429	-	-	8,913,765
Debt service	881,707	-	-	-	881,707
Perpetual permanent funds	-	-	-	433,156	433,156
Other specific purposes	-	-	-	2,520,384	2,520,384
Unreserved:					
Designated for subsequent year's expenditures	5,051,017	-	-	-	5,051,017
Undesignated, reported in:					
General fund	10,523,218	-	-	-	10,523,218
Special revenue funds	-	4,853,598	-	8,400,006	13,253,604
Capital projects funds	-	-	68,383,074	24,920,663	93,303,737
Permanent funds	-	-	-	736,678	736,678
<b>TOTAL FUND BALANCES</b>	<b>20,169,278</b>	<b>10,054,027</b>	<b>68,383,074</b>	<b>37,010,887</b>	<b>135,617,266</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 69,421,306</b>	<b>\$ 10,891,923</b>	<b>\$ 82,216,450</b>	<b>\$ 41,653,987</b>	<b>\$ 204,183,666</b>

See notes to basic financial statements.

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

JUNE 30, 2009

Total governmental fund balances (page 21).....	\$	135,617,266
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		313,425,096
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.....		27,771,859
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.....		(1,483,439)
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.....		(170,685,800)
Court judgments.....		(40,000)
Landfill closure and other environmental liabilities.....		(770,000)
Compensated absences.....		(8,373,557)
Net OPEB obligation.....		(53,523,551)
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.....		<u>11,285,143</u>
Net assets of governmental activities (page 18).....	\$	<u><u>253,223,017</u></u>

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, 2009

	General	Community Preservation	High School Improvements	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Real estate and personal property taxes	\$ 224,437,442	\$ -	\$ -	\$ -	\$ 224,437,442
Motor vehicle excise taxes	10,098,579	-	-	-	10,098,579
Hotel room occupancy taxes	1,108,199	-	-	-	1,108,199
Community preservation surcharges	-	2,207,442	-	-	2,207,442
Penalties and interest on taxes	1,204,641	-	-	18,659	1,223,300
Licenses and permits	4,190,692	-	-	384,804	4,575,496
Intergovernmental	54,294,887	1,429,080	44,248,308	22,907,145	122,879,420
Charges for services	1,566,819	-	-	12,642,859	14,209,678
Fines and forfeitures	1,974,463	-	-	47,712	2,022,175
Investment income	2,427,017	183,081	-	32,091	2,642,189
Contributions and donations	-	-	-	1,320,527	1,320,527
Payments in lieu of taxes	489,108	-	-	-	489,108
Miscellaneous	728,319	306,521	-	651,667	1,686,507
Special assessments	102,883	-	-	115,555	218,438
<b>TOTAL REVENUES</b>	<b>302,623,049</b>	<b>4,126,124</b>	<b>44,248,308</b>	<b>38,121,019</b>	<b>389,118,500</b>
<b>EXPENDITURES</b>					
Current:					
General government:					
Legislative & executive	1,746,072	42,553	-	-	1,788,625
Elections	624,687	-	-	21,526	646,213
Financial administration	3,021,319	-	-	-	3,021,319
Administrative support	3,562,966	-	-	-	3,562,966
Planning & development	963,813	1,112,136	-	4,492,694	6,568,643
Public building maintenance & operations	3,314,055	501,545	-	2,352,684	6,168,284
Public safety:					
Police	16,225,580	-	-	2,872,822	19,098,402
Fire	15,949,363	-	-	1,321,423	17,270,786
Inspectional services	983,280	-	-	338	983,618
Other public safety	85,332	-	-	-	85,332
Education	156,010,190	-	69,238,754	27,668,462	252,917,406
Public works:					
Streets & sidewalks	5,662,840	3,600	-	3,568,865	9,235,305
Control of snow & ice	4,025,604	-	-	-	4,025,604
Collection & disposal of solid waste	6,512,130	-	-	39,618	6,551,748
Vehicle maintenance	2,142,909	-	-	5,011	2,147,920
Engineering	1,274,086	-	-	44,386	1,318,472
Administration & support	1,665,000	-	-	-	1,665,000
Health and human services:					
Health & human services	2,890,822	-	-	213,067	3,103,889
Senior services	553,202	-	-	201,241	754,443
Veteran services	221,981	-	-	-	221,981
Culture and recreation:					
Libraries	5,120,540	-	-	468,795	5,589,335
Parks & recreation	4,731,260	(9,843)	-	1,802,994	6,524,411
Newton History museum	229,888	62,654	-	32,318	324,860
Retirement benefits	47,480,693	-	-	-	47,480,693
Workers' compensation insurance	1,582,119	-	-	-	1,582,119
Property and liability insurance	309,369	-	-	-	309,369
Claims and judgments	250,509	-	-	-	250,509
State assessments & charges	5,453,169	-	-	-	5,453,169
Debt service:					
Principal	6,592,100	1,060,000	-	-	7,652,100
Interest	3,499,486	195,088	-	-	3,694,574
<b>TOTAL EXPENDITURES</b>	<b>302,684,364</b>	<b>2,967,733</b>	<b>69,238,754</b>	<b>45,106,244</b>	<b>419,997,095</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(61,315)</b>	<b>1,158,391</b>	<b>(24,990,446)</b>	<b>(6,985,225)</b>	<b>(30,878,595)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	6,381,739	-	26,750	9,130,888	15,539,377
Issuance of general obligation bonds	-	-	75,000,000	11,010,000	86,010,000
Premium from issuance of bonds and notes	1,557,255	-	-	-	1,557,255
Transfers out	(7,141,617)	(23,444)	(14,460)	(6,625,049)	(13,804,570)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>797,377</b>	<b>(23,444)</b>	<b>75,012,290</b>	<b>13,515,839</b>	<b>89,302,062</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>736,062</b>	<b>1,134,947</b>	<b>50,021,844</b>	<b>6,530,614</b>	<b>58,423,467</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>19,433,216</b>	<b>8,919,080</b>	<b>18,361,230</b>	<b>30,480,273</b>	<b>77,193,799</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 20,169,278</b>	<b>\$ 10,054,027</b>	<b>\$ 68,383,074</b>	<b>\$ 37,010,887</b>	<b>\$ 135,617,266</b>

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds (page 23).....	\$	58,423,467
<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.....		86,597,276
Depreciation.....		(8,785,970)
<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>		
		(18,800,188)
<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.....		(86,010,000)
Bond maturities.....		7,652,100
Capital lease maturities.....		142,142
<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>		
		(680,439)
<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>		
Landfill closure and other environmental liabilities.....		95,000
Compensated absences.....		(243,121)
Net OPEB obligation.....		(32,035,216)
<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>		
		(3,169,894)
Changes in net assets of governmental activities (page 20).....	\$	<u>3,185,157</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, 2009

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
<b>REVENUES</b>				
Real estate and personal property taxes	\$ 220,099,462	\$ 222,124,896	\$ 224,772,488	\$ 2,647,592
Motor vehicle excise taxes	10,800,000	10,900,000	10,239,712	(660,288)
Hotel room occupancy taxes	1,189,117	1,150,000	1,108,199	(41,801)
Penalties and interest on taxes	900,000	1,050,000	1,204,641	154,641
Licenses and permits	4,500,000	4,476,739	4,190,692	(286,047)
Intergovernmental	23,816,982	28,753,635	26,677,293	(2,076,342)
Charges for services	1,455,000	1,650,000	1,566,819	(83,181)
Fines and forfeitures	1,800,000	1,800,000	1,974,463	174,463
Investment income	4,000,000	3,000,000	2,427,017	(572,983)
Payments in lieu of taxes	385,010	358,957	489,108	130,151
Miscellaneous	30,000	74,997	728,319	653,322
Special assessments	60,000	90,000	102,883	12,883
<b>TOTAL REVENUES</b>	<b>269,035,571</b>	<b>275,429,224</b>	<b>275,481,634</b>	<b>52,410</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Legislative & executive	1,793,167	1,789,912	1,753,241	36,671
Elections	657,678	662,646	624,687	37,959
Financial administration	3,097,770	3,240,965	3,025,778	215,187
Administrative support	4,468,173	4,569,009	3,576,814	992,195
Planning & development	1,047,354	1,045,717	963,813	81,904
Public building maintenance & operations	2,905,979	3,463,114	3,296,525	166,589
Public safety:				
Police	15,872,254	16,654,033	16,463,414	190,619
Fire	13,627,352	20,229,603	19,952,348	277,255
Inspectional services	1,093,370	1,155,576	1,021,881	133,695
Other public safety	87,725	89,102	85,332	3,770
Education	160,951,646	158,835,875	156,010,190	2,825,685
Public works:				
Streets & sidewalks	6,548,557	6,352,994	5,774,020	578,974
Control of snow & ice	920,740	4,106,794	4,034,632	72,162
Collection & disposal of solid waste	6,492,667	6,771,490	6,521,018	250,472
Vehicle maintenance	2,225,445	2,387,174	2,167,195	219,979
Engineering	1,296,498	1,333,056	1,324,234	8,822
Administration & support	1,641,090	1,718,818	1,681,799	37,019
Health and human services:				
Health & human services	2,941,340	2,985,546	2,895,577	89,969
Senior services	594,299	603,123	556,496	46,627
Veteran services	212,597	228,598	221,981	6,617
Culture and recreation:				
Libraries	5,164,224	5,268,693	5,194,077	74,616
Parks & recreation	4,299,634	5,669,132	4,756,972	912,160
Newton History museum	253,856	250,897	229,888	21,009
Retirement benefits	21,006,920	20,916,772	20,827,227	89,545
Workers' compensation insurance	950,000	1,582,119	1,582,119	-
Property and liability insurance	315,561	315,561	309,369	6,192
Claims and judgments	70,000	102,570	100,509	2,061
Reserve fund	7,999,781	1,930,628	-	1,930,628
State assessments & charges	5,811,358	5,603,855	5,453,169	150,686
Debt service:				
Principal	6,555,234	6,555,234	6,555,234	-
Interest	1,697,893	3,456,112	3,453,931	2,181
<b>TOTAL EXPENDITURES</b>	<b>282,600,162</b>	<b>289,874,718</b>	<b>280,413,470</b>	<b>9,461,248</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(13,564,591)</b>	<b>(14,445,494)</b>	<b>(4,931,836)</b>	<b>9,513,658</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,149,807	6,398,224	6,381,739	(16,485)
Premium from issuance of bonds and notes	-	-	1,557,255	1,557,255
Transfers out	(47,417)	(7,141,617)	(7,141,617)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>3,102,390</b>	<b>(743,393)</b>	<b>797,377</b>	<b>1,540,770</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(10,462,201)</b>	<b>(15,188,887)</b>	<b>(4,134,459)</b>	<b>11,054,428</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>31,536,881</b>	<b>31,536,881</b>	<b>31,536,881</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 21,074,680</b>	<b>\$ 16,347,994</b>	<b>\$ 27,402,422</b>	<b>\$ 11,054,428</b>

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual Budgetary Amounts	Variance to Final Budget Positive/ (Negative)
<b>REVENUES</b>				
Community preservation surcharges.....	\$ 2,191,656	\$ 2,114,148	\$ 2,207,442	93,294
Intergovernmental .....	1,351,572	1,429,080	1,429,080	-
Investment income.....	200,000	200,000	183,081	(16,919)
Miscellaneous.....	-	-	306,521	306,521
<b>TOTAL REVENUES.....</b>	<b>3,743,228</b>	<b>3,743,228</b>	<b>4,126,124</b>	<b>382,896</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Legislative & executive.....	69,248	42,553	42,553	-
Planning & development.....	1,420,440	3,138,815	1,112,136	2,026,679
Public building maintenance & operations.....	512,292	641,595	501,545	140,050
Public works:				
Streets & sidewalks.....	6,430	6,430	3,600	2,830
Culture and recreation:				
Parks & recreation.....	824,176	43,086	(9,843)	52,929
Newton History museum.....	3,014,675	3,052,175	62,654	2,989,521
Retirement benefits.....	2,165	2,165	-	2,165
Reserve fund.....	2,310,381	2,273,502	-	2,273,502
Debt service:				
Principal.....	1,060,000	1,060,000	1,060,000	-
Interest.....	195,088	195,088	195,088	-
<b>TOTAL EXPENDITURES.....</b>	<b>9,414,895</b>	<b>10,455,409</b>	<b>2,967,733</b>	<b>7,487,676</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(5,671,667)</b>	<b>(6,712,181)</b>	<b>1,158,391</b>	<b>7,870,572</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out.....	(60,000)	(57,400)	(23,444)	33,956
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(5,731,667)</b>	<b>(6,769,581)</b>	<b>1,134,947</b>	<b>7,904,528</b>
<b>FUND BALANCE AT BEGINNING OF YEAR.....</b>	<b>8,919,080</b>	<b>8,919,080</b>	<b>8,919,080</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR.....</b>	<b>\$ 3,187,413</b>	<b>\$ 2,149,499</b>	<b>\$ 10,054,027</b>	<b>\$ 7,904,528</b>

See notes to basic financial statements.

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

JUNE 30, 2009

	Business-Type Activities - Enterprise Fund			Governmental Activities - Internal Service Funds
	Sewer	Water	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents .....	\$ -	\$ 4,074,010	\$ 4,074,010	\$ 15,222,651
Restricted cash and cash equivalents .....	3,587,855	12,070,093	15,657,948	-
Investments .....	-	-	-	7,394,477
Interest and dividends .....	-	-	-	38,465
Receivables, net of allowance for uncollectibles:				
Charges for service .....	7,225,192	4,509,958	11,735,150	-
Utility liens .....	285,059	206,468	491,527	-
Special assessments .....	2,141	-	2,141	-
Intergovernmental .....	199,066	-	199,066	-
Working capital deposit .....	-	-	-	429,246
<b>Total current assets .....</b>	<b>11,299,313</b>	<b>20,860,529</b>	<b>32,159,842</b>	<b>23,084,839</b>
Noncurrent assets:				
Receivables, net of allowance for uncollectible amounts:				
Special assessments .....	74,888	-	74,888	-
Intergovernmental .....	2,517,284	-	2,517,284	-
Capital assets:				
Nondepreciable .....	26,245	258,540	284,785	-
Depreciable, net of accumulated depreciation .....	31,353,416	28,600,237	59,953,653	-
<b>Total noncurrent assets .....</b>	<b>33,971,833</b>	<b>28,858,777</b>	<b>62,830,610</b>	<b>-</b>
<b>Total assets .....</b>	<b>45,271,146</b>	<b>49,719,306</b>	<b>94,990,452</b>	<b>23,084,839</b>
<b>LIABILITIES</b>				
Current liabilities:				
Warrants payable .....	48,410	216,097	264,507	542,542
Accrued liabilities .....	95,306	194,371	289,677	136,605
Accrued payroll .....	148,057	166,339	314,396	28,898
Other liabilities .....	17,333	24,091	41,424	-
Liabilities payable from restricted assets .....	149,320	192,668	341,988	-
Due to other funds .....	416,468	-	416,468	-
Accrued interest .....	182,510	18,115	200,625	-
Accrued health claims payable .....	-	-	-	4,412,246
Workers' compensation claims .....	-	-	-	995,904
Compensated absences .....	15,801	13,538	29,339	-
Long-term bonds and notes payable .....	1,288,773	2,770,213	4,058,986	-
<b>Total current liabilities .....</b>	<b>2,361,978</b>	<b>3,595,432</b>	<b>5,957,410</b>	<b>6,116,195</b>
Noncurrent liabilities:				
Workers' compensation claims .....	-	-	-	5,683,501
Compensated absences .....	142,205	121,843	264,048	-
Net OPEB obligation .....	623,141	720,743	1,343,884	-
Long-term bonds and notes payable .....	10,319,996	15,880,852	26,200,848	-
<b>Total noncurrent liabilities .....</b>	<b>11,085,342</b>	<b>16,723,438</b>	<b>27,808,780</b>	<b>5,683,501</b>
<b>Total liabilities .....</b>	<b>13,447,320</b>	<b>20,318,870</b>	<b>33,766,190</b>	<b>11,799,696</b>
<b>FUND NET ASSETS</b>				
Invested in capital assets, net of related debt .....	22,487,242	10,207,712	32,694,954	-
Restricted for:				
Capital purposes .....	3,587,855	12,070,093	15,657,948	-
Unrestricted .....	5,748,729	7,122,631	12,871,360	11,285,143
<b>Total net assets .....</b>	<b>\$ 31,823,826</b>	<b>\$ 29,400,436</b>	<b>\$ 61,224,262</b>	<b>\$ 11,285,143</b>

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Business-Type Activities - Enterprise Fund			Governmental Activities - Internal Service Funds
	Sewer	Water	Total	
<b>OPERATING REVENUES</b>				
Charges for services.....	\$ 19,360,644	\$ 14,395,623	\$ 33,756,267	\$ -
Special assessments.....	5,366	-	5,366	-
Employer contributions.....	-	-	-	37,901,357
Employee contributions.....	-	-	-	9,155,341
<b>TOTAL OPERATING REVENUES.....</b>	<b>19,366,010</b>	<b>14,395,623</b>	<b>33,761,633</b>	<b>47,056,698</b>
<b>OPERATING EXPENSES</b>				
Salaries, wages and employee benefits.....	3,098,392	2,855,239	5,953,631	-
Other operating expenses.....	796,944	690,946	1,487,890	3,132,913
MWRA assessment.....	16,260,200	8,620,195	24,880,395	-
Workers' compensation.....	150,000	180,000	330,000	-
Self insurance claims.....	-	-	-	46,865,160
Depreciation.....	1,015,771	932,225	1,947,996	-
<b>TOTAL OPERATING EXPENSES.....</b>	<b>21,321,307</b>	<b>13,278,605</b>	<b>34,599,912</b>	<b>49,998,073</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>(1,955,297)</b>	<b>1,117,018</b>	<b>(838,279)</b>	<b>(2,941,375)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental.....	419,986	325,995	745,981	-
Investment income.....	58,636	93,210	151,846	49,063
Interest expense.....	(558,327)	(344,990)	(903,317)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>(79,705)</b>	<b>74,215</b>	<b>(5,490)</b>	<b>49,063</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....</b>	<b>(2,035,002)</b>	<b>1,191,233</b>	<b>(843,769)</b>	<b>(2,892,312)</b>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>				
Capital contributions.....	1,108,305	-	1,108,305	-
Transfers in.....	584,964	-	584,964	-
Premium from issuance of bonds.....	55,790	55,790	111,580	-
Transfers out.....	(847,335)	(1,194,854)	(2,042,189)	(277,582)
<b>TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS.....</b>	<b>901,724</b>	<b>(1,139,064)</b>	<b>(237,340)</b>	<b>(277,582)</b>
<b>CHANGE IN FUND NET ASSETS.....</b>	<b>(1,133,278)</b>	<b>52,169</b>	<b>(1,081,109)</b>	<b>(3,169,894)</b>
<b>FUND NET ASSETS AT BEGINNING OF YEAR.....</b>	<b>32,957,104</b>	<b>29,348,267</b>	<b>62,305,371</b>	<b>14,455,037</b>
<b>FUND NET ASSETS AT END OF YEAR.....</b>	<b>\$ 31,823,826</b>	<b>\$ 29,400,436</b>	<b>\$ 61,224,262</b>	<b>\$ 11,285,143</b>

See notes to basic financial statements.

CITY OF NEWTON, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Business-Type Business - Enterprise Fund			Governmental Activities - Internal Service Funds
	Sewer	Water	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users.....	\$ 20,108,605	\$ 14,829,465	\$ 34,938,070	\$ 9,155,341
Receipts from interfund services provided.....	-	-	-	37,905,012
Payments to vendors/providers.....	(17,977,320)	(10,532,866)	(28,510,186)	(48,855,791)
Payments to employees.....	(1,813,302)	(1,521,301)	(3,334,603)	-
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>317,983</b>	<b>2,775,298</b>	<b>3,093,281</b>	<b>(1,795,438)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in.....	584,964	-	584,964	-
Transfers out.....	(847,335)	(1,194,854)	(2,042,189)	(277,582)
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>(262,371)</b>	<b>(1,194,854)</b>	<b>(1,457,225)</b>	<b>(277,582)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from the issuance of bonds and notes.....	1,354,595	9,600,000	10,954,595	-
Premium from the issuance of bonds and notes.....	55,790	55,790	111,580	-
Intergovernmental revenues.....	1,108,305	-	1,108,305	-
Acquisition and construction of capital assets.....	(1,249,852)	(2,230,892)	(3,480,744)	-
Principal payments on bonds and notes.....	(835,019)	(1,840,214)	(2,675,233)	-
Interest expense.....	(143,805)	(1,245)	(145,050)	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>290,014</b>	<b>5,583,439</b>	<b>5,873,453</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments.....	-	-	-	773,210
Investment income.....	58,636	93,210	151,846	49,063
<b>NET CASH FROM INVESTING ACTIVITIES.....</b>	<b>58,636</b>	<b>93,210</b>	<b>151,846</b>	<b>822,273</b>
<b>NET CHANGE IN CASH AND SHORT-TERM INVESTMENTS.....</b>	<b>404,262</b>	<b>7,257,093</b>	<b>7,661,355</b>	<b>(1,250,747)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>				
(Includes \$2,090,243 and \$4,832,361 reported as restricted in the sewer and water enterprise funds, respectively).....	3,183,593	8,887,010	12,070,603	16,473,398
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>				
(Includes \$6,587,855 and \$9,070,093 reported as restricted in the sewer and water enterprise funds, respectively).....	<b>\$ 3,587,855</b>	<b>\$ 16,144,103</b>	<b>\$ 19,731,958</b>	<b>\$ 15,222,651</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating income (loss).....	\$ (1,955,297)	\$ 1,117,018	\$ (838,279)	\$ (2,941,375)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation.....	1,015,771	932,225	1,947,996	-
Changes in assets and liabilities:				
Interest and dividends.....	-	-	-	3,655
Utility liens.....	(80,065)	(64,379)	(144,444)	-
Water fees.....	-	498,221	498,221	-
Sewer fees.....	813,258	-	813,258	-
Special assessments.....	9,402	-	9,402	-
Working capital deposit.....	-	-	-	(37,570)
Warrants payable.....	(270,981)	(131,942)	(402,923)	462,148
Accrued liabilities.....	(65,183)	(91,755)	(156,938)	52,980
Accrued payroll.....	71,882	78,808	150,690	25,795
Other liabilities.....	(13,293)	(4,927)	(18,220)	-
Liabilities payable from restricted assets.....	(1,801)	3,114	1,313	-
Due to other funds.....	416,468	-	416,468	-
Accrued health claims payable.....	-	-	-	248,165
Workers' compensation.....	-	-	-	390,764
Accrued compensated absences.....	(3,424)	(2,058)	(5,482)	-
Net OPEB obligation.....	381,246	440,973	822,219	-
<b>Total adjustments.....</b>	<b>2,273,280</b>	<b>1,658,280</b>	<b>3,931,560</b>	<b>1,145,937</b>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 317,983</b>	<b>\$ 2,775,298</b>	<b>\$ 3,093,281</b>	<b>\$ (1,795,438)</b>
<b>NONCASH INVESTING, CAPITAL FINANCING ACTIVITIES</b>				
Intergovernmental debt subsidies (MWPAT and MWRA).....	\$ 597,456	\$ 325,995	\$ 923,451	\$ -

See notes to basic financial statements.

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

JUNE 30, 2009

ASSETS	Pension Trust Fund (As of 12/31/08)	Private Purpose Trust Funds	Agency Funds
Cash and cash equivalents.....	\$ 4,266,083	\$ 1,556,420	\$ 2,525,100
Investments.....	-	6,301,859	-
Equities.....	87,306,019	-	-
Mutual bond funds.....	36,438,853	-	-
Real estate.....	34,327,760	-	-
Alternative.....	38,279,199	-	-
Interest and dividends.....	113	32,030	-
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	381,435	-	-
Loans.....	-	90,606	-
Total assets.....	<u>200,999,462</u>	<u>7,980,915</u>	<u>2,525,100</u>
<b>LIABILITIES</b>			
Warrants payable.....	63,229	-	118,161
Accrued liabilities.....	-	250	-
Payroll withholdings.....	-	704	1,656,450
Other liabilities.....	-	6,493	750,489
Due to other funds.....	-	35,097	-
Total liabilities.....	<u>63,229</u>	<u>42,544</u>	<u>2,525,100</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits and other purposes.....	<u>\$ 200,936,233</u>	<u>\$ 7,938,371</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, 2009

	Pension Trust Fund (As of 12/31/08)	Private Purpose Trust Funds
<b>ADDITIONS</b>		
Contributions:		
Employer.....	\$ 12,922,188	\$ -
Plan member.....	7,775,449	-
Private donations.....	-	101,939
	20,697,637	101,939
Net investment income:		
Net appreciation/(depreciation) in fair value of investments.....	(88,309,069)	-
Interest.....	8,668,084	(496,701)
	(79,640,985)	(496,701)
Total investment income (loss).....	(79,640,985)	(496,701)
Less investment expense.....	(1,177,833)	-
	(80,818,818)	(496,701)
Net investment income (loss).....	(80,818,818)	(496,701)
Intergovernmental.....	1,228,501	-
Transfers from other systems.....	1,201,867	-
	(57,690,813)	(394,762)
<b>TOTAL ADDITIONS</b> .....	<b>(57,690,813)</b>	<b>(394,762)</b>
<b>DEDUCTIONS</b>		
Retirement benefits.....	27,521,222	-
Refunds of contributions & transfers to other systems.....	1,995,502	-
Administration expense.....	266,996	36,094
Educational scholarships & awards.....	-	414,616
	29,783,720	450,710
<b>TOTAL DEDUCTIONS</b> .....	<b>29,783,720</b>	<b>450,710</b>
<b>CHANGE IN NET ASSETS</b> .....	<b>(87,474,533)</b>	<b>(845,472)</b>
NET ASSETS AT BEGINNING OF YEAR.....	288,410,766	8,783,843
NET ASSETS AT END OF YEAR.....	\$ 200,936,233	\$ 7,938,371

See notes to basic financial statements.

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

JUNE 30, 2009

	Component Units				Total
	Newton Commonwealth Foundation, Inc. (As of 12/31/08)	Newton Community Development Authority	Newton Schools Foundation, Inc. (As of 06/30/08, Unaudited)	Newton Community Farm, Inc. (As of 12/31/08)	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 429,183	\$ -	\$ 32,676	\$ 59,189	\$ 521,048
Restricted cash and cash equivalents	-	630,063	34,974	5,565	670,602
Investments	-	-	1,302,088	-	1,302,088
Interest and dividends	-	461,801	-	-	461,801
Receivables, net of allowance for uncollectibles:					
Departmental and other	-	-	-	800	800
Loans	-	144,563	-	-	144,563
Other assets	-	-	11,500	28,943	40,443
Prepaid expenses	5,940	-	694	553	7,187
Inventory	-	-	-	810	810
<b>Total current assets</b>	<b>435,123</b>	<b>1,236,427</b>	<b>1,381,932</b>	<b>95,860</b>	<b>3,149,342</b>
Noncurrent assets:					
Receivables, net of allowance for uncollectible amounts:					
Loans	-	2,069,618	-	-	2,069,618
Capital assets:					
Depreciable, net of accumulated depreciation	1,831,005	-	-	255,496	2,086,501
<b>Total noncurrent assets</b>	<b>1,831,005</b>	<b>2,069,618</b>	<b>-</b>	<b>255,496</b>	<b>4,156,119</b>
<b>Total assets</b>	<b>2,266,128</b>	<b>3,306,045</b>	<b>1,381,932</b>	<b>351,356</b>	<b>7,305,461</b>
<b>LIABILITIES</b>					
Current liabilities:					
Warrants payable	50,000	-	31,054	12,670	93,724
Accrued liabilities	-	91,148	-	-	91,148
<b>Total liabilities</b>	<b>50,000</b>	<b>91,148</b>	<b>31,054</b>	<b>12,670</b>	<b>184,872</b>
<b>FUND NET ASSETS</b>					
Invested in capital assets, net of related debt	1,831,005	-	-	255,496	2,086,501
Unrestricted	385,123	3,214,897	1,350,878	83,190	5,034,088
<b>Total net assets</b>	<b>\$ 2,216,128</b>	<b>\$ 3,214,897</b>	<b>\$ 1,350,878</b>	<b>\$ 338,686</b>	<b>\$ 7,120,589</b>

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, 2009

	Component Units				Total
	Newton Commonwealth Foundation, Inc. (As of 12/31/08)	Newton Community Development Authority	Newton Schools Foundation, Inc. (As of 06/30/08, Unaudited)	Newton Community Farm, Inc. (As of 12/31/08)	
<b>OPERATING REVENUES</b>					
Charges for services.....	\$ 258,129	\$ -	\$ -	\$ 66,080	\$ 324,209
Contributions.....	-	-	246,131	122,051	368,182
Miscellaneous.....	-	5,625	42,904	-	48,529
<b>TOTAL OPERATING REVENUES</b> .....	<b>258,129</b>	<b>5,625</b>	<b>289,035</b>	<b>188,131</b>	<b>740,920</b>
<b>OPERATING EXPENSES</b>					
Salaries, wages and employee benefits.....	48,265	-	-	91,348	139,613
Other operating expenses.....	50,000	712,009	314,067	-	1,076,076
Depreciation.....	129,265	-	-	-	129,265
<b>TOTAL OPERATING EXPENSES</b> .....	<b>227,530</b>	<b>712,009</b>	<b>314,067</b>	<b>91,348</b>	<b>1,344,954</b>
<b>OPERATING INCOME (LOSS)</b> .....	<b>30,599</b>	<b>(706,384)</b>	<b>(25,032)</b>	<b>96,783</b>	<b>(604,034)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income.....	10,098	49,720	(22,739)	3,962	41,041
Gain (loss) on sale of marketable securities.....	-	-	-	(1,308)	(1,308)
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET</b> .....	<b>10,098</b>	<b>49,720</b>	<b>(22,739)</b>	<b>2,654</b>	<b>39,733</b>
<b>CHANGE IN FUND NET ASSETS</b> .....	<b>40,697</b>	<b>(656,664)</b>	<b>(47,771)</b>	<b>99,437</b>	<b>(564,301)</b>
<b>FUND NET ASSETS AT BEGINNING OF YEAR</b> .....	<b>2,175,431</b>	<b>3,871,561</b>	<b>1,398,649</b>	<b>239,249</b>	<b>7,684,890</b>
<b>FUND NET ASSETS AT END OF YEAR</b> .....	<b>\$ 2,216,128</b>	<b>\$ 3,214,897</b>	<b>\$ 1,350,878</b>	<b>\$ 338,686</b>	<b>\$ 7,120,589</b>

See notes to basic financial statements.

# CITY OF NEWTON, MASSACHUSETTS

## Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2009

### 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, 2009

*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. The financial statements of the Newton Schools Foundation, Inc. have not been audited, which is not in accordance with GAAP. Complete *reviewed* 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 funds 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, 2009

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 percentage basis that can change annually.

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.

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2009

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

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

### **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.

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2009

### **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.

### **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.



## CITY OF NEWTON, MASSACHUSETTS

### Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2009

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

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

#### Inter-fund Transactions

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

#### Deferred Revenue

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

#### Net Assets and Fund Equity

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

- Capital purposes represent unspent proceeds of bonds, notes and grants that are restricted for specific capital projects.
- 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.
- Debt service represents amounts accumulated from Massachusetts School Building Authority (MSBA) for future payment of long-term debt service costs associated with school construction. This amount will be amortized over the next 18 fiscal years.
- 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, 2009

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.
- Debt service represents amounts accumulated from Massachusetts School Building Authority (MSBA) for future payment of long-term debt service costs associated with school construction. This amount will be amortized over the next 18 fiscal years.
- 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 2010 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.

Investment income from proprietary funds is retained in the funds.

#### **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 and as more fully described in Note 12, the City provides health and life insurance coverage for current and future retirees and their spouses.

## CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2009

### Use of Estimates

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

### Total Column

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

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

## Note 2 - Stewardship, Compliance, and Accountability

### A. Budget Information

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

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

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

Although unobligated annual appropriation balances generally lapse at year-end, it is the City's policy to continue certain appropriations into the following year under certain limited circumstances. These are limited to amounts voted as special (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 2009 General Fund and Community Preservation Fund budgets authorized \$282,647,579 and \$9,474,895 (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 \$14,368,756, and \$1,037,914, respectively, for total budgets of \$297,016,335 and \$10,512,809, respectively.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2009

Total General Fund expenditures and transfers to other funds were \$287,705,087, and \$4,306,465 in appropriation balances were carried forward into fiscal year 2010 to support encumbrances and continuing appropriations. A total of \$593,129 of this sum represents funds appropriated for the settlement of outstanding collective bargaining contracts.

Total Community Preservation Fund expenditures and transfers to other funds were \$2,991,177, and \$5,200,429 in appropriation balances were carried forward into fiscal year 2010 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, 2009 is presented below:

	Revenues	Expenditures
Budgetary basis as reported on the statement of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 275,481,634	\$ 280,413,470
<u>Adjustments</u>		
Net change in recording 60-day receipts.....	(791,039)	-
Net change in recording tax refunds payable.....	314,860	-
To record activity for landfill closure subsidy.....	82,421	82,421
To record activity of MTRS on-behalf payments.....	26,653,466	26,653,466
Net change in collective bargaining accrual.....	-	(4,505,249)
Net change in recording other revenues.....	881,707	-
Net change in recording other expenditures.....	-	40,256
	\$ 302,623,049	\$ 302,684,364
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....		

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).

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2009

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

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

Investments for the City are reported at fair value.

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

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be recovered. The City does not have a policy for custodial credit risk of deposits. As of June 30, 2009, \$90,046,658 of the City's bank balance of \$105,024,544 was uninsured and uncollateralized.

Investments Summary

The City's investments at June 30, 2009 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.....	\$ 4,355,158	\$ 437,207	\$ 2,568,420	\$ 651,140	\$ 698,391
U.S. Agencies.....	1,117,120	252,345	864,775	-	-
Corporate bonds.....	371,159	-	311,847	59,312	-
Money market mutual funds.....	1,140,847	1,140,847	-	-	-
Mutual bond funds.....	58,916	58,916	-	-	-
Certificate of deposits.....	668,657	75,663	592,994	-	-
External investment pools.....	113,347,235	113,347,235	-	-	-
Total debt securities.....	121,059,092	\$ 115,312,213	\$ 4,338,036	\$ 710,452	\$ 698,391
<u>Other Investments:</u>					
Equity securities.....	7,666,596				
Equity mutual funds.....	9,963				
Real estate investments.....	163,645				
Total other investments.....	7,840,204				
Total investments.....	\$ 128,899,296				

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2009

Investments - Interest Rate Risk of Debt Securities

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

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk of investments. As of June 30, 2009, \$14,883,404 of the City's investments of \$128,899,296 were uninsured, not registered in the name of the City and exposed to custodial credit risk as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Held by Counterparty</u>	<u>Held by Counterparty's Trust or Agent</u>
U.S. Treasuries.....	\$ 4,355,158	\$ -	\$ 4,355,158
U.S. Agencies.....	1,117,120	-	1,117,120
Corporate bonds.....	371,159	-	371,159
Money market mutual funds.....	1,140,847	1,140,847	-
Mutual bond funds.....	58,916	-	58,916
Equity securities.....	7,666,596	-	7,666,596
Equity mutual funds.....	9,963	9,963	-
Real estate investments.....	163,645	163,645	-
<b>Total.....</b>	<b>\$ 14,883,404</b>	<b>\$ 1,314,455</b>	<b>\$ 13,568,949</b>

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, 2009, the credit quality ratings of the City's investments in debt securities are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings *</u>								
		<u>AAA</u>	<u>AA-1</u>	<u>AA-2</u>	<u>Aa2</u>	<u>A</u>	<u>A1</u>	<u>A2</u>	<u>A3</u>	<u>Unrated</u>
Corporate bonds.....	\$ 371,159	\$ 24,420	\$ 33,986	\$ 14,745	\$ 100,480	\$ 99,446	\$ 47,331	\$ 23,823	\$ 26,928	\$ -
Money market mutual funds.....	1,140,847	-	-	-	-	-	-	-	-	1,140,847
Mutual bond funds.....	58,916	-	-	-	-	-	-	-	-	58,916
External investment pools.....	113,347,235	-	-	-	-	-	-	-	-	113,347,235
<b>Total.....</b>	<b>\$ 114,918,157</b>	<b>\$ 24,420</b>	<b>\$ 33,986</b>	<b>\$ 14,745</b>	<b>\$ 100,480</b>	<b>\$ 99,446</b>	<b>\$ 47,331</b>	<b>\$ 23,823</b>	<b>\$ 26,928</b>	<b>\$ 114,546,998</b>

\* 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, 2009

*Pension Trust Fund (The System)*

Pension trust fund investments (more fully described in note 10), include a combination of public and private real estate limited partnership investments, which represents 17.1% 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.

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, 2008, the System is not exposed to custodial credit risk.

Investments Summary

The System's investments at December 31, 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
<u>Debt Securities:</u>		
Money market mutual funds.....	\$ 200,113	\$ 200,113
Debt security mutual funds.....	36,438,853	36,438,853
External investment pools.....	4,066,083	4,066,083
Total debt securities.....	40,705,049	\$ 40,705,049
<u>Other Investments:</u>		
Equity mutual funds.....	87,306,019	
Real estate investments.....	34,327,760	
Alternative investments.....	38,279,199	
Total other investments.....	159,912,978	
Total investments.....	\$ 200,618,027	

CITY OF NEWTON, MASSACHUSETTS  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2009

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.

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, 2008, \$2,517,461 of the System's investments of \$200,618,027 were uninsured, not registered in the name of the System and exposed to custodial credit risk as follows:

Investment Type	Held by Counterparty's Trust or Agent
Real estate investments.....	\$ <u>2,517,461</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, 2008, the credit quality ratings of the System's debt securities are as follows:

Investment Type	Fair Value	Quality Ratings* Unrated
Money market mutual funds.....	\$ 200,113	\$ 200,113
Debt security mutual funds.....	36,438,853	36,438,853
External investment pools.....	<u>4,066,083</u>	<u>4,066,083</u>
Total.....	<u>\$ 40,705,049</u>	<u>\$ 40,705,049</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, 2009

**Note 4 - Receivables**

At June 30, 2009, 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...	\$ 7,368,211	\$ (216,757)	\$ 7,151,454
Real estate tax deferrals.....	2,622,127	-	2,622,127
Tax and utility liens.....	2,793,101	-	2,793,101
Motor vehicle excise taxes.....	2,002,871	(1,086,568)	916,303
Community preservation surcharges.....	55,043	-	55,043
Charges for services.....	778,357	-	778,357
Special assessments.....	670,189	-	670,189
Departmental and other.....	9,653,887	(2,439,836)	7,214,051
Notes.....	300,000	-	300,000
Intergovernmental.....	10,524,506	-	10,524,506
Loans.....	450,606	-	450,606
	<u>\$ 37,218,898</u>	<u>\$ (3,743,161)</u>	<u>\$ 33,475,737</u>

At June 30, 2009, receivables for the Proprietary Funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Utility liens.....	\$ 491,527	\$ -	\$ 491,527
Charges for services.....	12,102,640	(367,490)	11,735,150
Special assessments.....	77,029	-	77,029
Intergovernmental.....	2,716,350	-	2,716,350
	<u>\$ 15,387,546</u>	<u>\$ (367,490)</u>	<u>\$ 15,020,056</u>

CITY OF NEWTON, MASSACHUSETTS  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2009

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, 2009, the various components of deferred revenue reported in the governmental funds were:

Receivable type:	General Fund	Community Preservation Fund (Major)	High School Improvements Fund (Major)	Nonmajor Governmental Funds	Total
Real estate and personal property taxes.....	\$ 6,456,897	\$ -	\$ -	\$ -	\$ 6,456,897
Real estate tax deferrals.....	2,622,127	-	-	-	2,622,127
Tax and utility liens.....	2,784,962	-	-	8,139	2,793,101
Motor vehicle and other excise taxes.....	381,343	-	-	-	381,343
Community preservation surcharges.....	-	44,622	-	-	44,622
Charges for service.....	64,204	-	-	291,425	355,629
Special assessments.....	670,189	-	-	-	670,189
Departmental and other.....	7,190,189	-	-	-	7,190,189
Intergovernmental (state school construction)....	3,259,471	-	2,328,858	-	5,588,329
Intergovernmental (other state and federal).....	545,519	763,914	-	-	1,309,433
Loans.....	-	-	-	360,000	360,000
Total.....	<u>\$ 23,974,901</u>	<u>\$ 808,536</u>	<u>\$ 2,328,858</u>	<u>\$ 659,564</u>	<u>\$ 27,771,859</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, 2009 the City received \$4,914,768 of such assistance and an additional \$4,141,177 related to construction costs and \$800,659 in interest has been committed for the period of July 1, 2009 through June 30, 2010. Accordingly, a \$4,141,177 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 a payment schedule.

During fiscal year 2009, 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. During fiscal year ended June 30, 2009, the City received \$44,248,308 of such assistance. Accordingly, a \$2,328,858 intergovernmental receivable and corresponding deferred revenue have been reported in the High School Improvements major governmental fund's financial statements. 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, 2009

**Note 5 – Capital Assets**

Capital asset activity for governmental activities for the fiscal year ended June 30, 2009 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land.....	\$ 20,870,892	\$ 903,234	\$ -	\$ 21,774,126
Construction in progress.....	34,704,962	74,291,697	(694,372)	108,302,287
Sub-total.....	<u>55,575,854</u>	<u>75,194,931</u>	<u>(694,372)</u>	<u>130,076,413</u>
Capital assets being depreciated:				
Buildings and improvements.....	204,227,250	4,533,680	-	208,760,930
Equipment and machinery.....	46,573,262	4,811,318	-	51,384,580
Road network.....	56,152,753	2,751,719	-	58,904,472
Sub-total.....	<u>306,953,265</u>	<u>12,096,717</u>	<u>-</u>	<u>319,049,982</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(78,099,198)	(4,548,486)	-	(82,647,684)
Equipment and machinery.....	(30,845,751)	(2,803,827)	-	(33,649,578)
Road network.....	(17,970,380)	(1,433,657)	-	(19,404,037)
Sub-total.....	<u>(126,915,329)</u>	<u>(8,785,970)</u>	<u>-</u>	<u>(135,701,299)</u>
Total capital assets being depreciated, net.....	<u>180,037,936</u>	<u>3,310,747</u>	<u>-</u>	<u>183,348,683</u>
Governmental capital assets, net.....	<u>\$ 235,613,790</u>	<u>\$ 78,505,678</u>	<u>\$ (694,372)</u>	<u>\$ 313,425,096</u>

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

Elections.....	\$ 25,861
Administrative support.....	204,448
Public building maintenance and operations.....	110,355
Police.....	480,653
Fire.....	440,433
Inspectional services.....	4,085
Other public safety.....	1,541
Education.....	4,393,804
Streets and sidewalks.....	1,893,948
Control of snow and ice.....	13,250
Solid waste.....	998
Public works administration and support.....	58,575
Public health.....	3,600
Senior services.....	48,665
Libraries.....	908,980
Parks and recreation.....	191,184
Newton history museum.....	5,590
Total depreciation expense - governmental activities.....	<u>\$ 8,785,970</u>

**CITY OF NEWTON, MASSACHUSETTS**  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2009

Capital asset activity for individual enterprise funds for the fiscal year ended June 30, 2009 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Water system:</b>				
Capital assets not being depreciated:				
Land.....	\$ 258,540	\$ -	\$ -	\$ 258,540
Capital assets being depreciated:				
Buildings and improvements.....	2,203,492	-	-	2,203,492
Equipment and machinery.....	4,325,326	112,705	-	4,438,031
Water system.....	31,853,196	2,118,187	-	33,971,383
Sub-total.....	<u>38,382,014</u>	<u>2,230,892</u>	<u>-</u>	<u>40,612,906</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(948,544)	(33,163)	-	(981,707)
Equipment and machinery.....	(2,944,975)	(249,299)	-	(3,194,274)
Water system.....	(7,186,925)	(649,763)	-	(7,836,688)
Sub-total.....	<u>(11,080,444)</u>	<u>(932,225)</u>	<u>-</u>	<u>(12,012,669)</u>
Total capital assets being depreciated, net.....	<u>27,301,570</u>	<u>1,298,667</u>	<u>-</u>	<u>28,600,237</u>
Water system capital assets, net.....	<u>\$ 27,560,110</u>	<u>\$ 1,298,667</u>	<u>\$ -</u>	<u>\$ 28,858,777</u>
	Beginning Balances	Increases	Decreases	Ending Balances
<b>Sewer system</b>				
Capital assets not being depreciated:				
Land.....	\$ 26,245	\$ -	\$ -	\$ 26,245
Capital assets being depreciated:				
Buildings and improvements.....	1,867,659	-	-	1,867,659
Equipment and machinery.....	1,816,074	474,800	-	2,290,874
Sanitary sewer system.....	42,384,647	775,052	-	43,159,699
Sub-total.....	<u>46,068,380</u>	<u>1,249,852</u>	<u>-</u>	<u>47,318,232</u>
Less: accumulated depreciation:				
Buildings and improvements.....	(546,638)	(39,126)	-	(585,764)
Equipment and machinery.....	(740,035)	(160,301)	-	(900,336)
Sanitary sewer system.....	(13,662,372)	(816,344)	-	(14,478,716)
Sub-total.....	<u>(14,949,045)</u>	<u>(1,015,771)</u>	<u>-</u>	<u>(15,964,816)</u>
Total capital assets being depreciated, net.....	<u>31,119,335</u>	<u>234,081</u>	<u>-</u>	<u>31,353,416</u>
Sewer system capital assets, net.....	<u>\$ 31,145,580</u>	<u>\$ 234,081</u>	<u>\$ -</u>	<u>\$ 31,379,661</u>

**CITY OF NEWTON, MASSACHUSETTS**  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2009

Capital asset activity for individual component units for the fiscal year ended June 30, 2009 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Newton Commonwealth Foundation (golf course):</b>				
Capital assets being depreciated:				
Land improvements.....	\$ 2,342,577	\$ 73,310	\$ -	\$ 2,415,887
Buildings and improvements.....	69,481	9,345	-	78,826
Equipment and machinery.....	37,274	10,950	-	48,224
Sub-total.....	<u>2,449,332</u>	<u>93,605</u>	<u>-</u>	<u>2,542,937</u>
Less: accumulated depreciation:				
Land improvements.....	(508,698)	(123,619)	-	(632,317)
Buildings and improvements.....	(42,189)	(3,355)	-	(45,544)
Equipment and machinery.....	(31,780)	(2,291)	-	(34,071)
Sub-total.....	<u>(582,667)</u>	<u>(129,265)</u>	<u>-</u>	<u>(711,932)</u>
Golf course capital assets, net.....	<u>\$ 1,866,665</u>	<u>\$ (35,660)</u>	<u>\$ -</u>	<u>\$ 1,831,005</u>
	Beginning Balances	Increases	Decreases	Ending Balances
<b>Newton Schools Foundation:</b>				
Capital assets being depreciated:				
Equipment and machinery.....	\$ 14,197	\$ -	\$ (14,197)	\$ -
Less: accumulated depreciation:				
Equipment and machinery.....	(13,872)	-	13,872	-
Newton schools foundation capital assets, net.....	<u>\$ 325</u>	<u>\$ -</u>	<u>\$ (325)</u>	<u>\$ -</u>
	Beginning Balances	Increases	Decreases	Ending Balances
<b>Newton Community Farm:</b>				
Capital assets not being depreciated:				
Land.....	\$ 5,181	\$ -	\$ (5,181)	\$ -
Capital assets being depreciated:				
Equipment and machinery.....	56,612	218,650	-	275,262
Less: accumulated depreciation:				
Equipment and machinery.....	(10,644)	(9,122)	-	(19,766)
Newton community farm capital assets, net.....	<u>\$ 51,149</u>	<u>\$ 209,528</u>	<u>\$ (5,181)</u>	<u>\$ 255,496</u>

CITY OF NEWTON, MASSACHUSETTS  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2009

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

Receivables and payables between funds at June 30, 2009, are summarized as follows:

Receivable Fund	Payable Fund	Amount
General Fund	School state grants - non major governmental fund	35,008 {1}
General Fund	Chaffin education - private purpose trust fund	35,097 {2}
General Fund	Street improvements - non major governmental fund	267,017 {3}
General Fund	Sewer - sewer major enterprise fund	416,468 {4}
		\$ 753,590

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

{2} Advance funding pending receipt of Chaffin Fund reimbursements.

{3} Advance funding pending receipt of state chapter 90 highway construction grant reimbursements.

{4} Advance funding pending receipt of fiscal year 2010 sewer rate receipts.

**CITY OF NEWTON, MASSACHUSETTS**  
**Notes to the Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

Inter-fund transfer activity for the fiscal year ended June 30, 2009 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	\$ (1,439,944)	-	-	\$ 1,439,944	-	-	-
School Student Athletic Revolving fund subsidy	(900,827)	-	-	900,827	-	-	-
School CSF reimbursement - high school computers	(144,641)	-	-	144,641	-	-	-
Transfer unexpended appropriation balance back to receipts reserved fund	(115,585)	-	-	115,585	-	-	-
Capital Stabilization Fund contribution	(47,417)	-	-	47,417	-	-	-
Capital Stabilization Fund contribution	(4,414,768)	-	-	4,414,768	-	-	-
Close out various General Fund special appropriation balances to Capital Stabilization Fund	(78,435)	-	-	78,435	-	-	-
NNHS debt service funding from CSF	1,758,219	-	-	(1,758,219)	-	-	-
School personal computer purchase from CSF	144,641	-	-	(144,641)	-	-	-
04/01/2009 bond sale costs from CSF	90,260	-	-	(90,260)	-	-	-
NSHS Athletic field improvements from CSF	-	-	-	(1,851,783)	-	-	-
NSHS Athletic field improvements from CSF	-	-	-	1,851,783	-	-	-
NSHS Athletic field maintenance from CSF	500,000	-	-	(500,000)	-	-	-
Newton History Museum improvement design costs from CSF	18,900	-	-	(18,900)	-	-	-
Newton Public Library HVAC improvements from CSF	80,000	-	-	(80,000)	-	-	-
Parking Meter Receipts Reserved fund subsidy of street lighting	1,000,000	-	-	(1,000,000)	-	-	-
Parking Meter Receipts Reserved fund - Traffic signal improvements	100,000	-	-	(100,000)	-	-	-
Parking Meter Receipts Reserved fund - Street light improvements	40,000	-	-	(40,000)	-	-	-
BAA Marathon Receipts Reserved fund - Playground improvements	80,000	-	-	(80,000)	-	-	-
Water Fund administration and support reimbursement	609,890	-	-	-	(609,890)	-	-
Water Fund administration reimbursement to Sewer Fund	-	-	-	-	(584,964)	-	-
Water Fund administration reimbursement to Sewer Fund	-	-	-	-	-	584,964	-
Sewer Fund administration and support reimbursement	847,335	-	-	-	-	(847,335)	-
Sale of Recyclable Materials Receipts Reserved fund - solid waste collection/disposal	300,000	-	-	(300,000)	-	-	-
Sale of Recyclable Materials Receipts Reserved fund - automated collection pilot project	340,000	-	-	(340,000)	-	-	-
CATV Receipts Reserved fund - Planning staff	100,000	-	-	(100,000)	-	-	-
CATV Receipts Reserved fund - Board of Aldermen Chamber sound system	15,000	-	-	(15,000)	-	-	-
CATV Receipts Reserved fund - NNHS CATV studio	-	-	26,750	(26,750)	-	-	-
Municipal Building Self Insurance Fund - building insurance premiums	277,582	-	-	-	-	-	(277,582)
NCGF Mayor's Golf Day Receipts Reserved fund - Camp scholarships	-	-	-	(25,000)	-	-	-
NCGF Mayor's Golf Day Receipts Reserved fund - Camp scholarships	-	-	-	25,000	-	-	-
CPA Fund engineering and legal support services	23,444	(23,444)	-	-	-	-	-
Municipal Federal Grant fund - FEMA storm reimbursement	20,071	-	-	(20,071)	-	-	-
Development Mitigation Receipts Reserved fund	36,397	-	-	(36,397)	-	-	-
Municipal State Grant Fund - MEMA storm reimbursement	-	-	-	5,745	-	-	-
Municipal State Grant Fund - MEMA storm reimbursement	-	-	-	(5,745)	-	-	-
Municipal State Grant Fund - Stormwater mangement reimbursement	-	-	-	66,011	-	-	-
Municipal State Grant Fund - Stormwater mangement reimbursement	-	-	-	(66,011)	-	-	-
Close Sr Center gifts to Sr Center Revolving Fund	-	-	-	(2,119)	-	-	-
Close Sr Center gifts to Sr Center Revolving Fund	-	-	-	2,119	-	-	-
Close completed Carr School Improvement Project balance to Capital Stabilization Fund	-	-	-	(56)	-	-	-
Close completed Carr School Improvement Project balance to Capital Stabilization Fund	-	-	-	56	-	-	-
Close completed NSHS project balance to Capital Stabilization Fund	-	-	(14,460)	14,460	-	-	-
Close completed Fire Station project balances to Capital Stabilization Fund	-	-	-	(24,097)	-	-	-
Close completed Fire Station project balances to Capital Stabilization Fund	-	-	-	24,097	-	-	-
<b>Transfers from Other Funds</b>	<b>\$ 6,381,739</b>	<b>\$ -</b>	<b>\$ 26,750</b>	<b>\$ 9,130,888</b>	<b>\$ -</b>	<b>\$ 584,964</b>	<b>\$ -</b>
<b>Transfers to Other Funds</b>	<b>\$ (7,141,617)</b>	<b>\$ (23,444)</b>	<b>\$ (14,460)</b>	<b>\$ (6,625,049)</b>	<b>\$ (1,194,854)</b>	<b>\$ (847,335)</b>	<b>\$ (277,582)</b>

**Note 7 - Short-Term Debt**

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).

The City has no short term debt outstanding at June 30, 2009, and did not issue or retire any short term debt during the fiscal year.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2009

**Note 8 - Long-Term Debt**

Massachusetts General Laws Chapter 44, Section 10 authorizes indebtedness of up to a limit of 2 ½% of the equalized valuation of the City. Debt issued in accordance with this section of the law is designated as being “inside the debt limit.” Debt may also be issued for additional purposes, “outside the debt limit.” The City’s long term debt at June 30, 2009 along with future year debt service requirements is as follows:

**Bonds Payable – Governmental Funds**

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2008	Issued	Redeemed	Outstanding June 30, 2009
MWPAT landfill closure.....	02/15/1998	4.60	\$ 1,570,900	\$ -	\$ (130,100)	\$ 1,440,800
Carr school repurchase.....	03/15/1999	3.91	210,000	-	(210,000)	-
School renovations.....	03/15/1999	3.91	1,035,000	-	(1,035,000)	-
School renovations.....	07/15/2000	4.40-4.85	1,280,000	-	(430,000)	850,000
School renovations.....	08/15/2001	3.65	1,910,000	-	(500,000)	1,410,000
School renovations.....	08/15/2003	3.06	3,420,000	-	(570,000)	2,850,000
Land acquisition (CPA).....	12/15/2003	2.0-3.4	3,000,000	-	(500,000)	2,500,000
School renovations.....	02/15/2005	3.0-4.0	8,500,000	-	(500,000)	8,000,000
Land acquisition (CPA).....	02/15/2005	3.0-3.75	600,000	-	(300,000)	300,000
School renovations.....	02/15/2006	3.0-4.3	10,345,000	-	(615,000)	9,730,000
Road improvements.....	02/15/2006	3.0-4.3	415,000	-	(55,000)	360,000
Public works equipment.....	02/15/2006	3.0-4.3	745,000	-	(70,000)	675,000
Fire equipment.....	02/15/2006	3.0-4.3	730,000	-	(60,000)	670,000
School renovations.....	02/01/2007	4.0-5.0	8,310,000	-	(485,000)	7,825,000
Fire station improvements.....	02/01/2007	4.0-5.0	315,000	-	(25,000)	290,000
Public works equipment.....	02/01/2007	4.0-5.0	690,000	-	(60,000)	630,000
Street light improvements.....	02/01/2007	4.0-5.0	460,000	-	(230,000)	230,000
Land acquisition (CPA).....	11/01/2007	3.98	2,300,000	-	(260,000)	2,040,000
Fire station improvements.....	11/01/2007	3.98	532,000	-	(42,000)	490,000
School renovations.....	11/01/2007	3.98	210,000	-	(15,000)	195,000
School new construction.....	11/01/2007	3.98	19,000,000	-	(960,000)	18,040,000
School new construction.....	06/15/2008	4.37	23,500,000	-	(420,000)	23,080,000
School renovations.....	06/15/2008	3.80	2,200,000	-	(110,000)	2,090,000
Fire equipment.....	06/15/2008	3.80	450,000	-	(30,000)	420,000
Public works equipment.....	06/15/2008	3.80	600,000	-	(40,000)	560,000
School new construction.....	04/01/2009	2.0-5.0	-	75,000,000	-	75,000,000
School renovations.....	04/01/2009	2.0-5.0	-	2,031,000	-	2,031,000
School renovations.....	04/01/2009	2.0-5.0	-	230,650	-	230,650
School renovations.....	04/01/2009	2.0-5.0	-	778,350	-	778,350
South high school athletic fields.....	04/01/2009	2.0-5.0	-	3,218,000	-	3,218,000
Fire station renovations.....	04/01/2009	2.0-5.0	-	2,488,000	-	2,488,000
Fire station design.....	04/01/2009	2.0-5.0	-	344,000	-	344,000
City hall boiler replacement.....	04/01/2009	2.0-5.0	-	225,000	-	225,000
Bencliffe circle construction.....	04/01/2009	2.0-5.0	-	185,000	-	185,000
Fire equipment.....	04/01/2009	2.0-5.0	-	800,000	-	800,000
Parks equipment.....	04/01/2009	2.0-5.0	-	110,000	-	110,000
DPW equipment.....	04/01/2009	2.0-5.0	-	600,000	-	600,000
Total.....			\$ 92,327,900	\$ 86,010,000	\$ (7,652,100)	\$ 170,685,800



**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2009

During fiscal year 2009 the City issued \$86,010,000 in new general obligation bonds; \$75,000,000 for North High School construction; \$3,040,000 for other school improvement projects; \$3,218,000 for the South High School athletic fields; \$3,632,000 for fire station improvements and firefighting equipment; \$225,000 for City Hall boiler replacement; \$185,000 for Bendiffe Circle construction; \$110,000 for parks equipment; and \$600,000 for public works equipment.

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, 2009, a balance of \$1,440,800 was outstanding on this loan. A principal subsidy of \$36,866 and an interest subsidy of \$45,555 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 Ending	Principal	Interest	Total
2010	\$ 8,548,500	\$ 7,074,573	\$ 15,623,073
2011	8,082,500	6,750,446	14,832,946
2012	7,556,700	6,468,447	14,025,147
2013	7,100,500	6,295,258	13,395,758
2014	7,182,200	5,962,107	13,144,307
2015	6,101,700	5,709,206	11,810,906
2016	6,161,300	5,473,844	11,635,144
2017	6,176,000	5,259,546	11,435,546
2018	5,990,800	5,028,521	11,019,321
2019	6,060,600	4,781,726	10,842,326
2020	5,960,000	4,529,656	10,489,656
2021	6,060,000	4,274,808	10,334,808
2022	5,965,000	4,014,506	9,979,506
2023	6,005,000	3,776,031	9,781,031
2024	6,075,000	3,535,206	9,610,206
2025	5,745,000	3,290,956	9,035,956
2026	5,170,000	3,053,975	8,223,975
2027	4,725,000	2,841,663	7,566,663
2028	4,625,000	2,642,288	7,267,288
2029	3,860,000	2,463,063	6,323,063
2030	3,890,000	2,294,000	6,184,000
2031	4,085,000	2,118,950	6,203,950
2032	4,290,000	1,935,125	6,225,125
2033	4,500,000	1,725,900	6,225,900
2034	4,730,000	1,506,425	6,236,425
2035	4,970,000	1,275,725	6,245,725
2036	5,225,000	1,033,325	6,258,325
2037	5,490,000	778,475	6,268,475
2038	5,770,000	510,700	6,280,700
2039	4,585,000	229,250	4,814,250
<b>Total</b>	<b>\$ 170,685,800</b>	<b>\$ 106,633,701</b>	<b>\$ 277,319,501</b>

**CITY OF NEWTON, MASSACHUSETTS**  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2009

**Bonds Payable – Water Enterprise Fund**

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2008	Issued	Redeemed	Outstanding June 30, 2009
Water/sewer garage.....	03/10/1998	3.89	\$ 30,000	\$ -	\$ (30,000)	\$ -
MWRA Water .....	09/28/2000	0.00	322,446	-	(107,482)	214,964
MWRA Water .....	02/15/2001	0.00	453,359	-	(151,119)	302,240
MWRA Water .....	02/15/2002	0.00	1,034,408	-	(258,602)	775,806
MWRA Water .....	08/15/2002	0.00	1,293,009	-	(258,602)	1,034,407
MWRA Water .....	02/26/2004	0.00	1,551,611	-	(258,602)	1,293,009
MWRA Water .....	11/18/2004	0.00	1,810,213	-	(258,602)	1,551,611
MWRA Water .....	05/18/2006	0.00	2,068,815	-	(258,602)	1,810,213
MWRA Water .....	05/31/2007	0.00	2,327,417	-	(258,602)	2,068,815
Water meter replacement.....	04/01/2009	2.0-5.0	-	6,000,000	-	6,000,000
MWRA Water .....	05/21/2009	0.00	-	3,600,000	-	3,600,000
Total.....			<u>\$ 10,891,278</u>	<u>\$ 9,600,000</u>	<u>\$ (1,840,213)</u>	<u>\$ 18,651,065</u>

The Massachusetts Water Resources Authority (MWRA) offers water system rehabilitation and sanitary sewer infiltration and inflow reduction financial assistance programs to member communities in order to assist with the on-going maintenance of water and sewer system infrastructure. During the fiscal year ended June 30, 2009, the City was the recipient of a \$3,600,000 ten-year interest free water system rehabilitation loan.

During the fiscal year ended June 30, 2009, the City also issued \$6,000,000 of general obligation debt for the replacement of water meters.

At June 30, 2009, the City had \$12,651,065 in MWRA water rehabilitation loans outstanding. Interest subsidies on these loans for the year ended June 30, 2009 totaled \$325,995.

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

Fiscal Year Ending	Principal	Interest	Total
2010	\$ 2,770,213	\$ 87,000	\$ 2,857,213
2011	2,770,214	72,000	2,842,214
2012	2,511,612	66,000	2,577,612
2013	2,253,010	60,000	2,313,010
2014	1,994,407	54,000	2,048,407
2015	1,735,806	46,500	1,782,306
2016	1,477,203	38,250	1,515,453
2017	1,218,600	29,250	1,247,850
2018	960,000	20,250	980,250
2019	960,000	10,500	970,500
Total	<u>\$ 18,651,065</u>	<u>\$ 483,750</u>	<u>\$ 19,134,815</u>

**CITY OF NEWTON, MASSACHUSETTS**  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2009

**Bonds Payable – Sewer Enterprise Fund**

	Date of Issue	Interest Rate (%)	Outstanding July 1, 2008	Issued	Redeemed	Outstanding June 30, 2009
Sewer construction.....	03/10/1998	4.01	\$ 10,000	\$ -	\$ (10,000)	\$ -
MWRA Sewer.....	02/16/2006	0.00	31,515	-	(10,505)	21,010
MWPAT Sewer.....	10/06/1999	5.16	4,306,622	-	(304,856)	4,001,766
MWPAT Sewer.....	11/10/2000	5.20	5,467,154	-	(353,753)	5,113,401
MWPAT Sewer.....	07/03/2002	0.00	96,557	-	(4,992)	91,565
MWRA Sewer.....	02/15/2007	0.00	243,760	-	(60,940)	182,820
MWRA Sewer.....	06/14/2007	0.00	904,640	-	(226,160)	678,480
MWRA Sewer.....	08/23/2007	0.00	52,800	-	(10,560)	42,240
MWRA Sewer.....	11/29/2007	0.00	153,615	-	(30,723)	122,892
MWRA Sewer.....	09/09/2008	0.00	-	560,120	-	560,120
MWRA Sewer.....	02/19/2009	0.00	-	794,475	-	794,475
Total .....			<u>\$ 11,266,663</u>	<u>\$ 1,354,595</u>	<u>\$ (1,012,489)</u>	<u>\$ 11,608,769</u>

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, 2009, the City was the recipient of \$560,120 and \$794,475 five-year interest free sewer infiltration/inflow loans. At June 30, 2009, the City had \$2,402,037 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, 2009 the City had \$9,206,732 in loans outstanding under this project. Interest and principal subsidies on these loans for the year ended June 30, 2009 were \$419,987 and \$177,469, respectively.

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

Fiscal Year Ending	Principal	Interest	Total
2010	\$ 1,288,773	\$ 565,188	\$ 1,853,961
2011	1,306,439	489,751	1,796,190
2012	1,310,779	456,909	1,767,688
2013	1,048,859	403,684	1,452,543
2014	1,031,919	372,779	1,404,698
2015	781,000	316,786	1,097,786
2016	806,000	264,762	1,070,762
2017	831,000	211,868	1,042,868
2018	866,000	155,241	1,021,241
2019	896,000	103,073	999,073
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	<u>\$ 11,608,769</u>	<u>\$ 3,405,167</u>	<u>\$ 15,013,936</u>

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

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2009

At June 30, 2009 the City had a total of \$44,866,477 in authorized and unissued debt, which is summarized as follows:

	<u>Authorized and Unissued Debt</u>			End of Year
	Beginning of Year	Increases	Decreases	
High school improvements.....	\$ 148,228,000	\$ -	\$ (119,248,308)	\$ 28,979,692
High school athletic fields.....	-	3,218,000	(3,218,000)	-
Middle school improvements.....	-	2,809,350	(2,809,350)	-
Elementary school improvements..	-	455,650	(230,650)	225,000
City Hall improvements.....	-	225,000	(225,000)	-
Energy conservation audits.....	-	82,000	-	82,000
Fire station improvements.....	-	2,832,000	(2,832,000)	-
Land acquisition .....	950,000	-	(950,000)	-
Road improvements.....	-	185,000	(185,000)	-
Public works equipment.....	-	3,160,000	(600,000)	2,560,000
Fire equipment.....	800,000	-	(800,000)	-
Parks equipment .....	-	110,000	(110,000)	-
Sewer I&I removal.....	1,693,250	-	(1,354,595)	338,655
Sewer I&I removal-MWPAT.....	2,995,073	-	-	2,995,073
Water main rehabilitation.....	7,758,057	-	(3,600,000)	4,158,057
Water meter replacement.....	11,528,000	-	(6,000,000)	5,528,000
<b>Total.....</b>	<b>\$ 173,952,380</b>	<b>\$ 13,077,000</b>	<b>\$ (142,162,903)</b>	<b>\$ 44,866,477</b>

During the fiscal year ended June 30, 2009, the following changes occurred in long-term liabilities:

	Balance		Balance		Current Portion
	June 30, 2008	Increases	Decreases	June 30, 2009	
<b>Governmental Activities:</b>					
Bonds and notes payable.....	\$ 92,327,900	\$ 86,010,000	\$ (7,652,100)	\$ 170,685,800	\$ 8,548,500
Capital lease obligations.....	142,142	-	(142,142)	-	-
Landfill closure and other environmental...	865,000	-	(95,000)	770,000	95,000
Workers compensation.....	6,288,641	390,764	-	6,679,405	995,904
Claims and judgments.....	40,000	150,000	-	190,000	190,000
Compensated absences.....	8,130,436	243,121	-	8,373,557	2,954,976
Net OPEB obligation.....	21,488,335	32,035,216	-	53,523,551	-
<b>Total.....</b>	<b>\$ 129,282,454</b>	<b>\$ 118,829,101</b>	<b>\$ (7,889,242)</b>	<b>\$ 240,222,313</b>	<b>\$ 12,784,380</b>
<b>Business-type Activities:</b>					
Bonds and notes payable.....	\$ 22,157,942	\$ 10,954,595	\$ (2,852,701)	\$ 30,259,836	\$ 4,058,986
Compensated absences.....	298,869	-	(5,482)	293,387	29,339
Net OPEB obligation.....	521,665	822,219	-	1,343,884	-
<b>Total.....</b>	<b>\$ 22,978,476</b>	<b>\$ 11,776,814</b>	<b>\$ (2,858,183)</b>	<b>\$ 31,897,107</b>	<b>\$ 4,088,325</b>

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, \$6,679,405 of the internal service funds accrued liabilities (workers' compensation claims) is included above.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2009

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 9 – Risk Financing**

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

The City has medical plans with Tufts and Harvard-Pilgrim, under which it makes actual claims payments. The medical plan providers act as claims processors and a transfer of risk does not occur. City employees 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, 2009, the City's health claims liability totaled \$4,412,246 and is based on approximately one and a half months claims paid average. Changes in the reported liability since July 1, 2007 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 2008.....	\$ 4,557,252	\$	39,947,599	\$	(40,340,770)	\$	4,164,081
Fiscal year 2009.....	4,164,081		46,773,806		(46,525,641)		4,412,246

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 \$6,679,405 at June 30, 2009, of which \$995,904 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, 2010. The liability includes an estimate of the IBNR claims.

The June 30, 2009 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, 2007 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 2008.....	\$ 6,201,970	\$	1,583,806	\$	(1,497,135)	\$	6,288,641
Fiscal year 2009.....	6,288,641		2,112,495		(1,721,731)		6,679,405

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2009

**Note 10 – Pension Plan**

**A – Plan Description and Membership**

The City contributes to the System, a cost-sharing multiple-employer defined benefit pension plan administered by the Newton Contributory Retirement Board (NCRB). Substantially all employees of the City are members of the System, except for public school teachers and certain school administrative personnel who are members of the MTRS.

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.

At December 31, 2008, the System's membership consisted of the following:

Active members.....	1,751
Inactive members.....	567
Disabled members.....	147
Retirees and beneficiaries currently receiving benefits....	<u>1,168</u>
Total.....	<u>3,633</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.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2009

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 transferred 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.

**E – Annual Pension Cost**

The City's contributions to the System for the fiscal years ended June 30, 2009, 2008, and 2007 were \$12,682,312; \$11,594,554; and \$10,552,659; respectively, and equaled the actuarially required contribution for each fiscal year. At June 30, 2009 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 3% for next year; 4% for each of the following 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.

*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.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2009

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%

*Legally Required Reserve Accounts* – The balance in the System’s legally required reserves as of December 31, 2008 are as follows:

Description	Amount	Purpose
Annuity Savings Fund.....	\$ 71,319,007	Active members' contribution balance
Annuity Reserve Fund....	27,056,427	Retired members' contribution account
Military Service Fund.....	64,043	Military leave of absence contribution balance
Pension Fund.....	<u>102,496,756</u>	Remaining net assets
Total.....	<u>\$ 200,936,233</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, 2009, 2008, and 2007 were \$421,905, \$488,058 and \$565,298, 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.



CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2009

**Note 11 – 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 \$26,653,000 for the fiscal year ended June 30, 2009, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

**Note 12 – 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, 2009, the latest actuarial valuation, is as follows:

Active employees.....	2,453
Retired employees and beneficiaries.....	<u>2,500</u>
Total.....	<u><u>4,953</u></u>

*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:

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2009

Annual required contribution.....	\$	47,573
Interest on net OPEB obligation.....		461
Adjustment to annual required contribution.....		<u>(1,035)</u>
Annual OPEB cost.....		46,999
Contributions made.....		<u>(14,141)</u>
Increase in net OPEB obligation.....		32,858
Net OPEB obligation at beginning of year.....		<u>22,010</u>
Net OPEB obligation at end of year.....	\$	<u><u>54,868</u></u>

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

<u>Fiscal Year Ending</u>		<u>Annual OPEB Cost (AOPEBC)</u>		<u>Percentage of AOPEBC Contributed</u>		<u>Net OPEB Obligation</u>
June 30, 2008*.....	\$	35,440		37.9%	\$	22,010
June 30, 2009.....		46,999		30.1%		54,868

\* Transition year

*Funded Status and Funding Progress* – The funded status of the Plan at June 30, 2009, the most recent actuarial valuation, was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
06/30/09	\$ -	\$ 595,672	\$ 595,672	-	\$ 174,021	342%

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.

CITY OF NEWTON, MASSACHUSETTS

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2009

*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, 2009
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level dollar
Remaining amortization period:	30 years
Interest discount rate:	2.00%
Healthcare/Medical cost trend rate:	6.9% increasing by 1.0% for three years to 7.2% and then decreasing by 1% to an ultimate level of 5.2% per year

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2009

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

**Governmental Activities:**

Legislative & Executive.....	\$ 494,375
Elections.....	118,330
Financial administration.....	660,441
Administrative support.....	648,745
Planning & development.....	340,862
Public building maintenance & operation.....	541,218
Police.....	4,398,854
Fire.....	4,190,175
Inspectional services.....	251,372
Other public safety.....	15,482
Education.....	28,733,394
Streets & sidewalks.....	1,574,423
Collection & disposal of solid waste.....	81,751
Equipment maintenance.....	406,628
Engineering.....	276,799
Administration & support.....	371,248
Public health.....	665,803
Senior services.....	90,203
Veteran services.....	51,762
Libraries.....	1,117,693
Parks & recreation.....	746,354
Newton history museum.....	<u>47,373</u>

Total AOPEBC - governmental activities..... \$ 45,823,286

**Business-Type Activities:**

Water.....	\$ 630,769
Sewer.....	<u>545,336</u>

Total AOPEBC - business-type activities..... \$ 1,176,105

Total AOPEBC..... \$ 46,999,391

**CITY OF NEWTON, MASSACHUSETTS**  
Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2009

**Note 13 – 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 \$475,000 at June 30, 2009 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 14 – Commitments and Contingencies**

During the fiscal year ended June 30, 2009 the City successfully completed an automated trash collection and single stream recycling pilot project within the confines of an existing two year agreement with Waste Management of Massachusetts. In recognition of the success of the new collection system and related economic benefits to Newton, the City amended the existing contract to provide for a fully automated collection and single stream recycling collection system effective October of 2009 and a five year extension of the existing contract effective July 1, 2010.

In addition to the ongoing Newton North High School new construction project, the City also entered into a \$2,400,000 contract for the renovation and improvement of fire station # 4 and a \$3,400,000 contract for drainage and playing surface improvements at the Newton South High school athletic fields.

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, 2009, 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, 2009 cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the City at June 30, 2009.

**CITY OF NEWTON, MASSACHUSETTS**

Notes to the Basic Financial Statements

Fiscal Year Ended June 30, 2009

**Note 15 – Invested in Capital Assets, Net of Related Debt**

Invested in capital assets, net of related debt at June 30, 2009 is summarized as follows:

*Governmental Activities*

Capital assets, net of accumulated depreciation.....	\$	313,425,096
Less: total long-term debt outstanding.....		(170,685,800)
Add: long-term debt outstanding not related to asset acquisition.....		1,440,800
Add: grant receivable to fund capital debt.....		<u>6,470,035</u>
Invested in capital assets, net of related debt.....	\$	<u><u>150,650,131</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.....	\$ 28,858,777	\$ 31,379,661	\$ 60,238,438
Less: total long-term debt outstanding.....	(18,651,065)	(11,608,769)	(30,259,834)
Add: grant receivable to fund capital debt.....	<u>-</u>	<u>2,716,350</u>	<u>2,716,350</u>
Invested in capital assets, net of related debt.....	<u>\$ 10,207,712</u>	<u>\$ 22,487,242</u>	<u>\$ 32,694,954</u>

**Note 16 - 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, 2009

**Note 17 – Implementation of GASB Pronouncements**

The City implemented the following GASB pronouncements during fiscal year 2009:

- Statement # 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which is required to be implemented during fiscal year 2009. The implementation of this Statement had no impact on the 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 implementation of this Statement had no impact on the financial statements.

**Note 18 – Future Implementation of GASB Pronouncements**

The GASB has issued the following 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 # 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.
- Statement # 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is required to be implemented during fiscal year 2011. 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, 2009

**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 EMPLOYER CONTRIBUTIONS (SYSTEM)**

Year Ended December 31	Annually Required Contributions (ARC)	Percentage of ARC Contributed (%)
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
2008	12,843,635	100

**CITY OF NEWTON, MASSACHUSETTS**  
Notes to Required Supplementary Information  
Fiscal Year Ended June 30, 2009

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>
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%
2009	12,682,312	100	98.7%

**OTHER POSTEMPLOYMENT BENEFITS SCHEDULE**

The following schedule provides information related to the City's other postemployment benefits plan:

**SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
06/30/09	\$ -	\$ 595,672	\$ 595,672	-	\$ 174,021	342%
06/30/08	-	432,960	432,960	-	201,970	214%

# **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.

### Federal ARRA Fund

This fund is used to account for the American Recovery and Reinvestment Act (ARRA) funds received that were used to offset the fiscal year 2009 General Fund Chapter 70 revenue cuts.

### 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, 2009

*Special Revenue Funds*

ASSETS	School Lunch	Revolving	Receipts Reserved	Federal ARRA Fund	Community Development Block Grant
Cash and cash equivalents.....	\$ 540,975	\$ 3,104,002	\$ 4,739,811	\$ -	\$ 26,778
Interest and dividends.....	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:					
Tax liens.....	-	-	-	-	-
Charges for services.....	-	549,629	-	-	-
Departmental and other.....	-	-	-	-	-
Intergovernmental.....	38,855	-	-	-	28,226
Loans.....	-	-	360,000	-	-
Restricted assets:					
Cash and cash equivalents.....	-	-	-	-	-
Investments.....	-	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 579,830</b>	<b>\$ 3,653,631</b>	<b>\$ 5,099,811</b>	<b>\$ -</b>	<b>\$ 55,004</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Warrants payable.....	\$ 34,622	\$ 74,790	\$ -	\$ -	\$ 22,184
Accrued liabilities.....	275	81,137	-	-	9,229
Accrued payroll.....	323,731	214,411	-	-	23,341
Revenue refunds payable.....	-	-	-	-	-
Other liabilities.....	77,019	307,948	-	-	-
Deferred revenue.....	-	150,333	360,000	-	-
Due to other funds.....	-	-	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b>435,647</b>	<b>828,619</b>	<b>360,000</b>	<b>-</b>	<b>54,754</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Perpetual permanent funds.....	-	-	-	-	-
Other specific purposes.....	-	-	-	-	250
Unreserved:					
Undesignated, reported in:					
Special revenue funds.....	144,183	2,825,012	4,739,811	-	-
Capital projects funds.....	-	-	-	-	-
Permanent funds.....	-	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>144,183</b>	<b>2,825,012</b>	<b>4,739,811</b>	<b>-</b>	<b>250</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 579,830</b>	<b>\$ 3,653,631</b>	<b>\$ 5,099,811</b>	<b>\$ -</b>	<b>\$ 55,004</b>

*Special Revenue Funds*

Municipal Federal Grant	Municipal State Grant	School State Grant	School Federal Grant	Gift	Stormwater Management	Sub-total
\$ 217,457	\$ 277,158	\$ -	\$ 144,323	\$ 1,147,510	\$ -	\$ 10,198,014
-	-	-	-	-	-	-
-	-	-	-	-	8,139	8,139
-	-	-	-	-	164,524	714,153
-	-	-	-	23,860	-	23,860
7,096	168,019	894,236	707,799	-	-	1,844,231
-	-	-	-	-	-	360,000
-	-	-	-	-	688,731	688,731
-	-	-	-	-	-	-
<u>\$ 224,553</u>	<u>\$ 445,177</u>	<u>\$ 894,236</u>	<u>\$ 852,122</u>	<u>\$ 1,171,370</u>	<u>\$ 861,394</u>	<u>\$ 13,837,128</u>
\$ 102,439	\$ 27,508	\$ 14,831	\$ 223,583	\$ 15,921	\$ 1,385	\$ 517,263
4,913	143	1,999	121,663	14,401	130	233,890
-	8,406	135,423	348,004	13,082	19,310	1,085,708
-	-	-	-	-	338	338
-	-	-	-	-	-	384,967
-	-	-	-	-	149,231	659,564
-	-	35,008	-	-	-	35,008
<u>107,352</u>	<u>36,057</u>	<u>187,261</u>	<u>693,250</u>	<u>43,404</u>	<u>170,394</u>	<u>2,916,738</u>
117,201	409,120	706,975	158,872	1,127,966	-	2,520,384
-	-	-	-	-	691,000	8,400,006
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>117,201</u>	<u>409,120</u>	<u>706,975</u>	<u>158,872</u>	<u>1,127,966</u>	<u>691,000</u>	<u>10,920,390</u>
<u>\$ 224,553</u>	<u>\$ 445,177</u>	<u>\$ 894,236</u>	<u>\$ 852,122</u>	<u>\$ 1,171,370</u>	<u>\$ 861,394</u>	<u>\$ 13,837,128</u>

(Continued)



CITY OF NEWTON, MASSACHUSETTS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET

JUNE 30, 2009

*Capital Projects Funds*

ASSETS	Public Building Improvements	Street Improvements	Municipal Equipment Replacement	Capital Stabilization	Sub-total
Cash and cash equivalents .....	\$ -	\$ -	\$ -	\$ 16,688,592	\$ 16,688,592
Interest and dividends .....	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:					
Tax liens .....	-	-	-	-	-
Charges for services .....	-	-	-	-	-
Departmental and other .....	-	-	-	-	-
Intergovernmental .....	-	441,704	-	-	441,704
Loans .....	-	-	-	-	-
Restricted assets:					
Cash and cash equivalents .....	8,698,611	88,245	729,494	-	9,516,350
Investments .....	-	-	-	-	-
<b>TOTAL ASSETS</b> .....	<b>\$ 8,698,611</b>	<b>\$ 529,949</b>	<b>\$ 729,494</b>	<b>\$ 16,688,592</b>	<b>\$ 26,646,646</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Warrants payable .....	\$ 1,204,771	\$ 44,776	\$ 986	\$ -	\$ 1,250,533
Accrued liabilities .....	204,942	-	-	-	204,942
Accrued payroll .....	2,100	1,391	-	-	3,491
Revenue refunds payable .....	-	-	-	-	-
Other liabilities .....	-	-	-	-	-
Deferred revenue .....	-	-	-	-	-
Due to other funds .....	-	267,017	-	-	267,017
<b>TOTAL LIABILITIES</b> .....	<b>1,411,813</b>	<b>313,184</b>	<b>986</b>	<b>-</b>	<b>1,725,983</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Perpetual permanent funds .....	-	-	-	-	-
Other specific purposes .....	-	-	-	-	-
Unreserved:					
Undesignated, reported in:					
Special revenue funds .....	-	-	-	-	-
Capital projects funds .....	7,286,798	216,765	728,508	16,688,592	24,920,663
Permanent funds .....	-	-	-	-	-
<b>TOTAL FUND BALANCES</b> .....	<b>7,286,798</b>	<b>216,765</b>	<b>728,508</b>	<b>16,688,592</b>	<b>24,920,663</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b> .....	<b>\$ 8,698,611</b>	<b>\$ 529,949</b>	<b>\$ 729,494</b>	<b>\$ 16,688,592</b>	<b>\$ 26,646,646</b>

*Permanent Funds*

<u>Municipal</u>	<u>Library Common</u>	<u>Sub-total</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 26,886,606
1,030	3,203	4,233	4,233
-	-	-	8,139
-	-	-	714,153
-	-	-	23,860
-	-	-	2,285,935
-	-	-	360,000
435,438	150,212	585,650	10,790,731
100,474	479,856	580,330	580,330
<u>\$ 536,942</u>	<u>\$ 633,271</u>	<u>\$ 1,170,213</u>	<u>\$ 41,653,987</u>

\$ 379	\$ -	\$ 379	\$ 1,768,175
-	-	-	438,832
-	-	-	1,089,199
-	-	-	338
-	-	-	384,967
-	-	-	659,564
-	-	-	302,025
<u>379</u>	<u>-</u>	<u>379</u>	<u>4,643,100</u>

433,156	-	433,156	433,156
-	-	-	2,520,384
-	-	-	8,400,006
-	-	-	24,920,663
103,407	633,271	736,678	736,678
536,563	633,271	1,169,834	37,010,887
<u>\$ 536,942</u>	<u>\$ 633,271</u>	<u>\$ 1,170,213</u>	<u>\$ 41,653,987</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, 2009

*Special Revenue Funds*

	School Lunch	Revolving	Receipts Reserved	Federal ARRA Fund	Community Development Block Grant
<b>REVENUES</b>					
Penalties and interest on taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits.....	-	-	384,804	-	-
Intergovernmental.....	513,187	2,188	-	1,520,739	2,163,252
Charges for services.....	2,315,464	8,547,490	1,145,354	-	-
Fines and forfeitures.....	-	47,712	-	-	-
Investment income.....	12,617	1,352	6,360	-	-
Contributions and donations.....	-	179,701	128,600	-	-
Miscellaneous.....	-	95,698	552,224	-	(1,283)
Special assessments.....	-	115,555	-	-	-
<b>TOTAL REVENUES</b> .....	<b>2,841,268</b>	<b>8,989,696</b>	<b>2,217,342</b>	<b>1,520,739</b>	<b>2,161,969</b>
<b>EXPENDITURES</b>					
Current:					
General government:					
Elections.....	-	-	-	-	-
Planning & development.....	-	69,268	-	-	2,161,969
Public building maintenance & operations.....	-	1,421	-	-	-
Public safety:					
Police.....	-	2,617,937	-	-	-
Fire.....	-	312,315	-	-	-
Inspectional services.....	-	338	-	-	-
Education.....	4,165,265	4,452,345	-	1,520,739	-
Public works:					
Streets & sidewalks.....	-	146,731	-	-	-
Collection & disposal of solid waste.....	-	7,535	-	-	-
Vehicle maintenance.....	-	5,011	-	-	-
Engineering.....	-	44,386	-	-	-
Health and human services:					
Health & human services.....	-	2,976	-	-	-
Senior services.....	-	36,426	-	-	-
Culture and recreation:					
Libraries.....	-	30,421	-	-	-
Parks & recreation.....	-	1,681,071	-	-	-
Newton History museum.....	-	4,244	-	-	-
<b>TOTAL EXPENDITURES</b> .....	<b>4,165,265</b>	<b>9,412,425</b>	<b>-</b>	<b>1,520,739</b>	<b>2,161,969</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> .....	<b>(1,323,997)</b>	<b>(422,729)</b>	<b>2,217,342</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in.....	1,439,944	927,946	115,585	-	-
Issuance of general obligation bonds.....	-	-	-	-	-
Transfers out.....	-	-	(2,063,148)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b> .....	<b>1,439,944</b>	<b>927,946</b>	<b>(1,947,563)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b> .....	<b>115,947</b>	<b>505,217</b>	<b>269,779</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b> .....	<b>28,236</b>	<b>2,319,795</b>	<b>4,470,032</b>	<b>-</b>	<b>250</b>
<b>FUND BALANCES AT END OF YEAR</b> .....	<b>\$ 144,183</b>	<b>\$ 2,825,012</b>	<b>\$ 4,739,811</b>	<b>\$ -</b>	<b>\$ 250</b>

*Special Revenue Funds*

Municipal Federal Grant	Municipal State Grant	School State Grant	School Federal Grant	Gift	Stormwater Management	Sub-total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,659	\$ 18,659
-	-	-	-	-	-	384,804
2,508,135	859,363	6,623,898	6,554,099	-	-	20,744,861
-	-	-	-	-	634,551	12,642,859
-	-	-	-	-	-	47,712
-	127	-	-	12,804	-	33,260
-	-	-	-	739,801	-	1,048,102
-	-	-	-	3,926	1,102	651,667
-	-	-	-	-	-	115,555
<u>2,508,135</u>	<u>859,490</u>	<u>6,623,898</u>	<u>6,554,099</u>	<u>756,531</u>	<u>654,312</u>	<u>35,687,479</u>
-	21,526	-	-	-	-	21,526
2,186,645	48,798	-	-	26,014	-	4,492,694
-	2,444	-	-	-	-	3,865
10,473	243,757	-	-	655	-	2,872,822
185,316	39,554	-	-	1,865	-	539,050
-	-	-	-	-	-	338
-	-	6,042,358	6,412,629	564,315	-	23,157,651
-	-	-	-	-	507,371	654,102
-	32,083	-	-	-	-	39,618
-	-	-	-	-	-	5,011
-	-	-	-	-	-	44,386
19,677	190,188	-	-	226	-	213,067
-	144,961	-	-	19,854	-	201,241
7,660	130,463	-	-	26,286	-	194,830
-	14,591	-	-	45,916	-	1,741,578
28,074	-	-	-	-	-	32,318
<u>2,437,845</u>	<u>868,365</u>	<u>6,042,358</u>	<u>6,412,629</u>	<u>685,131</u>	<u>507,371</u>	<u>34,214,097</u>
<u>70,290</u>	<u>(8,875)</u>	<u>581,540</u>	<u>141,470</u>	<u>71,400</u>	<u>146,941</u>	<u>1,473,382</u>
-	-	-	-	-	71,756	2,555,231
(20,071)	(71,756)	-	-	(2,119)	-	(2,157,094)
(20,071)	(71,756)	-	-	(2,119)	71,756	398,137
50,219	(80,631)	581,540	141,470	69,281	218,697	1,871,519
66,982	489,751	125,435	17,402	1,058,685	472,303	9,048,871
<u>\$ 117,201</u>	<u>\$ 409,120</u>	<u>\$ 706,975</u>	<u>\$ 158,872</u>	<u>\$ 1,127,966</u>	<u>\$ 691,000</u>	<u>\$ 10,920,390</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, 2009

*Capital Projects Funds*

	Public Building Improvements	Street Improvements	Municipal Equipment Replacement	Capital Stabilization	Sub-total
<b>REVENUES</b>					
Penalties and interest on taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-
Intergovernmental	-	2,162,284	-	-	2,162,284
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	-	-	-	51,871	51,871
Contributions and donations	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Special assessments	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>2,162,284</b>	<b>-</b>	<b>51,871</b>	<b>2,214,155</b>
<b>EXPENDITURES</b>					
Current:					
General government:					
Elections	-	-	-	-	-
Planning & development	-	-	-	-	-
Public building maintenance & operations	2,340,863	-	-	-	2,340,863
Public safety:					
Police	-	-	-	-	-
Fire	-	-	782,373	-	782,373
Inspectional services	-	-	-	-	-
Education	4,510,811	-	-	-	4,510,811
Public works:					
Streets & sidewalks	-	2,429,982	484,781	-	2,914,763
Collection & disposal of solid waste	-	-	-	-	-
Vehicle maintenance	-	-	-	-	-
Engineering	-	-	-	-	-
Health and human services:					
Public health	-	-	-	-	-
Human services	-	-	-	-	-
Culture and recreation:					
Libraries	-	-	-	-	-
Parks & recreation	-	-	61,316	-	61,316
Newton History museum	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>6,851,674</b>	<b>2,429,982</b>	<b>1,328,470</b>	<b>-</b>	<b>10,610,126</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(6,851,674)</b>	<b>(267,698)</b>	<b>(1,328,470)</b>	<b>51,871</b>	<b>(8,395,971)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,851,783	-	-	4,723,874	6,575,657
Issuance of general obligation bonds	9,315,000	185,000	1,510,000	-	11,010,000
Transfers out	(24,152)	-	-	(4,443,803)	(4,467,955)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>11,142,631</b>	<b>185,000</b>	<b>1,510,000</b>	<b>280,071</b>	<b>13,117,702</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,290,957</b>	<b>(82,698)</b>	<b>181,530</b>	<b>331,942</b>	<b>4,721,731</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>2,995,841</b>	<b>299,463</b>	<b>546,978</b>	<b>16,356,650</b>	<b>20,198,932</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 7,286,798</b>	<b>\$ 216,765</b>	<b>\$ 728,508</b>	<b>\$ 16,688,592</b>	<b>\$ 24,920,663</b>

*Permanent Funds*

Municipal	Library Common	Sub-total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 18,659
-	-	-	384,804
-	-	-	22,907,145
-	-	-	12,642,859
-	-	-	47,712
13,316	(66,356)	(53,040)	32,091
-	272,425	272,425	1,320,527
-	-	-	651,667
-	-	-	115,555
<u>13,316</u>	<u>206,069</u>	<u>219,385</u>	<u>38,121,019</u>
-	-	-	21,526
-	-	-	4,492,694
7,956	-	7,956	2,352,684
-	-	-	2,872,822
-	-	-	1,321,423
-	-	-	338
-	-	-	27,668,462
-	-	-	3,568,865
-	-	-	39,618
-	-	-	5,011
-	-	-	44,386
-	-	-	213,067
-	-	-	201,241
-	273,965	273,965	468,795
100	-	100	1,802,994
-	-	-	32,318
<u>8,056</u>	<u>273,965</u>	<u>282,021</u>	<u>45,106,244</u>
<u>5,260</u>	<u>(67,896)</u>	<u>(62,636)</u>	<u>(6,985,225)</u>
-	-	-	9,130,888
-	-	-	11,010,000
-	-	-	(6,625,049)
-	-	-	13,515,839
<u>5,260</u>	<u>(67,896)</u>	<u>(62,636)</u>	<u>6,530,614</u>
<u>531,303</u>	<u>701,167</u>	<u>1,232,470</u>	<u>30,480,273</u>
<u>\$ 536,563</u>	<u>\$ 633,271</u>	<u>\$ 1,169,834</u>	<u>\$ 37,010,887</u>

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## 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, 2009

ASSETS	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents .....	\$ 13,581,756	\$ 1,108,006	\$ 312,529	\$ 220,360	\$ 15,222,651
Investments .....	-	6,440,186	954,291	-	7,394,477
Interest and dividends .....	-	29,149	9,316	-	38,465
Working capital deposit .....	429,246	-	-	-	429,246
Total assets .....	<u>14,011,002</u>	<u>7,577,341</u>	<u>1,276,136</u>	<u>220,360</u>	<u>23,084,839</u>
<b>LIABILITIES</b>					
Current liabilities:					
Warrants payable .....	347,652	194,890	-	-	542,542
Accrued liabilities .....	41,233	95,372	-	-	136,605
Accrued payroll .....	-	28,898	-	-	28,898
Accrued health claims payable .....	4,412,246	-	-	-	4,412,246
Workers' compensation claims .....	-	995,904	-	-	995,904
Total current liabilities .....	<u>4,801,131</u>	<u>1,315,064</u>	<u>-</u>	<u>-</u>	<u>6,116,195</u>
Noncurrent liabilities:					
Workers' compensation claims .....	-	5,683,501	-	-	5,683,501
Total liabilities .....	<u>4,801,131</u>	<u>6,998,565</u>	<u>-</u>	<u>-</u>	<u>11,799,696</u>
<b>FUND NET ASSETS</b>					
Unrestricted .....	<u>\$ 9,209,871</u>	<u>\$ 578,776</u>	<u>\$ 1,276,136</u>	<u>\$ 220,360</u>	<u>\$ 11,285,143</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, 2009

	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
<b>OPERATING REVENUES</b>					
Employer contributions.....	\$ 35,989,238	\$ 1,912,119	\$ -	\$ -	\$ 37,901,357
Employee contributions.....	9,155,341	-	-	-	9,155,341
<b>TOTAL OPERATING REVENUES.....</b>	<b>45,144,579</b>	<b>1,912,119</b>	<b>-</b>	<b>-</b>	<b>47,056,698</b>
<b>OPERATING EXPENSES</b>					
Change in incurred but not reported liability.....	248,165	390,764	-	-	638,929
Self insurance claims.....	44,504,500	1,721,731	-	-	46,226,231
Insurance premiums.....	567,480	-	-	-	567,480
Administrative expenses.....	2,449,379	116,054	-	-	2,565,433
<b>TOTAL OPERATING EXPENSES.....</b>	<b>47,769,524</b>	<b>2,228,549</b>	<b>-</b>	<b>-</b>	<b>49,998,073</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>(2,624,945)</b>	<b>(316,430)</b>	<b>-</b>	<b>-</b>	<b>(2,941,375)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income.....	275,491	(242,097)	11,418	4,251	49,063
<b>INCOME (LOSS) BEFORE TRANSFERS.....</b>	<b>(2,349,454)</b>	<b>(558,527)</b>	<b>11,418</b>	<b>4,251</b>	<b>(2,892,312)</b>
<b>TRANSFERS</b>					
Transfers out.....	-	-	(277,582)	-	(277,582)
<b>TOTAL TRANSFERS.....</b>	<b>-</b>	<b>-</b>	<b>(277,582)</b>	<b>-</b>	<b>(277,582)</b>
<b>CHANGE IN FUND NET ASSETS.....</b>	<b>(2,349,454)</b>	<b>(558,527)</b>	<b>(266,164)</b>	<b>4,251</b>	<b>(3,169,894)</b>
<b>FUND NET ASSETS AT BEGINNING OF YEAR.....</b>	<b>11,559,325</b>	<b>1,137,303</b>	<b>1,542,300</b>	<b>216,109</b>	<b>14,455,037</b>
<b>FUND NET ASSETS AT END OF YEAR.....</b>	<b>\$ 9,209,871</b>	<b>\$ 578,776</b>	<b>\$ 1,276,136</b>	<b>220,360</b>	<b>\$ 11,285,143</b>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Health Insurance	Workers' Compensation Insurance	Building Insurance	Liability Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users.....	\$ 9,155,341	\$ -	\$ -	\$ -	\$ 9,155,341
Receipts from interfund services provided.....	35,989,238	1,914,091	1,683	-	37,905,012
Payments to vendors/providers.....	(47,218,286)	(1,637,505)	-	-	(48,855,791)
NET CASH FROM OPERATING ACTIVITIES.....	(2,073,707)	276,586	1,683	-	(1,795,438)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers out.....	-	-	(277,582)	-	(277,582)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments.....	-	303,939	469,271	-	773,210
Investment income.....	275,491	(242,097)	11,418	4,251	49,063
NET CASH FROM INVESTING ACTIVITIES.....	275,491	61,842	480,689	4,251	822,273
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(1,798,216)	338,428	204,790	4,251	(1,250,747)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	15,379,972	769,578	107,739	216,109	16,473,398
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 13,581,756	\$ 1,108,006	\$ 312,529	\$ 220,360	\$ 15,222,651
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>					
Operating income (loss).....	\$ (2,624,945)	\$ (316,430)	\$ -	\$ -	\$ (2,941,375)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Changes in assets and liabilities:					
Interest and dividends.....	-	1,972	1,683	-	3,655
Working capital deposit.....	(37,570)	-	-	-	(37,570)
Warrants payable.....	299,410	162,738	-	-	462,148
Accrued payroll.....	-	25,795	-	-	25,795
Accrued liabilities.....	41,233	11,747	-	-	52,980
Accrued health claims payable.....	248,165	-	-	-	248,165
Workers' compensation.....	-	390,764	-	-	390,764
Total adjustments.....	551,238	593,016	1,683	-	1,145,937
NET CASH FROM OPERATING ACTIVITIES.....	\$ (2,073,707)	\$ 276,586	\$ 1,683	\$ -	\$ (1,795,438)

## 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, 2009

	<u>Chaffin Education</u>	<u>Scovell Education</u>	<u>Gorin Education</u>	<u>Cousens Welfare</u>
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 368,337	\$ 98,036	\$ 1,815	\$ 178,213
Investments.....	3,740,181	796,102	-	1,363,849
Interest and dividends.....	16,879	3,665	-	8,883
Receivables, net of allowance for uncollectibles:				
Loans.....	<u>66,258</u>	<u>-</u>	<u>24,348</u>	<u>-</u>
Total assets.....	<u>4,191,655</u>	<u>897,803</u>	<u>26,163</u>	<u>1,550,945</u>
<b>LIABILITIES</b>				
Accrued liabilities.....	-	-	-	-
Accrued payroll.....	-	-	-	-
Other liabilities.....	6,493	-	-	-
Due to other funds.....	<u>35,097</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities.....	<u>41,590</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>				
Held in trust for other purposes.....	<u>\$ 4,150,065</u>	<u>\$ 897,803</u>	<u>\$ 26,163</u>	<u>\$ 1,550,945</u>

School Scholarship	Kendrick Welfare	Read Charity	Spear Infirmary	Mabel Riley Senior	Elderly Tax Relief	Arnold Daniels Fund	Total
\$ 766,038	\$ 3,378	\$ 44,627	\$ 4,614	\$ 37,639	\$ 1,498	\$ 52,225	\$ 1,556,420
401,727	-	-	-	-	-	-	6,301,859
2,603	-	-	-	-	-	-	32,030
-	-	-	-	-	-	-	90,606
<u>1,170,368</u>	<u>3,378</u>	<u>44,627</u>	<u>4,614</u>	<u>37,639</u>	<u>1,498</u>	<u>52,225</u>	<u>7,980,915</u>
250	-	-	-	-	-	-	250
704	-	-	-	-	-	-	704
-	-	-	-	-	-	-	6,493
-	-	-	-	-	-	-	35,097
<u>954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,544</u>
<u>\$ 1,169,414</u>	<u>\$ 3,378</u>	<u>\$ 44,627</u>	<u>4,614</u>	<u>\$ 37,639</u>	<u>\$ 1,498</u>	<u>\$ 52,225</u>	<u>\$ 7,938,371</u>

CITY OF NEWTON, MASSACHUSETTS  
PRIVATE PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Chaffin Education	Scovell Education	Gorin Education	Cousens Welfare
<b>ADDITIONS</b>				
Contributions:				
Private donations.....	\$ -	\$ -	\$ -	\$ 17,180
Net investment income:				
Interest.....	(345,131)	(10,978)	-	(148,087)
<b>TOTAL ADDITIONS.....</b>	<b>(345,131)</b>	<b>(10,978)</b>	<b>-</b>	<b>(130,907)</b>
<b>DEDUCTIONS</b>				
Administration expense.....	1,780	-	-	28,736
Educational scholarships & awards.....	190,500	28,000	-	62,829
<b>TOTAL DEDUCTIONS.....</b>	<b>192,280</b>	<b>28,000</b>	<b>-</b>	<b>91,565</b>
<b>CHANGE IN NET ASSETS.....</b>	<b>(537,411)</b>	<b>(38,978)</b>	<b>-</b>	<b>(222,472)</b>
NET ASSETS AT BEGINNING OF YEAR.....	4,687,476	936,781	26,163	1,773,417
NET ASSETS AT END OF YEAR.....	<u>\$ 4,150,065</u>	<u>\$ 897,803</u>	<u>\$ 26,163</u>	<u>\$ 1,550,945</u>

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<u>School Scholarship</u>	<u>Kendrick Welfare</u>	<u>Read Charity</u>	<u>Spear Infirmary</u>	<u>Mabel Riley Senior</u>	<u>Elderly Tax Relief</u>	<u>Arnold Daniels Fund</u>	<u>Total</u>
\$ 79,385	\$ -	\$ -	\$ -	\$ -	\$ 5,374	\$ -	\$ 101,939
<u>4,607</u>	<u>69</u>	<u>882</u>	<u>88</u>	<u>727</u>	<u>114</u>	<u>1,008</u>	<u>(496,701)</u>
<u>83,992</u>	<u>69</u>	<u>882</u>	<u>88</u>	<u>727</u>	<u>5,488</u>	<u>1,008</u>	<u>(394,762)</u>
4,326	-	1,252	-	-	-	-	36,094
<u>124,985</u>	<u>301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,001</u>	<u>-</u>	<u>414,616</u>
<u>129,311</u>	<u>301</u>	<u>1,252</u>	<u>-</u>	<u>-</u>	<u>8,001</u>	<u>-</u>	<u>450,710</u>
(45,319)	(232)	(370)	88	727	(2,513)	1,008	(845,472)
<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>
<u>\$ 1,169,414</u>	<u>\$ 3,378</u>	<u>\$ 44,627</u>	<u>\$ 4,614</u>	<u>\$ 37,639</u>	<u>\$ 1,498</u>	<u>\$ 52,225</u>	<u>\$ 7,938,371</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, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 2,813,096	153,000,548	(153,288,544)	\$ 2,525,100
<b>LIABILITIES</b>				
Warrants payable.....	175,622	151,983,485	(152,040,946)	118,161
Payroll withholdings.....	1,876,665	121,259,498	(121,479,713)	1,656,450
Other liabilities.....	760,809	31,741,050	(31,751,370)	750,489
Total liabilities.....	\$ 2,813,096	\$ 304,984,033	\$ (305,272,029)	\$ 2,525,100



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## General Fund

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Continued Appropriations	FY 2009 Original Budget	FY 2009 Budget Revisions
<b>City Clerk/ Clerk of the Board</b>			
Personal Services	\$ -	\$ 794,192	\$ 7,841
Expenses	6,882	52,910	-
Fringe Benefits	-	223,982	1,909
Total City Clerk/ Clerk of the Board	<u>6,882</u>	<u>1,071,084</u>	<u>9,750</u>
<b>Mayor's Office</b>			
Personal Services	-	598,488	(27,606)
Expenses	-	38,625	-
Fringe Benefits	-	78,088	(399)
Total Mayor's Office	<u>-</u>	<u>715,201</u>	<u>(28,005)</u>
<b>Comptroller's Office/ Property Insurance</b>			
Personal Services	-	428,574	-
Expenses	5,601	375,239	15,100
Capital Outlay	-	-	500
Fringe Benefits	-	68,810	(4,448)
Total Comptroller's Office/ Property Insurance	<u>5,601</u>	<u>872,623</u>	<u>11,152</u>
<b>Purchasing/ General Services</b>			
Personal Services	-	325,757	-
Expenses	-	73,903	-
Capital Outlay	-	3,000	-
Fringe Benefits	-	55,983	(7,046)
Total Purchasing/ General Services	<u>-</u>	<u>458,643</u>	<u>(7,046)</u>
<b>Assessing Department</b>			
Personal Services	-	975,885	3,526
Expenses	-	40,996	500
Fringe Benefits	-	160,589	4,048
Total Assessing Department	<u>-</u>	<u>1,177,470</u>	<u>8,074</u>
<b>Treasury &amp; Collection Department</b>			
Personal Services	2,700	489,761	(83,135)
Expenses	5,111	387,569	271,760
Fringe Benefits	-	94,000	(14,656)
Total Treasury & Collection Department	<u>7,811</u>	<u>971,330</u>	<u>173,969</u>
<b>City Solicitor/ Judgments &amp; Settlements</b>			
Personal Services	-	845,133	5,377
Expenses	10,703	279,443	110,460
Fringe Benefits	-	97,926	(541)
Total City Solicitor's Office/ Settlements	<u>10,703</u>	<u>1,222,502</u>	<u>115,296</u>

FY 2009 Budget As Amended	Total Revised FY 2009 Budget	Expenditures and Transfers	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ 802,033	\$ 802,033	\$ 791,130	\$ -	\$ 10,903
52,910	59,792	45,571	-	14,221
225,891	225,891	225,423	-	468
<u>1,080,834</u>	<u>1,087,716</u>	<u>1,062,124</u>	<u>-</u>	<u>25,592</u>
570,882	570,882	570,871	-	11
38,625	38,625	27,836	-	10,789
77,689	77,689	77,409	-	280
<u>687,196</u>	<u>687,196</u>	<u>676,116</u>	<u>-</u>	<u>11,080</u>
428,574	428,574	425,961	-	2,613
390,339	395,940	388,984	6,956	-
500	500	500	-	-
64,362	64,362	62,359	-	2,003
<u>883,775</u>	<u>889,376</u>	<u>877,804</u>	<u>6,956</u>	<u>4,616</u>
325,757	325,757	304,582	-	21,175
73,903	73,903	32,889	-	41,014
3,000	3,000	3,000	-	-
48,937	48,937	47,405	-	1,532
<u>451,597</u>	<u>451,597</u>	<u>387,876</u>	<u>-</u>	<u>63,721</u>
979,411	979,411	976,844	-	2,567
41,496	41,496	35,194	-	6,302
164,637	164,637	164,408	-	229
<u>1,185,544</u>	<u>1,185,544</u>	<u>1,176,446</u>	<u>-</u>	<u>9,098</u>
406,626	409,326	396,878	-	12,448
659,329	664,440	620,016	28,257	16,167
79,344	79,344	77,298	-	2,046
<u>1,145,299</u>	<u>1,153,110</u>	<u>1,094,192</u>	<u>28,257</u>	<u>30,661</u>
850,510	850,510	796,299	-	54,211
389,903	400,606	390,968	1,316	8,322
97,385	97,385	97,376	-	9
<u>1,337,798</u>	<u>1,348,501</u>	<u>1,284,643</u>	<u>1,316</u>	<u>62,542</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, 2009

	Continued Appropriations	FY 2009 Original Budget	FY 2009 Budget Revisions
<b>Human Resources Department</b>			
Personal Services	-	725,820	(112,360)
Expenses	40	104,774	25,000
Capital Outlay	-	1,700	-
Fringe Benefits	-	584,687	(99,972)
Total Human Resources Department	<u>40</u>	<u>1,416,981</u>	<u>(187,332)</u>
<b>Information Technology Department</b>			
Personal Services	-	645,108	-
Expenses	-	194,291	-
Capital Outlay	-	8,000	-
Fringe Benefits	-	101,679	(275)
Total Information Technology Department	<u>-</u>	<u>949,078</u>	<u>(275)</u>
<b>Election Commission</b>			
Personal Services	-	513,160	-
Expenses	-	78,325	-
Fringe Benefits	-	66,193	4,968
Total Election Commission	<u>-</u>	<u>657,678</u>	<u>4,968</u>
<b>Licensing Commission</b>			
Expenses	<u>-</u>	<u>1,896</u>	<u>-</u>
<b>Planning &amp; Development Department</b>			
Personal Services	-	833,851	872
Expenses	1,396	29,132	-
Fringe Benefits	-	126,215	(872)
Total Planning & Development Department	<u>1,396</u>	<u>989,198</u>	<u>-</u>
<b>Public Building Department</b>			
Personal Services	-	1,380,709	13,771
Expenses	20,500	747,372	98,788
Capital Outlay	-	5,000	-
Fringe Benefits	-	259,002	4,400
Total Public Building Department	<u>20,500</u>	<u>2,392,083</u>	<u>116,959</u>
<b>GENERAL GOVERNMENT TOTAL</b>	<u>52,933</u>	<u>12,895,767</u>	<u>217,510</u>
<b>Police Department</b>			
Personal Services	-	12,595,436	720,061
Expenses	14,661	909,219	45,000
Capital Outlay	-	256,507	-
Fringe Benefits	-	2,083,782	16,718
Total Police Department	<u>14,661</u>	<u>15,844,944</u>	<u>781,779</u>

FY 2009 Budget As Amended	Total Revised FY 2009 Budget	Expenditures and Transfers	Encumbrances/ Continued Appropriations	Closed to Fund Balance
613,460	613,460	564,906	-	48,554
129,774	129,814	128,564	1,250	-
1,700	1,700	965	-	735
484,715	484,715	253,095	-	231,620
<u>1,229,649</u>	<u>1,229,689</u>	<u>947,530</u>	<u>1,250</u>	<u>280,909</u>
645,108	645,108	573,463	-	71,645
194,291	194,291	194,002	-	289
8,000	8,000	8,000	-	-
101,404	101,404	86,872	-	14,532
<u>948,803</u>	<u>948,803</u>	<u>862,337</u>	<u>-</u>	<u>86,466</u>
513,160	513,160	487,982	-	25,178
78,325	78,325	67,193	-	11,132
71,161	71,161	69,512	-	1,649
<u>662,646</u>	<u>662,646</u>	<u>624,687</u>	<u>-</u>	<u>37,959</u>
<u>1,896</u>	<u>1,896</u>	<u>1,413</u>	<u>-</u>	<u>483</u>
834,723	834,723	819,521	-	15,202
29,132	30,528	19,088	-	11,440
125,343	125,343	113,204	-	12,139
<u>989,198</u>	<u>990,594</u>	<u>951,813</u>	<u>-</u>	<u>38,781</u>
1,394,480	1,394,480	1,391,714	-	2,766
846,160	866,660	839,736	20,285	6,639
5,000	5,000	4,984	-	16
263,402	263,402	263,050	-	352
<u>2,509,042</u>	<u>2,529,542</u>	<u>2,499,484</u>	<u>20,285</u>	<u>9,773</u>
<u>13,113,277</u>	<u>13,166,210</u>	<u>12,446,465</u>	<u>58,064</u>	<u>661,681</u>
13,315,497	13,315,497	13,200,748	-	114,749
954,219	968,880	935,786	11,261	21,833
256,507	256,507	256,494	-	13
2,100,500	2,100,500	2,070,392	-	30,108
<u>16,626,723</u>	<u>16,641,384</u>	<u>16,463,420</u>	<u>11,261</u>	<u>166,703</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, 2009

	Continued Appropriations	FY 2009 Original Budget	FY 2009 Budget Revisions
<b>Fire Department</b>			
Personal Services	-	10,864,994	6,180,772
Expenses	10,691	619,703	125,317
Capital Outlay	20,426	27,000	-
Fringe Benefits	-	2,007,673	81,149
Total Fire Department	<u>31,117</u>	<u>13,519,370</u>	<u>6,387,238</u>
<b>Inspectional Services Department</b>			
Personal Services	-	825,991	67,071
Expenses	2,071	48,692	-
Fringe Benefits	-	146,116	(4,865)
Total Inspectional Services Department	<u>2,071</u>	<u>1,020,799</u>	<u>62,206</u>
<b>Civil Defense Department</b>			
Personal Services	-	4,000	-
Expenses	-	4,238	-
Fringe Benefits	-	7,510	2
Total Civil Defense Department	<u>-</u>	<u>15,748</u>	<u>2</u>
<b>Weights &amp; Measures Department</b>			
Personal Services	-	61,876	1,250
Expenses	-	4,102	125
Fringe Benefits	-	5,999	-
Total Weights & Measures Department	<u>-</u>	<u>71,977</u>	<u>1,375</u>
<b>PUBLIC SAFETY TOTAL</b>	<u>47,849</u>	<u>30,472,838</u>	<u>7,232,600</u>
<b>NEWTON PUBLIC SCHOOLS</b>	<u>625,361</u>	<u>160,085,168</u>	<u>(2,690,771)</u>
<b>Public Works Department</b>			
Personal Services	-	7,229,300	657,611
Expenses	93,005	9,686,333	2,497,000
Capital Outlay	43,888	174,539	-
Fringe Benefits	-	1,572,832	-
Total Public Works Department	<u>136,893</u>	<u>18,663,004</u>	<u>3,154,611</u>
<b>PUBLIC WORKS TOTAL</b>	<u>136,893</u>	<u>18,663,004</u>	<u>3,154,611</u>

FY 2009 Budget As Amended	Total Revised FY 2009 Budget	Expenditures and Transfers	Encumbrances/ Continued Appropriations	Closed to Fund Balance
17,045,766	17,045,766	17,033,932	-	11,834
745,020	755,711	680,506	31,357	43,848
27,000	47,426	6,406	37,755	3,265
2,088,822	2,088,822	2,066,498	-	22,324
<u>19,906,608</u>	<u>19,937,725</u>	<u>19,787,342</u>	<u>69,112</u>	<u>81,271</u>
893,062	893,062	817,399	-	75,663
48,692	50,763	44,873	-	5,890
141,251	141,251	133,335	-	7,916
<u>1,083,005</u>	<u>1,085,076</u>	<u>995,607</u>	<u>-</u>	<u>89,469</u>
4,000	4,000	4,000	-	-
4,238	4,238	3,000	-	1,238
7,512	7,512	7,185	-	327
<u>15,750</u>	<u>15,750</u>	<u>14,185</u>	<u>-</u>	<u>1,565</u>
63,126	63,126	63,095	-	31
4,227	4,227	2,055	-	2,172
5,999	5,999	5,997	-	2
<u>73,352</u>	<u>73,352</u>	<u>71,147</u>	<u>-</u>	<u>2,205</u>
<u>37,705,438</u>	<u>37,753,287</u>	<u>37,331,701</u>	<u>80,373</u>	<u>341,213</u>
<u>157,394,397</u>	<u>158,019,758</u>	<u>155,492,006</u>	<u>1,005,862</u>	<u>1,521,890</u>
7,886,911	7,886,911	7,832,754	-	54,157
12,183,333	12,276,338	11,567,096	232,773	476,469
174,539	218,427	212,546	300	5,581
1,572,832	1,572,832	1,516,998	-	55,834
<u>21,817,615</u>	<u>21,954,508</u>	<u>21,129,394</u>	<u>233,073</u>	<u>592,041</u>
<u>21,817,615</u>	<u>21,954,508</u>	<u>21,129,394</u>	<u>233,073</u>	<u>592,041</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, 2009

	Continued Appropriations	FY 2009 Original Budget	FY 2009 Budget Revisions
<b>Health &amp; Human Services Department</b>			
Personal Services	-	2,158,862	5,536
Expenses	-	359,678	2,410
Fringe Benefits	-	392,905	14,528
Total Public Health Department	<u>-</u>	<u>2,911,445</u>	<u>22,474</u>
<b>Senior Services Department</b>			
Personal Services	-	234,695	3,418
Expenses	-	305,411	7,100
Fringe Benefits	-	54,193	(1,694)
Total Human Services Department	<u>-</u>	<u>594,299</u>	<u>8,824</u>
<b>Veteran Services Department</b>			
Personal Services	-	145,046	-
Expenses	-	47,506	16,000
Fringe Benefits	-	20,045	1
Total Veteran Services Department	<u>-</u>	<u>212,597</u>	<u>16,001</u>
<b>HEALTH &amp; HUMAN SERVICES TOTAL</b>	<u>-</u>	<u>3,718,341</u>	<u>47,299</u>
<b>Newton Public Library</b>			
Personal Services	-	3,508,228	81,816
Expenses	4,770	1,087,033	-
Fringe Benefits	-	564,193	22,653
Total Newton Public Library	<u>4,770</u>	<u>5,159,454</u>	<u>104,469</u>
<b>Parks &amp; Recreation Department</b>			
Personal Services	-	2,444,448	81,568
Expenses	-	1,428,475	687,941
Fringe Benefits	-	328,661	(17,039)
Total Parks & Recreation Department	<u>-</u>	<u>4,201,584</u>	<u>752,470</u>
<b>Newton History Museum</b>			
Personal Services	-	185,610	3,654
Expenses	-	20,847	-
Fringe Benefits	-	35,199	(6,613)
Total Newton History Museum	<u>-</u>	<u>241,656</u>	<u>(2,959)</u>
<b>CULTURE &amp; RECREATION TOTAL</b>	<u>4,770</u>	<u>9,602,694</u>	<u>853,980</u>

<u>FY 2009 Budget As Amended</u>	<u>Total Revised FY 2009 Budget</u>	<u>Expenditures and Transfers</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
2,164,398	2,164,398	2,139,434	-	24,964
362,088	362,088	328,808	-	33,280
407,433	407,433	406,162	-	1,271
<u>2,933,919</u>	<u>2,933,919</u>	<u>2,874,404</u>	<u>-</u>	<u>59,515</u>
238,113	238,113	223,609	-	14,504
312,511	312,511	285,135	-	27,376
52,499	52,499	47,752	-	4,747
<u>603,123</u>	<u>603,123</u>	<u>556,496</u>	<u>-</u>	<u>46,627</u>
145,046	145,046	143,908	-	1,138
63,506	63,506	58,663	-	4,843
20,046	20,046	19,411	-	635
<u>228,598</u>	<u>228,598</u>	<u>221,982</u>	<u>-</u>	<u>6,616</u>
<u>3,765,640</u>	<u>3,765,640</u>	<u>3,652,882</u>	<u>-</u>	<u>112,758</u>
3,590,044	3,590,044	3,582,679	-	7,365
1,087,033	1,091,803	1,025,971	-	65,832
586,846	586,846	585,428	-	1,418
<u>5,263,923</u>	<u>5,268,693</u>	<u>5,194,078</u>	<u>-</u>	<u>74,615</u>
2,526,016	2,526,016	2,455,103	-	70,913
2,116,416	2,116,416	1,933,942	-	182,474
311,622	311,622	303,150	-	8,472
<u>4,954,054</u>	<u>4,954,054</u>	<u>4,692,195</u>	<u>-</u>	<u>261,859</u>
189,264	189,264	183,045	-	6,219
20,847	20,847	18,472	-	2,375
28,586	28,586	28,370	-	216
<u>238,697</u>	<u>238,697</u>	<u>229,887</u>	<u>-</u>	<u>8,810</u>
<u>10,456,674</u>	<u>10,461,444</u>	<u>10,116,160</u>	<u>-</u>	<u>345,284</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, 2009

	Continued Appropriations	FY 2009 Original Budget	FY 2009 Budget Revisions
<b>OTHER</b>			
Expenses	-	50,000	(50,000)
Total ATB Interest	-	50,000	(50,000)
<b>DEBT SERVICE (PRINCIPAL &amp; INTEREST)</b>			
Debt Service	-	8,253,127	1,758,219
Total Debt & Interest	-	8,253,127	1,758,219
<b>RETIREMENT</b>			
Personal Services	-	177,979	-
Expenses	-	162,090	(90,000)
Fringe Benefits	-	20,666,851	(148)
Total Retirement	-	21,006,920	(90,148)
<b>APPROPRIATED RESERVES</b>			
Wage & Salary Reserve	4,471,037	2,878,744	(6,756,652)
Reserve Fund (Budget Reserve)	-	650,000	687,499
Total Budgetary Reserves	4,471,037	3,528,744	(6,069,153)
<b>STATE &amp; COUNTY ASSESSMENTS</b>	-	5,811,358	(207,503)
<b>SPECIAL APPROPRIATIONS</b>	2,223,358	-	2,485,793
<b>TOTAL EXPENDITURES</b>	7,562,201	274,087,961	6,642,437
<b>TRANSFERS TO OTHER FUNDS:</b>			
Workers Comp Self Insurance Fund - Municipal	-	950,000	282,119
Workers Comp Self Insurance Fund - School	-	-	350,000
School Athletic Revolving Fund - School	-	-	900,827
School Lunch Fund - School	-	-	1,439,944
Capital Stabilization Fund - Municipal	-	47,417	4,493,203
Capital Stabilization Fund - School	-	-	144,641
Receipts Reserved - Sale of Receivables	-	-	115,585
Total Transfers to Other Funds	-	997,417	7,726,319
<b>TOTAL EXPENDITURES AND TRANSFERS</b>	\$ 7,562,201	\$ 275,085,378	\$ 14,368,756

FY 2009 Budget As Amended	Total Revised FY 2009 Budget	Expenditures and Transfers	Encumbrances/ Continued Appropriations	Closed to Fund Balance
-	-	-	-	-
-	-	-	-	-
10,011,346	10,011,346	10,009,160	-	2,186
10,011,346	10,011,346	10,009,160	-	2,186
177,979	177,979	175,602	-	2,377
72,090	72,090	72,090	-	-
20,666,703	20,666,703	20,579,535	-	87,168
20,916,772	20,916,772	20,827,227	-	89,545
(3,877,908)	593,129	-	593,129	-
1,337,499	1,337,499	-	-	1,337,499
(2,540,409)	1,930,628	-	593,129	1,337,499
5,603,855	5,603,855	5,453,169	-	150,686
2,485,793	4,709,151	2,373,187	2,335,964	-
280,730,398	288,292,599	278,831,351	4,306,465	5,154,783
1,232,119	1,232,119	1,232,119	-	-
350,000	350,000	350,000	-	-
900,827	900,827	900,827	-	-
1,439,944	1,439,944	1,439,944	-	-
4,540,620	4,540,620	4,540,620	-	-
144,641	144,641	144,641	-	-
115,585	115,585	115,585	-	-
8,723,736	8,723,736	8,723,736	-	-
289,454,134 \$	297,016,335 \$	287,555,087 \$	4,306,465 \$	5,154,783

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## Community Preservation Fund

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

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



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

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Continued Appropriations	Current Year Appropriations	Original Budget
<b>Administration &amp; operations</b>	\$ -	177,759	\$ 177,759
<b>2009 CPA appropriation reserve</b>	-	1,561,735	1,561,735
<b>Open space:</b>			
Open space reserve	-	-	-
Flowed Meadow improvements	30,700	-	30,700
Cheesecake Brook Greenway development	430	-	430
Renovations to Albemarle Park Central Corridor	4,600	-	4,600
Angino farm debt service	-	192,330	192,330
Kessler Woods debt service	-	582,000	582,000
Total - Open space projects	<u>35,730</u>	<u>774,330</u>	<u>810,060</u>
<b>Historic resources:</b>			
Historic preservation reserve	-	374,323	374,323
Historical burial grounds restoration	70,376	-	70,376
Historical burial grounds restoration Phase II	226,895	-	226,895
Angino farm debt service	-	64,110	64,110
Durant Kenrick Homestead	104	-	104
Durant Kenrick Homestead preservation restriction	2,717,300	-	2,717,300
Heritage landscape inventory	10,500	-	10,500
Brigham house restoration	483,751	-	483,751
Newton History Museum Archives Project	-	-	-
Farlow Park Pond Improvements	-	-	-
Jackson Homestead Museum Restoration	-	-	-
Warren House Preservation	-	-	-
Archaeological Resources Survey	-	-	-
City Archive preservation project	2,594	-	2,594
City Archive preservation Phase II	66,654	-	66,654
Crafts St DPW Stable restoration specification	28,541	-	28,541
Total - Historic preservation	<u>3,606,715</u>	<u>438,433</u>	<u>4,045,148</u>

Budget Revisions	Final Budget	Expended	Encumbrances/ Continued Appropriations	Closed to Fund Balance
\$ -	\$ 177,759	\$ 130,058	\$ -	\$ 47,701
86,294	1,648,029	-	-	1,648,029
4,600	4,600	-	-	4,600
-	30,700	-	30,700	-
-	430	-	430	-
(4,600)	-	-	-	-
-	192,330	192,330	-	-
-	582,000	582,000	-	-
-	810,060	774,330	31,130	4,600
(27,584)	346,739	-	-	346,739
-	70,376	57,300	13,076	-
-	226,895	5,354	221,541	-
-	64,110	64,110	-	-
-	104	-	104	-
-	2,717,300	-	2,717,300	-
-	10,500	9,515	985	-
-	483,751	481,945	1,806	-
37,500	37,500	-	37,500	-
40,000	40,000	-	40,000	-
138,244	138,244	-	138,244	-
1,082,500	1,082,500	-	1,082,500	-
37,750	37,750	-	37,750	-
(1,856)	738	738	-	-
(24,839)	41,815	41,815	-	-
(8,941)	19,600	19,600	-	-
1,272,774	5,317,922	680,377	4,290,806	346,739

(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, 2009

	<u>Continued Appropriations</u>	<u>Current Year Appropriations</u>	<u>Original Budget</u>
<b>Community housing:</b>			
Community housing reserve	-	374,323	374,323
Accessory Apartment Incentive Program	274,813	-	274,813
Newton Homebuyer Assistance Program II	750	-	750
Total - community housing	<u>275,563</u>	<u>374,323</u>	<u>649,886</u>
<b>Community recreation:</b>			
20 Rogers Street debt service	-	352,538	352,538
230 Lake Avenue land acquisition	950,000	-	950,000
Albemarle community classroom - Parks	3,086	-	3,086
Bowen Park initiative	2,065	-	2,065
Newton Highlands Playground Strategic Design	15,580	-	15,580
Renovations to Albemarle Park Central Corridor	28,800	-	28,800
Cheesecake Brook Greenway development	6,000	-	6,000
Angino farm debt service	-	64,110	64,110
Sterns/Pellegrini Park - Year 1 improvements	765,825	-	765,825
Williams school outdoor classroom	23,633	-	23,633
Wellington Park improvements	6,202	-	6,202
Gath pool accessibility improvements	83	-	83
Houghton garden fence	12,385	-	12,385
Total - community recreation	<u>1,813,659</u>	<u>416,648</u>	<u>2,230,307</u>
<b>TOTAL CPA FUND</b>	<u>\$ 5,731,667</u>	<u>\$ 3,743,228</u>	<u>\$ 9,474,895</u>

<u>Budget Revisions</u>	<u>Final Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
(100,189)	274,134	-	-	274,134
(274,134)	679	679	-	-
968,800	969,550	106,386	863,164	-
<u>594,477</u>	<u>1,244,363</u>	<u>107,065</u>	<u>863,164</u>	<u>274,134</u>
-	352,538	352,538	-	-
(65,000)	885,000	885,000	-	-
-	3,086	(9,843)	12,929	-
(2,065)	-	-	-	-
(15,580)	-	-	-	-
(28,800)	-	-	-	-
-	6,000	3,600	2,400	-
-	64,110	64,110	-	-
(765,825)	-	-	-	-
(23,633)	-	-	-	-
(6,202)	-	-	-	-
(83)	-	-	-	-
(8,443)	3,942	3,942	-	-
<u>(915,631)</u>	<u>1,314,676</u>	<u>1,299,347</u>	<u>15,329</u>	<u>-</u>
<u>\$ 1,037,914</u>	<u>\$ 10,512,809</u>	<u>\$ 2,991,177</u>	<u>\$ 5,200,429</u>	<u>\$ 2,321,203</u>

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## **Additional Information**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Continued Appropriations	FY 2009 Appropriations	Transfers
<b>School Building Improvement Fund:</b>			
Newton South High Athletic Field Improvements	\$ -	\$ 3,218,000	\$ 1,851,783
Brown Middle School Window & Door Replacement	1,904,909	-	-
Brown Middle School Window & Door Replacement	-	778,350	-
Peirce Elementary School Repairs	92,979	-	-
F.A Day HVAC Improvements	-	2,031,000	-
Underwood Boiler Replacement	-	230,650	-
Angier School Boiler Replacement	-	225,000	-
Carr School Boiler Replacement	310,672	-	(55)
<b>Total School Building Improvement Fund</b>	<b>2,308,560</b>	<b>6,483,000</b>	<b>1,851,728</b>
<b>High School Renovation Fund:</b>			
Newton South High School Renovations	110,058	-	(14,460)
Newton North High School Renovations	166,479,171	-	26,750
<b>Total High School Renovation Fund</b>	<b>166,589,229</b>	<b>-</b>	<b>12,290</b>
<b>Municipal Building Improvement Fund:</b>			
City Hall Boiler Replacement	-	225,000	-
Energy Audits - Various Buildings	-	82,000	-
Various Fire Station Repairs/Fire Alarms	77,594	-	-
Fire Station # 7 Renovations	-	344,000	-
Fire Station # 4 Renovations	254,000	-	-
Fire Station # 4 Renovations	-	2,488,000	-
Tier I Fire Station Improvements	355,687	-	(24,097)
<b>Total Municipal Building Improvement Fund</b>	<b>687,281</b>	<b>3,139,000</b>	<b>(24,097)</b>
<b>CH 90 Highway Improvement Fund:</b>			
MA 385060	16,321	-	(16,321)
MA 235200	16,455	-	(16,455)
MA 253C207	59,590	-	(59,590)
MA 3246207	83,545	-	83,096
MA 0035509	62,520	-	(39,870)
MA 0039355	518,167	-	(488,167)
MA 0044606	441,322	-	(416,322)
MA 0048380	323,800	-	(115,707)
MA 0050910	1,625,608	3,426,288	1,069,336
<b>Total CH 90 Highway Improvement Fund</b>	<b>3,147,328</b>	<b>3,426,288</b>	<b>-</b>
<b>Street &amp; Sidewalk Improvement Fund:</b>			
Bencliffe Circle Improvements - 2009	-	185,000	-
Street Light Replacement - 2007	167,005	-	-
<b>Total Street &amp; Sidewalk Improvement Fund</b>	<b>167,005</b>	<b>185,000</b>	<b>-</b>
<b>Municipal Equipment Replacement Fund:</b>			
Public Works Equipment Replacement - 2007	5,000	-	-
Public Works Equipment Replacement - 2008	479,781	-	-
Public Works Equipment Replacement - 2009	-	600,000	-
Parks Equipment Replacement - 2009	-	110,000	-
Automated Trash & Recycling Receptacles - 2009	-	2,560,000	-
Fire Ladder Replacement - 2008	800,000	-	-
Fire Engine Replacement - 2008	35,304	-	-
Fire Equipment Replacement - 2006	26,893	-	-
<b>Total Municipal Equipment Replacement Fund</b>	<b>1,346,978</b>	<b>3,270,000</b>	<b>-</b>

	Expended	Encumbered	Following Year Budget	Balance
\$	372,219	\$ 3,288,641	\$ -	\$ 1,408,923
	1,904,909	-	-	-
	633,716	15,000	-	129,634
	2,765	-	-	90,214
	1,046,173	579,676	-	405,151
	230,650	-	-	-
	9,762	-	-	215,238
	310,617	-	-	-
	<u>4,510,811</u>	<u>3,883,317</u>	<u>-</u>	<u>2,249,160</u>
	77,544	18,054	-	-
	69,161,210	85,367,594	-	11,977,117
	<u>69,238,754</u>	<u>85,385,648</u>	<u>-</u>	<u>11,977,117</u>
	191,678	9,405	-	23,917
	-	82,000	-	-
	-	-	-	77,594
	84,937	140,063	-	119,000
	161,985	29,750	-	62,265
	1,575,144	800,211	-	112,645
	327,119	4,471	-	-
	<u>2,340,863</u>	<u>1,065,900</u>	<u>-</u>	<u>395,421</u>
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	166,641
	-	-	-	22,650
	30,000	-	-	-
	25,000	-	-	-
	99,098	-	-	108,995
	2,008,185	61,375	-	4,051,672
	<u>2,162,283</u>	<u>61,375</u>	<u>-</u>	<u>4,349,958</u>
	115,868	-	-	69,132
	151,830	-	-	15,175
	<u>267,698</u>	<u>-</u>	<u>-</u>	<u>84,307</u>
	5,000	-	-	-
	479,781	-	-	-
	-	600,000	-	-
	61,316	-	-	48,684
	-	-	-	2,560,000
	756,600	43,400	-	-
	17,146	18,158	-	-
	8,627	18,266	-	-
	<u>1,328,470</u>	<u>679,824</u>	<u>-</u>	<u>2,608,684</u>

(Continued)



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

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Continued Appropriations	FY 2009 Appropriations	Transfers
<b>Water System Improvement Fund:</b>			
MWRA - Water System - Accumulated Interest Income	548,257	93,210	-
MWRA - Water System Improvements - Loan of 2004	218,400	-	-
MWRA - Water System Improvements - Loan of 2005	25,599	-	-
MWRA - Water System Improvements - Loan of 2006	946,578	-	-
MWRA - Water System Improvements - Loan of 2007	1,760,656	-	-
MWRA - Water system Improvements - II Transfer	303,144	-	-
MWRA - Water System Improvements - Loan of 2009	-	3,600,000	-
Water Meter Replacement	11,528,000	-	-
Waban Hill Reservoir Improvements - 2001 / 2003	276,286	-	-
<b>Total Water System Improvement Fund</b>	<u>15,606,920</u>	<u>3,693,210</u>	<u>-</u>
<b>Sanitary Sewer Improvement Fund:</b>			
Sewer Emergency Repairs (City of Newton)	18,836	-	-
Cochituate Sewer Repair (Town of Wellesley Contb)	136,456	-	-
MWRA - Sewer I&I - Accumulated Interest Income	183,714	58,636	-
MWRA - Infiltration/Inflow - 2002	4,969	-	-
MWRA - Infiltration/Inflow - 2006	5,625	-	-
MWRA - Infiltration/Inflow - 2007	282,535	-	-
MWRA - Infiltration/Inflow - 2007	583,720	-	-
MWRA - Infiltration/Inflow - 2008	271,668	-	-
MWRA - Infiltration/Inflow - 2008	70,901	-	-
MWRA - Infiltration/Inflow - 2009	-	1,018,400	-
MWRA - Infiltration/Inflow - 2009	-	1,444,500	-
<b>Total Sanitary Sewer Improvement Fund</b>	<u>1,558,424</u>	<u>2,521,536</u>	<u>-</u>
<b>Capital Stabilization Fund:</b>			
Reserved for MGL CH 44 Sec 7& 8 Appropriations	22,541	-	38,612
Reserved for Water/Sewer Appropriations	105,000	-	-
Designated for High School Improvements	13,572,086	-	2,613,706
Designated for Fire Station Renovations	54,924	51,870	-
Designated for South High School Athletic Fields	2,351,588	-	(2,351,588)
Designated for Ordinary Capital Appropriations	250,513	-	(20,660)
<b>Total Capital Stabilization Fund</b>	<u>16,356,652</u>	<u>51,870</u>	<u>280,070</u>
<b>Total Capital Projects Funds</b>	<u>\$ 207,768,377</u>	<u>\$ 22,769,904</u>	<u>\$ 2,119,991</u>

<u>Expended</u>	<u>Encumbered</u>	<u>Following Year Budget</u>	<u>Balance</u>
-	-	-	641,467
22,799	-	-	195,601
25,247	-	-	352
771,027	166,606	-	8,945
1,155,832	167,964	-	436,860
85,743	181,574	-	35,827
-	-	-	3,600,000
-	-	-	11,528,000
-	-	-	276,286
<u>2,060,648</u>	<u>516,144</u>	<u>-</u>	<u>16,723,338</u>
8,836	-	-	10,000
978	-	-	135,478
-	-	-	242,350
4,969	-	-	-
5,625	-	-	-
164,643	21,558	-	96,334
253,146	167,801	-	162,773
2,367	-	-	269,301
70,842	-	-	59
84,520	20,480	-	913,400
9,256	67,944	-	1,367,300
<u>605,182</u>	<u>277,783</u>	<u>-</u>	<u>3,196,995</u>
-	-	-	61,153
-	-	-	105,000
-	-	1,019,704	15,166,088
-	-	-	106,794
-	-	-	-
-	-	-	229,853
-	-	1,019,704	15,668,888
<u>\$ 82,514,709</u>	<u>\$ 91,869,991</u>	<u>\$ 1,019,704</u>	<u>\$ 57,253,868</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, 2009

	Continued <u>Appropriations</u>	FY 2009 <u>Original Budget</u>	FY 2009 <u>Budget Revisions</u>
Sewer Maintenance & Operation			
Personal Services	\$ -	\$ 2,136,572	\$ -
Expenses	40,065	937,100	53,000
Capital Outlay	749,068	378,500	-
Fringe Benefits	-	388,968	-
Total	<u>789,133</u>	<u>3,841,140</u>	<u>53,000</u>
MWRA Sewer Assessment			
Intergovernmental	<u>-</u>	<u>16,490,696</u>	<u>(53,000)</u>
Debt Maturities & Interest	<u>-</u>	<u>978,825</u>	<u>-</u>
Retirement	<u>-</u>	<u>336,054</u>	<u>-</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>150,000</u>	<u>-</u>
Transfer - General Fund	<u>-</u>	<u>847,335</u>	<u>-</u>
<b>Total Sewer Enterprise Fund</b>	<b>\$ <u>789,133</u></b>	<b>\$ <u>22,644,050</u></b>	<b>\$ <u>-</u></b>

<u>FY 2009 Budget As Amended</u>	<u>Total Revised FY 2009 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$ 2,136,572	\$ 2,136,572	\$ 1,881,761	\$ 78,000	\$ 176,811
990,100	1,030,165	806,629	6,246	217,290
378,500	1,127,568	724,576	44,856	358,136
388,968	388,968	378,546	-	10,422
<u>3,894,140</u>	<u>4,683,273</u>	<u>3,791,512</u>	<u>129,102</u>	<u>762,659</u>
<u>16,437,696</u>	<u>16,437,696</u>	<u>16,260,200</u>	<u>-</u>	<u>177,496</u>
<u>978,825</u>	<u>978,825</u>	<u>978,823</u>	<u>-</u>	<u>2</u>
<u>336,054</u>	<u>336,054</u>	<u>334,675</u>	<u>-</u>	<u>1,379</u>
<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
<u>847,335</u>	<u>847,335</u>	<u>847,335</u>	<u>-</u>	<u>-</u>
<u>\$ 22,644,050</u>	<u>\$ 23,433,183</u>	<u>\$ 22,362,545</u>	<u>\$ 129,102</u>	<u>\$ 941,536</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Continued Appropriations	FY 2009 Original Budget	FY 2009 Budget Revisions
Water Maintenance & Operation			
Personal Services	\$ -	\$ 1,883,269	\$ (30,000)
Expenses	250,840	888,900	38,000
Capital Outlay	762,109	221,000	-
Fringe Benefits	-	340,915	9,348
Total	<u>1,012,949</u>	<u>3,334,084</u>	<u>17,348</u>
Debt Maturities & Interest	<u>-</u>	<u>2,100,061</u>	<u>-</u>
Retirement	<u>-</u>	<u>436,562</u>	<u>(9,348)</u>
Employee Benefits	<u>-</u>	<u>-</u>	<u>-</u>
MWRA/DEP Assessments & Charges	<u>-</u>	<u>8,764,681</u>	<u>(38,000)</u>
Transfer - Sewer Fund	<u>-</u>	<u>584,964</u>	<u>-</u>
Transfer - General Fund	<u>-</u>	<u>564,890</u>	<u>45,000</u>
Transfer - Workers Compensation Fund	<u>-</u>	<u>150,000</u>	<u>30,000</u>
<b>Total Water Enterprise Fund</b>	<u>\$ 1,012,949</u>	<u>\$ 15,935,242</u>	<u>\$ 45,000</u>

	<u>FY 2009 Budget As Amended</u>	<u>Total Revised FY 2009 Budget</u>	<u>Expended</u>	<u>Encumbrances/ Continued Appropriations</u>	<u>Closed to Fund Balance</u>
\$	1,853,269	\$ 1,853,269	\$ \$ 1,521,300	\$ 129,325	\$ 202,644
	926,900	1,177,740	718,664	234,029	225,047
	221,000	983,109	198,130	104,179	680,800
	350,263	350,263	348,762	-	1,501
	<u>3,351,432</u>	<u>4,364,381</u>	<u>2,786,856</u>	<u>467,533</u>	<u>1,109,992</u>
	<u>2,100,061</u>	<u>2,100,061</u>	<u>1,841,457</u>	<u>-</u>	<u>258,604</u>
	<u>427,214</u>	<u>427,214</u>	<u>427,214</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>8,726,681</u>	<u>8,726,681</u>	<u>8,647,508</u>	<u>-</u>	<u>79,173</u>
	<u>584,964</u>	<u>584,964</u>	<u>584,964</u>	<u>-</u>	<u>-</u>
	<u>609,890</u>	<u>609,890</u>	<u>609,890</u>	<u>-</u>	<u>-</u>
	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>	<u>-</u>	<u>-</u>
\$	<u><u>15,980,242</u></u>	<u><u>16,993,191</u></u>	<u><u>15,077,889</u></u>	<u><u>467,533</u></u>	<u><u>1,447,769</u></u>



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# 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 119 - 124)

*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 125 - 128)

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

## Debt Capacity (pages 129 - 132)

*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 133 - 134)

*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 135 - 136)

*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 EIGHT FISCAL YEARS\*

	2002	2003	2004	2005	2006	2007	2008	2009
<b>Governmental Activities</b>								
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	\$ 150,650,131
Restricted.....	29,282,090	13,669,675	14,029,054	21,270,042	15,267,985	13,842,544	35,459,940	104,838,430
Unrestricted.....	<u>26,813,182</u>	<u>24,407,942</u>	<u>34,366,681</u>	<u>35,865,065</u>	<u>48,962,078</u>	<u>67,671,362</u>	<u>39,781,710</u>	<u>(2,265,544)</u>
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>\$ 249,947,860</u>	<u>\$ 253,223,017</u>
<b>Business-Type Activities</b>								
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	\$ 32,694,954
Restricted.....	5,211,172	6,475,918	6,624,240	8,410,167	9,007,804	10,418,683	6,581,929	15,657,948
Unrestricted.....	<u>17,473,387</u>	<u>8,628,722</u>	<u>11,844,840</u>	<u>11,936,815</u>	<u>13,583,611</u>	<u>13,295,771</u>	<u>9,359,270</u>	<u>12,871,360</u>
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>	<u>\$ 61,224,262</u>
<b>Primary Government</b>								
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	\$ 183,345,085
Restricted.....	34,493,262	20,145,593	20,653,294	29,680,209	24,275,789	24,261,227	42,041,869	120,496,378
Unrestricted.....	<u>44,286,569</u>	<u>33,036,664</u>	<u>46,211,521</u>	<u>47,801,880</u>	<u>62,545,689</u>	<u>80,967,133</u>	<u>49,140,980</u>	<u>10,605,816</u>
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>\$ 312,253,231</u>	<u>\$ 314,447,279</u>

\* Data is being accumulated from fiscal year 2002 forward.

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

LAST EIGHT FISCAL YEARS\*

	2002	2003	2004	2005	2006	2007	2008	2009
<b>Expenses</b>								
General government.....	\$ 17,788,044	\$ 19,132,571	\$ 20,594,439	\$ 19,275,760	\$ 24,609,259	\$ 20,617,999	\$ 25,791,496	\$ 22,581,716
Public safety.....	45,465,764	40,635,284	40,102,814	41,690,193	43,062,252	44,207,931	48,896,370	52,614,816
Education.....	134,259,240	157,020,633	162,268,826	175,722,669	181,638,581	188,026,627	218,716,994	236,024,500
Public works.....	18,502,301	18,987,391	19,755,181	23,440,299	21,666,417	21,643,562	25,208,763	27,229,098
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	10,463,388
Culture and recreation.....	11,873,650	11,805,253	12,252,669	14,253,032	13,802,334	13,471,254	15,864,538	16,806,140
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	4,375,013
<b>Total expenses.....</b>	<b>240,389,810</b>	<b>258,755,580</b>	<b>265,566,478</b>	<b>285,816,815</b>	<b>296,109,008</b>	<b>299,478,286</b>	<b>346,976,964</b>	<b>370,094,671</b>
<b>Program Revenues</b>								
Charges for services.....	18,114,260	19,697,646	19,253,150	20,056,263	21,298,907	22,854,391	21,185,123	21,413,394
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	66,344,326
Capital grants and contributions.....	6,420,028	2,686,298	1,810,615	36,589,529	642,315	11,118,572	21,684,895	30,179,116
<b>Total program revenues.....</b>	<b>65,309,742</b>	<b>66,593,179</b>	<b>64,429,166</b>	<b>105,208,052</b>	<b>72,470,884</b>	<b>88,123,361</b>	<b>103,370,277</b>	<b>117,936,836</b>
<b>Net (expense)/revenue.....</b>	<b>(175,080,068)</b>	<b>(192,162,401)</b>	<b>(201,137,312)</b>	<b>(180,608,763)</b>	<b>(223,638,124)</b>	<b>(211,354,925)</b>	<b>(243,606,687)</b>	<b>(252,157,835)</b>
<b>General Revenues and Other Changes in Net Assets</b>								
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	226,800,860
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	10,479,922
Hotel/ motel taxes.....	1,291,950	1,151,838	851,157	979,194	1,060,052	1,138,921	1,103,549	1,108,199
Penalties and interest on taxes.....	791,560	1,027,184	957,072	1,166,429	830,030	1,049,712	1,055,344	1,223,300
Payments in lieu of taxes.....	1,190,418	449,556	340,010	529,600	553,920	2,851,122	767,439	273,359
Community preservation surcharges.....	1,522,800	1,813,888	1,829,757	1,893,219	1,963,982	2,032,942	2,114,805	2,193,701
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	7,435,280
Unrestricted investment income.....	2,185,703	1,485,848	949,028	1,687,125	3,290,981	4,757,698	4,306,424	2,610,098
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	1,761,048
Transfers, net.....	999,141	1,230,245	1,305,717	1,219,955	1,278,128	1,223,658	1,264,968	1,457,225
<b>Total general revenues and other changes in net assets.....</b>	<b>186,246,512</b>	<b>203,169,641</b>	<b>212,805,763</b>	<b>219,714,696</b>	<b>230,245,679</b>	<b>243,147,326</b>	<b>244,587,167</b>	<b>255,342,992</b>
<b>Change in net assets.....</b>	<b>\$ 11,166,444</b>	<b>\$ 11,007,240</b>	<b>\$ 11,668,451</b>	<b>\$ 39,105,933</b>	<b>\$ 6,607,555</b>	<b>\$ 31,792,401</b>	<b>\$ 980,480</b>	<b>\$ 3,185,157</b>

\* Data is being accumulated from fiscal year 2002 forward.

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

LAST EIGHT FISCAL YEARS\*

	2002	2003	2004	2005	2006	2007	2008	2009
<b>Expenses</b>								
Sewer.....	\$ 17,206,366	\$ 17,749,399	\$ 18,167,283	\$ 17,891,749	\$ 18,404,780	\$ 20,033,778	\$ 21,208,637	\$ 21,879,634
Water.....	8,144,940	9,138,695	9,465,285	10,045,997	10,939,117	11,467,754	12,212,234	13,623,595
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>	<u>35,503,229</u>
<b>Program Revenues</b>								
Charges for services.....	31,690,684	28,393,528	27,032,083	29,763,876	32,981,905	33,084,089	39,034,143	33,761,633
Operating grants and contributions.....	4,141,117	900,806	758,501	1,289,586	838,241	835,397	814,428	857,561
Capital grants and contributions.....	300,075	609,076	51,994	159,450	329,005	1,544,708	726,855	1,260,151
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>	<u>35,879,345</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>	<u>376,116</u>
<b>General Revenues and Transfers</b>								
Transfers, net.....	<u>(949,141)</u>	<u>(1,131,230)</u>	<u>(1,255,717)</u>	<u>(1,219,955)</u>	<u>(1,278,128)</u>	<u>(1,223,658)</u>	<u>(1,264,968)</u>	<u>(1,457,225)</u>
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>	<u>\$ (1,081,109)</u>

\* Data is being accumulated from fiscal year 2002 forward.

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

LAST EIGHT FISCAL YEARS\*

	2002	2003	2004	2005	2006	2007	2008	2009
Total expenses.....	\$ 265,741,116	\$ 285,643,674	\$ 293,199,046	\$ 313,754,561	\$ 325,918,453	\$ 330,979,818	\$ 380,397,835	\$ 405,597,900
Total program revenues.....	101,441,618	96,496,589	92,271,744	136,420,964	107,200,814	123,587,555	143,945,703	153,816,181
Net (expense)/revenue.....	(164,299,498)	(189,147,085)	(200,927,302)	(177,333,597)	(218,717,639)	(207,392,263)	(236,452,132)	(251,781,719)
Total general revenues, transfers and other changes in net assets.....	185,297,371	202,038,411	211,550,046	218,494,741	228,967,551	241,923,668	243,322,199	253,885,767
Change in net assets.....	\$ 20,997,873	\$ 12,891,326	\$ 10,622,744	\$ 41,161,144	\$ 10,249,912	\$ 34,531,405	\$ 6,870,067	\$ 2,104,048

\* Data is being accumulated from fiscal year 2002 forward.

GOVERNMENTAL FUNDS  
FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST EIGHT FISCAL YEARS\*

	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Fund</b>								
Reserved.....	\$ 4,089,296	\$ 4,049,314	\$ 5,125,252	\$ 3,696,513	\$ 4,177,720	\$ 3,884,714	\$ 3,091,164	\$ 4,595,043
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>	<u>15,574,235</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>	<u>\$ 20,169,278</u>
<b>All Other Governmental Funds</b>								
Reserved.....	\$ 795,000	\$ 28,792,926	\$ 4,675,240	\$ 7,188,858	\$ 7,333,993	\$ 6,181,855	\$ 7,904,778	\$ 8,153,969
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	13,253,604
Capital projects funds.....	(11,417,544)	(46,879,322)	(39,972,245)	(9,421,471)	1,450,147	17,319,824	38,560,162	93,303,737
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>	<u>736,678</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>	<u>\$ 115,447,988</u>

\* Data is being accumulated from fiscal year 2002 forward.

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

LAST EIGHT FISCAL YEARS\*

	2002	2003	2004	2005	2006	2007	2008	2009
<b>REVENUES</b>								
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	\$ 224,437,442
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	10,098,579
Hotel/motel tax	1,291,950	1,151,838	851,157	979,194	1,060,052	1,138,921	1,103,549	1,108,199
Payments in lieu of taxes	309,695	377,867	340,010	394,563	418,202	411,841	358,957	489,108
Community preservation surcharges	1,522,800	1,768,225	1,830,144	1,878,091	1,978,999	2,027,379	2,107,392	2,207,442
Charges for services	9,992,038	11,242,611	11,847,663	11,765,228	11,895,186	14,110,021	14,088,742	14,209,678
Intergovernmental	49,874,632	53,219,152	55,057,266	85,837,606	60,266,994	75,564,011	78,760,492	122,879,420
Special assessments	-	-	-	-	-	215,216	157,281	218,438
Penalties and interest on taxes	791,560	1,027,184	957,072	1,225,224	830,030	1,049,712	1,055,344	1,223,300
Licenses and permits	4,485,956	4,566,185	4,896,721	4,991,489	7,172,004	5,764,582	4,928,179	4,575,496
Fines and forfeitures	1,820,973	1,717,200	1,916,239	1,987,816	2,002,406	1,850,503	1,899,661	2,022,175
Contributions	978,344	1,368,799	645,007	1,462,588	1,187,036	796,807	1,395,023	1,320,527
Investment income	1,695,643	1,315,562	1,031,017	1,985,227	3,362,563	4,960,859	4,435,423	2,642,189
Miscellaneous/other	945,986	1,278,662	678,394	588,220	1,326,054	947,985	1,813,990	1,686,507
<b>TOTAL REVENUES</b>	<b>243,788,199</b>	<b>268,703,877</b>	<b>277,365,971</b>	<b>317,117,501</b>	<b>302,963,333</b>	<b>326,281,071</b>	<b>334,671,167</b>	<b>389,118,500</b>
<b>EXPENDITURES</b>								
Current:								
General government	15,249,553	17,364,672	24,829,089	20,272,046	21,671,422	18,456,441	22,190,508	21,756,050
Public safety	29,706,902	31,900,736	33,442,336	33,467,775	33,207,890	36,540,065	36,960,093	37,438,138
Education	143,450,681	158,405,020	158,699,064	156,983,456	157,219,646	166,363,295	202,577,476	252,917,406
Public works	17,448,356	19,195,401	20,323,463	23,574,662	20,074,536	23,001,792	24,844,231	24,944,049
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	4,080,313
Culture and recreation	9,670,437	10,462,029	11,044,089	12,376,821	12,156,563	14,441,900	12,837,823	12,438,606
Retirement benefits	26,054,970	29,244,524	32,609,146	36,643,546	39,366,562	42,079,659	44,134,609	47,480,693
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	1,891,488
Claims and judgments	189,509	118,032	290,227	176,472	214,058	143,335	97,254	250,509
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	5,453,169
Debt service:								
Principal	4,884,800	4,878,900	4,281,100	5,118,200	5,595,500	8,472,050	6,146,900	7,652,100
Interest	1,716,690	1,929,122	2,744,328	2,483,216	2,215,170	2,129,315	2,378,302	3,694,574
<b>TOTAL EXPENDITURES</b>	<b>259,574,988</b>	<b>283,807,817</b>	<b>298,203,419</b>	<b>301,304,335</b>	<b>302,146,447</b>	<b>322,897,499</b>	<b>363,384,129</b>	<b>419,997,095</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(15,786,789)</b>	<b>(15,103,940)</b>	<b>(20,837,448)</b>	<b>15,813,166</b>	<b>816,886</b>	<b>3,383,572</b>	<b>(28,712,962)</b>	<b>(30,878,595)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	6,456,951	8,254,035	9,279,721	7,768,303	8,195,281	9,793,750	12,584,287	15,539,377
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	86,010,000
Premium from issuance of bonds and notes	-	-	375,267	406,462	293,090	92,732	262,441	1,557,255
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)	(13,804,570)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>6,024,141</b>	<b>6,930,245</b>	<b>6,957,373</b>	<b>13,474,748</b>	<b>15,710,246</b>	<b>12,234,724</b>	<b>50,656,900</b>	<b>89,302,062</b>
<b>EXTRAORDINARY ITEM</b>								
Proceeds of structured settlement contract	-	-	-	-	-	2,850,000	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (9,762,648)</b>	<b>\$ (8,173,695)</b>	<b>\$ (13,880,075)</b>	<b>\$ 29,287,914</b>	<b>\$ 16,527,132</b>	<b>\$ 18,468,296</b>	<b>\$ 21,943,938</b>	<b>\$ 58,423,467</b>
<b>DEBT SERVICE EXPENDITURES AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<b>2.5%</b>	<b>2.4%</b>	<b>2.4%</b>	<b>2.5%</b>	<b>2.6%</b>	<b>3.3%</b>	<b>2.3%</b>	<b>2.7%</b>

\* 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				
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%
2009	18,659,283,807	1,788,640,793	266,624,600	20,714,549,200	10.72	22,207,139,600	93.28%

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

Fiscal Year	Residential Real Property	Commercial and Industrial Real Property	Personal Property	Total Direct (3)
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
2009	9.96	19.00	19.00	10.72

**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	2009			1999		
	Amount of Tax	Rank	Percentage of Total Tax Levy	Amount of Tax	Rank	Percentage of Total Tax Levy
Riverside Project, LLC	\$ 2,027,399	1	0.91%	\$ 484,000	7	0.34%
Mayflower Atrium, LLC	1,323,703	2	0.60%	1,040,147	1	0.73%
NSTAR Electric	1,138,277	3	0.51%	-		-
Verizon, New England Inc.	1,097,023	4	0.49%	-		-
Julian Cohen & Daniel Rothenberg Trust	904,972	4	0.41%	894,219	2	0.63%
Chesapeake Hotel Lmt Partnership	755,462	5	0.34%	847,000	3	0.60%
NS Wells Acquisitions LLC	693,991	7	0.31%	-		-
Thomas White Trust	674,262	6	0.30%	627,823	5	0.44%
Daniel Rothenberg	571,167	8	0.26%	449,997	8	0.32%
Daniel Rothenberg	542,513	9	0.24%	425,593	9	0.30%
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	\$ 9,728,769		4.38%	\$ 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		Actual Subsequent Collections	Total Collections to Date	
		Current Tax Collections	Percent of Net Levy Collected		Total Tax Collections	Total Collections as a % of Net Levy (1)
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%	2,719,025	155,671,339	101.12%
2002	160,122,038	158,569,112	99.03%	2,996,464	161,565,576	100.90%
2003	177,652,048	177,072,455	99.67%	2,588,516	179,660,971	101.13%
2004	184,772,348	184,463,684	99.83%	2,193,032	186,656,716	101.02%
2005	191,516,639	189,884,213	99.15%	2,338,500	192,222,713	100.37%
2006	198,431,418	197,604,301	99.58%	1,804,686	199,408,987	100.49%
2007	205,603,998	204,425,747	99.43%	2,353,317	206,779,064	100.57%
2008	213,670,594	211,782,357	99.12%	1,911,535	213,693,892	100.01%
2009	222,124,895	221,179,256	99.57%	-	221,179,256	99.57%

**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		
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
2009	170,685,800	-	6,000,000	24,259,834	200,945,634	2418

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**

<u>Net General Bonded Debt Outstanding</u>					
Fiscal Year	General Obligation Bonds	Less: Resources Restricted for Debt Principal	Total Net General Bonded Debt	Percentage of Actual Taxable Value of Property (1)	Percentage of Estimated Personal Income (2)
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%
2009	170,685,800	(881,707)	169,804,093	0.76%	3.66%

(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, 2009

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Massachusetts Water Resources Authority.....	\$ 5,817,845,000	4.8%/4.3%	\$ 260,339,753
City direct debt.....			<u>170,685,800</u>
Total direct and overlapping debt.....			<u>\$ 431,025,553</u>

Sources: MWRA, City of Newton Treasurer's Office

LEGAL DEBT MARGIN INFORMATION

LAST FOUR FISCAL YEARS \*

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Equalized valuation.....	\$ 22,207,139,600	\$ 22,207,139,600	\$ 21,590,027,600	\$ 21,590,027,600
Normal debt limit (2 1/2% of equalized valuation)...	555,178,490	555,178,490	539,750,690	539,750,690
Debt applicable to limit:				
Total bonded debt.....	200,945,634	114,485,841	74,552,865	70,889,974
Less: General obligation bonds exempted by authority of state legislature.....	<u>(30,259,834)</u>	<u>(22,157,941)</u>	<u>(24,870,065)</u>	<u>(23,335,124)</u>
Total net debt applicable to limit.....	<u>170,685,800</u>	<u>92,327,900</u>	<u>49,682,800</u>	<u>47,554,850</u>
Legal debt margin.....	<u>\$ 384,492,690</u>	<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>30.7%</u>	<u>16.6%</u>	<u>9.2%</u>	<u>8.8%</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 (%)
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%
2008	83,112	38.7	55,891	4,645,212,792	124,893	11,570	6.3%

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 for June of each year.

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

PRINCIPAL EMPLOYERS

CURRENT YEAR\*

Employer	Employees	Rank			
		2009	2008	2007	2006
Boston College	1000 +	1	1	1	1
City of Newton	1000 +	2	2	2	2
Newton-Wellesley Hospital	1000 +	3	3	3	3
Clarks Company, North America	250 - 999	4	4	4	4
Education Development Center	250 - 999	5	5	5	5
H.C. Starck Inc.	250 - 999	6	6	6	6
HRPT Properties Trust	250 - 999	7	7	7	7
Marriott Corporation	250 - 999	8	8	8	8
Medical Resources, Inc.	250 - 999	9	9	9	9
Wholefoods Inc.	250 - 999	10	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 FOUR FISCAL YEARS\*

<u>Employees as of June 30</u>				
<u>Function/Program</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General government.....	129	135	139	142
Public safety.....	362	383	388	384
Education.....	1,283	1,217	1,198	1,193
Public works .....	143	143	137	136
Health and human services.....	48	50	50	44
Culture and recreation.....	100	102	105	105
Water.....	27	28	29	24
Sewer.....	36	36	34	34
<b>Total.....</b>	<b><u>2,128</u></b>	<b><u>2,094</u></b>	<b><u>2,080</u></b>	<b><u>2,062</u></b>

Source: City of Newton payroll

\* Data is being accumulated from fiscal year 2006 forward.

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

LAST FOUR FISCAL YEARS\*

Function/Program	Fiscal Year			
	2009	2008	2007	2006
Public safety				
Police				
Stations.....	1	1	1	1
Vehicles.....	69	69	69	69
Fire				
Stations.....	6	6	6	6
Firefighting Vehicles.....	9	9	9	9
Education				
Public school buildings.....	21	21	21	21
Public works				
Streets (miles).....	310	310	310	310
Streetlights.....	8,595	8,595	8,595	8,595
Traffic signals.....	98	98	98	98
Parking meters.....	1,671	1,671	1,671	1,671
Culture and recreation				
Public libraries				
Main library.....	1	1	1	1
Branch libraries.....	-	4	4	4
Park & playground Acreage.....	590	590	590	590
Outdoor swimming facilities.....	2	2	2	2
Indoor swimming facilities.....	1	1	1	1
Public street trees	30,000	30,000	30,000	30,000
Water				
Water mains (miles).....	300	300	300	300
Fire hydrants.....	2,400	2,400	2,400	2,400
Storage capacity (thousands of gallons).....	26,000,000	26,000,000	26,000,000	26,000,000
Sewer				
Sanitary sewers (miles).....	300	300	300	300
Sewer pump stations.....	10	10	10	10
Stormdrains (miles).....	324	324	324	324

**Sources:** Various departments of the City of Newton

\* Data is being accumulated from fiscal year 2006 forward.